BLOOMSBURG UNIVERSITY OF PENNSYLVANIA OF THE STATE SYSTEM OF HIGHER EDUCATION

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2022 AND 2021

BLOOMSBURG UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
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YEARS ENDED JUNE 30, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT

Council of Trustees
Bloomsburg University of Pennsylvania
of the State System of Higher Education
Bloomsburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Bloomsburg University of Pennsylvania of the State System of Higher Education (the University), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units, which statements reflect total assets, net position, and revenues constituting 100 percent, 100 percent, and 100 percent, respectively, of the 2022 assets, net position, and revenues of the discretely presented component units, and 100 percent, 100 percent, and 100 percent of assets, net position, and revenues of the 2021 assets, net position, and revenues of the discretely presented component units for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the University implemented the provisions of Governmental Accounting Standards Board (GASB) Statements No. 87 – for the year ended June 30, 2022, which represent changes in accounting principle. The University's June 30, 2021 statement of net position and statement of revenues, expenses, and changes in net position were restated to reflect the impact of adoption. A summary of the restatement is presented in Note 1. Our opinion is not modified with respect to this matter.

The financial statements of the University are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the aggregate discretely presented component units that are attributable to the transactions of the University. The University is one of fourteen universities and the System Office of the Pennsylvania State System of Higher Education (the System). These financial statements do not purport to, and do not, present fairly the financial position of the System, as of June 30, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 31, 2022

Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis for the financial activities of Bloomsburg University of Pennsylvania (the university) for the years ended June 30, 2022 and 2021. The university's financial performance is discussed and analyzed within the context of the financial statements and disclosures that follow.

Bloomsburg University, founded in 1839, is a member of Pennsylvania's State System of Higher Education (State System or System). As a public university of the Commonwealth of Pennsylvania, the university is charged with providing high quality education at the lowest possible cost to its students. With 7,745 students enrolled for fall 2021, the university had the 4th largest enrollment of the State System's 14 universities.

SYSTEM REDESIGN AND UNIVERSITY INTEGRATIONS

In 2016, the State System undertook a strategic review of all operations, with the goal of identifying the changes that are necessary to help ensure its long-term success. As a result of that review, the Board of Governors (Board) established three priorities:

- Ensuring student success.
- Leveraging university strengths.
- Transforming the governance/leadership structure.

In January 2019, the Board adopted the framework for System Redesign and endorsed the scope of measures for student and university success. System Redesign seeks long-range financial sustainability by leveraging the State System's operating scale and strengthening governance and accountability in a manner that drives to measurable outcomes with respect to universities' financial performance, operational efficiencies, and students' success. Small, tactical groups have been utilized to support the three strategic priorities.

In support of the System Redesign priorities, on July 1, 2020, the Governor of Pennsylvania signed into law Act 50 of 2020—legislation that passed the General Assembly with overwhelming bipartisan support. It requires the State System's Board to develop policies and procedures by which the Board may create, expand, consolidate, transfer or affiliate an institution or college; provides that before such may occur, the Board must call upon the chancellor to conduct a review and analysis of the relevant institutions using certain metrics, including consultation with stakeholders and public hearings; makes changes to the appointment process of students to the Board and councils of trustees; and makes various changes to the sections relating to the powers and duties of councils of trustees and to the powers and duties of institution presidents, among other things. By updating and modernizing Act 188 of 1982, Act 50 enables the State System to better manage and optimize the System, address affordability for students and financial sustainability for its universities, as well as be flexible and responsive to the changing landscape of higher education.

Act 50 outlined the phases of integration as outlined below:

- Phase 1 involved a review of the financial impacts of a potential integration.
- Phase 2 involved the development of a detailed plan or plans to integrate selected institutions.
- Phase 3 involved a public comment period.
- Phase 4 involves implementing the plan, which is underway.

On July 16, 2020, the Board authorized the chancellor to engage in a detailed, transparent, and broadly consultative review process of the financial impacts of integrating operations at selected System universities. For the purposes of this review process, the System used an approach that could identify combinations of certain universities that would honor the local identity of the original institutions but when integrated, would operate under a unified leadership team reporting through the chancellor to the Board of Governors and have a single faculty and staff, a single academic program array, a unified enrollment strategy, and a single budget.

In October 2020, the Board approved moving forward into the implementation planning phase with proposed implementation plans for the Northeast Integrated University and West Integrated University presented to the Board in April 2021. The Board approved the proposed plans, which resulted in the public comment period and several Board hearings.

The integration process has been conducted in partnership with many stakeholders, including the General Assembly, through quarterly check-ins with House and Senate Education and Appropriations Committees, consistent with the requirements of Act 50. As part of the System Redesign process, the chancellor has conducted several legislative hearings regarding the integrations, an extensive public comment process, as well as a series of communication opportunities at the integrating universities.

On July 14, 2021, the Board approved the final university integrations which integrate the existing Bloomsburg University, Lock Haven University, and Mansfield University into a single Northeast Integrated University, and the existing California University, Edinboro University, and Clarion University into a single Western Integrated University. These integrations have been designed to leverage the strength of these universities to position them to better serve students and to improve financial sustainability.

Each campus will continue to provide a residential university experience including face-to-face classes and engagement with faculty and staff, participation on athletic teams, in co-curricular activities, and in student clubs and organizations. The integrated universities will also provide opportunities for working students and others seeking online and hybrid learning modalities. Students at the integrated universities will also benefit from enhanced support services that lead to improved educational outcomes. Each integrated university will have the following:

- a single president and leadership team with one reporting relationship to the Board of Governors through the Chancellor;
- a unified faculty providing instruction in a single academic program array that leverages program, faculty, and facilities strengths at the three partner campuses and in which the majority of credentials, majors, minors, and areas of concentration are available to all students at each of the partner campuses through a combination of face-to-face and remote instruction - with general education courses available on each campus through face-to-face instruction;
- an integrated enrollment management strategy and student-facing supports and services;
- a robust student recruitment process with an expanding array of high schools, community colleges, and other education providers, including robust dual enrollment and transfer articulation agreements and associated student supports;
- significantly expanded opportunities for adult students seeking to re-skill and up-skill through nondegree credentialing courses;
- and continued use of each campus' historic name and brand identity as part of its respective integrated university.

The integration plans assume the integrated universities will begin operations in fiscal year 2022/23 and will phase in changes over a multiyear timeline with mission critical changes phased in first. The process for implementing these plans will be collaborative and transparent, requiring the sustained engagement of students, faculty, staff, university and system leaders, elected officials, community leaders and others across the State System. Quarterly updates will be provided to the Board of Governors and General Assembly according to Act 50 and to ensure alignment with board-approved metrics so that adjustments can be made as needed.

Overall, the parallel tracks of the university financial sustainability policy and integrations is intended to improve long-term financial sustainability, ultimately providing a better future for the students served across the Commonwealth and the communities in which System universities reside.

On March 10, 2022, Middle States Commission on Higher Education, approved the two integrations and reaffirmed the accreditation of the Commonwealth University of Pennsylvania and the Pennsylvania Western University.
Detailed information on the progress of System Redesign can be found at:
https://www.passhe.edu/SystemRedesign/.
Detailed information on Integrations can be found at:
https://www.passhe.edu/systemredesign/Pages/integrations.aspx. Information specific to the Northeast Plan, of which Bloomsburg University is a part, can be found at:
https://www.passhe.edu/SystemRedesign/northeast/Pages/default.aspx.

COVID-19 IMPACTS AND RELIEF FUNDS

Following the March 13, 2020, declaration of a national state of emergency due to COVID-19, the university followed state recommendations and restrictions that required remote working and remote education. The university continued remote education through the summer of 2020. Due to the reduced capacity in classrooms, fall 2020 courses were scheduled in one of three sessions and were planned to be delivered face-to-face, blended, or online based on best practices for the course. Two weeks into the fall 2020 semester a concerning trend in positive COVID-19 cases within the university community prompted university leadership to transition to remote learning for all courses in progress. On September 16, it was announced that the majority of courses would continue to be delivered remotely for the remainder of the fall 2020 semester.

Due to the continued surge in COVID-19 cases, the start of the spring 2021 semester was delayed two weeks, until February 1, 2021, with the first two weeks of classes conducted remotely. Residence hall move-in and face-to-face classes started on February 15, 2021 and was conducted in the same manner as fall 2020, in that courses were scheduled in one of three sessions and were delivered as face-to-face, blended, or online based on best practices for the course. The university proceeded with a return to normal campus operations and instruction for the fall 2021 semester. The university continues to prioritize the health and safety of the entire university community, ensuring that safety measures align with the current COVID environment.

Regarding the current impact of COVID-19, the most significant components to date have been the refunds of housing, dining, and other fees that were provided to students in spring 2020, and the loss of similar auxiliary revenue in fiscal year 2020/21 due to low student occupancy on campus as a result of social distancing measures and the shift to primarily remote instruction. In addition, costs were incurred for incremental distance education payments to faculty, student COVID-19 testing, pandemic mitigation and technology to support remote working and learning.

Over the past three fiscal years (2019/20 through 2021/22), the most recent estimates of the financial impact for the PASSHE System from COVID-19 are $406 million, prior to considering the aid packages awarded to System universities. The most substantial impacts of COVID-19 included lower revenue in auxiliary operations due to reduced occupancy, estimated at approximately $221 million; reduced fees due to refunds and rate reductions at approximately $132 million, and other revenue losses of approximately $32 million; in total reduced revenue of approximately $385 million. Direct COVID-19 expenses were approximately $79 million for items such as direct compensation, incremental distance education payments to faculty, testing, technology, additional student financial aid, and other operating expenses. Estimates for COVID-19 related savings for contracts and operational savings were estimated at approximately $58 million.

For the university, estimates of the COVID-19 financial impact for fiscal years 2021/22 and 2020/21 are $2.0 million and $24.0 million, respectively, prior to considering the emergency aid packages awarded to the university. The most substantial impacts of COVID-19 in FY2020/21 included lower auxiliary operations revenue due to low student occupancy on campus as a result of social distancing measures and the shift to more online instruction, estimated at $15.8 million; reduced fees due to refunds, estimated at $8.1 million; and other revenue losses estimated at $4.4 million; in total, reduced revenue of approximately $28.3 million. Direct COVID-19 expenses were approximately $3.5 million for items such as direct compensation, incremental distance educational payments to faculty, testing, technology, additional student financial aid/re-engagement expense, and other operating expenses. Estimates for COVID-19 related savings associated with contracts and lower than normal operational costs were estimated at $7.8 million. The resulting net effect for these COVID-19 impacts in fiscal year 2020/21 was a net $24.0 million. Fiscal year 2021/22 saw a COVID-19 impact of approximately $2.0 million, which included reduced revenue for tuition, fees and camps, as well as additional expenses for student testing and student financial aid/re-engagement.

Bloomsburg University has received funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the American Rescue Plan Act of 2021 (ARPA), in response to costs and revenue losses associated with the impacts of COVID-19.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted March 27, 2020 and is the largest economic relief bill in U.S. history, allocating $2.2 trillion in support to individuals and businesses affected by the Coronavirus pandemic and economic downturn. The State System universities have been awarded grants from the education component of the Act, administered through the Higher Education Emergency Relief Fund (HEERF), administered through the US Department of Education (ED). Additionally, the Commonwealth was appropriated funds from the state and local governments section, administered through the US Treasury's Coronavirus Release Fund (CRF), of which a portion was appropriated by the Commonwealth to the State System. In August 2020, the Pennsylvania Department of Education also awarded a portion of the ED Governor's Education Emergency Relief Fund (GEERF) to State System universities to assist with fall 2020 reopening efforts.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), enacted on December 27, 2020, authorizes $81.88 billion in support for education to ensure learning continues for students during the COVID-19 pandemic. Of those funds, $22.7 billion was issued to universities of higher education under the Higher Education Emergency Relief Funds (HEERF II). State System universities received approximately $125 million in HEERF II funding, inclusive of emergency student aid allocations. The allowable uses of the funds were expanded to encompass items such as lost revenue, excluding any reduction in funding from the Commonwealth.

In addition, in February 2021, $5 million of the Governor's Education Emergency Relief Funds (GEERF II) were designated to be distributed to the State System to support ongoing functionality of its member institutions, as directed by the chancellor.

The American Rescue Plan Act (ARPA) is a $1.9 trillion plan that was enacted on March 11, 2021 to help speed up recovery from the effects of the COVID-19 pandemic and the ongoing recession. $40 billion in Higher Education Emergency Relief Funds (HEERF III) funding was allocated to higher education to help defray expenses related to COVID-19, "implement evidence-based practices to monitor and suppress the Coronavirus, in accordance with public health guidelines, and conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances." - American Rescue Plan Act of 2021

State System universities received approximately $220 million in HEERF III funding, inclusive of emergency student aid allocations, and the allowable uses of funds reflect similar expanded uses as described in the CRRSAA section above.

Below is a summary of funds awarded to the university from the CARES, CRRSA and ARP Acts. All funds were awarded in fiscal years 2019/20 and 2020/21, and all were funds were recognized as revenue in fiscal years 2019/20, 2020/21, and 2021/22.

Federal Stimulus Funds Available	($ in millions)			
	CARES Act	**CRRSAA Act**	**ARP Act**	**Total**
Emergency Aid for Students[1]	$4.0	$4.0	$10.7	$18.7
Institutional Share[1]	4.0	8.2	10.6	22.8
State Appropriated Coronavirus Relief Funds[2]	2.7	-	-	2.7
Governor's Education Emergency Relief Funds[3]	0.3	0.5	-	0.8
Total Funds Available	**$11.0**	**$12.7**	**$21.3**	**$45.0**
For University Use (less Emergency Aid)	***$7.0***	***$8.7***	***$10.6***	***$26.3***

Federal Stimulus Funds-Fiscal Year of Revenue Re	($ in millions)			
	2019/20	**2020/21**	**2021/22**	**Total**
Emergency Aid for Students[1]	$3.7	$4.3	$10.7	$18.7
Institutional Share[1]	3.7	8.2	10.9	22.8
State Appropriated Coronavirus Relief Funds[2]	0.6	2.1	-	2.7
Governor's Education Emergency Relief Funds[3]	-	0.8	-	0.8
Total Funds Recorded as Revenue	**$7.9**	**$15.4**	**$21.6**	**$45.0**
Total University Use (less Emergency Aid)	***$4.2***	***$11.1***	***$10.9***	***$26.3***

[1] *HEERF, US Department of Education*
[2] *Title V, Assistance for State, Local and Tribal Governments, US Department of the Treasury*
[3] *GEERF, US Department of Education, as distributed by Pennsylvania Department of Education*

(1) *HEERF, U.S. Department of Education*
(2) *Title V, Assistance for State, Local and Tribal Governments, U.S. Department of the Treasury*
(3) *GEERF, U.S. Department of Education, as distributed by Pennsylvania Department of Education*

The HEERF Institutional Funds have been used primarily to offset the costs of the university refunds - $7.5 million in 2020/21, as well as an allocation of $8.9 million in lost housing, tuition and camp revenues. GEER Funds were allocated to partially cover the additional faculty distance education payments required for teaching fall 2020 and spring 2021 courses after pivoting to remote learning ($.8 million). Title V funds were allocated to additional fall 2020 distance education payments as well as costs incurred for remote learning, remote working, pandemic mitigation and student testing services. Remaining HEERF (ARP Act) funds were allocated for additional lost revenues (including tuition), student testing, financial aid initiatives and direct mitigation efforts in 2021/22.

In addition to the funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the American Rescue Plan Act of 2021 (ARPA), in fiscal year 2021/22 the State System received $50 million in one-time funding from the American Rescue Plan's Coronavirus State and Local Fiscal Recovery Funds. These one-time funds are being used to support universities in various initiatives with one-time expenditures (e.g., university integrations, implementation of a new student information system; projects related to student success, diversity, equity, and inclusion and workforce development; and support for universities as they transition to sustainable operations.) In FY 2022/23, the universities received another $125 million from the American Rescue Plan's Coronavirus State and Local Fiscal Recovery Funds. These one-time funds will be used to fund key priority areas, in accordance with regulations outlined in the Coronavirus State and Local Fiscal Recovery Funds Final Rule guidelines. The university received and recognized revenue of $2.1 million in CSFRF funding in FY2021/22.

The university submitted expenses associated with COVID-19 mitigation to the Pennsylvania Emergency Management Agency (PEMA) for reimbursement from the Federal Emergency Management Agency (FEMA). FEMA reimbursement funds of $.2 million were received and recognized as revenue in FY2021/22.

FINANCIAL HIGHLIGHTS

The following is an overview of the university's financial activities for the year ended June 30, 2022, as compared to the year ended June 30, 2021, as well as other economic factors and considerations. June 30, 2021 figures have been restated to reflect the adoption of Governmental Accounting Standards Board Statement No. 87, Leases. Note that due to rounding, certain increases or decreases may vary slightly from audited financials.

Tuition and Fees

In its continued efforts to address affordability, in April 2021, the Board voted to **freeze basic in-state tuition** for the 2021/22 academic year. This action resulted in an unprecedented three consecutive years in which tuition was frozen, even while confronting financial challenges brought on in part by the coronavirus pandemic.

The base tuition rate for full-time Pennsylvania residents – who comprise about 92% of the university's undergraduate students – remained at $3,858 per term, or $7,716 for the full academic year. Nonresident undergraduate tuition was also frozen, with the rate for most nonresident students remaining at $19,290 for the 2021/22 academic year. The basic resident graduate tuition rate remained at $516 per credit, while the typical nonresident, graduate tuition rate remained at $774.

The **technology tuition fee** remains at $478 for full-time in-state students and $728 for full-time out-of-state students. This fee provides direct support to technology infrastructure on the Bloomsburg University campus. The campus network, student labs, classroom presentation systems, and other technologies used by faculty and students are supported by this fee.

Mandatory student fees set by the Bloomsburg University Council of Trustees (the Trustees) were not increased for 2021/22.

Auxiliary revenue from room and board fees was $27.5 million in fiscal year 2021/22, an increase of $7.9 million, or 40.0%, from fiscal year 2020/21. This compares to a fiscal year 2020/21 decrease of 43.5%, or $15.1 million, in room and board over the prior fiscal year. This fluctuation is due to low student occupancy on campus in fiscal year 2020/21 as a result of social distancing measures and the shift to more online instruction due to the pandemic, and the return to normal and recognition of ARPA revenues in fiscal year 2021/22.

The university's average price of attendance (tuition, mandatory fees, room, and board) for academic year 2021/22 is $21,389 compared to $21,174 in academic year 2020/21. The university ranks the fifth lowest within the State System, and below the average price of attendance ($22,690) among all four-year public universities in the United States in academic year 2021/22.

Enrollment

The university's fall 2021 student headcount was 7,745, a decrease of 691 students or 8.2% from fall 2020. The table below summarizes a three-year trend of undergraduate and graduate enrollment.

Year	Fall Enrollment	% Change from Prior Year
2021	7,745	(8.2%)
2020	8,436	(2.9%)
2019	8,689	(2.6%)

Following is a breakdown of selected enrollment information:

Fall Enrollment						
	2021/22		2020/21		2019/20	
Full Time	6,683	86%	7,267	86%	7,613	88%
Part Time	1,062	14%	1,169	14%	1,076	12%
	7,745		**8,436**		**8,689**	
Undergrad	7,069	91%	7,740	92%	7,992	92%
Graduate	676	9%	696	8%	697	8%
	7,745		**8,436**		**8,689**	

With an undergraduate population comprised of 92% Pennsylvania residents—and the majority of those being traditional-age students enrolling right out of high school—the university's enrollment has been impacted by the state's decline in high school graduates. In addition to the reductions in the number of high school graduates in Pennsylvania, enrollment has been affected by a decline in the proportion of those who pursue higher education, an overcrowded higher education marketplace in the state, increased admissions standards at several universities designed to improve long-range retention, and the impact of COVID-19.

Appropriations

For fiscal 2021/22 the Commonwealth appropriated $477.5 million to the State System, which was the at the same level as fiscal 2020/21. The university's share of the total appropriation was $39.1 million in fiscal year 2021/22, with an increase of $0.6 million, or 1.7%, over fiscal year 2020/21.

Pennsylvania ranks 46th in the nation in public higher education appropriations per FTE student.

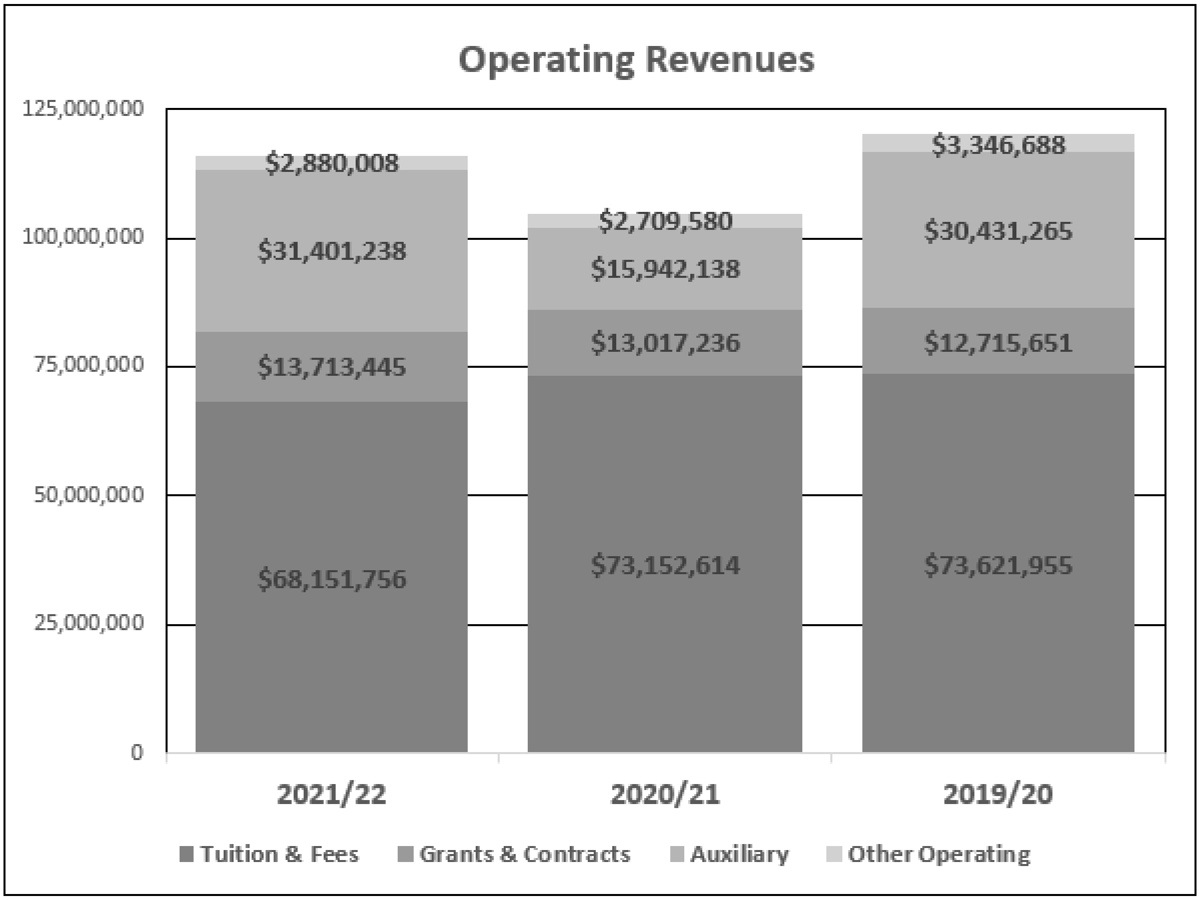
The university received a $2.3 million Realty Transfer tax allocation from the Commonwealth's Key '93 (Keystone Recreation, Park, and Conservation) Fund, an increase of $.7 million, or 44.3%, over the amount received in fiscal year 2020/21. Except for fiscal years 2009/10 and 2010/11, when no funding was received, Key '93 funds have provided a consistent revenue stream for university deferred maintenance projects since 1993.

The State System was allocated $70 million in **Commonwealth capital funding** in fiscal year 2021/22, primarily for the renovation, replacement, and demolition of existing educational and general (E&G) buildings, all of which is completed under the direction and project management of the Commonwealth. This is consistent with the prior three years except for a slight increase to $73 million received in fiscal year 2019/20. From fiscal years 2000/01 to fiscal year 2017/18, the State System was allocated $65 million annually, with the exception of fiscal years 2009/10 and 2010/11, when $130 million was allocated. The university received an allocation of $25.5 million for the new Arts and Administration Building in fiscal year 2019/20, which was completed in fiscal year 2020/21. The building houses administration, student services, faculty offices and several classrooms.

Operating Revenues

Educational and General Fund tuition and fee revenue, net of discounts and allowances, was $68.2 million for fiscal year 2021/22, a decrease of $5.0 million from the $73.2 million earned in fiscal year 2020/21. Auxiliary revenue, net of discounts and allowances, was $31.4 million for fiscal year 2021/22, an increase of $15.5 million from the $15.9 million earned in 2020/21.

The chart below summarizes the three year trend of total university operating revenue, including Educational and General fund tuition and fees, auxiliary fees and sales, government and non-government grants and contracts, and other miscellaneous operating revenue.

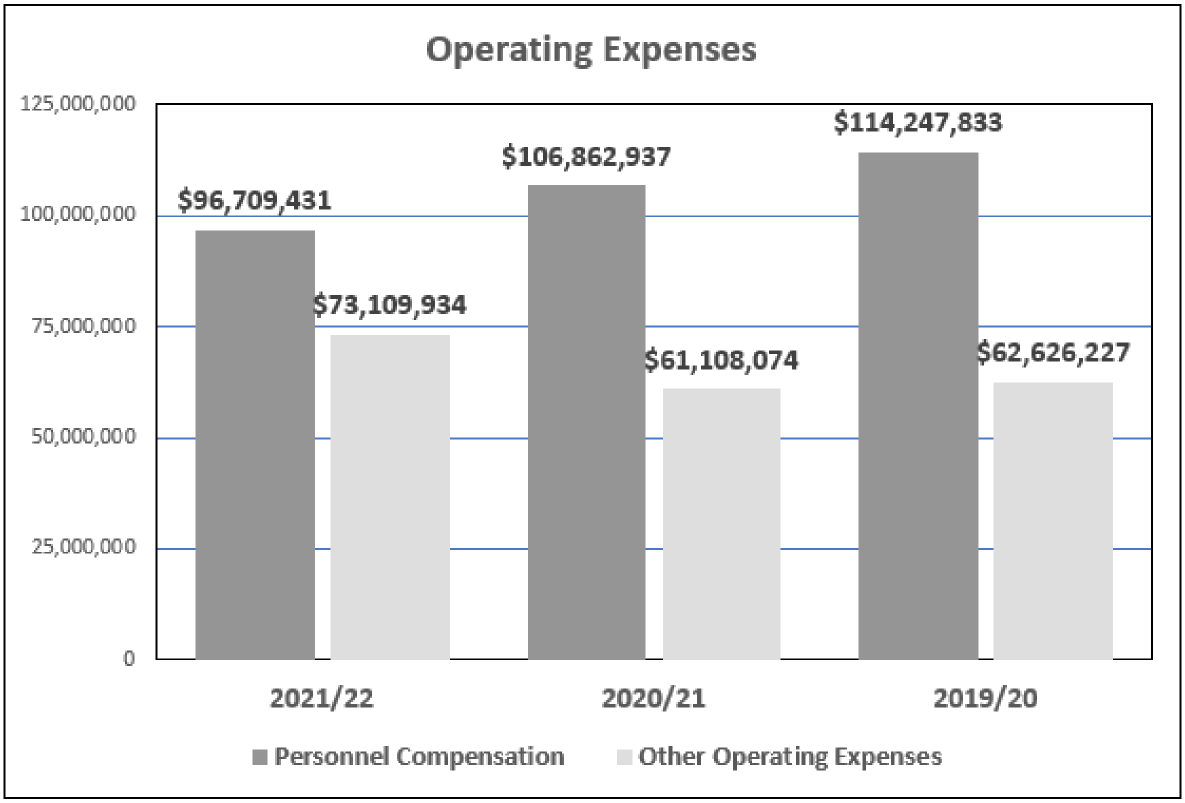


Operating Expenses
Educational and General Fund personnel expenditures, including salary, incremental benefits and employer paid fixed rate benefits, were $84.0 million, a decrease of $10.7 million, or 11.3%, in fiscal year 2021/22 as compared to fiscal year 2020/21. Personnel expenses include the effect of actuarily determined unfunded liabilities – pension and OPEB. All represented employee groups experienced collective bargaining pay increases, and nonrepresented employees received pay increases as well, in fiscal year 2021/22.

In May 2019 the Board approved a Voluntary Phased Retirement Program in anticipation of full retirement for employee members of APSCUF. The program allows eligible faculty members to reduce their work commitment over a period of one to three years. During fall 2019, the System and faculty union successfully negotiated a second retirement incentive: the Enhanced Sick Leave Program (ESLP), which provided for increased accrued sick leave reimbursement for faculty who would retire prior to the start of the fall 2020 semester. Due to the success of this program, it was expanded to all employee groups, resulting in 35 participants from the university. In spring 2021, another ESLP program was approved by the Board of Governors for all employee groups. This program provided two windows of retirement, on or before June 30, 2021, or June 30, 2022, with those retiring on or before June 30, 2021 receiving a slightly higher incentive. This program resulted in 18 participants opting to retire by June 30, 2021 and 22 participants opting to retire by June 30, 2022.

Educational and General Fund expenditures, including services, supplies, utilities, capital and other non-personnel expenditures were $27.2 million for fiscal year 2021/22, an increase of $2.9 million, or 11.9%, over fiscal year 2020/21.

The following chart summarizes the three year trend of **total** university personnel compensation and other operating expenses, such as services, supplies and utilities.



FINANCIAL STATEMENTS

Balance Sheet

The balance sheet reports the balances of the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the university as of the end of the fiscal year.

- ***Assets*** include cash; investments reported at market value; the value of outstanding receivables due from students and from other parties; and land, buildings, and equipment reported at cost, less accumulated depreciation.
- ***Deferred Outflows of Resources***, defined as a consumption of net position that applies to future periods, reports the deferred loss on bond defeasance and certain items associated with the pension and other postemployment benefits, OPEB, liabilities (health and tuition benefits expected to be paid to eligible current and future retirees).
- ***Liabilities*** include payments due to vendors, employees, including students; revenues received but not yet earned; the balance of bonds payable; and amounts estimated to be due for items such as workers' compensation (the university is self-insured), compensated absences (the value of sick and annual leave earned by employees), pension benefits, and other postemployment benefits (OPEB).

- ***Deferred Inflows of Resources***, defined as an acquisition of net position that applies to future periods, reports the deferred gain on bond defeasance, the fair value of irrevocable split-interest agreements, and certain items associated with the pension and OPEB.
- ***Net Position***, informally referred to as *Net Assets* or *Fund Balance* (as it was previously called), is the sum of Assets and Deferred Outflows of Resources less Liabilities and Deferred Inflows of Resources.

Following is a summary of the university's balance sheet at June 30, 2022, 2021, and 2020.

(in millions)

Balance Sheet	June 30, 2022	Change from Prior Year	Restated June 30, 2021	Change from Prior Year	June 30, 2020	Change from Prior Year
Assets						
Cash and cash equivalents	$90.3	(4.0%)	$94.1	1.5%	$92.7	(5.5%)
Capital assets, net	214.6	(5.2%)	226.4	(0.4%)	227.2	0.4%
Other assets	16.2	(12.4%)	18.5	27.6%	14.5	(1.4%)
Deferred outflows	39.3	(22.5%)	50.7	126.3%	22.4	(31.3%)
Total assets and deferred outflows	$360.4	(7.5%)	$389.7	9.2%	$356.8	(4.0%)
Liabilities						
Workers' Compensation	$0.7	0.0%	$0.7	0.0%	$0.7	133.3%
Compensated absences	13.8	0.0%	13.8	13.1%	12.2	13.0%
Net pension liability	68.6	(21.0%)	86.8	(7.3%)	93.6	(14.1%)
Net OPEB liability	163.4	(9.2%)	180.0	12.9%	159.4	(13.8%)
Bonds payable	99.2	-$0.1	106.9	(5.6%)	113.2	(1.9%)
Lease obligations and financed purchases	1.7	-$0.3	2.5		-	
Other liabilities	29.6	(35.9%)	46.2	40.0%	33.0	2.8%
Deferred inflows	89.0	12.4%	79.2	3.9%	76.2	37.8%
Total liabilities and deferred inflows	466.0	(9.7%)	516.1	5.7%	488.3	(21.7%)
Net Position						
Net investment in capital assets	114.3	(2.8%)	117.6	1.6%	115.8	4.7%
Restricted	7.1	6.0%	6.7	42.6%	4.7	(9.6%)
Unrestricted	(227.0)	(9.5%)	(250.7)	(0.5%)	(252.0)	(0.1%)
Total net position	(105.6)	(16.5%)	(126.4)	(3.9%)	(131.5)	(3.6%)
Total liabilities, deferred inflows, and net position	$360.4	(7.5%)	$389.7	9.2%	$356.8	(26.7%)

Net Position

Net position in fiscal year 2021/22 increased by $20.8 million from fiscal year 2020/21 net position. This compares to an increase of $5.1 million in fiscal year 2020/21 from fiscal year 2019/20.

In accordance with GASB requirements, the university reports three components of net position:

Net investment in capital assets – informally known as NIP (from its former name, *Net investment in plant*), is the cost of land, buildings, improvements, equipment, furnishings, and library books, net of accumulated depreciation, less any associated debt (primarily bonds payable). This balance is not available for the university's use in ongoing operation since the underlying assets would have to be sold in order to use the balance to pay current or long-term obligations. The Commonwealth prohibits a state university from selling university land and buildings without prior approval.

Restricted – represents the portion of balances of funds received from the Commonwealth, donors, or grantors who have placed restrictions on the purpose for which the funds must be spent. Nonexpendable restricted net position represents the corpus of endowments and similar arrangements in which only the associated investment income can be spent. Expendable restricted net position represents the portion of restricted funds that is available for expenditures as long as any external purpose and time restrictions are met.

Unrestricted – includes funds that the university president has designated for specific purposes, auxiliary funds, and all other funds not appropriately classified as restricted of invested in capital assets. Unrestricted net position includes three liabilities that the university does not fund – compensated absences, net pension liability, and OPEB - along with the respective deferred outflows and deferred inflows of resources. Because these liabilities will be realized gradually over future years, and because of their size, the universities are expected to fund these liabilities only on a "pay-as-you-go" basis; i.e., as they become due.

- The liability for **compensated absences** represents the dollar value, based on an employee's current salary, of annual and sick leave that employees have earned and could potentially receive in the form of cash payouts upon retirement or other termination. All full-time employees are eligible to be paid, upon termination, for their accumulated unused annual, personal, and holiday leave, with a maximum annual accumulation of 45 days. Sick leave payouts, however, are subject to vesting requirements, and the value of accumulated unused sick leave is paid only to those employees who retire and meet service and/or age requirements, and it is capped depending upon the number of days accumulated. The liability for sick leave is estimated based on historical sick leave payouts.

  As employees earn and accumulate leave, the compensated absences liability increases; as employees use leave or terminate, the liability decreases. The liability maintained the same balance of $13.8 million in both fiscal years ending June 30, 2022 and June 30, 2021. The university funds this liability only as cash payouts are made to employees upon termination.

- The **net pension liability**, along with the related deferred outflows and inflows of resources, is the university's allocated share of the difference between the Commonwealth's defined benefit pension obligations and the funding set aside by the Commonwealth in a qualified trust to pay the future benefits that are promised to current employees, retirees, and their beneficiaries. The annual increase in the liability is the amount that current employees earn each fiscal year as a pension benefit, actuarially calculated based on years of service, age, and estimates of future service and employee longevity. The liability decreases when funding of the qualified trust increases and when employees or retirees leave the pension plans. The negative effect of this liability, along with the related deferred outflows and inflows of resources, on net position at June 30, 2022, was $83.5 million, compared to $86.9 million at June 30, 2021. The university funds this liability on a "pay-as-you-go" basis; that is, they fund only the annual contractually required contributions to the State Employees Retirement System (SERS) and the Public School Employees Retirement System (PSERS).The liability for **other postemployment benefits,** or OPEB, represents the estimated future healthcare costs for current and future retirees. The annual increase in the liability is the amount that current employees earn each fiscal year as a retiree healthcare benefit, actuarially calculated based on years of service, age, and estimates of future service and employee longevity. The liability also increases as healthcare costs increase. The liability decreases when required contributions by retirees are increased, when the number of eligible employees decreases, and when retirees leave the plan. The negative effect of this liability, along with the related deferred outflows and inflows of resources, on net position at June 30, 2022, was $198.1 million, compared to $208.0 million at June 30, 2021. Like the pension liability, the university funds these liabilities on a "pay-as-you-go" basis. For the State System plan, the university makes biweekly contributions to fund the actual claims incurred by retirees during the year; for the Retired Employees Health Program (REHP) and PSERS OPEB plans, the university makes contractually required contributions as determined by the Commonwealth.

Following is a summary of the effect of the three unfunded liabilities, including the related deferred outflows of resources (DOR) and deferred inflows of resources (DIR), on the university's net position. The university's Alternative Retirement Plan is a defined contribution plan and has no liability. The university was not required to report a liability for the REHP OPEB and PSERS OPEB plans prior to July 1, 2018.

**Effect of the Unfunded Liabilities,
including the respective Deferred Outflows of Resources and Deferred Inflows of Resources,
on Unrestricted Net Position**

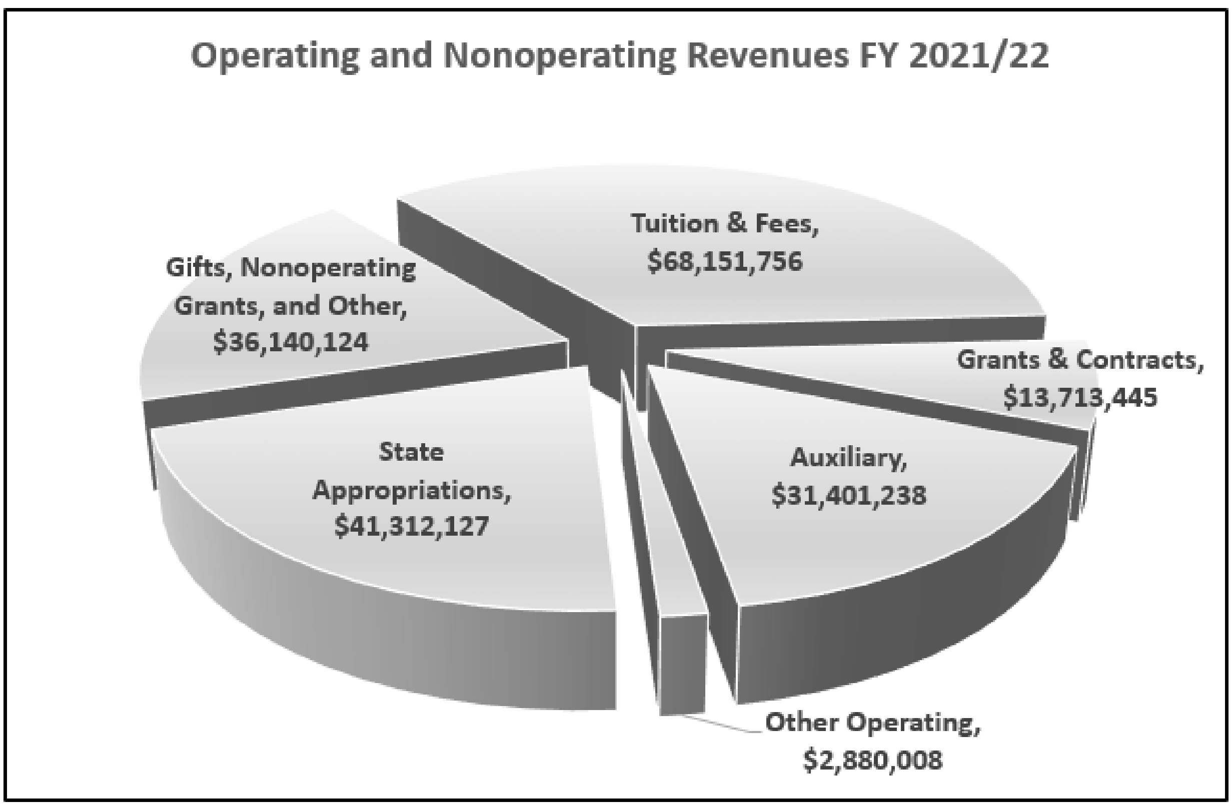
	(in millions)		
	June 30, 2022	Restated June 30, 2021	June 30, 2020
Unrestricted Net Position when the effect of the unfunded liabilities is included	($227.0)	($250.7)	($252.0)
Pension Liabilities, including DOR and DIR			
SERS Pension	74.3	77.4	80.5
PSERS Pension	9.2	9.5	10.7
Alternative Retirement Plan	-	-	-
Total Pension Liabilities	83.5	86.9	91.2
OPEB Liabilities, including DOR and DIR			
SSHE OPEB Plan	123.9	125.9	129.2
REHP OPEB Plan	73.7	81.7	86.8
PSERS OPEB Plan	0.4	0.4	0.5
Total OPEB Liabilities	198.1	208.0	216.5
Compensated Absences Liability	13.8	13.8	12.2
Total Unfunded Liabilities, including DOR and DIR	295.4	308.8	319.9
Unrestricted Net Position when the effect of the unfunded liabilities is excluded	$68.3	$58.1	$67.9

When the unfunded liabilities and related DOR and DIR are excluded, unrestricted net position increased by $10.2 million, or 17.6%, from fiscal year 2020/21 to 2021/22, compared to a decrease of $9.8 million, or 14.4%, from fiscal year 2019/20 to 2020/21. In fiscal year 2020/21, the impacts of COVID-19 increased revenue losses from lower enrollments, which were partially offset when relief funds were recognized as revenue in fiscal year 2021/22.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position reports the revenues earned and the expenses incurred during the fiscal year. The result is reported as an increase or decrease in net position. In accordance with GASB requirements, the university has classified revenues and expenses as either operating or nonoperating. GASB has determined that all public colleges' and universities' state appropriations and appropriations and grants received as a result of the CARES, CRRSAA and ARP Acts are nonoperating revenues. In addition, GASB requires classification of gifts, Pell grants, investment income and expenses, unrealized gains and losses on investments, interest expense, and gains and losses on disposals and acquisitions of assets as nonoperating. The State System classifies all of its remaining activities as operating.

Following is a chart and a table that illustrate the composition of the university's total operating and nonoperating revenues for fiscal year 2021/22 and summarize comparative operating and nonoperating revenues for the years ended June 30, 2022, 2021, and 2020, respectively.



(in millions)

Revenues and Gains

	June 30, 2022	Change from Prior Year	Restated June 30, 2021	Change from Prior Year	June 30, 2020	Change from Prior Year
Operating revenues						
Tuition and fees, net	$68.2	(6.8%)	$73.2	(0.6%)	$73.6	(4.5%)
Grants and contracts	13.7	5.3%	13.0	2.4%	12.7	(0.7%)
Auxiliary enterprises, net	31.4	97.0%	15.9	(47.6%)	30.4	(23.6%)
Other	2.9	6.3%	2.7	(19.0%)	3.3	(24.1%)
Total operating revenues	**116.1**	10.8%	**104.8**	(12.7%)	**120.1**	(10.5%)
Nonoperating revenues and gains						
State appropriations	41.3	3.3%	40.0	0.5%	39.8	2.0%
Federal & state approp. & grants-COVID	23.9	55.4%	15.4	94.7%	7.9	N/A
Investment income, net	1.0	(11.0%)	1.1	(52.4%)	2.3	(13.7%)
Unrealized gain on investments	(1.0)	(183.8%)	1.2	967.3%	0.1	(47.6%)
Gifts, nonoperating grants, and other	12.3	(8.7%)	13.5	(11.4%)	15.2	(8.3%)
Total nonoperating revenues and gains	77.5	8.8%	**71.2**	9.0%	**65.3**	11.7%
Total revenues and gains	$193.6	10.0%	$176.0	(5.1%)	$185.4	(3.7%)

Overall, fiscal year 2021/22 **operating revenues** increased by 10.8% over the prior fiscal year due to a return to normal auxiliary operations as the coronavirus restrictions eased. Nonoperating revenues increased by 8.8% due to recognition of revenues for COVID related appropriations and grants such as the CARES Act, CRRSAA and APRA. The overall increase in revenues and gains was 10.0%.

Tuition and fee revenue are shown net of discounts and allowances and bad debt expense. Discounts and allowances represent financial aid to students in the form of grants, scholarships, and waivers. A freeze in tuition and mandatory fees set by the university, coupled with a decline in enrollment, resulted in an overall decrease of net tuition and fee revenue of $5.0 million in fiscal year 2021/22, or 6.8%, from fiscal year 2020/21. This follows a decrease in net tuition and fee revenue of $.5 million, or .6%, in fiscal year 2020/21 over fiscal year 2019/20.

Total **financial aid** to students (excluding CARES Act emergency aid for students-$10.9 million in 2021/22 and $4.5 million in 2020/21) in the form of grants, waivers, and scholarships was $26.9 million in fiscal year 2021/22, compared to $26.7 million in fiscal year 2020/21. Federal Pell grants and other federal aid decreased by $.8 million, while Pennsylvania Higher Education Assistance Agency (PHEAA) grants decreased by $.6 million, over fiscal year 2020/21.

Following is the breakdown of financial aid in fiscal years 2021/22 and 2020/21.

(in millions)

Student Financial Aid

	2021/22	2020/21
Federal Pell grants	$10.2	$11.0
Other federal aid	0.7	0.7
State financial aid including PHEAA grants	6.8	7.4
Local government financial aid		
Scholarships from endowments and restricted gifts and grants	2.5	1.9
Unrestricted scholarships and fellowships	0.6	0.6
Tuition and fee waivers and institutional scholarships	6.2	5.1
Housing and dining waivers and institutional scholarships	-	-
Total	$26.9	$26.7

Tuition and fee waivers and institutional scholarships granted by the university increased $1.1 million, or 21.2%, in fiscal year 2021/22 over 2020/21, primarily due to institutional scholarship programs, approved by the Trustees, aimed at increasing recruitment and retention. Waivers and institutional scholarships represent discounts offered to students for which there is no outside funding source to replenish the lost operating revenue.

Auxiliary enterprises revenue, which includes food service sales, housing fees, and fees for the operation, maintenance, debt service, and renewal of student union and recreation centers increased to $31.4 million in fiscal year 2021/22, from $15.9 million in fiscal year 2020/21, compared to a decrease of $14.5 million in fiscal year 2020/21 from fiscal year 2019/20. This decrease from fiscal year 2019/20 to fiscal year 2020/21 was primarily due to housing and dining lost revenues and student fee refunds as a result of the pandemic, while the increase from fiscal year 2020/21 to fiscal year 2021/22 is a result of the return to normal operations.

State appropriations include general and capital cash appropriations that are received from the Commonwealth. The fiscal year 2021/22 general cash appropriation allocated to the university was $39.1 million, an increase of $.6 million, or 1.7%, over the fiscal year 2020/21 allocation, while capital appropriations increased $.7 million to $2.3 million in fiscal year 2021/22 from $1.6 million in fiscal year 2020/21.

Investment income (net of related investment expenses) for fiscal year 2021/22 was $1.0 million. This represents a decrease of $.1 million over fiscal year 2020/21. The decrease is due partly to declining interest rates during the fiscal year. Rates moved from a high of 1.55% in fiscal year 2020/21 to a low of .76% during fiscal year 2021/22.

Other Revenue includes CARES, CRRSAA and ARPA Act funds that have been provided to the university for emergency aid to students whose lives have been disrupted by the pandemic, as well as funds that can used by the university to help cover costs associated with providing a safe campus and work environment throughout this pandemic. An overview of these funds is provided on pages 4-6. A total of $45.0 million in federal CARES Act funds have been awarded to date, of which $21.6 was recorded as revenue in 2021/22, and $15.4 million and $7.9 million were recorded as revenue in fiscal years 2020/21 and 2019/20, respectively.

Following is a summary of expenses and losses for the years ending June 30, 2022, 2021 and 2020.

(in millions)

Expenses and Losses

	June 30, 2022	Change from Prior Year	Restated June 30, 2021	Change from Prior Year	June 30, 2020	Change from Prior Year
Operating expenses						
Instruction	$58.8	(5.0%)	$61.9	(6.9%)	$66.4	(11.6%)
Research and public service	1.6	18.1%	1.3	(25.9%)	1.8	(6.4%)
Academic support	9.3	(10.2%)	10.4	(13.0%)	11.9	(13.0%)
Student services	13.4	(3.7%)	13.9	(10.6%)	15.5	(6.4%)
Institutional support	20.6	(10.9%)	23.2	(10.4%)	25.8	3.3%
Operations and maintenance of plant	7.3	(28.8%)	10.3	(3.8%)	10.7	(20.2%)
Depreciation	15.7	0.2%	15.7	6.1%	14.8	7.1%
Student aid	20.5	53.6%	13.3	21.2%	11.0	71.8%
Auxiliary enterprises	22.6	25.4%	18.0	(4.4%)	18.9	(38.9%)
Total operating expenses	169.8	1.1%	168.0	(5.0%)	176.9	(10.2%)
Other expenses and losses						
Interest expense on capital asset-related debt	2.9	(0.5%)	3.0	(17.7%)	3.6	12.0%
Loss on disposal/acquisition of assets	-		-		-	
Total other expenses and losses	2.9	(0.5%)	3.0	(17.7%)	3.6	12.0%
Total expenses and losses	$172.8	1.1%	$170.9	(5.3%)	$180.5	(9.8%)

Operating expenditures include personnel and other non-personnel operating expense, including depreciation. In fiscal year 2021/22, $73.3 million, or 43.1%, of the university's total operating expenses were related to salary and wages. Salary and wages decreased $6.8 million, or 8.5%, from fiscal year 2020/21. Total benefits, including healthcare costs, health and welfare, and post-retirement were $23.4 million in fiscal year 2021/22, or 13.8% of total operating expenses. This represents a decrease of $3.3 million, or 12.4%, from fiscal year 2020/21 benefits expense of $26.8 million. This decrease is related to net actuarial assumptions associated with the OPEB and pension liabilities, as well as the reduction in workforce.

- Employer share of employee health care costs, including hospitalization insurance and the health and welfare fund, was $11.0 million in fiscal year 2021/22, a decrease of $.3 million, or 2.7%, compared to fiscal year 2020/21.

- Employer share of postretirement health care expense was a negative $6.8 million, a decrease of $2.1 million, or 43.6%, compared to fiscal year 2020/21, primarily related to an increase in the actuarially calculated OPEB expenses in excess of pay-as-you-go.

- Employer contributions to SERS, a defined benefits pension plan, were $8.9 million in fiscal year 2021/22, a decrease of $.3 million and 2.8% from fiscal year 2020/21.
- Employer contributions to PSERS, a defined benefits pension remained steady at $1.1 million, from fiscal year 2020/21 to fiscal year 2021/22.
- Employer contributions to the Alternative Retirement Plan (ARP), a defined contribution plan, decreased slightly in fiscal year 2021/22 by $.3 million to $3.1 million.

Other operating expenses, including student aid, supplies and other services, utilities, and depreciation, were $73.1 million in fiscal year 2021/22, an increase of $12.0 million, or 19.6%, from fiscal year 2020/21. This increase is primarily due to an increase in student aid disbursements related to CARES Act funding, as well as a return to normal campus operations that had been reduced during the pandemic.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about the university's cash receipts and cash payments. It may be used to determine the university's ability to generate future net cash flows and meet its obligations as they come due, as well as its possible need for external financing.

The table below shows the university's cash balance at the end of fiscal years 2021/22, 2020/21, and 2019/20.

		Restated	
	FY 2021/22	**FY 2020/21**	**FY 2019/20**
Cash flows from operating activities	($66,478,793)	($43,851,815)	($49,593,594)
Cash flows from noncapital financing activities	74,654,160	63,902,413	62,054,716
Cash flows from capital financing activities	(13,005,334)	(19,781,443)	(20,116,474)
Cash flows from investing activities	973,639	1,170,938	2,290,162
Net increase (decrease) in cash	($3,856,328)	$1,440,093	($5,365,190)
Cash-beginning of year	$94,131,434	$92,691,341	$98,056,531
Cash-end of year	$90,275,106	$94,131,434	$92,691,341

OTHER ECONOMIC FACTORS AND CONSIDERATIONS

In the upcoming fiscal year, 2022/23, there are several economic factors and considerations to note with respect to the university's financial outlook.

University Integration

On July 1, 2022, Bloomsburg University will integrate with Lock Haven University and Mansfield University to become Commonwealth University of Pennsylvania. As provided, this integration is designed to leverage the strength of these universities to position them to better serve students and to improve financial sustainability.

Tuition and Fees

In its continued efforts to address affordability, in April 2022, the Board voted to freeze basic in-state tuition for the 2022/23 academic year. This action resulted in an unprecedented four consecutive years in which tuition was frozen, even while confronting financial challenges brought on in part by the coronavirus pandemic. The Board also set a tentative tuition rate for the 2023/24 academic year that was also frozen.

These actions provide assurances and financial relief to current and potential students and ensure that the State System will maintain its place as the affordable higher education option for students of the Commonwealth.

Enrollment

Enrollment is expected to continue its downward trend for fiscal year 2022/23. The impact to the universities of the reductions in the number of high school graduates is compounded by a decline in the proportion of those who pursue higher education, an overcrowded higher education marketplace in the state and the impact of COVID-19.

Appropriation

On July 8, 2022, Governor Tom Wolf signed a fiscal year 2022/23 Commonwealth General Fund budget of $43 billion that provides for increased funding of higher education. The spending plan appropriated to the State System was $552.5 million in General Funds, an increase of $75.0 million, or 15%, over the prior fiscal year, and $125 million in COVID relief funds from the State Fiscal Recovery Fund (CSFRF) federal appropriations.

On July 21, 2022, the Board of Governors approved a new allocation method to the state appropriation allocations. This new allocation formula is student-focused and based on core operations and enrollment. The detailed methodology and calculations to support these distributions can be found in Procedure/Standard 2022-55: Allocation Formula Methodology. This new formula will be fully implemented and used to allocate the state appropriation received in fiscal year 2022/23.

Compensation Costs

Salaries, all of which are contractual with the exception of nonrepresented employees, will increase between 3.3% and 4.8% in fiscal year 2022/23. Pay increases for nonrepresented employees are approved by the Board of Governors and at this time there is a 5% merit increase projected for fiscal year 2022/23. Overall salaries and wages are projected to decrease by 3.0%, as the result of workforce reduction initiatives, which are necessary to move toward a balanced budget, and normal employee turnover savings.

Pension Costs and Healthcare

The pension cost of employer retirement contributions has increased significantly year-over-year but has recently seen a leveling out, or a lower rate of increase. The employer contribution rate for the university's most common pension plan, SERS, is increasing 3.6% in fiscal year 2022/23. Healthcare rates are expected to increase for all units by between 2.5% and 7.7% in fiscal year 2022/23. The assumption of increased employer rates across all units remains likely in years beyond 2023. Overall, total benefits are projected to decrease by 1.2% as the result of the workforce reduction initiatives that have been implemented in the prior two fiscal years.

Rating Agencies

In June 2022, Moody's Investors Service, Inc. maintained the State System's bond rating of Aa3, but revised the outlook from stable to negative. The negative outlook reflects Moody's expectations of ongoing student demand difficulties leading to a continued trend of thin operating performance and weakening debt service coverage through fiscal 2022. In June 2022, Moody's published an updated Environmental, Social, and Governance methodology which introduces ESG Issuer Profile (IPS) and Credit Impact Scores (CIS) for rated entities. The new scores are incorporated in the credit ratings of ESG issues. The State System has been assigned a CIS-4, reflecting Moody's assessment that the State System has high exposure to social risks, primarily demographics, with neutral to low environmental and governance risks. In March 2022, Fitch Ratings reviewed the State System's rating of A+ with stable outlook and no rating change was made.

Requests for Information

Requests for information, including questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Commonwealth University of Pennsylvania
Accounting Services
400 East Second Street
Bloomsburg, PA 17815

BLOOMSBURG UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
BALANCE SHEETS−PRIMARY INSTITUTION
JUNE 30, 2022 AND 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	(Restated) 2021
CURRENT ASSETS		
Cash and Cash Equivalents	$ 90,275,106	$ 94,131,435
Investments	375,624	453,109
Accounts Receivable:		
Governmental Grants and Contracts	2,144,839	2,082,148
Students, Net of Allowance for Doubtful Accounts of $4,986,336 in 2022 and $4,426,275 in 2021	5,901,023	5,477,235
Other	880,958	1,317,707
Interest Income Receivable	102,042	128,538
Inventories	54,305	58,024
Prepaid Expenses	1,206,541	2,017,063
Current Portion of Leases Receivable	88,789	83,628
Due from Component Units	376,816	602,714
Other Assets	895	1,951
Total Current Assets	101,406,938	106,353,552
NONCURRENT ASSETS		
Beneficial Interests	4,138,409	5,088,809
Capital Assets, Net	214,649,991	226,421,186
Long-Term Portion of Leases Receivable	943,821	1,032,827
Due from Component Units	-	100,000
Other Assets	-	1,708
Total Noncurrent Assets	219,732,221	232,644,530
Total Assets	321,139,159	338,998,082
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Loss on Refunding of Debt	873,445	961,200
Deferred Outflows from SERS Contributions	11,729,282	14,907,981
Deferred Outflows from PSERS Contributions	1,640,461	1,771,806
Deferred Outflows from OPEB Contributions	25,018,570	33,084,328
Total Deferred Outflows of Resources	39,261,758	50,725,315
Total Assets and Deferred Outflows of Resources	$ 360,400,917	$ 389,723,397

See accompanying Notes to Financial Statements.

BLOOMSBURG UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
BALANCE SHEETS−PRIMARY INSTITUTION (CONTINUED)
JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 16,443,784	$ 24,180,128
Unearned Revenue	4,817,086	13,533,356
Students' Deposits	986,630	1,013,029
Workers' Compensation	321,747	357,568
Postretirement Benefits, Current	3,171,766	3,686,675
Compensated Absences	1,597,938	834,892
Current Portion of Lease Liabilities	161,490	263,819
Current Portion of Bonds Payable, Net	7,738,495	7,707,118
Due to System, Academic Facilities Renovation Bond Program (AFRP)	59,036	62,045
Due to Component Units	6,274,593	6,683,984
Due to Component Units - Lease Liabilities	474,818	471,958
Total Current Liabilities	42,047,383	58,794,572
NONCURRENT LIABILITIES		
Unearned Revenue	806,767	587,044
Workers' Compensation, Net of Current Portion	339,267	330,028
Compensated Absences, Net of Current Portion	12,197,426	13,005,580
Long-Term Portion of Lease Liabilities	314,711	476,202
Postretirement Benefit Obligations, Noncurrent	160,276,295	176,308,173
Bonds Payable, Net	91,416,307	99,154,802
Due to System, AFRP, Net of Current Portion	217,883	276,919
Due to Component Units - Lease Liabilities	778,228	1,253,046
Net Pension Liability	68,641,125	86,758,509
Total Noncurrent Liabilities	334,988,009	378,150,303
Total Liabilities	377,035,392	436,944,875
DEFERRED INFLOWS OF RESOURCES		
Unamortized Gain on Refunding of Debt	106,617	135,839
Deferred Inflows from SERS Contributions	26,267,148	16,434,216
Deferred Inflows from PSERS Contributions	1,967,969	410,814
Deferred Inflows from OPEB Contributions	59,626,844	61,118,170
Deferred Inflow - Lease Receivable	997,698	1,097,833
Total Deferred Inflows of Resources	88,966,276	79,196,872
NET POSITION		
Net Investment in Capital Assets	114,255,851	117,580,639
Restricted for:		
Expendable:		
Scholarships and Fellowships	457,748	513,747
Capital Projects	2,489,329	1,008,547
Other	78,749	79,043
Nonexpendable:		
Scholarships and Fellowships	4,138,409	5,088,809
Unrestricted Net Position	(227,020,837)	(250,689,135)
Total Net Position	(105,600,751)	(126,418,350)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 360,400,917	$ 389,723,397

See accompanying Notes to Financial Statements.

BLOOMSBURG UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION–PRIMARY INSTITUTION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
OPERATING REVENUES		
Tuition and Fees	$ 86,212,797	$ 91,737,532
Less: Scholarship Discounts and Allowances	(18,061,041)	(18,584,918)
Net Tuition and Fees	68,151,756	73,152,614
Governmental Grants and Contracts:		
Federal	2,691,290	2,879,583
State	8,702,382	8,328,236
Nongovernmental Grants and Contracts	2,319,773	1,809,416
Sales and Services of Educational Departments	2,353,398	1,616,646
Auxiliary Enterprises	31,401,238	15,942,138
Other Revenues	526,611	1,092,934
Total Operating Revenues	116,146,448	104,821,567
OPERATING EXPENSES		
Instruction	58,788,694	61,868,171
Research	348,505	301,506
Public Service	1,208,468	1,017,035
Academic Support	9,312,518	10,372,082
Student Services	13,388,916	13,897,186
Institutional Support	20,622,238	23,152,924
Operations and Maintenance of Plant	7,323,090	10,292,395
Depreciation	15,718,176	15,682,592
Student Aid	20,472,282	13,330,274
Auxiliary Enterprises	22,636,476	18,048,888
Total Operating Expenses	169,819,363	167,963,053
OPERATING LOSS	(53,672,915)	(63,141,486)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations, General and Restricted	39,050,145	38,405,845
Federal and State appropriations and grants-COVID	23,897,127	15,374,998
Commonwealth On-Behalf Contributions to PSERS	545,515	1,152,825
Pell Grants	10,183,883	10,984,568
Investment Income, Net of Related Investment Expense of $29,017 in 2022 and $138,698 in 2021	956,640	1,074,594
Unrealized Increase in Fair Value in Beneficial Interests	(1,037,383)	1,238,225
Gifts for Other than Capital Purposes	1,352,134	1,171,051
Interest Expense	(2,934,850)	(2,950,909)
Loss on Disposal of Assets	(26,888)	(41,466)
Other Nonoperating Revenue (Expense)	142,859	58,500
Nonoperating Revenues, Net	72,129,182	66,468,231
INCOME BEFORE OTHER REVENUES	18,456,267	3,326,745
OTHER REVENUES		
State Appropriations, Capital	2,261,983	1,567,909
Capital Gifts and Grants	99,349	136,818
Total Other Revenues	2,361,332	1,704,727
INCREASE IN NET POSITION	20,817,599	5,031,472
Net Position - Beginning of Year	(126,418,350)	(131,449,822)
NET POSITION - END OF YEAR	$ (105,600,751)	$ (126,418,350)

See accompanying Notes to Financial Statements.

BLOOMSBURG UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
STATEMENTS OF CASH FLOWS−PRIMARY INSTITUTION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Tuition and Fees	$ 67,944,639	$ 72,919,915
Grants and Contracts	4,780,081	20,035,685
Payments to Suppliers for Goods and Services	(43,962,273)	(27,452,278)
Payments to Employees	(109,611,053)	(113,868,889)
Loans Collected from Students	-	1,430
Student Aid	(20,472,282)	(13,330,274)
PLUS, Stafford, and Other Loans Receipts (Non-Perkins)	63,471,961	67,215,847
PLUS, Stafford, and Other Loans Disbursements (Non-Perkins)	(63,471,961)	(67,215,847)
Auxiliary Enterprise Charges	32,078,537	16,208,080
Sales and Services of Educational Departments	2,339,653	1,631,141
Other Operating Receipts	423,905	748,549
Net Cash Used by Operating Activities	(66,478,793)	(43,106,641)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	41,400,290	38,405,845
Gifts and Nonoperating Grants for Other than Capital Purposes	33,082,999	25,403,303
Agency Transactions, Net	28,012	34,765
Other	142,858	58,500
Net Cash Provided by Noncapital Financing Activities	74,654,159	63,902,413
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from Debt	-	12,491,586
Capital Appropriations	2,261,982	1,567,909
Capital Gifts and Grants Received	(9,603)	130,340
Purchases of Capital Assets	(3,864,915)	(12,076,617)
Principal Paid on Debt and Leases	(7,495,909)	(18,103,598)
Interest Paid on Debt and Leases	(3,896,889)	(4,552,139)
Net Cash Used by Capital Financing Activities	(13,005,334)	(20,542,519)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	983,137	1,195,752
Purchase of Investments	(9,498)	(8,911)
Net Cash Provided by Investing Activities	973,639	1,186,841
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,856,329)	1,440,094
Cash and Cash Equivalents - Beginning of Year	94,131,435	92,691,341
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 90,275,106	$ 94,131,435

See accompanying Notes to Financial Statements.

BLOOMSBURG UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
STATEMENTS OF CASH FLOWS−PRIMARY INSTITUTION (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (53,672,915)	$ (63,141,486)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	15,718,176	15,682,592
Expenses Paid by Commonwealth or Donor	545,515	1,152,825
Changes in Assets and Liabilities:		
Receivables, Net	39,854	(2,102,202)
Lease rental receivable (3rd Party & Comp Units)	83,845	81,513
Inventories	3,718	(5,649)
Other Assets	1,049,600	395,955
Accounts Payable and Accrued Expenses	(7,810,053)	7,346,446
Unearned Revenue	(8,496,546)	9,116,745
Students' Deposits	(54,410)	39,809
Compensated Absences	(45,108)	1,605,040
Loans to Students	-	1,430
Postretirement Benefits Liability (OPEB)	(16,546,789)	20,590,719
Defined Benefit Pensions	(18,117,384)	(6,867,243)
Other Liabilities	(350,724)	(445,619)
Deferred Outflows of Resources Related to OPEB	8,065,758	(23,329,879)
Deferred Inflows of Resources Related to OPEB	(1,491,326)	(5,750,273)
Deferred Outflows of Resources Related to Pensions	3,310,044	(4,996,523)
Deferred Inflows of Resources Related to Pensions	11,390,087	7,619,294
Deferred inflow of resources related to lease receivable	(100,135)	(100,135)
Net Cash Used by Operating Activities	$ (66,478,793)	$ (43,106,641)
SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL FINANCING ACTIVITIES		
Capital Assets Acquired by Gift or Donation	$ 108,952	$ 6,478
Commonwealth On-Behalf Contributions to PSERS	$ 545,515	$ 1,152,825

See accompanying Notes to Financial Statements.

BLOOMSBURG UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF FINANCIAL POSITION−COMPONENT UNITS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,965,120	$ 2,677,005
Accounts Receivable	455,338	556,105
Prepaid Expenses	259,832	274,096
Pledges Receivable	10,574,114	6,792,307
Due from University	6,274,593	6,683,984
Interest Income Receivable	12,010	12,242
Inventories	519,996	558,179
Investments	67,716,351	73,999,511
Other Current Assets	255,313	249,243
Total Current Assets	89,032,667	91,802,672
NONCURRENT ASSETS		
Restricted Cash	3,425,657	2,872,170
Capital Assets, Net	31,969,409	33,304,828
Other Assets	2,235,930	2,850,763
Total Noncurrent Assets	37,630,996	39,027,761
Total Assets	$ 126,663,663	$ 130,830,433
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 906,538	$ 545,725
Compensated Absences	149,138	161,003
Annuity Liabilities	244,253	314,398
Agency Funds Held	380,337	453,129
Current Portion of Long-Term Debt	1,027,394	1,015,912
Due to University	376,816	602,714
Other Deposits Liability	2,028,316	2,024,565
Total Current Liabilities	5,112,792	5,117,446
NONCURRENT LIABILITIES		
Long-Term Debt	26,783,106	28,397,112
Due to University	-	100,000
Postretirement Benefit Obligation	402,363	454,305
Other Noncurrent Liabilities	555,857	883,986
Total Noncurrent Liabilities	27,741,326	29,835,403
Total Liabilities	32,854,118	34,952,849
NET ASSETS		
Without Donor Restrictions	21,247,339	21,145,402
With Donor Restrictions	72,562,206	74,732,182
Total Net Assets	93,809,545	95,877,584
Total Liabilities and Net Assets	$ 126,663,663	$ 130,830,433

See accompanying Notes to Financial Statements.

BLOOMSBURG UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF ACTIVITIES−COMPONENT UNITS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND OTHER ADDITIONS		
Contributions	$ 245,932	$ 515,129
Investment Income	288	346,923
University Store	4,478,540	3,265,342
Student Activity Fees	2,073,415	1,101,515
Rents and Related Income	4,722,773	4,117,965
Contract Revenue	3,374,533	3,219,625
Other Revenues	612,866	456,855
Endowment Fees to Fund Foundation Operations	933,059	849,960
Net Assets Released from Restrictions	4,500,569	3,214,698
Total Revenues and Other Additions	20,941,975	17,088,012
EXPENSES AND OTHER DEDUCTIONS		
Program Expenses	7,317,611	5,621,611
Supporting Services Expenses	90,820	14,662
Student Activities	3,501,846	2,692,304
University Store	4,588,884	3,699,718
Management and General	4,326,575	4,140,031
Total Expenses	19,825,736	16,168,326
Other Expenses and Losses	1,014,302	-
Total Expenses and Losses	20,840,038	16,168,326
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	101,937	919,686
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	12,280,331	1,575,130
Investment Income	(8,872,751)	14,163,513
Other Additions	(1,076,987)	567,876
Endowment Fees to Fund Foundation Operations	-	(849,960)
Net Assets Released from Restrictions	(4,500,569)	(3,214,698)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	(2,169,976)	12,241,861
CHANGE IN TOTAL NET ASSETS	(2,068,039)	13,161,547
Net Assets - Beginning of Year	95,877,584	82,716,037
NET ASSETS - END OF YEAR	$ 93,809,545	$ 95,877,584

See accompanying Notes to Financial Statements.

BLOOMSBURG UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF EXPENSES BY NATURE AND FUNCTION−COMPONENT UNITS
YEARS ENDED JUNE 30, 2022 AND 2021

2022

	Program Activities						Supporting Activities			
Natural Expense	Scholarship and Grants	Student Activities and Programs	University Stores	Housing	Other Programs	Total Programs	Management and General	Fundraising	Total Supporting	Total Expenses
Salaries and Benefits	$ -	$ 386,789	$ 626,208	$ -	$ (39,215)	$ 973,782	$ 1,937,670	$ 1,361,460	$ 3,299,130	$ 4,272,912
Gifts and Grants	2,852,375	163,404	-	-	971,634	3,987,413	100,000	-	100,000	4,087,413
Supplies and Travel	-	497,584	59,915	-	239,286	796,785	68,736	64,550	133,286	930,071
Services and Professional Fees	-	47,032	-	91,457	-	138,489	745,186	-	745,186	883,675
Office and Occupancy	-	-	301,254	865,933	8,520	1,175,707	261,510	30,428	291,938	1,467,645
Depreciation	-	-	73,194	544,030	8,613	625,837	412,734	41,630	454,364	1,080,201
Interest	-	-	-	179,616	-	179,616	274,886	28,588	303,474	483,090
Other	-	679,507	3,528,313	46,494	1,493,424	5,747,738	525,853	347,138	872,991	6,620,729
Total Expenses	$ 2,852,375	$ 1,774,316	$ 4,588,884	$ 1,727,530	$ 2,682,262	$ 13,625,367	$ 4,326,575	$ 1,873,794	$ 6,200,369	$ 19,825,736

2021

	Program Activities						Supporting Activities			
Natural Expense	Scholarship and Grants	Student Activities and Programs	University Stores	Housing	Other Programs	Total Programs	Management and General	Fundraising	Total Supporting	Total Expenses
Salaries and Benefits	$ -	$ 368,908	$ 617,392	$ -	$ (8,865)	$ 977,435	$ 1,830,477	$ 1,235,638	$ 3,066,115	$ 4,043,550
Gifts and Grants	2,123,618	189,403	-	-	886,688	3,199,709	100,000	-	100,000	3,299,709
Supplies and Travel	-	108,835	56,578	-	136,829	302,242	65,136	13,377	78,513	380,755
Services and Professional Fees	-	3,438	-	81,839	-	85,277	709,332	-	709,332	794,609
Office and Occupancy	-	-	299,413	821,151	7,268	1,127,832	214,679	22,175	236,854	1,364,686
Depreciation	-	-	71,444	514,183	1	585,628	412,854	41,905	454,759	1,040,387
Interest	-	-	-	137,371	-	137,371	281,053	30,070	311,123	448,494
Other	5,080	340,518	2,654,891	13,584	982,094	3,996,167	526,500	273,469	799,969	4,796,136
Total Expenses	$ 2,128,698	$ 1,011,102	$ 3,699,718	$ 1,568,128	$ 2,004,015	$ 10,411,661	$ 4,140,031	$ 1,616,634	$ 5,756,665	$ 16,168,326

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Bloomsburg University of Pennsylvania of the State System of Higher Education (the University), a public four-year institution located in Bloomsburg, Pennsylvania, was founded in 1839. The University is one of fourteen universities of the Pennsylvania State System of Higher Education (the State System). The State System was created by the State System of Higher Education Act of November 12, 1982, P.L. 660, No. 188, as amended (Act 188). The State System is a component unit of the Commonwealth of Pennsylvania (the Commonwealth).

Reporting Entity

The University functions as a Business-Type Activity, as defined by the Governmental Accounting Standards Board (GASB).

The University has determined the Community Government Association of Bloomsburg University (the Association), Bloomsburg University Foundation (the Foundation), and the Husky Research Corporation, Inc. (the Corporation) should be included in the University's financial statements as discretely presented component units. A component unit is a legally separate organization for which the primary institution is financially accountable or closely related.

The Association is a legally separate, tax-exempt entity, which is responsible for the operations of the University Store, student, and community activities, and student housing. Although the University does not control the resources of the Association, the activities of the Association are solely for the benefit of the University and its students. Because these resources are held by the Association and can only be used to benefit the University and its students, the Association is considered a component unit of the University and is discretely presented in the University's financial statements. The financial activity of the Association is presented as of May 31, 2022 and 2021.

The Foundation is a legally separate, tax-exempt entity, which acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The financial activity of the Foundation is presented as of June 30, 2022 and 2021.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Corporation is a legally separate, tax-exempt entity, which is organized to administer grants, contracts, and special programs for the University. Because the Corporation exists for the benefit of the University and its students, the Corporation is considered a component unit of the University and is discretely presented in the University's financial statements. The financial activity of the Corporation is presented as of June 30, 2022 and 2021. Complete financial statements for the Association, the Foundation, and the Corporation may be obtained at the University's administrative office.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by GASB. The economic resources measurement focus reports all inflows, outflows, and balances that affect an entity's net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The accompanying financial statements of the component units, which are all private nonprofit organizations, are reported in accordance with Financial Accounting Standards Board (FASB) requirements, including Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* an amendment of FASB Codification Topic 958, *Not-for-Profit-Entities.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications for these differences have been made to the component units' financial information presented herein.

Operating Revenues and Expenses

The University records tuition; all academic, instructional, and other student fees; student financial aid; auxiliary activity; and corporate partnerships as operating revenue. In addition, governmental and private grants and contracts in which the grantor receives equal value for the funds given to the University are recorded as operating revenue. All expenses, with the exception of interest expense, losses on the disposal of assets, and expenses associated with the closing of the Perkins Loan program are recorded as operating expenses. Appropriations, Pell grants, investment income, gifts for other than capital purposes and parking, and library fines are reported as nonoperating revenue.

Deferred Outflows and Deferred Inflows of Resources

The balance sheet reports separate sections for deferred outflows of resources and deferred inflows of resources.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources (Continued)

Deferred Outflows of Resources, reported after *Total Assets*, is defined by GASB as a consumption of net position that applies to future periods. The expense is recognized in the applicable future period(s). *Deferred Inflows of Resources*, reported after *Total Liabilities*, is defined by GASB as an acquisition of net position that applies to future periods. The revenue is recognized in the applicable future period(s).

Transactions are classified as deferred outflows of resources or deferred inflows of resources only when specifically prescribed by GASB standards.

The University is required to report the following as Deferred Outflows of Resources or Deferred Inflows of Resources.

- Deferred gain or loss on bond refunding, which results when the carrying value of a refunded bond is greater or less than its reacquisition price. The difference is deferred and amortized over the remaining life of the old bond or the life of the new bond, whichever is shorter.

- For defined benefit pension plans and other postemployment benefit (OPEB) plans: the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension and OPEB plan investments, changes in the University's proportion of expenses and liabilities to the pension and OPEB plans as a whole, differences between the University's pension and OPEB contributions and its proportionate share of contributions, and the University's pension and OPEB contributions subsequent to the pension or OPEB valuation measurement date.

- For lessor accounting: a deferred inflow of resources associated with leases where the University is a lessor, recognized as income over the term of the lease.

Net Position

Net position is the residual of assets, plus Deferred Outflows of Resources, less liabilities, less Deferred Inflows of Resources. The University maintains the following classifications of net position.

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair, or improvement of those assets.

Restricted – Nonexpendable: The portion of net position subject to externally imposed conditions requiring that it be maintained by the University in perpetuity.

Restricted – Expendable: The portion of net position use of which is subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted: All other categories of net position. Unrestricted net position may be designated for specific purposes by the University's Council of Trustees.

When both restricted and unrestricted funds are available for expenditure, the restricted funds will be used first.

Cash Equivalents and Investments

The University considers all demand and time deposits, money market funds, and overnight repurchase agreements to be cash equivalents. Investments purchased are stated at fair value. Investments received as gifts are recorded at their fair value or appraised value as of the date of the gift. The University classifies investments as short-term when they are readily marketable and intended to be converted to cash within one year.

Accounts and Loans Receivable

Accounts receivable consist of tuition and fees charged to current and former students and amounts due from federal and state governments in connection with reimbursements of allowable expenditures made pursuant to grants, contracts, and other miscellaneous sources. Loans receivable consist of funds loaned to students under federal loan programs.

Accounts and loans receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based upon the University's historical losses and periodic review of individual accounts.

Inventories

Inventories consist mainly of supplies and stored fuels and are stated at the lower of cost or market, with cost determined principally on the weighted average method.

Capital Assets

Land and buildings at the University's campus acquired or constructed prior to the creation of the State System on July 1, 1983, are owned by the Commonwealth and made available to the University. Since the University neither owns such assets nor is responsible to service associated bond indebtedness, no value is ascribed thereto in the accompanying financial statements. Likewise, no value is ascribed to the portion of any land or buildings acquired or constructed utilizing capital funds appropriated by the Commonwealth after June 30, 1983, and made available to the University.

All assets with a purchase cost, or acquisition value if acquired by gift, in excess of $5,000 with an estimated useful life of two years or greater are capitalized. Buildings, portions of buildings, capital improvements, and equipment and furnishings acquired or constructed by the University after June 30, 1983, through the expenditure of University funds or the incurring of debt, are stated at cost less accumulated depreciation.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Equipment and furnishings are stated at cost less accumulated depreciation. Library books are capitalized on a composite basis in the year of purchase. Assets purchased under financed leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. Assets under right to use leases are recorded at the present value of the minimum lease payments plus any other amounts that must be included per the GASB standards. The University provides for depreciation on the straight-line method over the estimated useful lives of the related assets. Buildings and improvements are depreciated over useful lives ranging from 10 to 40 years. Equipment and furnishings are depreciated over useful lives ranging from 3 to 10 years. Library books are depreciated over 10 years. Amortization of assets under right to use leases is included in depreciation and amortization expense over the shorter of the lease term or the life of the underlying asset. Normal repair and maintenance expenditures are not capitalized because they neither add to the value of the property nor materiality prolong its useful life.

The University does not capitalize collections of art, rare books, historical items, etc., as they are held for public exhibition, education, or research rather than financial gain.

Impairment of Capital Assets

Management reviews capital assets for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly. Any write-downs due to impairment are charged to operations at the time impairment is identified. No write-down of capital assets was required for the years ended June 30, 2022 and 2021.

Leases

The University routinely engages in lease agreements to meet operational needs. The University's lease contracts generally relate to land, buildings, and various equipment. For short-term leases with a maximum possible term of 12 months or less at commencement, the University recognizes periodic revenue or expense based on the provision of the lease contract. For all other contracts where the University is the lessee, that meet the requirements of GASB 87 and were in excess of the minimum dollar threshold, the University recognized a lease liability and an intangible right to use asset based on the present value of the future lease payments over the contracted term of the lease. Lease right to use assets are reported with capital assets, and lease liabilities are reported as long-term debt in the statement of net position. The right to use lease assets are amortized over the term of the lease, as the University is not expected to lease assets beyond the underlying asset's useful life. The University also serves as a lessor for certain real estate. For those agreements required to be capitalized, the financial statements recognize a lease receivable and a deferred inflow of resources, based on the present value of the future lease payments expected to be received during the contracted lease term period and the deferred inflow of resources is amortized evenly over the term of the lease. Lease receivables are reported with other current assets and other noncurrent assets. Deferred inflow – lease receivable is reported as deferred inflow in the statement of net position.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The University uses its estimated incremental borrowing rate as the discount rate for leases unless the rate the lessor charges is known. This rate is based on the general obligation bonds' weighted average interest rate for a given year. If amendments or other certain circumstances occur that are expected to significantly affect the amount of the lease, the present value is remeasured, and corresponding adjustments made. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but recognized as expense or revenue in the period performed. Residual value guarantees and exercise options will be included in the measurement if they are reasonably certain to be paid or exercised.

A minimum dollar threshold was established for lease reporting purposes of $25,000.

Unearned Revenue

Unearned revenue includes amounts for tuition and fees, grants, corporate sponsorship payments, and certain auxiliary activities received prior to the end of the fiscal year but earned in a subsequent accounting period.

Compensated Absences

The estimated cost of future payouts of annual leave and sick leave that employees have earned for services rendered, and which the employees may be entitled to receive upon termination or retirement, is recorded as a liability.

Pension Plans and OPEB Plans

Eligible employees of the University enroll in one of three available retirement plans immediately upon employment. The University also offers healthcare and tuition benefits to eligible employees upon employment, which vary depending upon the employee's labor group.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Employees' Retirement System (SERS) and Public School Employees' Retirement System (PSERS) and additions to/deductions from SERS and PSERS fiduciary net position have been determined on the same basis as they are reported by SERS and PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net Other Postemployment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the System Plan, Retired Employees Health Program (REHP) and Premium Assistance Program (Premium Assistance) and additions to/deductions from the System Plan, REHP and Premium Assistance plans' fiduciary net position have been determined on the same basis as they are reported by the System Plan, REHP and Premium Assistance plans.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension Plans and OPEB Plans (Continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Scholarships and Waivers

In accordance with a formula prescribed by the National Association of College and University Business Officers (NACUBO), the State System allocates the cost of scholarships, waivers, and other student financial aid between discounts and allowances (netted against tuition and fees) and student aid expense. Scholarships and waivers of room and board fees are reported in auxiliary enterprises. The cost of tuition waivers granted to employees is reported as employees' benefits expense.

Income Taxes

The University, as a member of the State System, is tax-exempt; accordingly, no provision for income taxes has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures 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.

Reclassifications

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net position or changes therein.

New Accounting Standards

GASB has issued several accounting standards that are required to be adopted by the State System in the current or prior fiscal years, as discussed below.

In June 2017, GASB issued Statement No. 87, *Leases*, effective for reporting periods beginning after June 15, 2021. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources for all leases with lease terms greater than twelve months. The adoption of this statement resulted in the recognition of lease related assets, liabilities, and deferred inflows of resources. Notes 4 and 11 provide details on the balances reported. The financial statement for the fiscal year ended June 30, 2021 were restated as summarized below. There was no impact to previously reported beginning net position at June 30, 2020.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

Statement of Revenues and Expenses	2021
Income (Loss), as Previously Reported	$ 5,037,582
Implementation of GASB 87	
Operating Revenues	2,718
Operating Expenses	7,959
Nonoperating Revenues (Expenses)	(16,787)
Income (Loss), as Restated	$ 5,031,472

Balance Sheet at June 30, 2021	Balance as Previously Reported	GASB 87 Changes	Balance as Restated
Total Current Assets	$ 106,269,924	$ 83,628	$ 106,353,552
Total Noncurrent Assets	229,437,962	3,206,568	232,644,530
Deferred Outflow of Resources	50,725,315	-	50,725,315
Total Assets	386,433,201	3,290,196	389,723,397
Total Current Liabilities	58,131,270	663,302	58,794,572
Total Noncurrent Liabilities	376,615,132	1,535,171	378,150,303
Deferred Inflow of Resources	78,099,039	1,097,833	79,196,872
Net Position	(126,412,240)	(6,110)	(126,418,350)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 386,433,201	$ 3,290,196	$ 389,723,397

NOTE 2 CONDENSED COMPONENT UNITS INFORMATION

The following represents combining condensed statement of financial position information for the component units as of June 30, 2022.

	The Association*	The Foundation	The Corporation	Total
Capital Assets, Net	$ 12,023,097	$ 19,946,312	$ -	$ 31,969,409
Other Assets	13,819,402	74,310,705	289,554	88,419,661
Due from University	6,272,421	2,172	-	6,274,593
Total Assets	$ 32,114,920	$ 94,259,189	$ 289,554	$ 126,663,663
Due to University	$ 84,813	$ 100,000	$ 192,003	$ 376,816
Long-Term Debt	10,600,424	17,210,076	-	27,810,500
Other Liabilities	3,595,417	1,064,221	7,164	4,666,802
Total Liabilities	14,280,654	18,374,297	199,167	32,854,118
Net Assets:				
Without Donor Restrictions	17,834,266	3,322,686	90,387	21,247,339
With Donor Restrictions	-	72,562,206	-	72,562,206
Total Net Assets	17,834,266	75,884,892	90,387	93,809,545
Total Liabilities and Net Assets	$ 32,114,920	$ 94,259,189	$ 289,554	$ 126,663,663

* Information for The Association is presented as of May 31, 2022.

The following represents combining condensed statement of financial position information for the component units as of June 30, 2021:

	The Association*	The Foundation	The Corporation	Total
Capital Assets, Net	$ 12,174,539	$ 21,130,289	$ -	$ 33,304,828
Other Assets	13,938,794	76,421,618	481,209	88,419,661
Due from University	6,683,984	-	-	6,274,593
Total Assets	$ 32,797,317	$ 97,551,907	$ 481,209	$ 130,830,433
Due to University	$ 489	$ 320,664	$ 381,561	$ 702,714
Long-Term Debt	11,293,707	18,119,317	-	29,413,024
Other Liabilities	3,411,588	1,418,510	7,013	4,837,111
Total Liabilities	14,705,784	19,858,491	388,574	34,952,849
Net Assets:				
Without Donor Restrictions	18,091,533	2,961,234	92,635	21,145,402
With Donor Restrictions	-	74,732,182	-	74,732,182
Total Net Assets	18,091,533	77,693,416	92,635	95,877,584
Total Liabilities and Net Assets	$ 32,797,317	$ 97,551,907	$ 481,209	$ 130,830,433

* Information for The Association is presented as of May 31, 2021.

NOTE 2 CONDENSED COMPONENT UNITS INFORMATION (CONTINUED)

The following represents combining statement of activities for the component units for the year ended June 30, 2022:

	The Association*	The Foundation	The Corporation	Total
Changes in Net Assets Without Donor Restrictions				
Revenues and Other Additions:				
Contributions	$ -	$ 245,932	$ -	$ 245,932
Bloomsburg University Fee for Service Contract	-	2,032,969	-	2,032,969
Investment Income	-	288	-	288
University Store	4,478,540	-	-	4,478,540
Student Activity Fees	2,073,415	-	-	2,073,415
Rents and Related Income	2,985,560	1,737,213	-	4,722,773
Contract Revenue	461,570	404,422	475,572	1,341,564
Other Revenues	-	166,037	446,829	612,866
Endowment Fees to Fund Foundation Operations	-	933,059	-	933,059
Net Assets Released from Restrictions	-	4,500,569	-	4,500,569
Total Revenues and Other Additions	9,999,085	10,020,489	922,401	20,941,975
Expenses and Other Deductions:				
Program Expenses	-	6,436,042	881,569	7,317,611
Supporting Services Expenses	90,820	-	-	90,820
Student Activities	3,501,846	-	-	3,501,846
University Store	4,588,884	-	-	4,588,884
Management and General	1,060,500	3,222,995	43,080	4,326,575
Total Expenses	9,242,050	9,659,037	924,649	19,825,736
Other Expenses and Losses	1,014,302	-	-	1,014,302
Total Expenses and Losses	10,256,352	9,659,037	924,649	20,840,038
Change in Net Assets Without Donor Restrictions	(257,267)	361,452	(2,248)	101,937
Changes in Net Assets with Donor Restrictions				
Contributions	-	12,280,331	-	12,280,331
Investment Income	-	(8,872,751)	-	(8,872,751)
Other Additions	-	(1,076,987)	-	(1,076,987)
Net Assets Released from Restrictions	-	(4,500,569)	-	(4,500,569)
Changes in Net Assets with Donor Restrictions	-	(2,169,976)	-	(2,169,976)
CHANGE IN NET ASSETS	(257,267)	(1,808,524)	(2,248)	(2,068,039)
Net Assets - Beginning of Year	18,091,533	77,693,416	92,635	95,877,584
NET ASSETS - END OF YEAR	$ 17,834,266	$ 75,884,892	$ 90,387	$ 93,809,545

* Information for The Association is presented as of May 31, 2022.

NOTE 2 CONDENSED COMPONENT UNITS INFORMATION (CONTINUED)

The following represents combining statement of activities for the component units for the year ended June 30, 2021:

	The Association*	The Foundation	The Corporation	Total
Changes in Net Assets Without Donor Restrictions				
Revenues and Other Additions:				
Contributions	$ -	$ 515,129	$ -	$ 515,129
Bloomsburg University Fee for Service Contract	-	1,936,295	-	1,936,295
Investment Income	346,771	152	-	346,923
University Store	3,265,342	-	-	3,265,342
Student Activity Fees	1,101,515	-	-	1,101,515
Rents and Related Income	2,595,528	1,522,437	-	4,117,965
Contract Revenue	514,843	-	768,487	1,283,330
Other Revenues	-	456,855	-	456,855
Endowment Fees to Fund Foundation Operations	-	849,960	-	849,960
Net Assets Released from Restrictions	-	3,214,698	-	3,214,698
Total Revenues and Other Additions	7,823,999	8,495,526	768,487	17,088,012
Expenses and Other Deductions:				
Program Expenses	-	4,883,884	737,727	5,621,611
Supporting Services Expenses	14,662	-	-	14,662
Student Activities	2,692,304	-	-	2,692,304
University Store	3,699,718	-	-	3,699,718
Management and General	964,100	3,139,594	36,337	4,140,031
Total Expenses and Other Deductions	7,370,784	8,023,478	774,064	16,168,326
Gain on Disposal of Equipment	-	-	-	-
Total Expenses and Losses	7,370,784	8,023,478	774,064	16,168,326
Change in Net Assets Without Donor Restrictions	453,215	472,048	(5,577)	919,686
Changes in Net Assets with Donor Restrictions				
Contributions	-	1,575,130	-	1,575,130
Investment Income	-	14,163,513	-	14,163,513
Other Additions	-	567,876	-	567,876
Endowment Fees to Fund Foundation Operations	-	(849,960)	-	(849,960)
Net Assets Released from Restrictions	-	(3,214,698)	-	(3,214,698)
Changes in Net Assets with Donor Restrictions	-	12,241,861	-	12,241,861
CHANGE IN NET ASSETS	453,215	12,713,909	(5,577)	13,161,547
Net Assets - Beginning of Year	17,638,318	64,979,507	98,212	82,716,037
NET ASSETS - END OF YEAR	$ 18,091,533	$ 77,693,416	$ 92,635	$ 95,877,584

* Information for The Association is presented as of May 31, 2021.

NOTE 3 DEPOSITS AND INVESTMENTS

The University predominantly maintains its cash balances on deposit with the State System. The State System maintains these and other State System funds on a pooled basis. Although the State System pools its funds in a manner similar to an internal investment pool, individual State System entities do not hold title to any assets in the fund. The State System as a whole owns title to all assets. The University does not participate in the unrealized gains or losses on the investment pool; instead, the University holds shares equal to its cash balance. Each share has a constant value of $1, and income is allocated based on the number of shares owned. Revenue realized at the State System level is calculated on a daily basis and posted monthly to each entity's account as interest income. The University's portion of pooled funds totals $88,576,727 and $92,761,026 at June 30, 2022 and 2021, respectively. Included in the University's portion of pooled funds are $6,272,421 and $6,683,984 of amounts held on behalf of the Association at June 30, 2022 and 2021, respectively.

The State System invests its funds in accordance with board of governors' policy 1986-02-A, *Investment,* which authorizes the State System to invest in obligations of the U.S. Treasury, repurchase agreements, commercial paper, certificates of deposit, bankers' acceptances, U.S. money market funds, municipal bonds, corporate bonds, collateralized mortgage obligations (CMOs), asset-backed securities, and internal loan funds. Restricted nonexpendable funds and amounts designated by the board may be invested in the investments described above, as well as in corporate equities and approved pooled common funds. In addition, the University may accept gifts of investments from donors as long as risk is limited to the investment itself. Restricted gifts of investments fall outside the scope of the investment policy.

In keeping with its legal status as a system of public universities, the State System recognizes a fiduciary responsibility to invest all funds prudently and in accordance with ethical and prevailing legal standards. Investment decisions are intended to minimize risk while maximizing asset value. Adequate liquidity is maintained so that assets can be held to maturity. High quality investments are preferred. Reasonable portfolio diversification is pursued to ensure that no single security or investment or class of securities or investments will have a disproportionate or significant impact on the total portfolio. Investments may be made in U.S. dollar-denominated debt of high quality U.S. and non U.S. corporations. Investment performance is monitored on a frequent and regular basis to ensure that objectives are attained, and guidelines are followed.

Safety of principal and liquidity are the top priorities for the investment of the State System's operating funds. Within those guidelines, income optimization is pursued. Speculative investment activity is not allowed; this includes investing in asset classes such as commodities, futures, short sales, equities, real or personal property, options, venture capital investments, private placements, letter stocks, and unlisted securities.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The State System's operating funds are invested and reinvested in the following types of instruments with qualifications as provided. (See *Board of Governors' Policy 1986-02-A, Investment*, for a complete list of and more details on permissible investments and associated qualifications.)

Investment Categories	Qualifications/Moody's Ratings Requirements
United States Government Securities	Together with repurchase agreements must comprise at least 20% of the market value of the fund.
Repurchase Agreements	Underlying collateral must be direct obligations of the United States Treasury and be in the State System's or its agent's custody.
Commercial Paper	P-1 and P-2 notes only, with no more than 5% and 3%, respectively, of the market value of the fund invested in any single issuer. Total may not exceed 20% of the market value of the fund.
Municipal Bonds	Bonds must carry long-term debt rating of A or better. Total may not exceed 20% of the market value of the fund.
Corporate Bonds	15% must carry long-term debt rating of A or better; 5% may be rated Baa2 or better. Total may not exceed 20% of the market value of the fund.
Collateralized Mortgage Obligations (CMOs)	Must be rated Aaa and guaranteed by U.S. government. Total may not exceed 20% of the market value of the fund.
Asset-Backed Securities	Must be Aaa rated. Total may not exceed 20% of the market value of the fund, with no more than 5% invested in any single issuer.
System Investment Fund Loans (University Loans and Bridge Notes)	Total may not exceed 20% of the market value of the fund, and loan terms may not exceed five years.

CMO Risk

CMOs sometimes are based on cash flows from interest-only (IO) payments or principal-only (PO) payments and are sensitive to prepayment risks. The CMOs in the State System's portfolio do not have IO or PO structures; however, they are subject to extension or contraction risk based on movements in interest rates.

Moody's Rating

The State System uses ratings from Moody's Investors Service, Inc., to indicate the credit risk of investments, i.e., the risk that an issuer or other counterparty to an investment will not fulfill its obligations. An Aaa rating indicates the highest quality obligations with minimal credit risk. Ratings that begin with Aa indicate high quality obligations subject to very low credit risk; ratings that begin with A indicate upper-medium-grade obligations subject to low credit risk; and ratings that begin with Baa indicate medium-grade obligations, subject to moderate credit risk, that may possess certain speculative characteristics. Moody's appends the ratings with numerical modifiers 1, 2, and 3, with 1 indicating a higher ranking and 3 indicating a lower ranking within the category. For short-term obligations, a rating of P-1 indicates that issuers have a superior ability to repay short-term debt obligations, and a rating of P-2 indicates that issuers have a strong ability to repay short-term debt obligations.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Modified Duration

The State System denotes interest rate risk, or the risk that changes in interest rates will affect the fair value of an investment, using modified duration. Duration is a measurement in years of how long it takes for the price of a bond to be repaid by its internal cash flows. Modified duration takes into account changing interest rates. The State System maintains a portfolio duration target of 1.8 years with an upper limit of 2.5 years for the intermediate-term component of the operating portion of the investment portfolio. The State System's duration targets are not applicable to its long-term investments.

Fair Value Hierarchy

GASB Statement No. 72, *Fair Value Measurement and Application,* requires that investments be classified according to a "fair value hierarchy." With respect to Statement No. 72's fair value hierarchy, GASB defines "inputs" as "the assumptions that market participants would use when pricing an asset or liability, including assumptions about risk." Statement No. 72 further categorizes inputs as observable or unobservable: Observable inputs are "inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability"; Unobservable inputs are "inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability."

Statement No. 72's fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three "levels":

Level 1 – Investments whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market, such as stocks listed in the S&P 500 or NASDAQ. If an up-to-date price of the investment can be found on a major exchange, it is a Level 1 investment.

Level 2 – Investments whose values are based on their quoted prices in inactive markets or whose values are based on models, and the inputs to those models are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Investments that trade infrequently, and as a result do not have many reliable market prices. Valuations of Level 3 investments typically are based on management assumptions or expectations. For example, a private equity investment or complex derivative would likely be a Level 3 investment.

In addition, the fair value of certain investments that do not have a readily determinable fair value is classified as NAV, meaning Net Asset Value per share, when the fair value is calculated in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Securities classified in Level 3 of the fair value hierarchy lack an independent pricing source and so are valued using an internal fair value as provided by the investment manager.

Detailed information regarding the fair value of the State System pooled deposits and investment portfolio is available in the financial statements of the State System, which can be found at www.passhe.edu. The University had $375,625 local investments recorded as fair value as of June 30, 2022 classified as Level 1 of the fair value hierarchy. The University has $453,109 local investments recorded as fair value as of June 30, 2021 classified as Level 1 of the fair value hierarchy.

Investment revenue is reported net of related investment expenses. Investment expenses for the years ended June 30, 2022 and 2021 were $29,017 and $138,698, respectively.

Demand and Time Deposits

On June 30, 2022 and 2021, the carrying amount of the University's demand and time deposits were $1,698,379 and $1,370,409, respectively, as compared to bank balances of $1,697,429 and $1,369,460, respectively. The differences are primarily caused by items in-transit and outstanding checks. Of the bank balances at June 30, 2022 and 2021, $250,000 was covered by federal government depository insurance; $-0- and $-0-, respectively, were uninsured and uncollateralized; and $1,447,419 and $1,119,446, respectively, was uninsured and uncollateralized but covered under the Commonwealth of Pennsylvania Act 72 of 1971 (Act 72), as amended. Act 72 allows banking institutions to satisfy the collateralization required by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments. At June 30, 2022 and 2021, none of the University's demand and time deposits is exposed to foreign currency risk.

NOTE 4 LEASE RECEIVABLES

The University routinely leases various land or facilities to third parties and component units. The contracts, at times, may include variable payments that are not known or certain to be exercised at the time of the lease receivable valuation. These are recognized as income in the period that they occur. The leases expire at various dates through 2038 and annual installment payments total between $23,760 and $31,620 plus interest at a rate of 1.5%.

The lease revenue and interest income for the fiscal year ended June 30, 2022 and 2021, are summarized in the following schedule.

	June 30, 2022 Third Parties	(Restated) June 30, 2021 Third Parties
Lease Revenue	$ 100,135	$ 100,135
Interest Income	16,175	15,903
Total	$ 116,310	$ 116,038

The following summary provides aggregated information reported for June 30, 2022 and 2021 lease receivables including additions, reductions for the years then ended.

	Balance June 30, 2020 (Restated)	2020-21 Additions (Restated)	2020-21 Reductions (Restated)	Balance June 30, 2021 (Restated)	2021-22 Additions	2021-22 Reductions	Balance June 30, 2022
Lease Receivable, Third Parties	$ -	$ 1,197,968	$ (81,513)	$ 1,116,455	$ -	$ (83,845)	$ 1,032,610
Total	$ -	$ 1,197,968	$ (81,513)	$ 1,116,455	$ -	$ (83,845)	$ 1,032,610

NOTE 5 CAPITAL ASSETS

Classifications of capital assets and related depreciation and amortization at June 30, 2022, 2021, 2020, follow.

	Balance June 30, 2020	2020-21 Additions (Restated)	2020-21 Retirements/ Adjustments (Restated)	2020-21 Reclassifications (Restated)	Balance June 30, 2021 (Restated)	2021-22 Additions	2021-22 Retirements/ Adjustments	2021-22 Reclassifications	Balance June 30, 2022
Land	$ 5,184,880	$ -	$ -	$ -	$ 5,184,880	$ -	$ -	$ -	$ 5,184,880
Construction in Progress	11,889,859	-	(886,438)	(9,448,218)	1,555,203	2,466,481	-	(564,186)	3,457,498
Total Capital Assets Not being Depreciated	17,074,739	-	(886,438)	(9,448,218)	6,740,083	2,466,481	-	(564,186)	8,642,378
Buildings, Including Improvements	290,969,829	10,290,503	(776,540)	7,183,811	307,667,603	335,856	-	491,606	308,495,065
Improvements Other than Buildings (Land and Improvements)	36,694,821	1,299,040	(122,096)	1,539,657	39,411,422	196,492	-	72,580	39,680,494
Furnishings and Equipment, Including Capital Leases	35,249,200	1,312,558	(2,896,911)	-	33,664,847	971,671	(149,593)	-	34,486,925
Library Books	6,924,001	67,432	(13,770)	-	6,977,663	3,367	(43,469)	-	6,937,561
Right To Use Assets	-	3,193,412	-	-	3,193,412	-	-	-	3,193,412
Total Capital Assets being Depreciated	369,837,851	16,162,945	(3,809,317)	8,723,468	390,914,947	1,507,386	(193,062)	564,186	392,793,457
Less: Accumulated Depreciation:									
Buildings, Including Improvements	(107,876,136)	(10,567,156)	735,075	-	(117,708,217)	(11,072,104)	-	-	(128,780,321)
Land Improvements	(15,809,646)	(1,787,342)	122,096	-	(17,474,892)	(1,854,412)	-	-	(19,329,304)
Furnishings and Equipment Including Capital Leases	(29,723,652)	(2,063,252)	2,896,911	-	(28,889,993)	(1,923,482)	122,707	-	(30,690,768)
Library Books	(6,295,390)	(126,004)	13,770	-	(6,407,624)	(115,059)	43,469	-	(6,479,214)
Right To Use Assets	-	(753,118)	-	-	(753,118)	(753,119)	-	-	(1,506,237)
Total Accumulated Depreciation	(159,704,824)	(15,296,872)	3,767,852	-	(171,233,844)	(15,718,176)	166,176	-	(186,785,844)
Total Capital Assets being Depreciated, Net	210,133,027	866,073	(41,465)	8,723,468	219,681,103	(14,210,790)	(26,886)	564,186	206,007,613
Capital Assets, Net	$ 227,207,766	$ 866,073	$ (927,903)	$ (724,750)	$ 226,421,186	$ (11,744,309)	$ (26,886)	$ -	$ 214,649,991

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30:

	2022	2021
Employees	$ 13,355,941	$ 13,356,751
Suppliers and Service	2,702,176	10,547,007
Interest	147,209	158,751
Other	238,458	117,619
Total	$ 16,443,784	$ 24,180,128

NOTE 7 UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

	2022		2021	
	Current	Noncurrent	Current	Noncurrent
Student Tuition and Fees	$ 3,661,792	$ -	$ 3,446,097	$ -
Sales and Services	4,850	-	18,595	-
Grants	234,962	-	9,105,635	-
Food Service Contract	647,201	782,071	672,920	550,000
Other	268,281	24,696	290,109	37,044
Total	$ 4,817,086	$ 806,767	$ 13,533,356	$ 587,044

NOTE 8 DEBT OBLIGATIONS

Bonds payable consist of tax-exempt revenue bonds issued by the State System through the Pennsylvania Higher Educational Facilities Authority (PHEFA). In connection with the bond issuances, the State System entered into loan agreements with PHEFA on behalf of the University under which the State System has pledged its full faith and credit for the repayment of the bonds. The loan constitutes an unsecured general obligation of the State System. The State System's board of governors has allocated portions of certain bond issuances to the University to undertake various capital projects or to advance refund certain previously issued bonds. The University is responsible for the repayment of principal and interest on its applicable portion of each obligation.

NOTE 8 DEBT OBLIGATIONS (CONTINUED)

The various bond series allocated to the University for the years ended June 30, 2022 and 2021 are as follows:

	Weighted Average Interest Rate	Balance July 1, 2021	Bonds Issued	Bonds Redeemed/ Refunded	Balance June 30, 2022
Series AN Issued in March 2012 to Current Refund Series U (Used for Residence Hall Renovation), Series W (Used for the Recreation Center) and Series X (Used for the Dining Facility)	5.00%	$ 489,176	$ -	$ (239,717)	$ 249,459
Series AP Issued in May 2014 to Current Refund Series Z and AA (Used for Hartline Expansion and Student Recreation Center)	5.40%	405,720	-	(128,800)	276,920
Series AQ Issued in May 2015 to Current Refund Series AC (Used for Student Recreation Center Expansion) and Advance Refund Series AE (Used for Parking Lot Projects)	4.86%	1,605,115	-	(318,671)	1,286,444
Series AR Issued in September 2015 for New Student Housing (394 beds) and the Steam Plant Renovation	3.95%	8,263,079	-	(370,661)	7,892,418
Series AT Issued in September 2016 to Complete New Student Housing (394-beds) and the Steam Plant Renovation.	4.06%	39,669,555	-	(1,290,327)	38,379,228
Series AU Issued in September 2017 to Advance Refund a portion of Series AH (Used for JKA Complex)	4.14%	31,110,000	-	(1,980,000)	29,130,000
Series AV Issued in September 2018 to Advance Refund Series AI (Used for Sprinklers)	4.29%	634,377	-	(352,526)	281,851
Series AW Issued in September 2019 for KUB HVAC and Advance Refund Series AJ (Used for ESCO and Columbia Residence Hall Renovation)	4.90%	5,242,092	-	(930,291)	4,311,801
Series AX Issued in July 2020 to Current Refund Series AL (Used for JKA Complex and Mount Olympus Apartments)	3.75%	990,000	-	(50,000)	940,000
Series AY Issued in October 2020 to Partially Advance Refund Series AM (Used for Elwell Residence Hall Renovation)	1.05%	10,880,376	-	(1,037,095)	9,843,281
Total Bonds Payable		$ 99,289,490	$ -	$ (6,698,088)	$ 92,591,402
Plus: Unamortized Bond Premium Costs, Net					6,563,400
Outstanding - End of Year					$ 99,154,802

NOTE 8 DEBT OBLIGATIONS (CONTINUED)

	Weighted Average Interest Rate	Balance July 1, 2020	Bonds Issued	Bonds Redeemed	Balance June 30, 2021
Series AL Issued in July 2010 for Additional JKA and to Advance Refund Series T (Used for Mount Olympus Apartments)	5.00%	$ 1,578,892	$ -	$ (1,578,892)	$ -
Series AM Issued in July 2011 for Elwell Residence Hall Renovation	0.69%	11,034,759	-	(11,034,759)	-
Series AN Issued in March 2012 to Current Refund Series U (Used for Residence Hall Renovation), Series W (Used for the Recreation Center) and Series X (Used for the Dining Facility)	5.00%	719,150	-	(229,974)	489,176
Series AP Issued in May 2014 to Current Refund Series Z and AA (Used for Hartline Expansion and Student Recreation Center)	5.40%	529,460	-	(123,740)	405,720
Series AQ Issued in May 2015 to Current Refund Series AC (Used for Student Recreation Center Expansion) and Advance Refund Series AE (Used for Parking Lot Projects)	4.68%	1,908,951	-	(303,836)	1,605,115
Series AR Issued in September 2015 for New Student Housing (394 beds) and the Steam Plant Renovation	3.95%	8,618,757	-	(355,677)	8,263,080
Series AT Issued in September 2016 to Complete New Student Housing (394-beds) and the Steam Plant Renovation.	4.06%	40,898,278	-	(1,228,723)	39,669,555
Series AU Issued in September 2017 to Advance Refund a portion of Series AH (Used for JKA Complex)	4.14%	32,180,000	-	(1,070,000)	31,110,000
Series AV Issued in September 2018 to Advance Refund Series AI (Used for Sprinklers)	4.29%	870,952	-	(236,575)	634,377
Series AW Issued in September 2019 for KUB HVAC and Advance Refund Series AJ (Used for ESCO and Columbia Residence Hall Renovation)	4.90%	5,889,700	-	(647,608)	5,242,092
Series AX Issued in July 2020 to Current Refund Series AL (Used for JKA Complex and Mount Olympus Apartments)	3.75%	-	1,410,697	(420,697)	990,000
Series AY Issued in October 2020 to Partially Advance Refund Series AM (Used for Elwell Residence Hall Renovation)	1.05%	-	10,880,376	-	10,880,376
Total Bonds Payable		$ 104,228,899	$ 12,291,073	$ (17,230,481)	$ 99,289,491
Plus: Unamortized Bond Premium Costs, Net					7,572,429
Outstanding - End of Year					$ 106,861,920

NOTE 8 DEBT OBLIGATIONS (CONTINUED)

Principal and interest maturities for each of the next five years and in subsequent five-year periods ending June 30 are as follows:

Series		2023	2024	2025	2026	2027	2028-2032	2033-2037	2038-2042	Total
AN	Principal	$ 249,459	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 249,459
	Interest	463	-	-	-	-	-	-	-	463
		249,922	-	-	-	-	-	-	-	249,922
AP	Principal	135,240	141,680	-	-	-	-	-	-	276,920
	Interest	13,846	7,084	-	-	-	-	-	-	20,930
		149,086	148,764	-	-	-	-	-	-	297,850
AQ	Principal	334,751	351,588	369,182	230,923	-	-	-	-	1,286,444
	Interest	64,322	47,585	30,005	11,546	-	-	-	-	153,458
		399,073	399,173	399,187	242,469	-	-	-	-	1,439,902
AR	Principal	387,123	402,107	420,383	438,659	450,350	2,441,431	2,295,029	1,057,336	7,892,418
	Interest	323,269	306,837	289,656	271,562	260,156	1,108,654	600,668	85,675	3,246,477
		710,392	708,944	710,039	710,221	710,506	3,550,085	2,895,697	1,143,011	11,138,895
AT	Principal	1,353,582	1,420,185	1,493,440	1,566,694	1,644,949	9,541,722	11,553,656	9,805,000	38,379,228
	Interest	1,563,580	1,495,901	1,424,892	1,350,220	1,271,885	5,040,384	2,758,147	746,100	15,651,109
		2,917,162	2,916,086	2,918,332	2,916,914	2,916,834	14,582,106	14,311,803	10,551,100	54,030,337
AU	Principal	2,080,000	2,185,000	2,290,000	2,405,000	2,525,000	14,450,000	3,195,000	-	29,130,000
	Interest	1,213,450	1,109,450	1,000,200	885,700	765,450	2,009,500	95,850	-	7,079,600
		3,293,450	3,294,450	3,290,200	3,290,700	3,290,450	16,459,500	3,290,850	-	36,209,600
AV	Principal	207,629	74,222	-	-	-	-	-	-	281,851
	Interest	14,093	3,711	-	-	-	-	-	-	17,804
		221,722	77,933	-	-	-	-	-	-	299,655
AW	Principal	988,866	1,034,685	414,480	437,180	455,121	981,469	-	-	4,311,801
	Interest	215,590	166,147	114,413	93,688	71,830	74,208	-	-	735,876
		1,204,456	1,200,832	528,893	530,868	526,951	1,055,677	-	-	5,047,677
AX	Principal	50,000	55,000	60,000	60,000	65,000	385,000	265,000	-	940,000
	Interest	38,200	35,700	32,950	29,950	26,950	81,750	11,550	-	257,050
		88,200	90,700	92,950	89,950	91,950	466,750	276,550	-	1,197,050
AY	Principal	1,043,174	1,051,685	1,060,195	1,072,354	1,086,943	4,528,931	-	-	9,843,281
	Interest	145,094	137,271	128,068	116,141	101,396	224,524	-	-	852,494
		1,188,268	1,188,956	1,188,263	1,188,495	1,188,339	4,753,455	-	-	10,695,775
Total	Principal	6,829,824	6,716,152	6,107,680	6,210,810	6,227,363	32,328,553	17,308,685	10,862,336	92,591,402
	Interest	3,591,907	3,309,686	3,020,184	2,758,807	2,497,667	8,539,020	3,466,215	831,775	28,015,261
		$ 10,421,731	$ 10,025,838	$ 9,127,864	$ 8,969,617	$ 8,725,030	$ 40,867,573	$ 20,774,900	$ 11,694,111	$ 120,606,663

The University participates in the State System's Academic Facilities Renovation Bond Program (AFRP), which was established for the purpose of renovating the academic facilities across the State System. The State System will issue bonds to provide a pool for funding for AFRP ($3,176,534 and $3,888,247 was outstanding as of June 30, 2022 and 2021, respectively). Universities can request funds for AFRP projects in accordance with their pre-approved amount of funding from the pool. Repayments to the pool are made annually based on the University's proportionate share of the total allocation of funds under the program.

NOTE 8 DEBT OBLIGATIONS (CONTINUED)

Changes in the balance owed by the University to the AFRP pool of funding were as follows:

	2022	2021
Balance at July 1	$ 338,964	$ 483,693
Repayments	(62,045)	(144,729)
Balance at June 30	$ 276,919	$ 338,964

NOTE 9 COMPENSATED ABSENCES

Compensated absences activity consisted of the following during 2022 and 2021:

	2022		2021	
	Current	Noncurrent	Current	Noncurrent
Compensated Absences	$ 1,597,938	$ 12,197,426	$ 834,892	$ 13,005,580

Changes in the compensated absence liability were as follows:

	2022	2021
Balance - July 1	$ 13,840,471	$ 12,235,432
Current Changes in Estimate	1,659,640	4,722,421
Payouts	(1,704,747)	(3,117,381)
Balance - June 30	$ 13,795,364	$ 13,840,472

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB)

Other postretirement benefits (OPEB) are benefits, such as healthcare benefits, that are paid in the period after employment and that are provided separately from a pension plan. OPEB does not include termination benefits or termination payments for sick leave.

University employees who retire after meeting specified service and age requirements are eligible to receive healthcare and tuition benefits in retirement. Employee members of the Association of Pennsylvania State College and University Faculties (APSCUF), the State College and University Professional Association (SCUPA), Security Police and Fire Professionals of America (SPFPA), Office and Professional Employees International Union (OPEIU), and nonrepresented employees participate in a defined benefit healthcare plan administered by the State System (System Plan). Employee members of the American Federation of State, County and Municipal Employees (AFSCME), Pennsylvania Doctors Alliance (PDA), and Pennsylvania Social Services Union (PSSU) participate in the Retired Employees Health Program (REHP), which is a defined benefit healthcare plan sponsored by the Commonwealth and administered by the Pennsylvania Employee Benefits Trust Fund (PEBTF).

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

In addition to the above, any employee who participates in the Public School Employees' Retirement System (PSERS) pension plan is eligible to receive benefits from the PSERS Health Insurance Premium Assistance Program (Premium Assistance), a defined benefit plan, and all eligible retirees and their eligible dependents receive tuition waivers at any of the 14 State System universities.

Following is the total of the University's OPEB liabilities, deferred outflows and inflows of resources related to OPEB, and the OPEB expense for the fiscal years ended June 30, 2022 and 2021.

	SSHE Plan		REHP		PSERS		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net OPEB liabilities	$ 116,987,541	$ 122,188,846	$ 45,956,230	$ 57,332,760	$ 504,289	$ 473,242	$ 163,448,061	$ 179,994,848
Deferred Outflows of Resources:								
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	-	-	20,466	961	828	961	21,294
Difference Between Expected and Actual Experience	-	-	37,817	49,859	4,687	4,376	42,504	54,235
Changes in Assumptions	14,676,479	19,613,119	5,597,465	7,438,067	53,722	19,274	20,327,666	27,070,460
Changes in Proportion	-	-	1,440,225	2,213,154	9,975	12,535	1,450,200	2,225,689
Contributions After the Measurement Date	2,249,031	2,529,895	922,733	1,156,779	25,471	25,976	3,197,239	3,712,650
Total Deferred Outflows of Resources	$ 16,925,510	$ 22,143,014	$ 7,998,240	$ 10,878,325	$ 94,816	$ 62,989	$ 25,018,570	$ 33,084,328
Deferred Inflows of Resources:								
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	$ 12,483,075	$ 17,503,548	$ 444,116	$ -	$ -	$ -	$ 12,927,191	$ 17,503,548
Difference Between Expected and Actual Experience	-	-	22,298,164	27,509,075	-	-	22,298,164	27,509,075
Changes in Assumptions	11,349,917	8,351,708	6,445,537	4,442,854	6,730	10,407	17,802,184	12,804,969
Changes in Proportion	-	-	6,573,829	3,290,882	25,479	9,696	6,599,305	3,300,578
Total Deferred Inflows of Resources	$ 23,832,992	$ 25,855,256	$ 35,761,646	$ 35,242,811	$ 32,209	$ 20,103	$ 59,626,844	$ 61,118,170
OPEB Expense	$ (242,965)	$ (763,452)	$ (7,054,878)	$ (3,979,424)	$ (64,346)	$ (9,073)	$ (7,362,189)	$ (4,751,949)
Contributions Recognized by OPEB Plans	$ 2,249,031	$ 2,529,896	$ 922,733	$ 1,156,779	$ 25,471	$ 25,976	$ 3,197,235	$ 3,712,651

The University will recognize the deferred outflows of resources resulting from contributions after the measurement date, totaling $2,249,031 for the System Plan, $922,733 for the REHP plan, and $25,471 for the PSERS OPEB plan, as reductions of the respective net OPEB liabilities in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Amortization		
Fiscal Year Ended	SSHE	REHP	PSER
June 30, 2023	$ (4,749,224)	$ (11,024,921)	$ 6,009
June 30, 2024	(2,746,218)	(8,789,388)	6,009
June 30, 2025	(125,518)	(4,840,873)	10,097
June 30, 2026	(1,535,553)	(2,038,069)	7,451
June 30, 2027	-	(1,992,888)	3,966
Thereafter	-	-	3,604

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

System Plan

Plan Description

The System Plan is a single-employer defined benefit healthcare plan administered by the System Office. Act 188 empowers the board to establish and amend benefit provisions and to require the System Office to pay OPEB as the benefits come due. The System Office discretely accounts for and accumulates all System Plan contributions that have been collected from the universities (employer) and retirees, but not yet been paid to the provider; however, the System Plan has no assets accumulated in a trust in which the employer contributions are irrevocable, are dedicated to providing OPEB to plan members, or are legally protected from creditors.

The System Plan provides eligible retirees and their eligible dependents with healthcare benefits, including hospital, medical/surgical, prescription drugs, and major medical coverage, as well as a Medicare supplement for individuals over age 65. Retirees receive varying coverages based on the benefits in effect when they retired, and benefits may continue for the retiree’s lifetime. Spouse benefits cease upon the retiree’s death, but the surviving spouse may continue coverage at full cost. Nonspouse dependents may be covered until age 19 or until age 25 if a certified full-time student. SCUPA, SPFPA, OPEIU, and nonrepresented employees whose retirement date is on or after January 1, 2016, and APSCUF employees whose retirement date is on or after July 1, 2017, receive the same pre-Medicare benefits as active employees, with benefits changing as active employee benefits change. All other pre-Medicare retirees continue to receive the same benefits to which they were entitled at retirement.

A total of 11,872 individuals are covered by the benefit terms (down from 12,122 in the prior year), including 6,897 active employees that may be entitled to receive benefit payments upon retirement, 53 retired participants entitled to but not yet receiving benefits, and 4,922 retired participants receiving benefits. Effective January 16, 2016, the State System OPEB plan became closed to newly hired SCUPA, SPFPA, OPEIU, and nonrepresented employees, while newly hired APSCUF employees (faculty and coaches) continue to be eligible to participate in the plan.

Funding Policy

Plan members receiving benefits contribute at various rates, depending upon when they retire, whether they are eligible for Medicare, the contribution rate in effect on the day of their retirement or the contribution rate for active employees, and applicable collective bargaining agreements.

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

System Plan (Continued)

Funding Policy

Following are the contribution rates of eligible plan members receiving benefits as of June 30, 2022:

- Plan members who retired prior to July 1, 2005, are not required to make contributions.
- Plan members, with the exception of nonfaculty coaches, who retired on or after July 1, 2005, and prior to July 1, 2008, and who are under age 65, pay the same dollar amount they paid as active employees on the day of retirement. When these plan members become eligible for Medicare, they pay 18% of the current cost of their Medicare coverage and current cost of coverage for covered dependents. The rate changes annually, and future adjustments will apply if contributions increase for active employees.
- Plan members, with the exception of nonfaculty coaches, who retire on or after July 1, 2008, pay 18% of the plan premium in effect for active employees on their retirement date. Future adjustments will apply if contributions increase for active employees.
- Nonfaculty coaches who retired on or after July 1, 2005, pay 3.0% of their final annual gross salary at the time of retirement.

Actuarial Assumptions and Other Inputs

The System performs actuarial valuations every two years for the System Plan and utilizes a measurement date that is the first day of its current fiscal year-end. The actuarial valuation on which the total OPEB liability as of June 30, 2022 is based is dated July 1, 2020, which is the measurement date. The total OPEB liability was measured using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Healthcare cost trend rate of 5.5% in 2020 through 2023, with rates gradually decreasing from 5.4% in 2024 to 4.0% in 2075 and later, based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Annual salary increase of 4%.
- 90% of employees eligible for a subsidy and 15% of employees not eligible for a subsidy are assumed to elect coverage. 75% of vested former members who have not yet reached age 65 are assumed to begin electing coverage at age 65.
- The per capita claims cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in specified age and gender brackets.

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

System Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- Retiree premium cost sharing for retired participants covered under “Other Less Subsidized Health Coverage” is assumed to remain at 18% and increase at the same rate as the Health Care Cost Trend Rate. Otherwise, retiree premium cost sharing is not assumed to increase after retirement.
- Mortality rates based on the PubG-2010 Mortality Table, including rates for contingent survivors, and which incorporates rates based on a generational projection using Scale MP-2020 to reflect mortality improvement.
- The discount rate increased from 1.86% to 2.28%, based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2021.
- Participant data is based on census information as of July 1, 2020.
- Rates of withdrawal vary by age and years of service.
- Costs have been loaded by 0.7% to account for tuition waiver benefits, which are offered to all eligible retirees, regardless of employee bargaining unit when active, and including those not represented when active, who meet years of service and/or age criteria.

The following presents the System Plan’s net OPEB liability at June 30, 2022, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.5% decreasing to 3.0%) or one percentage point higher (6.5% decreasing to 5.0%) than the current healthcare cost trend rates (5.5% decreasing to 4.0%).

Sensitivity of the System Plan’s Proportionate Share of the University's
Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease (4.5% decreasing to 3.0%)	Healthcare Cost Trend Rates (5.5% decreasing to 4.0%)	1% Increase (6.5% decreasing to 5.0%)
2022	$ 95,916,293	$ 116,987,539	$ 144,549,393

The following presents the System Plan’s net OPEB liability at June 30, 2021, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.5% decreasing to 3.0%) or one percentage point higher (6.5% decreasing to 5.0%) than the current, healthcare cost trend rates used (5.5% decreasing to 4.0%).

Sensitivity of the System Plan’s Proportionate Share of the University's
Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease (4.5% decreasing to 3.0%)	Healthcare Cost Trend Rates (5.5% decreasing to 4.0%)	1% Increase (6.5% decreasing to 5.0%)
2021	$ 100,483,038	$ 122,188,844	$ 150,631,852

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

System Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The following presents the University's net OPEB liability as June 30, 2022, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (1.28%) or one percentage point higher (3.28%) than the current discount rate (2.28%).

Sensitivity of the System Plan's Proportionate Share of the University's
Net OPEB Liability to Changes in the Discount Rate

	1% Decrease 1.28%	Current Rate 2.28%	1% Increase 3.28%
2022	$ 138,221,472	$ 116,987,540	$ 100,175,140

The following presents the University's net OPEB liability at June 30, 2021, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (0.86%) or one percentage point higher (1.86%) than the discount rate used (2.86%).

Sensitivity of the System Plan's Proportionate Share of the University's
Net OPEB Liability to Changes in the Discount Rate

	1% Decrease 0.86%	Current Rate 1.86%	1% Increase 2.86%
2021	$ 145,166,393	$ 122,188,844	$ 104,066,109

OPEB Liability

The University's share of the System Plan's total OPEB liability as of June 30, 2022 of $116,987,540 was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to July 1, 2021.

The University's share of the System's total OPEB liability at June 30, 2021 of $122,188,844 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2020.

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

System Plan (Continued)

OPEB Liability (Continued)

Changes in the System Plan Total OPEB Liability	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021
Total OPEB Liability - Beginning Balance	$ 122,188,844	$ 110,354,679
Service Cost	3,764,116	2,858,100
Interest	2,309,339	3,734,452
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	(12,959,320)
Changes in Assumptions	(7,695,211)	25,143,179
Benefit Payments	(3,579,549)	(6,942,246)
Net Changes	(5,201,305)	11,834,165
Total OPEB Liability - Ending Balance	$ 116,987,539	$ 122,188,844
Covered Employee Payroll	$ 47,908,018	$ 48,016,914
OPEB Liability as a Percent of Covered Payroll	244.19%	254.47%

REHP

Plan Description

The Retired Employees Health Program (REHP) is a single-employer defined benefit OPEB plan that includes Commonwealth agencies and some component units. The REHP is established as a trust equivalent arrangement. The REHP is administered by the Pennsylvania Employees Benefit Trust Fund (PEBTF), which acts as a third-party administrator under an agreement with the Commonwealth. The REHP is provided as part of collective bargaining agreements with most Commonwealth labor unions. All policy decisions and types and levels of benefits for the REHP fall under the purview of the Commonwealth's Executive Board and the Secretary of Administration. The REHP does not have a governing board. The REHP neither issues a stand-alone financial report nor is it included in the report of a public employee retirement system or other entity, but is reported in the Commonwealth's Comprehensive Annual Financial Report (CAFR) as a Pension (and Other Employee Benefit) Trust. The REHP is reported using the economic resources measurement focus and the accrual basis of accounting. The CAFR is an audited financial statement and is available at www.budget.pa.us.

The REHP provides eligible retirees and their eligible dependents with subsidized healthcare for the retiree's lifetime. Benefits include healthcare, including hospital, medical/surgical, prescription drugs, and major medical coverage, as well as a Medicare supplement for individuals over age 65. Retirees receive varying coverages based on the plan they choose. Spouse benefits cease upon the retiree's death, but the surviving spouse may continue coverage at full cost. Nonspouse dependents may be covered until age 26.

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

REHP (Continued)

Funding Policy

Plan members receiving benefits contribute at various rates, depending upon when they retire, whether they are eligible for Medicare, and their salary at retirement. Following are the contribution rates of eligible plan members receiving benefits as of June 30, 2022.

- Plan members who retired prior to July 1, 2005, are not required to make contributions.
- Plan members who retired on or after July 1, 2005, and prior to July 1, 2007, pay 1% of their final annual salary.
- Plan members who retired on or after July 1, 2007, and prior to July 1, 2011, pay 3% of either final gross annual base salary or final average salary, whichever is less. Members eligible for Medicare pay 1.5% of either final gross annual base salary or final average salary, whichever is less.
- Plan members who retire on or after July 1, 2011, pay 3% of final average salary. Members eligible for Medicare pay 1.5% of final gross annual base salary.

Employer contribution requirements are established by the Commonwealth as provided by pertinent statutory authority. With the exception of certain employing agencies, employers contributed to the REHP Trust a retiree health assessment rate of $230 per pay period for each current REHP eligible active employee during the period July 1, 2020 through January 15, 2021, and $-0- from January 16, 2021 through June 30, 2021. The rate during the period July 1, 2021, through June 30, 2022 was $120 per pay period.

Actuarial Assumptions and Other Inputs

The State System records its REHP pension liability annually utilizing a measurement date one year prior to its fiscal year-end. The Commonwealth's State Employees' Retirement System (SERS) performs experience studies periodically to determine reasonable and appropriate economic and demographic assumptions for purposes of valuing the defined benefit pension plan. The most recent SERS experience study covered the years 2015 through 2019 and was presented to the SERS Board in July 2020. The approved recommendations from that study were used to determine the assumptions in the REHP annual valuations, where applicable. The inflation assumption was selected by the SERS Board during a July 2020 meeting based on a review of actual plan experience and the prevalent economic outlook.

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method is Entry Age Normal, which requires an estimate of the projected benefit payable at retirement to determine costs and liabilities.
- Inflation of 2.50%.

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

REHP (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- Healthcare cost trend rate of 6.9%, with rates gradually decreasing to 4.0% in 2075 and later, based on the SOA-Getzen trend rate model version 2021_b for the December 31, 2020 measurement date
- Average salary growth of 2.50% per year and an assumed 2.80% payroll growth rate.
- Projected benefits based on estimates of future years of service and projected health benefit costs.
- Mortality rates based on the PUB-2010 General Employees Headcount-Weighted Mortality Tables and adjusted for mortality improvements using projection scale MP-2020.
- Participant data based on census information as of December 31, 2020, for the June 30, 2021, measurement date; and as of December 31, 2019, for the June 30, 2020, measurement date.

The following assumptions were made with regard to the discount rate:

- Discount rate of 3.63% as of June 30, 2021, and 2.21% as of June 30, 2020.
- Since the REHP has insufficient assets to meet next year's projected benefit payments, the discount rate is based on the index rate for the 20-year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher as of the measurement date. The Commonwealth elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index.

The long-term expected rate of return on REHP plan investments is determined using a risk premium review. This review compares the current relationship between fixed income and equity and their relationship over long periods of time to come up with an expected rate of return. Other variables considered in the expected rates of return are a reversion to the mean for each asset class.

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

REHP (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Domestic Equity	40.0 %	5.8 %
International Equity	27.0	6.3
Fixed Income	23.0	2.1
Real Estate	8.0	5.1
Cash and Cash Equivalents	1.5	0.4
Private Equity	0.5	9.3
Total	100.0 %	

The Commonwealth calculated an allocated share of the REHP OPEB liability for each participating employer based upon their actual contributions made to the REHP. The State System's proportion of the collective net OPEB liability was 4.0260% for the measurement date of June 30, 2021 and 4.275% for the measurement date of June 30, 2020.

The following presents the University's share of the REHP net OPEB liability at June 30, 2022, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.9% decreasing to 3.0%) or one percentage point higher (7.9% decreasing to 5.0%) than the current healthcare cost trend rates (6.9% decreasing to 4.0%).

Sensitivity of the REHP Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease (5.9% decreasing to 3.0%)	Healthcare Cost Trend Rates (6.9% decreasing to 4.0%)	1% Increase (7.9% decreasing to 5.10%)
2022	$ 39,081,749	$ 45,956,230	$ 54,529,862

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

REHP (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The following presents the University's share of the REHP net OPEB liability at June 30, 2021, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.6% decreasing to 3.1%) or one percentage point higher (7.6% decreasing to 5.1%) than the healthcare cost trend rate used (6.6% decreasing to 4.1%).

Sensitivity of the REHP Net OPEB
Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease (5.6% decreasing to 3.1%)	Healthcare Cost Trend Rates (6.6% decreasing to 4.1%)	1% Increase (7.6% decreasing to 5.1%)
2021	$ 48,729,440	$ 57,332,761	$ 68,083,482

The following presents the University's share of the REHP net OPEB liability at June 30, 2022, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (2.63%) or one percentage point higher (4.63%) than the current discount rate (3.63%).

Sensitivity of the REHP Net OPEB
Net OPEB Liability to Changes in the Discount Rate

	1% Decrease 2.63%	Current Rate 3.63%	1% Increase 4.63%
2022	$ 52,657,903	$ 45,956,230	$ 40,385,090

The following presents the University's share of the REHP net OPEB liability at June 30, 2021, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the discount used (2.21%).

Sensitivity of the REHP Net OPEB
Net OPEB Liability to Changes in the Discount Rate

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
2021	$ 65,422,690	$ 57,332,761	$ 50,598,916

The assets of the REHP are managed by the Commonwealth's Treasury in an investment pool. The REHP investments are made based upon an interagency agreement, dated June 17, 2008, and the prudent investor standard set forth in the Commonwealth of Pennsylvania's amendment to fiscal code 72 P.S. §30.1, the principles of Prudent Investors Standards.

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

Premium Assistance

Plan Description

The Health Insurance Premium Assistance Program (Premium Assistance) is a governmental cost sharing, multiple-employer OPEB plan administered by the administrative staff of PSERS. The members eligible to participate in the program include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The control and management of PSERS, including the investment of its assets, is vested in the Board of Trustees (PSERS Board). The Commonwealth's General Assembly has the authority to amend the benefit terms of PSERS by passing bills in the Senate and House of Representatives and sending them to the Governor for approval. Additional plan information can be found in the PSERS Comprehensive Annual Financial Report at www.psers.pa.gov.

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS Health Options Program. Plan members receiving benefits are not required to make contributions.

Funding Policy

Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. The contribution policy is governed by applicable provisions of the Retirement Code. The contractually required employer contribution rate was 0.82% of covered payroll for the fiscal years ended Jun 30, 2022 and 0.84% of the covered payroll for the fiscal year ended June 30, 2021. Per §8327 of the Code, the Commonwealth is required to contribute 50% of the contribution rate directly to PSERS on behalf of the State System, meaning that the amount that the State System actually contributed was 0.41% of covered payroll.

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Actuarial Assumptions and Other Inputs

The State System records its PSERS OPEB liability annually utilizing a measurement date one year prior to its fiscal year-end. The total OPEB liability, as of the June 30, 2021 measurement date, was determined by rolling forward the PSERS total OPEB liability as of June 30, 2020, to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2020.
- Actuarial cost method was entry age normal, level percent of pay.
- Effective average salary growth of 4.5%, comprising 2.50% for inflation and 2.00% for real wage growth and for merit and seniority increases.
- Premium Assistance reimbursement benefits capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.
- Eligible retirees pre-age 65 are assumed to participate at 50%, while eligible retirees post-age 65 are assumed to participate at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019, determined the employer contribution rate for fiscal year 2020/21.
- Cost method was developed using the amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method was market value.
- Participation rate assumed that 63% of eligible retirees will elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The following assumptions were made with regard to the discount rate:

- The discount rate used to measure the total OPEB liability was 2.18% at June 30, 2021, and 2.66% at June 30, 2020.
- Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date.

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered to be a pay-as-you-go plan. A discount rate of 2.18%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.
- Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The OPEB plan's policy with regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Under the program, as defined in the retirement code, employer contribution rates for Premium Assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Following is the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class, as of June 30, 2021.

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%
Cash	79.8 %	0.1 %
U.S. Core Fixed Income	17.5	0.7
Non U.S. Developed Fixed	2.7	(0.3)
Total	100.0 %	

Following is the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class, as of June 30, 2020.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	1.0%
U.S. Core Fixed Income	46.5	0.1%
Non-U.S. Developed Fixed	3.2	0.1%
Total	100.0%	

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the total OPEB liability as of June 30, 2020, to June 30, 2021. An employer's proportion is calculated utilizing the employer's one-year reported covered payroll as a percentage of total one-year reported covered payroll. The State System's proportion of the collective net OPEB liability was 0.1770% and 0.1852% for the measurement dates of June 30, 2021 and 2020, respectively.

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2022, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (between 4.0% and 6.0%) or one percentage point higher (between 6.0% and 8.0%) than the current healthcare cost trend rates (between 5.0% and 7.0%).

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease (Between 4.0% and 6.0%)	Healthcare Cost Trend Rates (Between 5.0% and 7.0%)	1% Increase (Between 6.0% and 8.0%)
2022	$ 504,168	$ 504,290	$ 504,290

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2021, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (between 4.0% and 6.5%) or one percentage point higher (between 6.0% and 8.5%) than the healthcare cost trend rate used (between 5.0% and 7.5%).

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease (Between 4.0% and 6.5%)	Healthcare Cost Trend Rates (Between 5.0% and 7.5%)	1% Increase (Between 6.0% and 8.5%)
2021	$ 473,123	$ 473,242	$ 473,242

NOTE 10 POSTRETIREMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2022, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (1.18%) or one percentage point higher (3.18%) than the current discount rates (2.18%).

Sensitivity of the Premium Assistance Net OPEB
Net OPEB Liability to Changes in the Discount Rate

	1% Decrease 1.18%	Current Rate 2.18%	1% Increase 3.18%
2022	$ 578,682	$ 504,290	$ 442,995

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2021, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (1.79%) or one percentage point higher (3.79%) than the current healthcare cost trend rates (2.79%):

Sensitivity of the Premium Assistance Net OPEB
Net OPEB Liability to Changes in the Discount Rate

	1% Decrease 1.79%	Current Rate 2.79%	1% Increase 3.79%
2021	$ 539,462	$ 473,242	$ 418,254

Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PSERS, and additions to and deductions from PSERS' fiduciary net position, have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Additional plan information can be found in the PSERS Comprehensive Annual Financial Report at www.psers.pa.gov.

NOTE 11 PENSION BENEFITS

The University's employees participate in one of three retirement plans. The Public School Employees' Retirement System (PSERS) and the Commonwealth of Pennsylvania State Employees' Retirement System (SERS) are governmental cost-sharing multiple-employer defined benefit plans. The Alternative Retirement Plan (ARP) is a defined contribution plan administered by the State System.

Following is the total of the University's pension liabilities, pension assets, deferred outflows of resources and deferred inflows of resources related to pensions, and the pension expense and expenditures for the fiscal years ended June 30, 2022 and 2021.

	SERS		PSERS		ARP		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net Pension Liabilities	$ 59,745,266	$ 75,923,431	$ 8,895,857	$ 10,835,077	$ -	$ -	$ 68,641,123	$ 86,758,508
Deferred Outflows of Resources:								
Difference Between Expected and Actual Experience	394,483	712,830	6,585	28,337	-	-	401,068	741,167
Net Difference Between Projected and Actual Investment Earnings and Pension Plan Investments	-	-	-	476,141	-	-	-	476,141
Changes in Assumptions	6,149,023	8,442,342	431,514	-	-	-	6,580,537	8,442,342
Difference Between Employer Contributions and Proportionate Share of Contributions	254,344	181,897	44,694	26,217	-	-	299,038	208,114
Changes in Proportion	43,233	312,867	71,940	174,640	-	-	115,173	487,507
Contributions After the Measurement Date	4,888,202	5,258,048	1,085,725	1,066,469	-	-	5,973,927	6,324,517
Total Deferred Outflows of Resources	$ 11,729,285	$ 14,907,984	$ 1,640,458	$ 1,771,804	$ -	$ -	$ 13,369,743	$ 16,679,788
Deferred Inflows of Resources								
Difference Between Expected and Actual Experience	$ 343,890	$ 85,153	$ 116,932	$ 259,649	$ -	$ -	$ 460,822	$ 344,802
Net Difference Between Projected and Actual Investment Earnings and Pension Plan Investments	17,285,855	9,714,005	1,415,987	-	-	-	18,701,842	9,714,005
Difference Between Employer Contributions and Proportionate Share of Contributions	132,565	251,886	-	-	-	-	132,565	251,886
Changes in Proportion	8,504,840	6,383,174	435,051	151,165	-	-	8,939,891	6,534,339
Total Deferred Inflows of Resources	$ 26,267,150	$ 16,434,218	$ 1,967,970	$ 410,814	$ -	$ -	$ 28,235,120	$ 16,845,032
Pension Expense	$ 5,734,631	$ 6,137,978	$ 1,352,968	$ 983,695	$ 3,403,175	$ 3,403,175	$ 10,490,774	$ 10,524,848
Contributions Recognized by Pension Plans	$ 8,901,165	$ 9,171,684	$ 1,085,725	$ 1,066,469	N/A	N/A	$ 9,986,890	$ 10,238,153

The University will recognize the $4,888,202 reported as 2022 SERS deferred outflows of resources resulting from pension contributions after the measurement date, and the $1,085,725 reported as 2022 PSERS deferred outflows of resources resulting from pension contributions after the measurement date, as reductions of the respective net pension liabilities in the year ended June 30, 2023.

NOTE 11 PENSION BENEFITS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Amortization	
Year Ending June 30,	SERS	PSERS
2023	$ (4,162,082)	$ (365,220)
2024	(7,153,488)	(319,584)
2025	(4,526,828)	(278,339)
2026	(3,492,034)	(450,094)
2027	(91,635)	-
Total	$ (19,426,067)	$ (1,413,237)

SERS

Plan Description

SERS is the administrator of the State Employees' Retirement fund, a cost-sharing multiple-employer defined benefit pension plan. SERS also is the administrator of the State Employees' Defined Contribution Plan, which was established as part of Commonwealth Act 2017-5. Both the defined benefit plan and the defined contribution plan were established by the Commonwealth to provide retirement benefits for employees of state government and certain independent agencies. SERS is a component unit of the Commonwealth and is included in the Commonwealth's financial report as a pension trust fund. SERS issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained from the SERS website at www.sers.state.pa.us.

Membership in SERS is mandatory for most state employees. Members and employees of the General Assembly, certain elected or appointed officials in the executive branch, department heads, and certain employees in the field of education are not required, but are given the option, to participate.

Benefits Provided

SERS provides retirement, death, and disability benefits. Article II of the Commonwealth's Constitution assigns the authority to establish and amend the benefit provisions of the plan to the General Assembly. Cost of Living Adjustments (COLA) are provided ad hoc at the discretion of the General Assembly.

Employees who were hired prior to January 1, 2011, and retire at age 60 with three years of service, or with 35 years of service if under age 60, are entitled to a normal annual retirement benefit; members of the General Assembly and certain employees classified in hazardous duty positions can retire with full benefits at age 50 with at least three years of service. Act 120 of 2010 (Act 120) preserved all benefits in place for members, but mandated a number of benefit reductions for new members effective January 1, 2011 through December 31, 2018.

NOTE 11 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Benefits Provided (Continued)

The benefit reduction included a new class of membership that accrues benefits at 2% of members' final average salary instead of the previous 2.5%. The vesting period changed from 5 to 10 years of credited service, and the option to withdraw lump-sum accumulated deductions was eliminated. The new normal retirement age is 65 for most employees and 55 for members of the General Assembly and certain employees classified in hazardous duty positions. Act 2017-5 preserved all benefits in place for members, but fundamentally changed retirement options for new hires beginning January 1, 2019: most employees who first become SERS members on or after January 1, 2019, must choose from one of two new defined benefit/defined contribution hybrid options or a straight 401(a) defined contribution option.

According to the State Employees' Retirement Code (SERC), all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

Contributions

The contribution rate for both active members and the State System depends upon when the active member was hired and what benefits class was selected. Section 5507 of the SERC (71 Pa. C.S. §5507) requires the Commonwealth and other employers whose employees are SERS members to make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the SERS Board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS' funding valuation, expressed as a percentage of annual retirement covered payroll, such that the employer contributions, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due. Act 2017-5 includes a savings "plow-back" provision requiring that the annual savings achieved through SERS benefit changes flow back into the Defined Benefit Plan through the employer contributions rate rather than to other nonpension obligations.

For the SERS defined benefit plan, the State System's actuarially determined contribution rate for most active members was 37.46% of active members' annual covered payroll at June 30, 2022, with less common rates ranging between 25.90% and 29.98%, depending upon the defined benefit plan chosen by the employee. For the SERS defined benefit/defined contribution hybrid plan, the State System's actuarially determined contribution rate was either 17.68% or 17.93% of annual covered payroll, depending upon the hybrid plan chosen by the employee. In addition, the State System was required to contribute to the defined benefit plan 16.38% of the annual covered payroll of employees who selected the straight 401(a) defined contribution plan. The University's contributions to SERS for the years ended June 30, 2022, 2021, and 2020 were approximately $8,901,000, $9,172,000, and $9,114,000, respectively, equal to the required contractual contribution.

NOTE 11 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Contributions (Continued)

The contribution rate of most active members who participate in the SERS defined benefit plan was 6.25% of gross salary, with less common rates ranging between 5.0% and 9.3% of salary, depending upon when the member was hired and what class of membership was elected. Defined benefit contribution rates for active members who participate in the defined benefit/defined contribution hybrid plan were either 4.0% or 5.0% of gross salary, depending upon what class of membership was elected.

For the SERS defined contribution plan, the University contributed actuarially determined rates of between 2.0% and 3.5% of active members' annual covered payroll at June 30, 2022, depending on the plan chosen by the employee. The University recognized SERS defined contribution pension expense of $47,389 for the year June 30, 2022 and, $37,443 in for the year ended June 30, 2021. The vesting period for employer contributions to the defined contribution plan, both for members who participate in the straight 410(a) defined contribution plan and those who participate in one of the defined benefit/defined contribution hybrid plans, is three years. Once money is contributed to the plan, it cannot be removed from the plan, except for making distribution payments to participants. Forfeitures of unvested employer contributions and earnings are invested in the PA Treasury short-term investment fund. The funds are forfeited to the employee's most recent employer and used to offset future contributions to the plan and correct funding discrepancies. Forfeitures seized under the Pension Forfeiture Act are used for administrative expenses of the plan.

The contribution rate to the defined contribution plan for active members who participate in the SERS defined benefit/defined contribution hybrid plan was either 3.25% or 3.5% of gross salary (in addition to the required contributions to the defined benefit plan), depending upon what class of membership was elected. The contribution rate to the defined contribution plan for active members who participate in the straight 401(a) defined contribution plan was 7.5% of gross salary.

Actuarial Methods and Assumptions

Actuarial valuations are performed annually using a December 31 measurement date. Every five years, SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The *19th Investigation of Actuarial Experience* study for the period 2015–2019 was released in July 2020. The actuary, under oversight of the SERS Board, reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates).

NOTE 11 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Actuarial Methods and Assumptions (Continued)

Some assumption adjustments increased projected cost and some decreased it, but the overall result was a slight increase to the net pension liability. The SERS Board adopted the actuarial assumptions set forth in the *19th Investigation of Actuarial Experience* at its September 2020 meeting. In addition, SERS reviews its investment return assumption in light of economic conditions every year. At its July 2020 meeting, the SERS Board approved a reduction in the assumed investment rate of return from 7.125% to 7.00%. The next SERS actuarial experience review will occur in summer 2025 and will be used for its 2025 annual valuation.

The following methods and assumptions were used in the actuarial valuation for the December 31, 2021, measurement date.

- Entry age actuarial cost method.
- Straight-line amortization of investments over five years and amortization of assumption changes and noninvestment gains/losses over the average expected remaining service lives of all employees that are provided benefits.
- Inflation of 2.50%.
- Investment return of 7.00%, net of manager fees and including inflation.
- Salary increases based on an average of 4.60%, with a range of 3.30% to 6.95%, including inflation.
- Asset valuation using fair (market) value.
- Mortality rates based on the projected PubG-2010 and PubNS-2010 Mortality Tables, adjusted for actual plan experience and future improvement.
- No cost of living adjustments.

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of manager fees and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 11 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Actuarial Methods and Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in SERS' current and target asset allocation as of December 31, 2021 and 2020 are summarized below:

	2022	
Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Private Equity	12.00 %	6.00 %
Private Credit	4.00	4.25
Real Estate	7.00	3.75
U.S. Equity	31.00	4.60
International Developed Markets Equity	14.00	4.50
Emerging Markets Equity	5.00	4.90
Fixed Income	22.00	(0.25)
Inflation Protection (TIPS)	3.00	(0.30)
Cash	2.00	(1.00)
Total	100.0 %	

	2021	
Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Private Equity	14.0 %	6.25 %
Private Credit	4.00	4.25
Real Estate	8.00	5.60
U.S. Equity	25.00	4.90
International Developed Markets Equity	13.00	4.75
Emerging Markets Equity	4.00	5.00
Fixed Income - Core	22.00	1.50
Fixed Income - Opportunistic	4.00	3.00
Inflation Protection (TIPS)	4.00	1.50
Cash	2.00	0.25
Total	100.0 %	

The discount rate used to measure the total SERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each member and that employer contributions will be made based on rates determined by the actuary and as set by statute. Based on those assumptions, SERS' fiduciary net position was projected to be available to make all projected future benefit payments of current SERS members. The long-term expected rate of return on SERS' investments, therefore, was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Actuarial Methods and Assumptions (Continued)

The following presents the University's proportionate share of the SERS net pension liability at June 30, 2022 and June 30, 2021, calculated using discount rate of 7.00% for 2022 and 2021, as well as what the SERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00% in 2022 and 2021) or one percentage point higher (8.00% in 2022 and 2021) than the current rate:

Sensitivity of the University's Proportionate Share of the
SERS Net Pension Liability to Changes in the Discount Rate
(in Thousands)

	1% Decrease	Current Rate	1% Increase
	6.00%	7.00%	8.00%
2022	$ 75,458	$ 59,745	$ 32,348
	6.00%	7.00%	8.00%
2021	$ 94,915	$ 75,923	$ 51,671

Proportionate Share

At June 30, 2022, the amount recognized as the University's proportionate share of the SERS net pension liability, measured at December 31, 2021, was $59,745,266. At June 30, 2021, the amount recognized as the University's proportionate share of the SERS net pension liability, measured at December 31, 2020, was $75,923,431.

The allocation percentage assigned to each participating employer is based on a projected-contribution method. For the allocation of the 2021 amounts, this methodology applies the most recently calculated contribution rates for fiscal year 2022/23 from the December 31, 2021 funding valuation to the expected funding payroll. For the allocation of the December 2020 amounts this methodology applies the most recently calculated contribution rates for fiscal year 2021/22 from the December 31, 2020 funding valuation to the expected funding payroll. At December 31, 2021, measurement date, the State System's proportion was 4.178%, a decrease of 0.242% from its proportion calculated as of December 31, 2020, measurement date.

NOTE 11 PENSION BENEFITS (CONTINUED)

PSERS

Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement, disability, and death benefits to public school employees of the Commonwealth. The members eligible to participate in PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C.S. §§8101–8535) (the Code) is the authority by which PSERS benefits provisions and contribution requirements are established. The Commonwealth's General Assembly has the authority to amend the benefit terms by passing bills in the Senate and House of Representatives and sending them to the Governor for approval. The Code requires contributions by active members, the employer (State System), and the Commonwealth. PSERS is a component unit of the Commonwealth and is included in the Commonwealth's financial report as a pension trust fund.

On June 12, 2017, Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation establishes a new hybrid defined benefit/defined contribution (DC) retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan design options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. A stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

PSERS issues a comprehensive annual financial report that may be obtained at www.psers.state.pa.us.

Benefits Provided

Members who joined prior to July 1, 2011, are eligible for monthly retirement benefits upon reaching age 62 with at least one year of credited service, age 60 with 30 or more years of credited service, or any age with 35 or more years of service. Act 120 preserved the benefits of members who joined prior to July 1, 2011, and introduced benefit reductions for individuals who become new members on or after July 1, 2011, by creating two new membership classes: Class T-E and Class T-F. To qualify for normal retirement, Class T-E and Class T-F members must complete a minimum of 35 years of service with a combination of age and service that totals 92 or greater, or they must work until age 65 with a minimum of three years of service.

NOTE 11 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Benefits Provided (Continued)

Depending upon membership class, benefits are generally 2% or 2.5% of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. Members who joined prior to July 1, 2011, vest after completion of five years of service and may elect early retirement benefits. Class T-E and Class T-F members vest after completion of 10 years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits. Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or has at least five years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Member Contributions

Active members who joined PSERS prior to July 22, 1983, contribute at 5.25% (Class T-C members) or at 6.50% (Class T-D members) of the member's qualifying compensation. Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Class T-C) or at 7.5% (Class T-D) of the member's qualifying compensation. Members who joined PSERS after June 30, 2001, and before July 1, 2011, contribute at 7.5% (Class T-D). For these hires and for members who elected Class T-D, the 7.5% contribution rate began with service rendered on or after January 1, 2002. Members who joined PSERS after June 30, 2011, contribute at the rate of 7.5% (Class T-E) or 10.3% (Class T-F) of their qualifying compensation. Class T-E and Class T-F members are subject to a "shared risk" provision in Act 120 that could cause the rate in future years to fluctuate between 7.5% and 9.5% for Class T-E and 10.3% and 12.3% for Class T-F.

NOTE 11 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Employer Contributions

The University's contractually required contribution rate for PSERS for fiscal year ended June 30, 2022 was 34.94% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Per §8327 of the Code, the Commonwealth is required to contribute 50% of the contribution rate directly to PSERS on behalf of the State System, meaning that the amount that the State System actually contributed was 17.47% of covered payroll. The University's contributions to PSERS for the year ending June 30, 2022, 2021, and 2020 were approximately $1,086,000, $1,066,000, and $1,040,000, respectively, equal to the required contractual contribution.

For the PSERS defined contribution plan, the State System is required to contribute at actuarially determined average rate 0.09% of active members' annual covered payroll for the year ending June 30, 2022, depending upon the plan chosen by the employee. Members were first eligible to choose the defined contribution plan on July 1, 2019. Therefore, the State System contributions for the years ended June 30, 2020 and 2021 were immaterial. The contributions for the year ended June 30, 2022 was $3,388.

Actuarial Assumptions

The State System records its PSERS pension liability annually utilizing a measurement date one year prior to its fiscal year end. The total PSERS pension liability as of June 30, 2021 was determined by rolling forward PSERS' total pension liability as of the June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions applied to all periods included in the measurement:

- Valuation date – June 30, 2020
- Actuarial cost method is entry age normal, level percent of pay.
- Investment return of 7.00%, with 2.50% inflation.
- Salary increases based on an effective average of 4.5%, which comprises a 2.50% allowance for inflation, and 2.00% for real wage growth and merit or seniority increases.
- Mortality rates based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 11 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Actuarial Assumptions (Continued)

PSERS' policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS board of trustees. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension. Following is the PSERS board of trustees' adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021 and 2020:

	2021	
Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Global Public Equity	27.0 %	5.2 %
Private Equity	12.0	7.3
Fixed Income	35.0	1.8
Commodities	10.0	2.0
Absolute Return	8.0	3.1
Infrastructure/MLPs	8.0	5.1
Real Estate	10.0	4.7
Cash	3.0	0.1
Leverage	(13.0)	0.1
Total	100.0 %	

	2020	
Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Global Public Equity	15.0 %	5.2 %
Private Equity	15.0	7.2
Fixed Income	36.0	1.1
Commodities	8.0	1.8
Absolute Return	10.0	2.5
Infrastructure/MLPs	6.0	5.7
Real Estate	10.0	5.5
Risk Parity	8.0	3.3
Cash	6.0	(1.0)
Financing (LIBOR)	(14.0)	(0.7)
Total	100.0 %	

NOTE 11 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Actuarial Assumptions (Continued)

The discount rate used to measure the total PSERS pension liability was 7.00% at June 30, 2022 and 7.25% at June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, PSERS' 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 PSERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the PSERS net pension liability at June 30, 2022 calculated using the discount rate of 7.00%, as well as what the PSERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Sensitivity of the University's Proportionate Share of the PSERS
Net Pension Liability to Changes in the Discount Rate
(in Thousands)

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
2022	$ 11,676	$ 8,896	$ 6,550

The following presents the University's proportionate share of the PSERS net pension liability at June 30, 2021 calculated using the discount rate of 7.25%, as well as what the PSERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

Sensitivity of the University's Proportionate Share of the PSERS
Net Pension Liability to Changes in the Discount Rate
(in Thousands)

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
2021	$ 13,405	$ 10,835	$ 8,657

NOTE 11 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Proportionate Share

At June 30, 2022 and 2021, the amount recognized as the University's proportionate share of the PSERS net pension liability, plus the related PSERS pension support provided by the Commonwealth, is as follows:

	2022	2021
Total PSERS Net Pension Liability Associated with the University	$ 17,791,714	$ 21,670,154
Commonwealth's Proportionate Share of the PSERS Net Pension Liability Associated with the University	8,895,857	10,835,077
University's Proportionate Share of the PSERS Net Pension Liability	$ 8,895,857	$ 10,835,077

PSERS measured the 2022 and 2021 net pension liability as of June 30, 2021 and June 30, 2020, respectively. PSERS calculated the employer's proportion of the net pension liability using the employer's one-year reported covered payroll in relation to all participating employers' one-year reported covered payroll. At June 30, 2021, the State System's proportion was 0.1777%, a decrease of 0.0079% from its proportion calculated as of June 30, 2020. At June 30, 2020, the State System's proportion was .1856%, a decrease of .0030% from its proportion calculated as of June 30, 2019.

ARP

The ARP is a defined contribution plan administered by the State System. Benefits equal amounts contributed to the plan plus investment earnings. Act 188 empowers the board to establish and amend benefits provisions. The State Employees' Retirement Code establishes the employer contribution rate for the ARP, while the board establishes the employee contribution rates. Active members contribute at a rate of 5% of their qualifying compensation. The State System recognizes annual pension expenditures equal to its contractually required contributions to the plan. The State System's contribution rate on June 30, 2022 and 2021 was 9.29% of qualifying compensation. The contributions to the ARP for the years ended June 30, 2022 and 2021 were approximately $3,126,000 and $3,403,000, respectively, from the University; and approximately $1,682,000 and $1,832,000, respectively, from active members. No liability is recognized for the ARP.

NOTE 12 WORKERS' COMPENSATION

The University participates in the State System's self-insured workers' compensation plan. For claims occurring prior to July 1, 1995, the University is responsible for claims less than $100,000; for claims occurring on or after July 1, 1995, the University is responsible for claims less than $200,000. Claims in excess of the self-insurance limits are funded through the Workers' Compensation Collective Reserve Fund (Reserve Fund), to which all Universities of the State System contribute in the amount determined by an independent actuarial study. Based on updated actuarial studies, the University contributed $33,069 to the Reserve Fund during the year ended June 30, 2022, contributed $25,515 to the Reserve Fund during the year ended June 30, 2021 and contributed $86,721 to the Reserve Fund in 2020.

Changes in the University's claims liability were as follows:

	2022	2021	2020
Balance - July 1	$ 687,596	$ 693,292	$ 276,533
Current Year Claims and Changes in Estimates	319,843	343,094	333,603
Payments	(346,425)	(348,790)	83,156
Balance - June 30	$ 661,014	$ 687,596	$ 693,292

NOTE 13 RIGHT TO USE LEASES

The University routinely leases various facilities and equipment instead of purchasing the assets. The contracts, at times, may include variable payments, residual value guarantees or termination penalties that are not known or certain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. There were no variable payments, termination penalties or residual guarantee payments expensed for the fiscal year ended June 30, 2022 or 2022 and 2021. The leases expire at various dates through 2025 and annual installment payments total between $20,530 and $350,349 plus interest at a rate of 1.5%.

The following schedule provided future minimum principal and interest payments to maturity for financed purchases and right to use leases.

	Right To Use Leases With Third Parties		Right To Use Leases With Component Units	
Fiscal Year Ending June 30,	Principal	Interest	Principal	Interest
2023	$ 161,490	$ 6,463	$ 474,818	$ 15,505
2024	165,028	4,009	463,798	8,497
2025	149,684	1,686	314,430	1,772
Total	$ 476,202	$ 12,158	$ 1,253,046	$ 25,774

NOTE 13 RIGHT TO USE LEASES (CONTINUED)

The following summary provides aggregated information reported for June 30, 2022 and 2021 right to use liabilities including additions, reductions and reported liabilities for the years then ended.

	Balance June 30, 2020 (Restated)	2020-21 Additions (Restated)	2020-21 Reductions (Restated)	Balance June 30, 2021 (Restated)	2021-22 Additions	2021-22 Reductions	Balance June 30, 2022
Leases, Third Parties	$ -	$ 1,003,289	$ (263,268)	$ 740,021	$ -	$ (263,820)	$ 476,201
Leases, Comp Units	-	2,190,123	(465,120)	1,725,003	-	(471,958)	1,253,045
Total	$ -	$ 3,193,412	$ (728,388)	$ 2,465,024	$ -	$ (735,778)	$ 1,729,246

NOTE 14 BENEFICIAL INTERESTS

At June 30, 2022 and 2021 the fair value of beneficial interests totaled $4,138,409 and $5,088,809, respectively, representing gifts that donors placed in trust in perpetuity with third parties, with the University receiving a restricted revenue stream in accordance with the donors' wishes.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Contingencies

The nature of the educational industry is such that, from time to time, the University is exposed to various risks of loss related to torts; alleged negligence; acts of discrimination; breach of contract; labor disputes; disagreements arising from the interpretation of laws or regulations; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system.

The University is self-insured for workers' compensation up to stated limits (see Note 11). For all other risks of loss, the University pays annual premiums to the Commonwealth to participate in its Risk Management Program. The University does not participate in any public entity risk pools, and does not retain risk related to any aforementioned exposure, except for those amounts incurred relative to policy deductibles that are not significant. The University has not reduced significantly any of its insurance coverage from the prior year. Settled claims have not significantly exceeded the University's commercial coverage in any of the past three years. It is not expected that the resolution of any outstanding claims and litigation will have a material adverse effect on the accompanying financial statements.

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies (Continued)

The University receives support from federal and Commonwealth grant programs, primarily for student financial assistance, including federal CARES, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan Act (ARPA) funding in 2020/21. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Such audits could lead to reimbursement to the grantor agencies. The University's management believes disallowances, if any, will be immaterial.

Construction Commitments

Authorized expenditures for construction projects unexpended as of June 30, 2022 and 2021 were approximately $1,509,144 and $498,220, respectively.

COVID-19 Pandemic

COVID-19 may continue to impact various parts of the operations and financial results of the universities and component units, including overall enrollment, method of educational delivery, athletics, housing and food service. Management believes that the universities and component units are taking appropriate actions to mitigate the negative impact.

Labor Concentration

Approximately 86% of PASSHE's employees are covered by nine collective bargaining agreements. During 2020/21, a new collective bargaining agreement was established for police supervisors with the International Union, Security, Police, and Fire Professionals of America (SPFPA) through August 31, 2022. Currently, agreements exist with all unions, except the Professional Doctors Association (PDA). The terms of the prior contracts remain in effect until a successor agreement is achieved.

NOTE 16 RATINGS ACTIONS

In June 2022, Moody's Investors Service, Inc. maintained the State System's bond rating of Aa3 with an outlook from stable to negative. The negative outlook reflects Moody's expectations of ongoing student demand difficulties leading to a continued trend of thin operating performance and weakening debt service coverage through fiscal 2022. In June 2022, Moody's published an updated Environmental, Social, and Governance methodology which introduces ESG Issuer Profile (IPS) and Credit Impact Scores (CIS) for rated entities. The new scores are incorporated in the credit ratings of ESG issues. The State System has been assigned a CIS-4, reflecting Moody's assessment that the State System has high exposure to social risks, primarily demographics, with neutral to low environmental and governance risks. In March 2022, Fitch Ratings reviewed the State System's rating of A+ with stable outlook and no rating change was made.

NOTE 17 DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The classifications of deferred outflows of resources and deferred inflows of resources at June 30, 2022 and 2021, follow.

	June 30, 2022	(Restated) June 30, 2021
Deferred Outflows of Resources		
Pension related (see note 15)	$ 13,369,743	$ 16,679,787
OPEB related	25,018,570	33,084,328
Unamortized loss on refunding of debt	873,445	961,200
Total Deferred Outflows of Resources	$ 39,261,758	$ 50,725,315
Deferred Inflows of Resources		
Lease Receivable related	$ 997,698	$ 1,097,833
Pension related	28,235,117	16,845,030
OPEB related	59,626,844	61,118,170
Unamortized gain on refunding of debt	106,617	135,839
Total Deferred Inflows of Resources	$ 88,966,276	$ 79,196,872

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University System Plan OPEB Liability

Determined as of the July 1 Measurement Dates

Changes in the System Plan Total OPEB Liability	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019
Total OPEB Liability - Beginning Balance	$ 122,188,844	$ 110,354,679	$ 114,952,326	$ 123,973,450
Service Cost	3,764,116	2,858,100	3,113,963	3,597,184
Interest	2,309,339	3,734,452	3,459,283	3,927,210
Changes of Benefit Terms	-	-	-	(86,472)
Differences Between Expected and Actual Experience	-	(12,959,320)	-	(14,928,936)
Changes in Assumptions	(7,695,211)	25,143,179	(6,005,209)	(980,053)
Benefit Payments	(3,579,549)	(6,942,246)	(5,165,684)	(550,057)
Net Changes	(5,201,305)	11,834,165	(4,597,647)	(9,021,124)
Total OPEB Liability - Ending Balance	$ 116,987,539	$ 122,188,844	$ 110,354,679	$ 114,952,326
Covered Employee Payroll	$ 47,908,018	$ 48,016,914	$ 50,279,332	$ 50,965,040
OPEB Liability as a Percent of Covered Payroll	244.19%	254.47%	219.48%	225.55%

Schedule of Proportionate Share of REHP's Net OPEB Liability

Determined as of REHP's June 30 Measurement Dates

(in Thousands)

Fiscal Year	State System's Proportion	University's Proportion Share	University's Covered Employee Payroll	University's Proportionate Share of Net OPEB Liability as a % of Covered-Employee Payroll	REHP's Fiduciary Net Position as a % of Total OPEB Liability
2017/18	4.374 %	$ 89,458	$ 12,196	734 %	1.4 %
2018/19	4.573	69,520	12,400	561	2.2
2019/20	4.370	48,514	12,500	389	3.8
2020/21	4.275	57,332	12,640	454	3.7
2021/22	4.026	45,956	11,683	393	3.7

REHP Schedule of Contributions

(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions SERS REHP	Contribution Deficiency (Excess)	Covered-Payroll	Contributions as a % of Covered-Employee Payroll
2017/18	$ 2,265	$ 2,265	$ -	$ 15,154	14.9 %
2018/19	2,749	2,749	-	15,495	17.7
2019/20	2,130	2,130	-	14,850	14.4
2020/21	1,156	1,156	-	14,382	8.0
2021/22	923	923	-	13,094	7.1

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Schedule of Proportionate Share of PSERS Net OPEB Liability
Determined as of June 30, PSERS Measurement Date
(in Thousands)

Fiscal Year	PSERS Net OPEB Liability: State System's Proportion	University's Proportion Share	Commonwealth's Proportion Share	Total	University's Covered Employee Payroll	University's Proportionate Share of Net OPEB Liability as a % of Covered-Employee Payroll	PSERS Fiduciary Net Position as a % of Total OPEB Liability
2017/18	0.1811 %	$ 509	$ 509	$ 1,018	$ 6,647	7.66 %	5.73 %
2018/19	0.1836	542	542	1,084	6,998	7.74	5.56
2019/20	0.1886	536	536	1,072	6,947	7.71	5.56
2020/21	0.1852	473	473	946	6,148	7.70	5.69
2021/22	0.1770	504	504	1,008	6,032	8.36	5.30

PSERS Schedule of Contributions
(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Payroll	Contributions as a % of Covered-Employee Payroll
2017/18	$ 29	$ 29	$ -	$ 7,029	0.41 %
2018/19	29	29	-	7,101	0.41
2019/20	26	26	-	6,318	0.41
2020/21	25	25	-	6,458	0.40
2021/22	25	25	-	6,458	0.40

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Schedule of Proportionate Share of SERS Net Pension Liability (NPL)
Determined as of December 31 SERS Measurement Date
(in Thousands)

Fiscal Year	State System's Proportion	University's Proportion Share	University's Covered Employee Payroll	University's Proportionate Share of NPL as a % of Covered-Employee Payroll	SERS Fiduciary Net Position as a % of Total Pension Liability
2014/15	4.9010 %	$ 64,055	$ 26,126	245 %	64.8 %
2015/16	4.7210	77,143	26,755	288	58.9
2016/17	4.8370	84,638	27,328	310	57.8
2017/18	4.9059	78,463	28,588	275	63.0
2018/19	4.8971	96,719	30,198	320	56.4
2019/20	4.7732	81,875	29,724	275	63.1
2020/21	4.4196	75,923	27,970	271	67.0
2021/22	4.1777	59,745	27,431	218	76.0

SERS Schedule of Contributions
Determined as of June 30 Fiscal Year End
(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by SERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2014/15	$ 5,104	$ 5,104	$ -	$ 26,126	19.5 %
2015/16	6,271	6,271	-	26,881	23.3
2016/17	7,747	7,747	-	28,447	27.2
2017/18	8,981	8,981	-	29,605	30.3
2018/19	9,197	9,197	-	30,488	30.2
2019/20	9,114	9,114	-	29,465	30.9
2020/21	9,171	9,171	-	29,311	21.3
2021/22	8,901	8,901	-	28,143	31.6

BLOOMSBURG UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022 AND 2021
(UNAUDITED)
(SEE INDEPENDENT AUDITORS' REPORT)

Schedule of Proportionate Share of PSERS Net Pension Liability (NPL)
Determined as of June 30 PSERS Measurement Date
(in Thousands)

	PSERS Net Pension Liability						
Fiscal Year	State System's Proportion	University's Proportion Share	Commonwealth's Proportion Share	Total	University's Covered Employee Payroll	University's Proportionate Share of NPL as a % of Covered-Employee Payroll	PSERS Fiduciary Net Position as a % of Total Pension Liability
2014/15	0.1785 %	$ 9,106	$ 9,106	$ 18,212	$ 5,871	155 %	57.0 %
2015/16	0.1852	10,795	10,795	21,590	6,415	200	54.4
2016/17	0.1833	12,886	12,886	25,772	6,736	200	50.1
2017/18	0.1811	12,325	12,325	24,650	6,647	200	51.8
2018/19	0.1836	12,316	12,316	24,632	6,908	200	54.0
2019/20	0.1886	11,751	11,751	23,502	6,928	200	55.7
2020/21	0.1856	10,835	10,835	21,670	1,028	1100	54.3
2021/22	0.1777	8,896	8,896	17,792	1,029	900	63.7

PSERS Schedule of Contributions
Determined as of June 30 Fiscal Year End
(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2014/15	$ 705	$ 705	$ -	$ 5,871	12.0 %
2015/16	853	853	-	6,762	12.6
2016/17	979	979	-	6,761	14.5
2017/18	1,101	1,101	-	7,029	15.7
2018/19	1,141	1,141	-	7,101	16.1
2019/20	1,040	1,040	-	6,318	16.5
2020/21	1,066	1,066	-	6,458	16.5
2021/22	1,086	1,086	-	6,458	16.8