

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**

**FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2025**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://CLAconnect.com)

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2025**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION – PRIMARY INSTITUTION</b>	<b>19</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY INSTITUTION</b>	<b>21</b>
<b>STATEMENT OF CASH FLOWS – PRIMARY INSTITUTION</b>	<b>22</b>
<b>COMBINED STATEMENT OF FINANCIAL POSITION – COMPONENT UNITS</b>	<b>24</b>
<b>COMBINED STATEMENT OF ACTIVITIES – COMPONENT UNITS</b>	<b>25</b>
<b>COMBINED STATEMENT OF EXPENSES BY NATURE AND FUNCTION – COMPONENT UNITS</b>	<b>26</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>27</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULES OF FUNDING PROGRESS FOR THE SYSTEM PLAN</b>	<b>73</b>
<b>SCHEDULES OF PROPORTIONATE SHARE OF REHP NET OPEB LIABILITY AND CONTRIBUTIONS</b>	<b>74</b>
<b>SCHEDULES OF PROPORTIONATE SHARE OF PSERS NET OPEB LIABILITY AND CONTRIBUTIONS</b>	<b>75</b>
<b>SCHEDULES OF PROPORTIONATE SHARE OF SERS NET PENSION LIABILITY AND CONTRIBUTIONS</b>	<b>76</b>
<b>SCHEDULES OF PROPORTIONATE SHARE OF PSERS NET PENSION LIABILITY AND CONTRIBUTIONS</b>	<b>77</b>



## INDEPENDENT AUDITORS' REPORT

Council of Trustees  
Commonwealth 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 Commonwealth University of Pennsylvania of the State System of Higher Education (the University), as of and for the year ended June 30, 2025, 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 audit and the reports of the 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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%, 100%, and 100%, respectively, of the 2025 assets, net position, and revenues of the discretely presented component units as of June 30, 2025. 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 audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of 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 ten 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, 2025, 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.

***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.

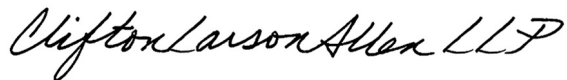
In performing an audit in accordance with GAAS, we:

- 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.

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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 29, 2025

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis for the financial activities of Commonwealth University of Pennsylvania (the university) for the year ended June 30, 2025. The university's financial performance is discussed and analyzed within the context of the financial statements and disclosures that follow.

Commonwealth University, established on July 1, 2022 from the integration of Bloomsburg University of Pennsylvania, Lock Haven University of Pennsylvania and Mansfield University of Pennsylvania, 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 11,103 students enrolled for fall 2024, the university had the 2nd largest enrollment of the State System's 10 universities.

## **FINANCIAL STATEMENTS**

The university's financial report includes: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows; the Component Unit Statement of Financial Position; the Component Unit Statement of Activities; and Component Units Expense by Nature and Function. These basic financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. The university's business-type activities are reported in the consolidated financial statements and the discretely presented component unit financial statements.

### **Statement of Net Position**

The Statement of Net Position 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, and right of use and subscription assets less accumulated amortization.
- **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 or 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, OPEB and lease and subscription liabilities.
- **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, certain items associated with the pension and OPEB and deferred income associated with lessor leases.
- **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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

Following is a summary of the university's statement of net position at June 30, 2025 and 2024.

<b>Statement of Net Position</b>			
<i>(in millions)</i>	<b>June 30, 2025</b>	<b>June 30, 2024</b>	<b>Change from Prior Year</b>
<b>Assets</b>			
Cash and cash equivalents	\$70.6	\$99.2	(28.9%)
Capital assets, net	341.0	358.1	(4.8%)
Other assets	30.9	32.3	(4.5%)
Deferred outflows	44.2	58.9	(25.1%)
<b>Total assets and deferred outflows</b>	<b>486.6</b>	<b>548.6</b>	<b>(11.3%)</b>
<b>Liabilities</b>			
Workers' Compensation	1.3	1.5	(10.1%)
Compensated absences	20.1	19.1	5.6%
Net pension liability	155.9	169.4	(8.0%)
Net OPEB liability	163.7	176.5	(7.3%)
Bonds payable	137.6	188.3	(26.9%)
Lease obligations and financed purchases	3.7	6.0	(39.1%)
Other liabilities	39.5	50.6	(21.8%)
Deferred inflows	101.8	120.0	(15.2%)
<b>Total liabilities and deferred inflows</b>	<b>623.6</b>	<b>731.4</b>	<b>(14.7%)</b>
<b>Net Position</b>			
Net investment in capital assets	197.5	161.6	22.2%
Restricted	14.8	15.0	(1.4%)
Unrestricted	(349.3)	(359.4)	(2.8%)
<b>Total net position</b>	<b>(137.0)</b>	<b>(182.8)</b>	<b>(25.1%)</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$486.6</b>	<b>\$548.6</b>	<b>(11.3%)</b>

**Net Position**

Overall net position increased by \$45.8 million in fiscal year 2024-25. This compares to an increase of \$10.0 million in fiscal year 2023-24 over fiscal year 2022-23.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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, library books, right of use leases and subscription assets, 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** net position 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** net position includes funds that the university president has designated for specific purposes, auxiliary funds, and all other funds not appropriately classified as restricted or 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 university's liabilities related to unfunded future compensated absences, unfunded future pension and retiree healthcare costs amounts to \$396.1 million, inclusive of associated deferred inflows of resources (DIR) and deferred outflows of resources (DOR). The university has no control over this amount, which represents its share of the retirement and post-employment benefit plans administered by the Commonwealth, since the Commonwealth determines the benefit structures, employer contribution rates, and retiree contribution rates for these plans.

Pension reforms enacted in 2017 for new hires beginning in 2019 have slowed liability growth but do not reduce existing obligations. No legislative action has addressed the rising OPEB liabilities, which include coverage for AFSCME employees hired since 2019. To limit future exposure, the State System closed its OPEB plan to most new employees hired after January 2016, excluding APSCUF represented staff. While this does not reduce current liabilities, it prevents new obligations from accruing.

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.



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

<b>Effect of the Unfunded Liabilities, including the respective Deferred Outflows of Resources and Deferred Inflows of Resources, on Unrestricted Net Position</b>		
<i>(in millions)</i>	June 30, 2025	June 30, 2024
<b>Unrestricted Net Position when the effect of the unfunded liabilities is included</b>	<b>(\$349.3)</b>	<b>(\$359.4)</b>
Pension Liabilities, including DOR and DIR		
SERS Pension	125.9	130.7
PSERS Pension	12.1	12.4
Alternative Retirement Plan	-	-
<b>Total Pension Liabilities</b>	<b>137.9</b>	<b>143.0</b>
OPEB Liabilities, including DOR and DIR		
SSHE OPEB Plan	168.4	181.1
REHP OPEB Plan	69.1	80.8
PSERS OPEB Plan	0.6	0.6
<b>Total OPEB Liabilities</b>	<b>238.1</b>	<b>262.5</b>
Compensated Absences Liability	20.1	19.1
<b>Total Unfunded Liabilities, including DOR and DIR</b>	<b>396.1</b>	<b>424.6</b>
<b>Unrestricted Net Position when the effect of the unfunded liabilities is excluded</b>	<b>\$46.8</b>	<b>\$65.2</b>

When the unfunded liabilities and related DOR and DIR are excluded, unrestricted net position decreased by \$18.4 million, or 28.2%, from fiscal year 2023-24 to 2024-25. The decrease in the current year is associated with decreased tuition and fee revenues as well as higher salaries, wages and benefits expense. These decreases were offset by lower supplies and services expenses.

The **net pension liability**, along with the related deferred outflows and inflows of resources, is the university's allocated share of the Commonwealth's unfunded defined benefit pension obligations, offset by assets 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 liability grows annually based on actuarial estimates of employee-earned benefits and declines with increased trust funding or participant departures. As of June 30, 2025, its impact on net position was \$137.9 million, down from \$143.0 million in 2024. The university funds this liability on a pay-as you-go basis, contributing only the contractually required annual amounts to the State Employees Retirement System (SERS) and the Public-School Employees Retirement System (PSERS).

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

The **other postemployment benefits (OPEB) liability** reflects estimated future healthcare costs for current and future retirees. It grows annually based on actuarial estimates of benefits earned by employees and rising healthcare costs, and declines with higher retiree contributions, fewer eligible employees, or retiree departures. As of June 30, 2025, its impact on net position was \$238.1 million, down from \$262.5 million at June 30, 2024. Like pension liabilities, the university funds OPEB on a pay-as-you-go basis, making biweekly payments for actual claims under the State System plan and required contributions to Retired Employees Health Program (REHP) and PSERS as set by the Commonwealth.

The **compensated absences liability** reflects the dollar value of unused leave earned by employees, based on current salary, and recognized under GASB Statement No. 101. It includes annual, personal, and sick leave eligible for cash payout upon retirement or termination. Full-time employees may receive payouts for up to 45 days of accumulated annual, personal, and holiday leave. Sick leave payouts are limited to retirees meeting specific age and service criteria, with caps based on accumulated days. The sick leave liability includes both vested amounts and estimated non-vested amounts, based on historical data, and projected eligibility. Adoption of the new standard had minimal impact on fiscal year 2024–25 opening balances. Used but unpaid leave is reported in accrued payroll under other liabilities. The liability increased from a balance of \$19.1 million in fiscal year ending June 30, 2024 to \$20.1 million in fiscal year ending June 30, 2025.

**Capital Investment and Debt Activities**

The university recognized \$11.4 million in capital asset additions in fiscal year 2024-25, which includes \$4.1 million to improve academic and auxiliary facilities across all 4 campuses, \$4.0 million in construction in progress, \$0.2 million in capital assets recognized under right of use leases and \$0.8 million for subscription-based information technology arrangements.

Debt service payments for principal and interest, \$8.8 million and \$5.3 million, respectively, were made on State System issued bonds in FY2024-25, along with payment of \$37.3 million for principal for the defeasance of the Mansfield's Student Housing Phase II Series AT bond, bringing the total outstanding debt to \$130.0 million. The university had no new bond issuances from the State System for fiscal years 2024-25 and 2023-24.

In February 2025, Moody's Investors Service, Inc. maintained the State System's **bond rating** of Aa3, and stable outlook. The stable outlook reflects Moody's expectations that continued successful execution of the system redesign initiative will enhance prospects for sustainability, aligning expense structures to anticipated smaller enrollment levels. The outlook also reflects expectations of continued strong liquidity, growing Commonwealth financial support and steady declines in bonded debt. At the same time, Moody's maintained the State System's Environmental, Social, and Governance (ESG) and Credit Impact Scores (CIS) of CIS-3. CIS-3 reflects the State System's elevated exposure to social risks, including weak demographics and highly competitive market conditions, while strong fiscal management and robust strategic planning frameworks partly mitigates its exposure to ESG risks. In February 2025, Fitch Ratings reviewed the State System's rating of A+ with stable outlook and no rating change was made.

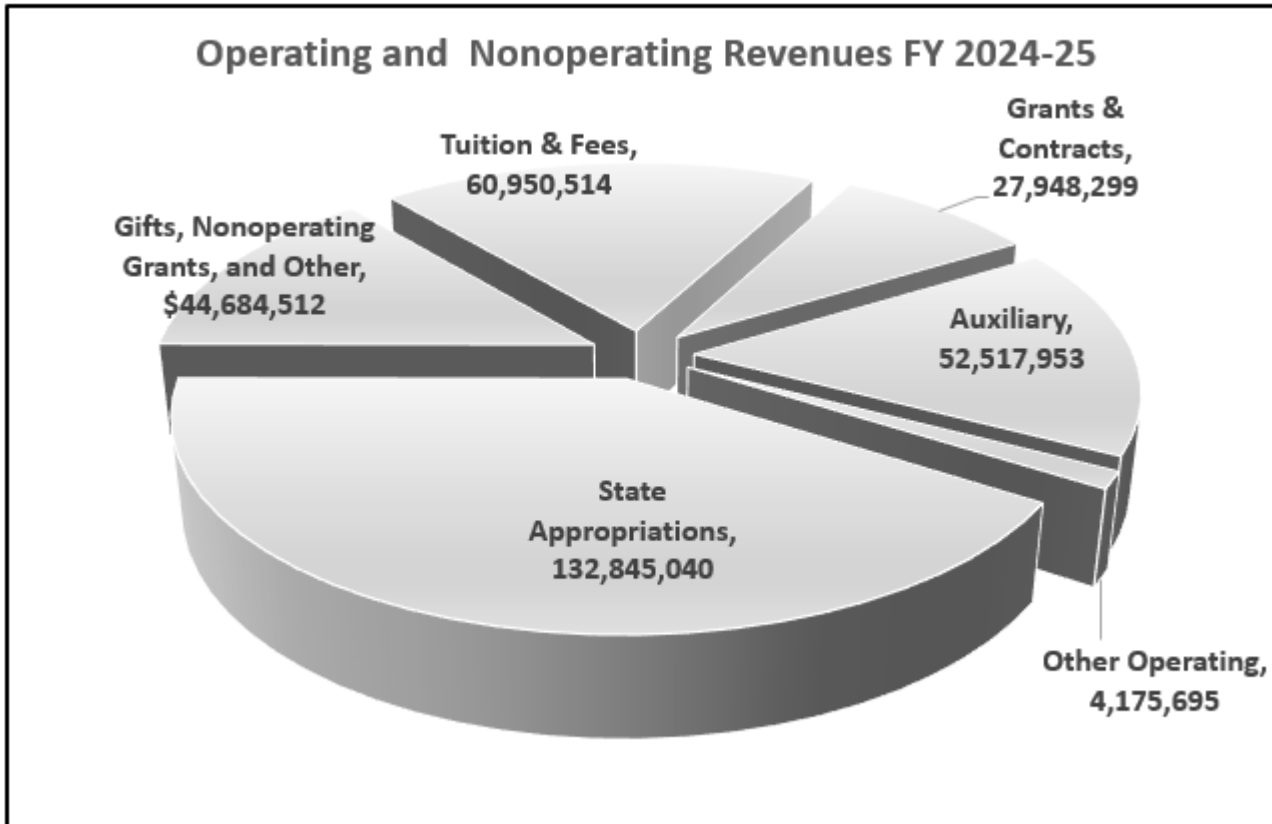
**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**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.

**Revenues and Gains**

Following is a chart and a table that illustrate the composition of the university's total operating and nonoperating revenues for fiscal year 2024-25 and summarize comparative operating and nonoperating revenues for the years ended June 30, 2025 and June 30, 2024.



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

<b>Revenues and Gains</b>			
<i>(in millions)</i>	<b>June 30, 2025</b>	<b>June 30, 2024</b>	<b>Change from Prior Year</b>
<b>Operating revenues</b>			
Tuition and fees, net	\$61.0	\$69.6	(12.4%)
Grants and contracts	27.9	27.0	3.3%
Auxiliary enterprises, net	52.5	53.7	(2.2%)
Other	4.2	4.1	2.4%
<b>Total operating revenues</b>	<b>145.6</b>	<b>154.4</b>	<b>(5.7%)</b>
<b>Nonoperating revenues and gains</b>			
State appropriations	132.8	92.1	44.2%
Federal & state approp. & grants-COVID	5.1	6.6	(22.6%)
Investment income, net	4.4	5.7	(22.2%)
Gifts, nonoperating grants, and other	35.1	25.5	37.9%
<b>Total nonoperating revenues and gains</b>	<b>177.5</b>	<b>129.9</b>	<b>36.7%</b>
<b>Total revenues and gains</b>	<b>\$323.1</b>	<b>\$284.3</b>	<b>13.6%</b>

Overall, fiscal year 2024-25 **operating revenues** decreased by 5.7% over the prior fiscal year, due to reduced tuition and fee revenue. Nonoperating revenues increased by 36.7% due to increased State System appropriations, including \$37.9 million for Mansfield's Student Housing Phase II Series AT bond defeasance. The overall increase in revenues and gains was 13.6%.

### **Tuition and Fees Revenue**

In its continued efforts to address affordability, in July 2024, the Board voted to **freeze basic in-state tuition** for the 2024-25 academic year, keeping it at the same rate since 2018-19.

The base tuition rate for most **full-time Pennsylvania residents** remained at \$3,858 per term, or \$7,716 for the full 2024-25 academic year. **Nonresident, undergraduate tuition** was also frozen, with the rate for most nonresident students remaining at \$19,290 for the 2024-25 academic year. The basic **resident graduate tuition** rate remained at \$516 per credit, while the typical **nonresident, graduate tuition** rate remained at \$774 per credit.

The **technology tuition fee** remains at \$478 for full-time in-state students and \$728 for full-time out of state students. All funds raised by the technology tuition fee are used directly to benefit student learning. Technology infrastructure, campus network, student labs, classroom presentation systems, and other technologies used by faculty and students on the Commonwealth University campuses are supported by this fee.

The university's average **price of attendance** (tuition, mandatory fees, room, and board) for in-state undergraduate students increased slightly for academic year 2024-25 at \$23,835, compared to \$23,492 in academic year 2023-24. The average price of attendance among all four-year public universities in the United States in academic year 2024-25 was \$24,920.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

The university's fall 2024 student headcount was 11,103, a decrease of only 5 students or 0.05% from fall 2023. Following is a breakdown of selected enrollment information.

<b>Fall Enrollment</b>				
	<b>2024-25</b>		<b>2023-24</b>	
Full Time	9,457	85%	9,481	85%
Part Time	1,646	15%	1,627	15%
	<b>11,103</b>		<b>11,108</b>	
Undergraduate	9,858	89%	9,989	90%
Graduate	1,245	11%	1,119	10%
	<b>11,103</b>		<b>11,108</b>	
Resident	10,037	90%	9,988	90%
Non-Resident	1,066	10%	1,120	10%
	<b>11,103</b>		<b>11,108</b>	

Although overall enrollment for fall 2024 declined slightly by 0.05%, the number of incoming undergraduate students dropped by 1.6% compared to fall 2023, while the university's retention rate increased by 3.7%.

With an undergraduate population comprised of 90% 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 and an overcrowded higher education marketplace in the state.

**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 \$8.7 million in fiscal year 2024-25, or 12.4%, from fiscal year 2023-24.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

Following is the breakdown of **financial aid** in fiscal years 2024-25 and 2023-24.

<b>Student Financial Aid</b>		
<i>(in millions)</i>	<b>2024-25</b>	<b>2023-24</b>
Federal Pell grants	\$22.0	\$17.7
Other federal aid	0.8	0.9
State financial aid including PHEAA grants	13.1	14.0
Local government financial aid	4.4	0.0
Endowments and all other restricted financial aid grants	3.7	3.2
E&G scholarships/fellowships recorded as grants/gift revenue	1.4	23.4
Tuition and fee waivers and institutional scholarships	22.7	1.9
Housing and dining waivers and institutional scholarships	3.6	3.1
<b>Total</b>	<b>\$71.7</b>	<b>\$64.1</b>

Total **financial aid** to students in the form of grants, waivers, and scholarships was \$71.7 million in fiscal year 2024-25, compared to \$64.1 million in fiscal year 2023-24. Federal Pell grants and other federal aid increased by \$4.1 million, however Pennsylvania Higher Education Assistance Agency (PHEAA) grants decreased by \$0.8 million, over fiscal year 2023-24.

Tuition and fee waivers and institutional scholarships granted by the university increased by \$0.7 million, or 2.4%, in fiscal year 2024-25 over 2023-24. Waivers and institutional scholarships represent discounts offered to students for which there is no outside funding source to replenish the lost operating revenue.

In fiscal year 2024–25, the State System implemented a revised methodology for estimating tuition and auxiliary discounts, in accordance with the National Association of College and University Business Officers (NACUBO) Advisory Report 2023-01, Public Institutions: Accounting for and Reporting Financial Aid as a Discount. This refinement was made possible by advancements in student information systems that now capture detailed student-level data.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

Under the previous approach, institutional aid was allocated using pooled student aid and refunds, which introduced non-discountable transactions and reduced the precision of discount estimates. The updated methodology uses student-level data to allocate aid between tuition, auxiliary discounts, and student aid expense by fiscal year, resulting in a more accurate reflection of how financial aid is distributed.

This change affects the classification of amounts reported in Tuition and fees, net; Auxiliary enterprises, net; and Operating Expenses – Student aid on the Statement of Revenues, Expenses, and Changes in Net Position. It does not affect the total net position and has been applied prospectively.

Compared to the previous method, the revised approach led to a 17.3% increase in tuition and fee discounts, a 140.2% increase in auxiliary discounts, and a 49.3% decrease in student aid expense. While the total institutional aid remains unchanged, these reclassifications reflect improved precision and alignment with the actual flow of financial support.

**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 decreased to \$52.5 million in fiscal year 2024-25, from \$53.7 million in fiscal year 2023-24.

**Appropriations**

For fiscal year 2024-25, the State System received General Fund appropriations of \$621 million, which was an increase of 6.0% over the amount of \$586 million for fiscal year 2023-24. The university's share of the total appropriation was \$90.9 million in fiscal year 2024-25, with an increase of \$2.5 million, or 2.8%, over fiscal year 2023-24. In fiscal year 2024-25, these appropriations represented approximately 29.4% of total revenues and gains. Also, in fiscal year 2024-25, to recognize the need for newly integrated universities to transition to their optimum end state, one-time funding was received by the university of \$2 million from System SERS funds.

The university received a \$4 million Realty Transfer Tax allocation in fiscal year 2024-25 from the Commonwealth's Key '93 (Keystone Recreation, Park and Conservation) Fund. With the exception of 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.

In fiscal year 2024-25, the State System received a special appropriation of \$85 million from the Commonwealth's Facility Transition Account for facilities transition costs, payment of bond debt services, loan repayments and other repayments. The university received \$37.9 million of this appropriation to defease Mansfield's Student Housing Phase II Series AT bond.

In fiscal year 2022-23 the State System universities received an appropriation of \$125 million from the Commonwealth's American Rescue Plan's Coronavirus State and Local Fiscal Recovery Funds. The university's share of these one-time funds was \$17.1 million and was used to provide institutional aid to students in accordance with regulations outlined in the Coronavirus State and Local Fiscal Recovery Funds (CSFRF) Final Rule guidelines. The university allocated \$5.4 million in fiscal year 2022-23, \$6.6 million in fiscal year 2023-24, and the remaining \$5.1 million in fiscal year 2024-25.



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Investment income** (net of related investment expenses) for fiscal year 2024-25 was \$4.4 million. This represents a decrease of \$1.3 million over fiscal year 2023-24. The decrease is largely due to decreasing interest rates and average cash balances during the fiscal year. Rates moved from a high of 4.50% in fiscal year 2023-24 to a low of 3.93% during fiscal year 2024-25.

**Other revenues** include \$5.1 million in COVID related appropriations recognized as revenue in fiscal year 2024-25 that was related to the \$125 million appropriation from the Commonwealth's American Rescue Plan's Coronavirus State and Local Fiscal Recovery Funds.

The Mansfield University Mountaineer Foundation (MUMF) was created in May 2024 to benefit students located on the Mansfield campus, similar to the Bloomsburg University Foundation and the Lock Haven University Foundation. In fiscal year 2024-25, as a result of its formation, the university transferred former Mansfield University endowment assets of \$1.0 million and donor gifts of \$.6 million to MUMF to take advantage of their investment and fund management expertise. The university recorded the transfer of assets as a contra revenue.

**Expenses and Losses**

Following is a summary of expenses and losses for the years ending June 30, 2025 and June 30, 2024.



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

<b>Expenses and Losses</b>			
<i>(in millions)</i>	<b>June 30, 2025</b>	<b>June 30, 2024</b>	<b>Change from Prior Year</b>
<b>Operating expenses</b>			
Instruction	\$89.3	\$85.9	3.9%
Research and public service	3.2	2.9	12.2%
Academic support	20.0	21.3	(6.0%)
Student services	29.5	27.1	9.0%
Institutional support	41.4	45.1	(8.1%)
Operations and maintenance of plant	20.0	14.6	36.6%
Depreciation	28.3	28.6	(1.1%)
Student aid	5.1	9.7	(46.7%)
Auxiliary enterprises	34.7	31.0	11.9%
<b>Total operating expenses</b>	<b>271.6</b>	<b>266.1</b>	<b>2.0%</b>
<b>Other expenses and losses</b>			
Interest expense on capital asset-related debt	4.6	6.0	(22.9%)
Loss on disposal/acquisition of assets/permanent endowments	1.1	2.2	(50.0%)
<b>Total other expenses and losses</b>	<b>5.7</b>	<b>8.2</b>	<b>(30.2%)</b>
<b>Total expenses and losses</b>	<b>\$277.3</b>	<b>\$274.4</b>	<b>1.1%</b>

Operating expenditures include personnel and other non-personnel operating expense, including depreciation.

In fiscal year 2024-25, \$131.5 million, or 48.4%, of the university's total operating expenses were related to salary and wages. Salary and wages decreased \$2 million, or 1.5%, from fiscal year 2023-24. Total benefits, including healthcare costs, health and welfare, and post-retirement were \$39.9 million in fiscal year 2024-25, or 14.7%, of total operating expenses. This is an increase of \$18.9 million, or 89.7%, from fiscal year 2023-24 benefits expense of \$21.0 million. This increase is related to net actuarial assumptions associated with the Compensated Absences, 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 \$23.3 million in fiscal year 2024-25, an increase of \$2.4 million, or 11.6%, compared to fiscal year 2023-24.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

Employer share of postretirement health care expense was a negative \$17.6 million, an increase of \$16.3 million, or 48.0%, compared to fiscal year 2023-24, primarily related to a decrease in the actuarially calculated OPEB expenses in excess of pay-as-you-go.

Employer contributions to SERS, a defined benefits pension plan, were \$16.5 million in fiscal year 2024-25, a decrease of \$1.2 million and 6.6% from fiscal year 2023-24.

Employer contributions to PSERS, a defined benefits pension remained steady at \$1.7 million, from fiscal year 2023-24 to fiscal year 2024-25.

Employer contributions to the Alternative Retirement Plan (ARP), a defined contribution plan, also remained steady at \$5.8 million from fiscal year 2023-24 to fiscal year 2024-25.

Other operating expenses, including student aid, supplies and other services, utilities, and depreciation, were \$100.1 million in fiscal year 2024-25, a decrease of \$11.5 million, or 10.3%, from fiscal year 2023-24.

### **Statement of Cash Flows**

The Statement of Cash Flows provides information about the university's cash receipts and cash payments. It can 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 2024-25 and 2023-24.

	<b>FY 2024-25</b>	<b>FY 2023-24</b>
Cash flows from operating activities	(\$133,046,880)	(\$123,267,923)
Cash flows from noncapital financing activities	154,735,800	110,725,154
Cash flows from capital financing activities	(55,890,888)	(28,149,766)
Cash flows from investing activities	5,530,715	5,478,949
<b>Net increase (decrease) in cash</b>	<b>(\$28,671,252)</b>	<b>(\$35,213,587)</b>
<b>Cash-beginning of year</b>	<b>\$99,222,428</b>	<b>\$134,436,017</b>
<b>Cash-end of year</b>	<b>\$70,551,177</b>	<b>\$99,222,430</b>

### **FUTURE ECONOMIC FACTORS AND CONSIDERATIONS**

In the upcoming fiscal year, 2025-26, there are several economic factors and considerations to note with respect to the university's financial outlook.

#### **Enrollment**

Enrollment is expected to continue its downward trend with a slight decline for fiscal year 2025-26. While demographic trends in Pennsylvania will impact enrollment of first-time freshmen, the enrollment management division developed a plan to grow other student markets. New graduate and transfer enrollment is projected to increase in fiscal year 2025-26. Investments in student success initiatives are having a positive impact on overall retention rates at all three campuses. State System and university enrollment historically has been closely tied to the state's high school demographic trends.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

Near-term demographic trends predict a growth in high school graduates through fiscal 2025-26, and then a decline for several years thereafter. This demographic cliff trend is predicted throughout the country, and is more acute in the northeastern United States, which has seen greater overall demographic declines.

**Tuition and Fees**

In July 2025, the Board of Governors approved a \$139 per semester increase in basic in-state undergraduate tuition for the 2025–26 academic year. This adjustment represents an **overall 3.6% increase in tuition, following seven consecutive years of frozen rates**. At the same time, the Board authorized a conditional rollback of the increase if the State System receives a 6.5% increase in state appropriations—estimated to generate approximately \$40 million—as part of ongoing budget negotiations. This flexible approach provides clarity and financial relief to current and prospective students while allowing time for legislative funding decisions.

Beginning in academic year 2025-26, rate-approving authority for the **technology tuition fee** was delegated to the universities' Councils of Trustees who approved an increase for fiscal year 2025-26. The technology tuition fee for fiscal year 2025-26 is now \$718 for full-time in-state students and \$1,092 for full-time out of state students, an increase of \$240 and \$364, respectively. All funds raised by the technology tuition fee are used directly to benefit student learning. Technology infrastructure, campus network, student labs, classroom presentation systems, and other technologies used by faculty and students on the Commonwealth University campuses are supported by this fee.

**Appropriations Delay**

As of the issuance date of these financial statements, the Commonwealth of Pennsylvania has not enacted its annual budget for the fiscal year beginning July 1, 2025, resulting in a delay in the distribution of general appropriations to the State System. These appropriations, which represented approximately 29.4% of total revenue for the fiscal year ended June 30, 2025, are typically received monthly. During fiscal year ended June 30, 2025, monthly transfers averaged approximately \$7.6 million.

The timing of the budget resolution is uncertain and may extend beyond October, which could further delay appropriations and impact System operations. In addition, the value of appropriations for July 1, 2025 – June 30, 2026, remain unknown.

To manage the financial impact of this delay, the System has implemented a range of mitigation strategies, including the use of available reserves, adjustments to cash flow operations, and short-term internal lending. Through its centrally managed investment fund, the System may issue promissory notes to support temporary liquidity needs, under Board policy. This internal mechanism enables the System to maintain operational continuity and financial flexibility without reliance on external borrowing.

**Compensation Costs**

Approximately 88% of the university's full-time (FTE) employees are covered by 7 collective bargaining agreements. During 2023-24, new collective bargaining agreements were established for the State System's clerical, administrative, technical, maintenance and trade employees with American Federation of State, County, and Municipal Employees (AFSCME); Association of Pennsylvania State College and University Faculties (APSCUF); State College & University Professional Association (SCUPA); APSCUF Non-Faculty Athletic Coaches and Office of Professional Employees International Union Healthcare Pennsylvania (OPEIU) which covers nursing positions. All of these agreements are

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

effective July 1, 2023 through June 30, 2027. During 2022-23, a new collective bargaining agreement was established with the Security, Police and Fire Professionals of America (SPFPA) and PASSHE Officers Association (POA) through August 2025. A pay increase for non-represented employees has not been approved at this time. However, overall salaries and wages are projected to increase by 6.6%.

**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 expected to decrease by 1.0% in fiscal year 2025-26. Healthcare rates are expected to increase for all units by between 2.9% and 16.9% in fiscal year 2025-26. The assumption of increased employer rates across all units remains likely in years beyond 2026. Overall, total benefits are projected to increase by 0.5% in FY2025-26.

**Clearfield Closure**

Operations at the Clearfield teaching location will cease following the end of the 2026-27 academic year. This decision was necessary to ensure Commonwealth University's long-term sustainability as we adapt to meet both evolving educational demands and accreditation expectations. The decision was based on a comprehensive review and analysis of the operations in Clearfield, including evaluation of enrollment, academic array, physical plant, financial health, and future sustainability. Students currently enrolled at Clearfield will be able to continue their programs as scheduled. All faculty and staff members will be offered the opportunity to continue their employment at the Lock Haven campus, following the conclusion of operations at Clearfield.

**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 Financial Services  
400 East Second Street Bloomsburg, PA 17815

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**STATEMENT OF NET POSITION – PRIMARY INSTITUTION**  
**JUNE 30, 2025**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 70,551,177
Investments	474,628
Accounts Receivable:	
Governmental Grants and Contracts	2,954,311
Students, Net of Allowance for Doubtful Accounts of \$4,263,954	13,062,816
Other	733,713
Interest Income Receivable	338,483
Inventories	67,354
Prepaid Expenses	2,675,254
Current Portion of Leases Receivable	133,052
Due from Component Units	942,472
Other Assets	2,091,337
Total Current Assets	<u>94,024,597</u>

**NONCURRENT ASSETS**

Long-Term Investments, Including Endowments	-
Beneficial Interests	5,601,449
Non-Depreciable Capital Assets	12,095,955
Depreciable or Amortizable Capital Assets, Net of Accumulated Depreciation and Amortization	328,941,795
Long-Term Portion of Leases Receivable	1,803,515
Total Noncurrent Assets	<u>348,442,714</u>
 Total Assets	 442,467,311

**DEFERRED OUTFLOWS OF RESOURCES**

Unamortized Loss on Refunding of Debt	638,651
Deferred Outflows from SERS Contributions	22,644,838
Deferred Outflows from PSERS Contributions	2,124,470
Deferred Outflows from OPEB Contributions	18,743,029
Total Deferred Outflows of Resources	<u>44,150,988</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 486,618,299</u>

See accompanying Notes to Financial Statements.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**STATEMENT OF NET POSITION – PRIMARY INSTITUTION (CONTINUED)**  
**JUNE 30, 2025**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,  
AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 24,406,038
Unearned Revenue	7,748,439
Students' Deposits	593,516
Other Deposit Liabilities	567,653
Workers' Compensation	629,269
Current Portion of Compensated Absences	2,813,208
Current Postretirement Benefit Obligations	6,733,461
Current Portion of Lease Liabilities	222,328
Current Portion of Subscription Liabilities	2,157,469
Current Portion of Bonds Payable, Net	10,075,814
Due to System, Academic Facilities Renovation Bond Program (AFRP)	106,868
Due to Component Units	5,718,572
Due to Component Units - Lease Liabilities	25,882
Other Current Liabilities	44,599
Total Current Liabilities	<u>61,843,116</u>

**NONCURRENT LIABILITIES**

Unearned Revenue	161,181
Workers' Compensation, Net of Current Portion	690,755
Compensated Absences, Net of Current Portion	17,313,565
Long-Term Portion of Lease Liabilities	175,351
Postretirement Benefit Obligations, Noncurrent	156,960,224
Long-Term Portion of Subscription Liabilities	1,071,240
Bonds Payable, Net	127,528,784
Due to System, AFRP, Net of Current Portion	112,643
Due to Component Units - Lease Liabilities	-
Net Pension Liability	155,893,818
Other Noncurrent Liabilities	85,716
Total Noncurrent Liabilities	<u>459,993,277</u>
Total Liabilities	521,836,393

**DEFERRED INFLOWS OF RESOURCES**

Unamortized Gain on Refunding of Debt	56,268
Deferred Inflows from SERS Contributions	6,433,028
Deferred Inflows from PSERS Contributions	353,212
Deferred Inflows from OPEB Contributions	93,152,179
Deferred Inflow - Lease Receivable	1,784,656
Total Deferred Inflows of Resources	<u>101,779,343</u>

**NET POSITION**

Net Investment in Capital Assets	197,543,208
Restricted for:	
Expendable:	
Scholarships and Fellowships	370,231
Capital Projects	8,621,218
Other	157,296
Nonexpendable:	
Scholarships and Fellowships	5,601,449
Other	-
Unrestricted Net Position	<u>(349,290,839)</u>
Total Net Position	<u>(136,997,437)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 486,618,299</u>

See accompanying Notes to Financial Statements.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION – PRIMARY INSTITUTION  
YEAR ENDED JUNE 30, 2025**

**OPERATING REVENUES**

Tuition and Fees	\$ 123,216,352
Less: Scholarship Discounts and Allowances	<u>(62,265,838)</u>
Net Tuition and Fees	60,950,514
Governmental Grants and Contracts:	
Federal	3,755,115
State	24,074,484
Local	20,000
Nongovernmental Grants and Contracts	98,699
Sales and Services of Educational Departments	2,902,519
Auxiliary Enterprises	52,517,953
Other Revenues	<u>1,273,176</u>
Total Operating Revenues	145,592,460

**OPERATING EXPENSES**

Instruction	89,274,837
Research	273,283
Public Service	2,928,681
Academic Support	19,980,792
Student Services	29,542,602
Institutional Support	41,398,627
Operations and Maintenance of Plant	19,950,771
Depreciation and Amortization	28,342,112
Student Aid	5,142,736
Auxiliary Enterprises	<u>34,744,344</u>
Total Operating Expenses	271,578,785

**OPERATING LOSS**

(125,986,325)

**NONOPERATING REVENUES (EXPENSES)**

State Appropriations, General and Restricted	128,843,320
Federal and State Appropriations and Grants-COVID	5,120,051
Commonwealth On-Behalf Contributions to PSERS	1,210,932
Pell Grants	21,984,285
Investment Income, Net of Related Investment Expense of \$20,393	4,418,591
Unrealized Increase in Fair Value in Beneficial Interests	422,848
Gifts for Other than Capital Purposes	4,599,321
Interest Expense	(4,644,061)
Loss on Disposal of Assets	(72,032)
Gain on Bond Defeasance	3,278,073
Other Nonoperating Revenue (Expense)	<u>224,510</u>
Nonoperating Revenues, Net	165,385,838

**INCOME BEFORE OTHER REVENUES**

39,399,513

**OTHER REVENUES**

State Appropriations, Capital	4,001,720
Capital Gifts and Grants	3,425,903
Deletions to Permanent Endowments	<u>(1,028,006)</u>
Total Other Revenues	6,399,617

**INCREASE IN NET POSITION**

45,799,130

Net Position - Beginning of Year

(182,796,567)

**NET POSITION - END OF YEAR**

\$ (136,997,437)

See accompanying Notes to Financial Statements.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
STATEMENT OF CASH FLOW – PRIMARY INSTITUTION  
YEAR ENDED JUNE 30, 2025**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Tuition and Fees	\$ 62,126,116
Grants and Contracts	28,517,999
Payments to Suppliers for Goods and Services	(76,459,208)
Payments to Employees	(197,444,127)
Student Aid	(5,142,736)
PLUS, Stafford, and Other Loans Receipts (Non-Perkins)	84,453,970
PLUS, Stafford, and Other Loans Disbursements (Non-Perkins)	(84,453,970)
Auxiliary Enterprise Charges	52,744,671
Sales and Services of Educational Departments	2,752,090
Other Operating Payments	(141,685)
Net Cash Used by Operating Activities	<u>(133,046,880)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	128,843,320
Gifts and Nonoperating Grants for Other than Capital Purposes	25,555,599
Agency Transactions, Net	112,371
Other	224,510
Net Cash Provided by Noncapital Financing Activities	<u>154,735,800</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Capital Appropriations	4,001,720
Capital Gifts and Grants Received	2,574,441
Proceeds from Sales of Capital Assets	64,297
Purchases of Capital Assets	(7,011,499)
Principal Paid on Debt, Leases, Subscriptions, and Financed Purchases	(46,300,085)
Interest Paid on Debt, Leases, Subscriptions, and Financed Purchases	(9,219,760)
Net Cash Used by Capital Financing Activities	<u>(55,890,886)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales and Maturities	1,021,951
Interest on Investments	4,508,764
Net Cash Provided by Investing Activities	<u>5,530,715</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(28,671,251)

Cash and Cash Equivalents - Beginning of Year

99,222,428

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 70,551,177

See accompanying Notes to Financial Statements.



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**STATEMENT OF CASH FLOW – PRIMARY INSTITUTION (CONTINUED)**  
**YEAR ENDED JUNE 30, 2025**

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (125,986,325)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities:	
Depreciation and Amortization Expense	28,342,112
Expenses Paid by Commonwealth or Donor	1,210,932
Changes in Assets and Liabilities:	
Receivables, Net	1,833,912
Lease rental receivable (3rd Party & Comp Units) Activity	248,214
Inventories	43,191
Other Assets	(1,345,617)
Accounts Payable and Accrued Expenses	(8,508,552)
Unearned Revenue	(746,162)
Students' Deposits	539,336
Compensated Absences	1,058,327
Postretirement Benefits Liability (OPEB) Activity	(12,797,727)
Net Pension Activity	(13,539,408)
Other Liabilities	128,466
Deferred Outflows of Resources Related to OPEB	3,188,743
Deferred Inflows of Resources Related to OPEB	(14,788,927)
Deferred Outflows of Resources Related to Pensions	11,487,853
Deferred Inflows of Resources Related to Pensions	(3,072,966)
Deferred inflow of resources related to lease receivable	(342,282)
Net Cash Used by Operating Activities	<u><u>\$ (133,046,880)</u></u>

**SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL  
FINANCING ACTIVITIES**

Capital Assets Included in Payables	<u><u>\$ 2,600,545</u></u>
Capital Assets Acquired by New ROU Leases with Comp Units	<u><u>\$ 227,318</u></u>
Capital Assets Acquired by New Subscription Agreements	<u><u>\$ 751,379</u></u>
Capital Assets Acquired by Gift or Appropriation	<u><u>\$ 851,462</u></u>
Like-kind exchanges	<u><u>\$ 1,340</u></u>

See accompanying Notes to Financial Statements.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**COMBINED STATEMENT OF FINANCIAL POSITION – COMPONENT UNITS**  
**JUNE 30, 2025**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 9,746,635
Accounts Receivable	762,207
Prepaid Expenses and Inventories	1,150,827
Pledges Receivable	13,941,485
Due from University	-
Investments	126,525,833
Total Current Assets	<u>152,126,987</u>

**NONCURRENT ASSETS**

Capital Assets, Net	35,289,196
Other Assets	6,142,667
Total Noncurrent Assets	<u>41,431,863</u>

Total Assets	<u><u>\$ 193,558,850</u></u>
--------------	------------------------------

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 1,333,702
Deferred Revenue	132,214
Annuity Liabilities	440,731
Due to University	188,577
Other Deposits Liability	2,539,370
Total Current Liabilities	<u>4,634,594</u>

**NONCURRENT LIABILITIES**

Long-Term Debt	31,529,132
Other Noncurrent Liabilities	2,122,973
Total Noncurrent Liabilities	<u>33,652,105</u>

Total Liabilities	38,286,699
-------------------	------------

**NET ASSETS**

Without Donor Restrictions	33,070,083
With Donor Restrictions	122,202,068
Total Net Assets	<u>155,272,151</u>

Total Liabilities and Net Assets	<u><u>\$ 193,558,850</u></u>
----------------------------------	------------------------------

See accompanying Notes to Financial Statements.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA  
COMBINED STATEMENT OF ACTIVITIES – COMPONENT UNITS  
YEAR ENDED JUNE 30, 2025**

**CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS  
REVENUES AND OTHER ADDITIONS**

Contributions	\$ 520,255
Sales and Services	5,956,030
Student Fees	4,981,572
Grants and Contracts	3,222,365
Rental Income	5,431,105
Investment Return, Net	2,920,402
Other Revenues and Gains	3,740,525
Net Assets Released from Restrictions	10,035,549
Total Revenues and Other Additions	<u>36,807,803</u>

**EXPENSES AND OTHER DEDUCTIONS**

Program Services:	
Scholarships and Grants	6,422,093
Student Activities and Programs	6,815,505
University Stores	5,709,844
Housing	5,195,934
Other Programs	2,039,163
Management and General	5,518,092
Fundraising	3,427,763
Other Expenses and Losses	325,557
Total Expenses and Losses	<u>35,453,951</u>

**CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS** 1,353,852

**CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS**

Contributions	11,504,784
Investment Income	9,912,516
Other Revenue and Gains	22,096
Other Expenses and Losses	(589,580)
Net Assets Released from Restrictions	<u>(10,035,549)</u>

**CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS** 10,814,267

**CHANGE IN TOTAL NET ASSETS** 12,168,119

Net Assets - Beginning of Year (As restated) 143,104,032

**NET ASSETS - END OF YEAR** \$ 155,272,151

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**COMBINED STATEMENT OF EXPENSES BY NATURE AND FUNCTION – COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 2025**

Natural Expense	Program Activities						Supporting Activities			
	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	\$ -	\$ 709,171	\$ 833,531	\$ 704,848	\$ 196,848	\$ 2,444,398	\$ 2,426,718	\$ 2,136,280	\$ 4,562,998	\$ 7,007,396
Gifts and Grants	6,422,093	464,362	-	-	101,346	6,987,801	223,656	5,622	229,278	7,217,079
Supplies and Travel	-	4,465,821	56,982	18,986	778,292	5,320,081	97,699	342,564	440,263	5,760,344
Services and Professional Fees	-	57,169	1,319	297,227	698,221	1,053,936	1,778,560	687,020	2,465,580	3,519,516
Office and Occupancy	-	-	436,153	1,704,645	15,768	2,156,566	218,393	34,927	253,320	2,409,886
Depreciation	-	11,689	72,466	1,178,312	87,804	1,350,271	255,244	34,510	289,754	1,640,025
Interest	-	-	-	1,162,467	-	1,162,467	239,444	39,224	278,668	1,441,135
Other	-	1,107,293	4,309,393	129,449	160,884	5,707,019	278,378	147,616	425,994	6,133,013
Total Expenses	<u>\$ 6,422,093</u>	<u>\$ 6,815,505</u>	<u>\$ 5,709,844</u>	<u>\$ 5,195,934</u>	<u>\$ 2,039,163</u>	<u>\$ 26,182,539</u>	<u>\$ 5,518,092</u>	<u>\$ 3,427,763</u>	<u>\$ 8,945,855</u>	<u>\$ 35,128,394</u>

See accompanying Notes to Financial Statements.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The University is one of 10 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, Bloomsburg University Foundation, the Husky Research Corporation, Inc., College Community Services, Inc., Mansfield Auxiliary Corporation, Mansfield University Mountaineer Foundation, Lock Haven University Foundation, Lock Haven Student Auxiliary Services, and Clearfield Educational Foundation, Inc. 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 Community Government Association of Bloomsburg University 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, 2025.

The Bloomsburg University 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, 2025.

The Husky Research 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, 2025. Complete financial statements for the Association, the Foundation, and the Corporation may be obtained at the University's administrative office.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Reporting Entity (Continued)**

College Community Services, Inc. (CCSI) is a legally separate tax-exempt entity that provides bookstore services to students and accounting services for student activity organizations including the Student Government Association. Because the economic resources received and held by CCSI are for the direct benefit of the University and the influence of the University over CCSI, CCSI is considered a component unit of the University and is included within the University's financial reporting entity. The financial activity of CCSI is presented as of and for the year ended June 30, 2025.

Mansfield Auxiliary Corporation (MAC) is a legally separate tax-exempt entity that provides construction, operation, and management of student housing facilities or other projects for the benefit of the students of the University. Because the economic resources received and held by MAC are for the direct benefit of the University, MAC is considered a component unit of the University and is included within the University's financial reporting entity. The financial activity of MAC is presented as of and for the year ended June 30, 2025.

Mansfield University Mountaineer Foundation is a legally separate tax-exempt entity that raises, manages, and distributes resources to benefit the Mansfield location of the University. Because the economic resources received and held by the Foundation are for the direct benefit of the University, the Foundation is considered a component unit of the University and is included within the University's financial reporting entity. The financial activity of the Foundation is presented as of and for the year ended June 30, 2025.

The Lock Haven University Foundation, Clearfield Educational Foundation and Lock Haven Student Auxiliary Services are private nonprofit organizations reported in accordance with Financial Accounting Standards Board (FASB) requirements, including FASB Codification Section 958-205, *Presentation of Financial Statements*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component units' financial information in the University's financial reporting entity for these differences.

Lock Haven Student Auxiliary Services (SAS) is the successor corporation to Commonwealth University of PA Student Cooperative Council, Inc. (the Council). SAS collects student activity fees and other miscellaneous revenues, which are allocated to clubs, organizations, athletic programs, and general administration. SAS also operates the Campus Bookstore and the Student Recreation Center.

SAS is a legally separate tax-exempt entity that is considered a component unit of the University and is included within the University's financial reporting entity because the economic resources received and held by SAS are for the direct benefit of the University and because of the influence the University has over SAS. The financial activity of SAS is presented as of and for the fiscal year ended June 30, 2025.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Reporting Entity (Continued)**

The Lock Haven University Foundation and Clearfield Educational Foundation are legally separate, tax-exempt entities that act as fundraising organizations to supplement the resources that are available to the University in support of its programs. In addition, the Lock Haven University Foundation develops and manages student housing facilities and the Durrwachter Alumni Conference Center. Although the University does not control the timing or amount of receipts from the Foundations, the majority of resources or income thereon that the Foundations hold and invest related to their fundraising efforts are restricted by the donors to the activities of the University. Because these restricted resources held by both foundations can only be used by, or for the benefit of, the University, both foundations are considered component units of the University and are discretely presented in the University's financial statements. The financial activity of both foundations are presented as of and for the year ended June 30, 2025.

During fiscal year 2024-25, the University revised its reporting entity to include the Mansfield University Mountaineer Foundation as a discretely presented component unit. As a result, the beginning net assets of the component unit financial statements for fiscal year 2024-25 have been restated, increasing beginning net assets by \$116,500

**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. Appropriations, Pell grants, investment income, gifts for other than capital purposes and parking, and library fines are reported as nonoperating revenue.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Deferred Outflows and Deferred Inflows of Resources**

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

*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 amortization, 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.



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Net Position (Continued)**

*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.

*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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Capital Assets (Continued)**

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.

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, 2025.

**Leases and Subscription-Based Information Technology Arrangements**

The University routinely engages in lease agreements or subscription-based information technology arrangements (SBITA) to meet operational needs. The University's lease contracts generally relate to land, buildings, and various equipment. For short-term leases and SBITAs 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 or SBITA. For all other contracts where the University is the lessee, that meet the requirements of GASB 87 or GASB 96 and were in excess of the minimum dollar threshold, the University recognized a lease or subscription liability and an intangible right of use asset based on the present value of the future lease payments or subscription payments over the contracted term of the lease or SBITA. Lease and subscription right of use assets are reported with capital assets, and lease and subscription liabilities are reported as long-term debt in the statement of net position.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Leases and Subscription-Based Information Technology Arrangements (Continued)**

The right of use lease and subscription assets are amortized over the term of the lease or SBITA, 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.

The University uses its estimated incremental borrowing rate as the discount rate for leases and SBITAs 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 or SBITA, the present value is remeasured, and corresponding adjustments made. Payments based on future performance are not included in the measurement of the lease or subscription 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 \$30,000.

**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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Pension Plans and OPEB Plans (Continued)**

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.

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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 CONDENSED COMPONENT UNITS INFORMATION**

The following represents combining condensed statement of financial position information for the component units as of June 30, 2025.

	Bloomsburg Community Government Association	Bloomsburg Foundation	Husky Research Corporation	LHU Foundation	LHU Student Auxiliary Services	Clearfield Education Foundation	MU Mountaineer Foundation	Mansfield Auxiliary Corp	College Community Service Inc.	Total
Capital Assets, Net	\$ 10,787,702	\$ 17,533,516	\$ -	\$ 5,494,318	\$ 96,759	\$ 1,182,592	\$ -	\$ 133,105	\$ 61,204	\$ 35,289,196
Other Assets	20,358,553	99,110,092	244,833	24,194,398	7,462,164	1,638	3,810,836	2,603,685	483,455	158,269,654
Due from University	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 31,146,255</u>	<u>\$ 116,643,608</u>	<u>\$ 244,833</u>	<u>\$ 29,688,716</u>	<u>\$ 7,558,923</u>	<u>\$ 1,184,230</u>	<u>\$ 3,810,836</u>	<u>\$ 2,736,790</u>	<u>\$ 544,659</u>	<u>\$ 193,558,850</u>
Due to University	\$ -	\$ -	\$ 88,482	\$ -	\$ 100,095	\$ -	\$ -	\$ -	\$ -	\$ 188,577
Long-Term Debt	8,764,859	15,546,379	-	7,217,894	-	-	-	-	-	31,529,132
Other Liabilities	3,542,673	919,978	18,903	1,034,836	783,828	-	3,536	6,790	258,446	6,568,990
Total Liabilities	12,307,532	16,466,357	107,385	8,252,730	883,923	-	3,536	6,790	258,446	38,286,699
Net Assets:										
Without Donor Restrictions	18,838,723	5,018,075	137,448	(1,832,465)	6,541,865	1,184,230	165,994	2,730,000	286,213	33,070,083
With Donor Restrictions	-	95,159,176	-	23,268,451	133,135	-	3,641,306	-	-	122,202,068
Total Net Assets	<u>18,838,723</u>	<u>100,177,251</u>	<u>137,448</u>	<u>21,435,986</u>	<u>6,675,000</u>	<u>1,184,230</u>	<u>3,807,300</u>	<u>2,730,000</u>	<u>286,213</u>	<u>155,272,151</u>
Total Liabilities and Net Assets	<u>\$ 31,146,255</u>	<u>\$ 116,643,608</u>	<u>\$ 244,833</u>	<u>\$ 29,688,716</u>	<u>\$ 7,558,923</u>	<u>\$ 1,184,230</u>	<u>\$ 3,810,836</u>	<u>\$ 2,736,790</u>	<u>\$ 544,659</u>	<u>\$ 193,558,850</u>

\* Information is presented as of May 31, 2025.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 CONDENSED COMPONENT UNITS INFORMATION (CONTINUED)**

The following represents combining statement of activities for the component units for the year ended June 30, 2025:

	Bloomsburg Community Government Association	Bloomsburg Foundation	Husky Research Corporation	LHU Foundation	LHU Student Auxiliary Services	Clearfield Education Foundation	MU Mountaineer Foundation	Mansfield Auxiliary Corp	College Community Service Inc.	Total
<b>Changes in Net Assets</b>										
<b>Without Donor</b>										
<b>Restrictions</b>										
Revenues and Other Additions:										
Contributions	\$ -	\$ 280,693	\$ -	\$ 123,813	\$ -	\$ 26,778	\$ 88,971	\$ -	\$ -	\$ 520,255
Sales and Services	5,097,774	154,078	301,616	-	315,590	-	-	-	86,972	5,956,030
Student Fees	2,765,621	-	-	-	1,248,492	-	-	-	967,459	4,981,572
Grants and Contracts	-	2,895,125	327,240	-	-	-	-	-	-	3,222,365
Rental Income	1,430,887	1,755,234	-	2,244,984	-	-	-	-	-	5,431,105
Investment Return, Net	739,632	1,510,184	3,171	(24,826)	483,173	-	698	208,346	24	2,920,402
Other Revenues and Gains	380,432	317,436	-	2,251,925	289,251	-	467,332	-	34,149	3,740,525
Net Assets Released from Restrictions	-	8,311,007	-	1,499,647	10,648	-	214,247	-	-	10,035,549
Total Revenues and Other Additions	10,414,346	15,223,757	632,027	6,095,543	2,347,154	26,778	771,248	208,346	1,088,604	36,807,803
Expenses and Other Deductions:										
Program Services:										
Scholarships and Grants	-	5,370,880	-	942,572	1,923	26,778	79,940	-	-	6,422,093
Student Activities and Programs	2,141,536	2,948,317	-	-	1,000,128	-	-	-	725,524	6,815,505
University Stores	5,215,561	-	-	-	376,287	-	-	-	117,996	5,709,844
Housing	1,554,641	1,722,771	-	1,918,522	-	-	-	-	-	5,195,934
Other Programs	440,193	-	523,076	931,585	-	-	134,307	10,002	-	2,039,163
Management and General	969,362	2,366,082	44,743	1,145,412	674,792	2,578	69,180	98,838	147,105	5,518,092
Fundraising	-	2,586,020	-	498,867	-	100	342,776	-	-	3,427,763
Other Expenses and Losses	325,557	-	-	-	-	-	-	-	-	325,557
Total Expenses and Losses	10,646,850	14,994,070	567,819	5,436,958	2,053,130	29,456	626,203	108,840	990,625	35,453,951
Change in Net Assets Without Donor Restrictions	(232,504)	229,687	64,208	658,585	294,024	(2,678)	145,045	99,506	97,979	1,353,852
<b>Changes in Net Assets with</b>										
<b>Donor Restrictions</b>										
Contributions	-	6,292,743	-	1,569,500	26,263	-	3,616,278	-	-	11,504,784
Investment Income	-	7,657,052	-	2,111,773	-	-	143,691	-	-	9,912,516
Other Revenue and Gains	-	(21,334)	-	43,430	-	-	-	-	-	22,096
Other Expenses and Losses	-	-	-	(589,580)	-	-	-	-	-	(589,580)
Net Assets Released from Restrictions	-	(8,311,007)	-	(1,499,647)	(10,648)	-	(214,247)	-	-	(10,035,549)
Changes in Net Assets with Donor Restrictions	-	5,617,454	-	1,635,476	15,615	-	3,545,722	-	-	10,814,267
<b>CHANGE IN NET ASSETS</b>	(232,504)	5,847,141	64,208	2,294,061	309,639	(2,678)	3,690,767	99,506	97,979	12,168,119
Net Assets - Beginning of Year	19,071,227	94,330,110	73,240	19,141,925	6,365,361	1,186,908	116,533	2,630,494	188,234	143,104,032
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 18,838,723</u>	<u>\$ 100,177,251</u>	<u>\$ 137,448</u>	<u>\$ 21,435,986</u>	<u>\$ 6,675,000</u>	<u>\$ 1,184,230</u>	<u>\$ 3,807,300</u>	<u>\$ 2,730,000</u>	<u>\$ 286,213</u>	<u>\$ 155,272,151</u>

\* Information for The Association is presented as of May 31, 2025.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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 \$69,819,275 at June 30, 2025. Included in the University's portion of pooled funds are \$5,695,570 of amounts held on behalf of the Association at June 30, 2025.

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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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.
4263954	15% must carry long-term debt rating of A or better; 5% 733713 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 133052 942472
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.



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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](http://www.passhe.edu). The University had \$474,628 local investments recorded as fair value as of June 30, 2025 classified as Level 1 of the fair value hierarchy.

Investment revenue is reported net of related investment expenses. Investment expenses for the year ended June 30, 2025 were \$20,393.

**Demand and Time Deposits**

On June 30, 2025, the carrying amount of the University's demand and time deposits were \$728,623, as compared to bank balances of \$1,155,738. The differences are primarily caused by items in-transit and outstanding checks. Of the bank balances at June 30, 2025, \$250,000 was covered by federal government depository insurance; \$-0- were uninsured and uncollateralized; and \$905,738, 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, 2025, 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 2046 and annual installment payments total between \$8,275 and \$28,049 plus interest at a rate between 1.5% and 4.9%.

The lease revenue and interest income for the fiscal year ended June 30, 2025 are summarized in the following schedule.

	<u>Third Parties</u>
Lease Revenue	\$ 172,852
Lease Revenue - Variable	15,230
Interest Income	45,279
Total	<u>\$ 233,361</u>

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 4 LEASE RECEIVABLES (CONTINUED)**

The following summary provides aggregated information reported for June 30, 2025 lease receivables including additions, reductions for the years then ended.

	Balance June 30, 2024	2024-25 Additions	2024-25 Reductions	Balance June 30, 2025
Leases, Third Parties	\$ 2,184,781	\$ (105,289)	\$ (142,925)	\$ 1,936,567
Total	<u>\$ 2,184,781</u>	<u>\$ (105,289)</u>	<u>\$ (142,925)</u>	<u>\$ 1,936,567</u>

**NOTE 5 CAPITAL ASSETS**

Classifications of capital assets and related depreciation and amortization at June 30, 2025, follow.

	Balance June 30, 2024	2024-25 Additions	2024-25 Retirements/ Adjustments	2024-25 Reclassifications	Balance June 30, 2025
Land	\$ 7,820,699	\$ -	\$ -	\$ -	\$ 7,820,699
Construction in Progress	5,517,308	4,007,295	(39,746)	(5,209,600)	4,275,257
Total Capital Assets Not Being Depreciated	13,338,007	4,007,295	(39,746)	(5,209,600)	12,095,956
Buildings, Including Improvements	568,000,110	3,456,594	(749,597)	5,023,225	575,730,332
Improvements Other Than Buildings (Land and Improvements)	76,529,867	658,729	(267,555)	186,375	77,107,416
Furnishings and Equipment, Including Capital Leases	65,844,384	2,328,569	(1,052,681)	-	67,120,272
Library Books	14,459,970	13,661	(156,547)	-	14,317,084
Right-to-Use Assets Land	690,246	-	-	-	690,246
Right-to-Use Assets Building	# 2,842,320	227,318	(2,613,619)	-	456,019
Right-to-Use Assets Equipment	# 554,827	-	-	-	554,827
Subscription Assets	10,302,266	751,379	(59,215)	-	10,994,430
Total Capital Assets Being Depreciated and Amortized	739,223,990	7,436,250	(4,899,214)	5,209,600	746,970,626
Less: Accumulated Depreciation and Amortization:					
Buildings, Including Improvements	(270,285,708)	(18,355,058)	701,297	-	(287,939,469)
Land Improvements	(45,213,400)	(3,120,175)	236,331	-	(48,097,244)
Furnishings and Equipment					
Including Capital Leases	(58,117,991)	(3,221,001)	1,034,282	-	(60,304,710)
Library Books	(13,759,686)	(157,307)	156,547	-	(13,760,446)
Right-to-Use Assets Land	# (552,197)	(138,049)	-	-	(690,246)
Right-to-Use Assets Building	(2,326,716)	(547,207)	2,613,619	-	(260,304)
Right-to-Use Assets Equipment	(221,930)	(110,965)	-	-	(332,895)
Subscription Assets	(4,010,384)	(2,692,350)	59,216	-	(6,643,518)
Total Accumulated Depreciation and Amortization	(394,488,012)	(28,342,112)	4,801,292	-	(418,028,832)
Total Capital Assets Being Depreciated and Amortized, Net	344,735,978	(20,905,862)	(97,922)	5,209,600	328,941,794
Capital Assets, Net	<u>\$ 358,073,985</u>	<u>\$ (16,898,567)</u>	<u>\$ (137,668)</u>	<u>\$ -</u>	<u>\$ 341,037,750</u>

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consisted of the following at June 30, 2025:

	2025
Employees	\$ 17,233,110
Suppliers and Service	6,802,116
Interest	253,517
Other	117,295
Total	<u><u>\$ 24,406,038</u></u>

**NOTE 7 UNEARNED REVENUE**

Unearned revenue consisted of the following at June 30, 2025:

	Current	Noncurrent
Student Tuition and Fees	\$ 6,818,961	\$ -
Grants	226,505	-
Food Service Contract	634,095	161,181
Other	68,878	-
Total	<u><u>\$ 7,748,439</u></u>	<u><u>\$ 161,181</u></u>

**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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 DEBT OBLIGATIONS (CONTINUED)**

The various bond series allocated to the University for the year ended June 30, 2025 are as follows:

	Weighted Average Interest Rate	Balance July 1, 2024	Bonds Issued	Bonds Redeemed/ Refunded	Balance June 30, 2025	Current Portion
Series AQ issued in May 2015 final maturity June 2036	3.75%	1,409,318	-	(763,886)	645,432	645,432
Series AR issued in September 2015 final maturity June 2040	3.64%	7,103,188	-	(420,383)	6,682,805	438,659
Series AT issued in September 2016 final maturity June 2044	3.86%	129,900,461	-	(40,888,440)	89,012,021	3,731,694
Series AU issued in September 2017 final maturity June 2042	3.36%	24,865,000	-	(2,290,000)	22,575,000	2,405,000
Series AW issued in September 2019 final maturity June 2044	4.36%	2,288,250	-	(414,480)	1,873,770	437,180
Series AX issued in July 2020 final maturity June 2042	3.48%	1,109,515	-	(100,382)	1,009,133	102,317
Series AY issued in October 2020 final maturity June 2036	1.82%	9,284,021	-	(1,270,307)	8,013,714	1,284,875
Total Bonds Payable		<u>\$ 175,959,753</u>	<u>\$ -</u>	<u>\$ (46,147,878)</u>	<u>129,811,875</u>	<u>\$ 9,045,157</u>
Plus: Unamortized Bond Premium Costs, Net					<u>7,792,723</u>	
Outstanding - End of Year					<u>\$ 137,604,598</u>	

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

Series		2026	2027	2028	2029	2030	2031-2035	2036-2040	2041-2045	Total
AQ	Principal	\$ 645,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 645,432
	Interest	32,272	-	-	-	-	-	-	-	32,272
		<u>677,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>677,704</u>
AR	Principal	438,659	450,350	462,041	473,732	486,902	2,673,579	1,697,542	-	6,682,805
	Interest	271,562	260,156	248,401	236,294	222,799	878,575	208,928	-	2,326,715
		<u>710,221</u>	<u>710,506</u>	<u>710,442</u>	<u>710,026</u>	<u>709,701</u>	<u>3,552,154</u>	<u>1,906,470</u>	<u>-</u>	<u>9,009,520</u>
AT	Principal	3,731,694	3,919,949	4,118,203	4,323,109	4,538,014	26,021,954	30,164,098	12,195,000	89,012,021
	Interest	3,449,370	3,262,785	3,066,788	2,860,877	2,644,722	9,902,729	4,642,964	708,450	30,538,685
		<u>7,181,064</u>	<u>7,182,734</u>	<u>7,184,991</u>	<u>7,183,986</u>	<u>7,182,736</u>	<u>35,924,683</u>	<u>34,807,062</u>	<u>12,903,450</u>	<u>119,550,706</u>
AU	Principal	2,405,000	2,525,000	2,650,000	2,785,000	2,900,000	9,310,000	-	-	22,575,000
	Interest	885,700	765,450	639,200	506,700	395,300	564,150	-	-	3,756,500
		<u>3,290,700</u>	<u>3,290,450</u>	<u>3,289,200</u>	<u>3,291,700</u>	<u>3,295,300</u>	<u>9,874,150</u>	<u>-</u>	<u>-</u>	<u>26,331,500</u>
AW	Principal	437,180	455,121	478,783	502,686	-	-	-	-	1,873,770
	Interest	93,688	71,830	49,073	25,134	-	-	-	-	239,725
		<u>530,868</u>	<u>526,951</u>	<u>527,856</u>	<u>527,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,113,495</u>
AX	Principal	102,317	109,504	116,692	124,132	126,488	430,000	-	-	1,009,133
	Interest	41,657	36,541	31,066	25,231	19,021	32,950	-	-	186,466
		<u>143,974</u>	<u>146,045</u>	<u>147,758</u>	<u>149,363</u>	<u>145,509</u>	<u>462,950</u>	<u>-</u>	<u>-</u>	<u>1,195,599</u>
AY	Principal	1,284,875	1,302,356	1,321,293	1,344,603	1,366,454	1,394,133	-	-	8,013,714
	Interest	139,158	121,491	101,956	80,485	56,954	29,625	-	-	529,669
		<u>1,424,033</u>	<u>1,423,847</u>	<u>1,423,249</u>	<u>1,425,088</u>	<u>1,423,408</u>	<u>1,423,758</u>	<u>-</u>	<u>-</u>	<u>8,543,383</u>
Total	Principal	9,045,157	8,762,280	9,147,012	9,553,262	9,417,858	39,829,666	31,861,640	12,195,000	129,811,875
	Interest	4,913,407	4,518,253	4,136,484	3,734,721	3,338,796	11,408,029	4,851,892	708,450	37,610,032
		<u>\$ 13,958,564</u>	<u>\$ 13,280,533</u>	<u>\$ 13,283,496</u>	<u>\$ 13,287,983</u>	<u>\$ 12,756,654</u>	<u>\$ 51,237,695</u>	<u>\$ 36,713,532</u>	<u>\$ 12,903,450</u>	<u>\$ 167,421,907</u>

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 DEBT OBLIGATIONS (CONTINUED)**

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 (\$1,222,135 was outstanding as of June 30, 2025). 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.

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

	2025
Balance at July 1	\$ 321,294
Repayments	<u>(101,783)</u>
Balance at June 30	<u><u>\$ 219,511</u></u>

**NOTE 9 COMPENSATED ABSENCES**

Compensated absences activity consisted of the following during 2025:

	Current	Noncurrent
Compensated Absences	<u>\$ 2,813,208</u>	<u>\$ 17,313,565</u>
Total	<u><u>\$ 2,813,208</u></u>	<u><u>\$ 17,313,565</u></u>

Changes in the compensated absence liability were as follows:

	2025
Balance - July 1	\$ 19,068,446
Current Changes in Estimate	3,873,366
Payouts	<u>(2,815,039)</u>
Balance - June 30	<u><u>\$ 20,126,773</u></u>

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Other postemployment 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).

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 10 State System universities.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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 year ended June 30, 2025.

	SSHE Plan	REHP	PSERS	Total
Net OPEB Liabilities	\$ 119,430,236	\$ 43,700,829	\$ 562,620	\$ 163,693,685
Deferred Outflows of Resources:				
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	-	530	530
Difference Between Expected and Actual Experience	-	1,366,279	2,120	1,368,399
Changes in Assumptions	1,002,185	1,307,572	34,269	2,344,026
Changes in Proportion	-	8,250,155	14,485	8,264,640
Contributions After the Measurement Date	3,670,699	3,062,760	31,975	6,765,434
Total Deferred Outflows of Resources	<u>\$ 4,672,884</u>	<u>\$ 13,986,766</u>	<u>\$ 83,379</u>	<u>\$ 18,743,029</u>
Deferred Inflows of Resources:				
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	\$ -	\$ 245,503	\$ -	\$ 245,503
Difference Between Expected and Actual Experience	28,015,664	10,507,362	8,479	38,531,505
Changes in Assumptions	25,631,082	11,277,851	85,850	36,994,783
Changes in Proportion	-	17,355,481	24,907	17,380,388
Total Deferred Inflows of Resources	<u>\$ 53,646,746</u>	<u>\$ 39,386,197</u>	<u>\$ 119,236</u>	<u>\$ 93,152,179</u>
OPEB Expense	<u>\$ (9,021,128)</u>	<u>\$ (8,627,471)</u>	<u>\$ 35,198</u>	<u>\$ (17,613,401)</u>
Contributions Recognized by OPEB Plans	<u>\$ 3,670,699</u>	<u>\$ 3,062,760</u>	<u>\$ 31,973</u>	<u>\$ 6,765,432</u>

The University will recognize the deferred outflows of resources resulting from contributions after the measurement date, totaling \$3,670,699 for the System Plan, \$3,062,760 for the REHP plan, and \$31,975 for the PSERS OPEB plan, as reductions of the respective net OPEB liabilities in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization		
	SSHE	REHP	PSER
2026	\$ (18,177,565)	\$ (9,800,028)	\$ (17,135)
2027	(15,570,515)	(9,646,677)	(22,434)
2028	(15,570,515)	(6,454,601)	(22,787)
2029	(3,325,966)	(3,051,001)	(1,943)
2030	-	490,116	(3,533)



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (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, POA, 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 10,975 individuals are covered by the benefit terms (down from 11,307 in the prior actuarial valuation), including 5,476 active employees that may be entitled to receive benefit payments upon retirement, 484 retired participants entitled to but not yet receiving benefits, and 5,015 retired participants receiving benefits.

Effective January 16, 2016, the State System OPEB plan became closed to newly hired SCUPA, SPFPA, POA, 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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**System Plan (Continued)**

Funding Policy (Continued)

Following are the contribution rates of eligible plan members receiving benefits as of June 30, 2025:

- 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. Future adjustments will apply if contributions increase for active employees

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, 2025 is based is dated July 1, 2024, 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 7.0% in 2024, with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 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 7.5% of employees not eligible for a subsidy are assumed to elect coverage. 2% of vested former members are assumed to return to coverage each year upon reaching age 45.
- 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.
- 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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**System Plan (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

- APSCUF mortality rates based on PubT-2010 Above Median Income Headcount-Weighted Mortality Table, including rates for disabled retirees and contingent survivors. All other groups mortality rates based on the PubG-2010 Above Median Income Headcount-Weighted Mortality Table, including rates for disabled retirees and contingent survivors. Both tables incorporate rates projected generationally using Scale MP-2021 to reflect mortality improvement.
- The discount rate increased from 4.13% to 4.29%, based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2024.
- Participant data is based on census information as of July 1, 2024.
- Rates of withdrawal vary by age and years of service.
- Costs have been loaded by 1.5% to account for dependent medical coverage and 0.5% to account for tuition reimbursements, 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, 2025, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.0% decreasing to 3.0%) or one percentage point higher (8.0% decreasing to 5.0%) than the current healthcare cost trend rates (7.0% 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 (in Thousands)			
	1% Decrease (6.0% decreasing to 3.0%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.0%)	1% Increase (8.0% decreasing to 5.0%)
2025	\$ 101,750	\$ 119,430	\$ 141,662

The following presents the University's net OPEB liability as June 30, 2025, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (3.29%) or one percentage point higher (5.29%) than the current discount rate (4.29%).

Sensitivity of the System Plan's Proportionate Share of the University's Net OPEB Liability to Changes in the Discount Rate (in Thousands)			
	1% Decrease 3.29%	Current Rate 4.29%	1% Increase 5.29%
2025	\$ 136,567	\$ 119,430	\$ 105,369

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**System Plan (Continued)**

**OPEB Liability**

The University's share of the System Plan's total OPEB liability as of June 30, 2025 of \$119,430,235 was measured and determined as of July 1, 2024.

	Fiscal Year Ending June 30, 2025
<b>Changes in the System Plan Total</b>	
<b>OPEB Liability</b>	
Total OPEB Liability - Beginning Balance	\$ 134,543,769
Service Cost	3,779,381
Interest	5,587,721
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(16,506,516)
Changes in Assumptions	(1,507,531)
Benefit Payments	(6,466,589)
Net Changes	<u>(15,113,534)</u>
Total OPEB Liability - Ending Balance	<u>\$ 119,430,235</u>
 Covered Employee Payroll	 \$ 75,746,799
OPEB Liability as a Percent of Covered Payroll	157.67%

**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 is reported in the Commonwealth's Annual Comprehensive Financial Report (ACFR) 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 ACFR is an audited financial statement and is available at <https://www.pa.gov/agencies/budget.html>.

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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (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, 2025.

- 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 \$251 per pay period for each current REHP eligible active employee during the period July 1, 2024 through June 30, 2025. The rate during the period July 1, 2023, through June 30, 2024 was \$275 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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**REHP (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

The total OPEB liability in the June 30, 2024 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%.
- Healthcare cost trend rate of 8.2%, with rates gradually decreasing to 3.9% in 2075 and later, based on the SOA-Getzen trend rate model version 2024\_1b.
- 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-2021.
- Participant data based on census information as of December 31, 2023, for the June 30, 2024, measurement date.

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

- Discount rate of 6.09% as of June 30, 2024.
- The discount rate was based on the long-term expected rate of return on assets held in the OPEB investment pool (6.75%) and a municipal bond rate of 3.93% based on the 20-year Bond Buyer GO Index as of the end of June 2024.

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. 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
US Equity	42.0 %	5.0 %
Non-US Equity	22.0	5.1
US Fixed Income	22.0	2.4
Public REITs	4.0	-
Infrastructure	4.0	4.3
Core Real Estate	4.0	3.8
Cash and Cash Equivalents	1.0	1.2
Private Equity	1.0	8.8
Total	100.0 %	

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**REHP (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

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 3.5257 % for the measurement date of June 30, 2024, an increase of 0.4965% from its proportion calculated as of June 30, 2023, measurement date.

The following presents the University's share of the REHP net OPEB liability at June 30, 2025, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.2% decreasing to 2.9%) or one percentage point higher (9.2% decreasing to 4.9%) than the current healthcare cost trend rates (8.2% decreasing to 3.9%).

Sensitivity of the REHP Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (in Thousands)			
	1% Decrease (7.2% decreasing to 2.9%)	Healthcare Cost Trend Rates (8.2% decreasing to 3.9%)	1% Increase (9.2% decreasing to 4.9%)
2025	\$ 38,104	\$ 43,701	\$ 50,416

The following presents the University's share of the REHP net OPEB liability at June 30, 2025, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (5.09%) or one percentage point higher (7.09%) than the current discount rate (6.09%).

Sensitivity of the REHP Net OPEB Net OPEB Liability to Changes in the Discount Rate (in Thousands)			
	1% Decrease 5.09%	Current Rate 6.09%	1% Increase 7.09%
2025	\$ 49,003	\$ 43,701	\$ 39,148

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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (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](http://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. As of June 30, 2021, there was no assumed future benefit increases to participating eligible retirees. 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 0.64% of covered payroll for the fiscal year ended June 30, 2024, and .75% of the covered payroll for the fiscal year ended June 30, 2023. 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 0.32% of covered payroll.

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, 2024 measurement date, was determined by rolling forward the PSERS total OPEB liability as of June 30, 2023, to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2023.
- Actuarial cost method was entry age normal, level percent of pay.
- Investment return of 4.21% based on the S&P 20 Year Municipal Bond Rate



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Premium Assistance (Continued)**

**Actuarial Assumptions and Other Inputs (Continued)**

- 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 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, 2022, determined the employer contribution rate for fiscal year 2024.
- 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 4.21% at June 30, 2024.
- 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.
- 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 4.21%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Premium Assistance (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

- 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, 2024.

	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash		100.0 %	1.7 %
Total		100.0 %	

The net OPEB liability was measured as of June 30, 2024, 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, 2023, to June 30, 2024. 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 0.1793% for the measurement dates of June 30, 2024.

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2025, 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 5.8%) or one percentage point higher (between 6.0% and 7.8%) than the current healthcare cost trend rates (between 5.0% and 6.8%).

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (in Thousands)			
	1% Decrease (Between 4.0% and 5.8%)	Healthcare Cost Trend Rates (Between 5.0% and 6.8%)	1% Increase (Between 6.0% and 7.8%)
2025	\$ 563	\$ 563	\$ 563

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (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, 2025, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (3.21%) or one percentage point higher (5.21%) than the current discount rates (4.21%).

Sensitivity of the Premium Assistance Net OPEB Net OPEB Liability to Changes in the Discount Rate (in Thousands)			
	1% Decrease 3.21%	Current Rate 4.21%	1% Increase 5.21%
2025	\$ 636	\$ 563	\$ 502

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](http://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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 PENSION BENEFITS (CONTINUED)**

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 year ended June 30, 2025.

	SERS	PSERS	ARP	Total
Net Pension Liabilities	\$ 142,071,720	\$ 13,822,115	\$ -	\$ 155,893,835
Deferred Outflows of Resources:				
Difference Between Expected and Actual Experience	6,439,397	-	-	6,439,397
Net Difference Between Projected and Actual Investment Earnings and Pension Plan Investments	4,171,055	228,852	-	4,399,907
Changes in Assumptions	2,502,236	-	-	2,502,236
Difference Between Employer Contributions and Proportionate Share of Contributions	416,039	(22,179)	-	393,860
Changes in Proportion	-	208,793	-	208,793
Contributions After the Measurement Date	9,116,111	1,709,004	-	10,825,115
Total Deferred Outflows of Resources	<u>\$ 22,644,838</u>	<u>\$ 2,124,470</u>	<u>\$ -</u>	<u>\$ 24,769,308</u>
Deferred Inflows of Resources				
Difference Between Expected and Actual Experience	\$ 158,601	\$ 217,360	\$ -	\$ 375,961
Net Difference Between Projected and Actual Investment Earnings and Pension Plan Investments	-	-	-	-
Difference Between Employer Contributions and Proportionate Share of Contributions	52,268	-	-	52,268
Changes in Proportion	6,222,159	135,852	-	6,358,011
Total Deferred Inflows of Resources	<u>\$ 6,433,028</u>	<u>\$ 353,212</u>	<u>\$ -</u>	<u>\$ 6,786,240</u>
Pension Expense	<u>\$ 11,565,728</u>	<u>\$ 2,589,981</u>	<u>\$ 5,660,738</u>	<u>\$ 19,816,447</u>
Contributions Recognized by Pension Plans	<u>\$ 16,379,374</u>	<u>\$ 1,709,002</u>	<u>N/A</u>	<u>\$ 18,088,376</u>

The University will recognize the \$9,116,111 reported as 2025 SERS deferred outflows of resources resulting from pension contributions after the measurement date, and the \$1,709,004 reported as 2025 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, 2025.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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:

<u>Year Ending June 30,</u>	<u>Amortization</u>	
	<u>SERS</u>	<u>PSERS</u>
2026	\$ 2,825,966	\$ (295,998)
2027	8,754,108	400,108
2028	(3,449,336)	5,187
2029	(1,104,872)	(47,043)
2030	69,833	-
Total	<u>\$ 7,095,699</u>	<u>\$ 62,254</u>

**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.pa.us](http://www.sers.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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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 40.33% of active members' annual covered payroll at June 30, 2025, with less common rates ranging between 27.09% and 31.74%, 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 16.84% or 17.09% 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 15.54% of the annual covered payroll of employees who selected the straight 401(a) defined contribution plan. The University's contributions to SERS for the year ended June 30, 2025, were approximately \$16,379,374, equal to the required contractual contribution.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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 3.25% or 3.5% of gross salary, 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.

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, 2023, depending on the plan chosen by the employee. The University recognized SERS defined contribution pension expense of \$151,966 for the year June 30, 2025. 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.

**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).

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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 June 2024 meeting, the SERS Board approved maintaining the assumed investment rate of return at 6.875%. 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, 2024, measurement date.

- Entry age actuarial cost method.
- Investments amortized on a straight-line, closed-period basis over five years; amortization 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 6.875%, net of manager fees and including inflation.
- Salary increases based on an average of 4.58%, 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.



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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, 2024 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private Equity	16.00 %	6.25 %
Real Estate	7.00	5.15
U.S. Equity	37.00	5.15
International Developed Markets Equity	14.00	5.00
Emerging Markets Equity	2.00	5.20
Fixed Income	19.00	2.85
Inflation Protection (TIPS)	3.00	2.55
Cash	2.00	0.50
Total	<u>100.0 %</u>	

The discount rate used to measure the total SERS pension liability was 6.875%. 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.

The following presents the University's proportionate share of the SERS net pension liability at June 30, 2025, calculated using discount rate of 6.875% for 2025, 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 (5.875%) or one percentage point higher (7.875%) 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 5.875%	Current Rate 6.875%	1% Increase 7.875%
2025	\$ 173,575	\$ 142,072	\$ 93,001

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 PENSION BENEFITS (CONTINUED)**

**SERS (Continued)**

Proportionate Share

At June 30, 2025, the amount recognized as the University's proportionate share of the SERS net pension liability, measured at December 31, 2024, was approximately \$142,071,720.

The allocation percentage assigned to each participating employer is based on a projected-contribution method. For the allocation of the 2024 amounts, this methodology applies the most recently calculated contribution rates for fiscal year 2024/25 from the December 31, 2024 funding valuation to the expected funding payroll. At December 31, 2024, measurement date, the State System's proportion was 3.9837%, a decrease of 0.0791% from its proportion calculated as of December 31, 2023, measurement date.

**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.pa.us](http://www.psers.pa.us).

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

**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 of 2010 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, through June 30, 2019, 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. Act 5 of 2017 introduced benefit reductions for individuals who become new members on or after July 1, 2019, by creating two new membership classes: Class T-G and Class T-H. To qualify for normal retirement, Class T-G members must complete a minimum of 35 years of service with a combination of age and service that totals ninety-seven or greater, or they must work until age 67 with a minimum of three years of service. Class T-H must work until age 67 with a minimum of three years of service.

Depending upon membership class, benefits are generally between 1% to 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, Class T-F, Class T-G and Class T-H 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 vary depending upon membership class. 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, age 67 with at least three years of credited service for Class T-G and Class T-H members) or has at least five years of credited service (10 years for Class T-E, Class T-F, Class T-G and Class T-H 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,

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

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. Members who joined PSERS after June 30, 2019, contribute at the total rate of 8.25% (Class T-G) or 7.5% (Class T-F) of their qualifying compensation. Class T-G and Class T-H members are also subject to a “shared risk” provision, as well as a “shared gain” provision in Act 5 that could cause the rate in future years to increase or decrease 3% below or 3% above the member’s basic contribution rate in increments of 0.75% for Class T-G and Class T-H

**Employer Contributions**

The University’s contractually required contribution rate for PSERS for fiscal year ended June 30, 2025 was 32.64% 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 16.545% of covered payroll. The University’s contributions to PSERS for the year ending June 30, 2025 were approximately \$1,709,002, equal to the required contractual contribution.

For the PSERS defined contribution plan, the State System is required to contribute at actuarially determined average rate 0.27% of active members’ annual covered payroll for the year ending June 30, 2025, depending upon the plan chosen by the employee. Members were first eligible to choose the defined contribution plan on July 1, 2019. The contributions for the year ended June 30, 2025 was \$145.

**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, 2024 was determined by rolling forward PSERS’ total pension liability as of the June 30, 2023 actuarial valuation to June 30, 2024 using the following actuarial assumptions applied to all periods included in the measurement:

- Valuation date – June 30, 2023
- 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.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

Actuarial Assumptions (Continued)

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.

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, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	30.0 %	4.8 %
Private Equity	12.0	6.7
Fixed Income	33.5	3.9
Commodities	5.0	2.5
Infrastructure	10.0	6.4
Real Estate	9.5	5.9
Total	100.0 %	

The discount rate used to measure the total PSERS pension liability was 7.00%. 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, 2025 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%
2025	\$ 18,208	\$ 13,822	\$ 10,119

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

Proportionate Share

At June 30, 2025, 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:

	2025
Total PSERS Net Pension Liability Associated with the University	\$ 27,644,230
Commonwealth's Proportionate Share of the PSERS Net Pension Liability Associated with the University	<u>13,822,115</u>
University's Proportionate Share of the PSERS Net Pension Liability	<u><u>\$ 13,822,115</u></u>

PSERS measured the 2025 net pension liability as of June 30, 2024. 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, 2024, the State System's proportion was 0.1811%, a decrease of 0.0023% from its proportion calculated as of June 30, 2023.

**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, 2025 was 9.29% of qualifying compensation. The contributions to the ARP for the year ended June 30, 2025 was approximately \$5,660,738, from the University; and approximately \$3,046,684, 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 \$115,311 to the Reserve Fund during the year ended June 30, 2025.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 WORKERS' COMPENSATION (CONTINUED)**

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

Balance - July 1	\$ 1,468,670
Current Year Claims and Changes in Estimate	359,410
Payments	(508,056)
Balance - June 30	<u>\$ 1,320,024</u>

**NOTE 13 RIGHT-TO-USE LEASES, SUBSCRIPTION AGREEMENTS, AND FINANCED PURCHASES**

The University routinely leases various facilities and equipment and enters into subscription-based information technology arrangements (SBITAs) 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 or subscription 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, 2025. The leases and SBITAs expire at various dates through 2029, and annual installment payments total between \$10,438 and \$695,742 plus interest at a rate between of 1.5% and 3.8%.

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

Fiscal Year Ending June 30,	Right-to-Use Leases With Third Parties		Right-to-Use Leases With Component Units		Subscription Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 222,328	\$ 6,105	\$ 25,882	\$ 199	\$ 2,157,469	\$ 53,508
2027	175,351	383	-	-	1,012,154	12,692
2028	-	-	-	-	29,086	915
2029	-	-	-	-	30,000	-
Total	<u>\$ 397,679</u>	<u>\$ 6,488</u>	<u>\$ 25,882</u>	<u>\$ 199</u>	<u>\$ 3,228,709</u>	<u>\$ 67,115</u>

The following summary provides aggregated information reported for June 30, 2025 right to use liabilities including additions, reductions and reported liabilities for the years then ended.

	Beginning Balance	Additions	Reductions	Ending Balance
Leases, Third Parties	\$ 632,240	\$ 227,318	\$ (461,878)	\$ 397,680
Leases, Comp Units	374,135	-	(348,253)	25,882
Subscription Liabilities	4,995,696	751,379	(2,518,366)	3,228,709
Total	<u>\$ 6,002,071</u>	<u>\$ 978,697</u>	<u>\$ (3,328,497)</u>	<u>\$ 3,652,271</u>

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 14 BENEFICIAL INTERESTS**

At June 30, 2025 the fair value of beneficial interests totaled \$5,601,449, 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 12). 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.

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 received between fiscal years in 2020/21 and 2022/23. 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. As of June 30, 2025, the University estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the accompanying financial statements.

**Construction Commitments**

Authorized expenditures for construction projects unexpended as of June 30, 2025 was approximately \$3,996,342.



**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Labor Concentration**

Approximately 84% of PASSHE's full-time equivalent (FTE) employees are covered by nine collective bargaining agreements. Seven of those agreements are effective through June 30, 2027 and include the following: American Federation of State, County, and Municipal Employees (AFSCME); Association of Pennsylvania State College and University Faculties (APSCUF); APSCUF Non-Faculty Athletic Coaches; Office of Professional Employees International Union Healthcare Pennsylvania (OPEIU); State College & University Professional Association (SCUPA); Employees International Union (SEIU) and Pennsylvania Doctors Alliance (PDA). The current collective bargaining agreements for police supervisors and security officers with the International Union, Security, Police, and Fire Professionals of America (SPFPA) and PASSHE Officers Association (POA) expired August 31, 2025. The terms of the prior contracts remain in effect until a successor agreement is reached.

**NOTE 16 RATINGS ACTIONS**

In February 2025, Moody's Ratings maintained the State System's bond rating of Aa3, and stable outlook. The stable outlook reflects Moody's expectations that continued successful execution of the system redesign initiative will enhance prospects for sustainability, aligning expense structures to anticipated smaller enrollment levels, as noted earlier in the Enrollment section. The outlook also reflects expectations of continued strong liquidity, growing Commonwealth financial support and steady declines in bonded debt. At the same time, Moody's maintained the State System's Environmental, Social, and Governance (ESG) and Credit Impact Scores (CIS) of CIS-3. CIS-3 indicates that ESG considerations have a limited impact on the current credit rating, with potential for greater negative impact over time. Strong fiscal management and significant financial resources partly mitigate ESG risk exposure. In February 2025, Fitch Ratings reviewed the State System's rating of A+ with stable outlook, and no rating change was made.

**NOTE 17 SUBSEQUENT EVENTS**

**Appropriations Delay**

The State System receives monthly general appropriations from the Commonwealth of Pennsylvania. For the fiscal year ended June 30, 2025, general appropriations represented approximately 28% of total revenues. Monthly transfers from the Commonwealth during that fiscal year averaged approximately \$51.73 million.

As of the issuance date of these financial statements, the Commonwealth has not enacted its annual budget for the fiscal year beginning July 1, 2025. No general appropriations have been received for July, August, or September 2025, and the timing and amount of future funding are dependent upon the enactment of the annual budget.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 17 SUBSEQUENT EVENTS (CONTINUED)**

**Appropriations Delay (Continued)**

The delay in general appropriations funding may affect the liquidity and financial operations of the State System and its universities. To mitigate the impact of delayed appropriations, the State System has adopted several strategies, including utilizing reserves and adjusting cash flows. When required, short-term funding is provided to universities through Appropriation Advance Notes issued from the System's Investment Fund Loan Program, in accordance with Board of Governors' Policy 1986-02-A: Investment.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**  
**(UNAUDITED)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Fiscal Year Ending June 30, 2025	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019
<b>Changes in the System Plan Total</b>							
<b>OPEB Liability</b>							
Total OPEB Liability - Beginning Balance	\$ 134,543,769	\$ 133,264,440	\$ 213,703,834	\$ 221,072,810	\$ 197,123,749	\$ 205,967,418	\$ 229,241,502
Service Cost	3,779,381	3,747,649	6,257,250	6,810,309	5,105,352	5,579,487	6,651,617
Interest	5,587,721	5,441,121	4,937,254	4,570,507	6,670,754	6,198,216	7,261,871
Changes of Benefit Terms	-	-	(1,260,296)		(3,724,259)	(1,744,653)	(159,898)
Differences Between Expected and Actual Experience	(16,506,516)	-	(32,077,711)	-	(19,424,644)	-	(27,605,359)
Changes in Assumptions	(1,507,531)	1,558,683	(46,968,652)	(14,315,012)	44,912,623	(9,015,262)	(1,812,232)
Benefit Payments	(6,466,589)	(9,468,124)	(11,327,239)	(4,434,780)	(9,590,765)	(9,861,457)	(7,610,083)
Net Changes	(15,113,534)	1,279,329	(80,439,394)	(7,368,976)	23,949,061	(8,843,669)	(23,274,084)
Total OPEB Liability - Ending Balance	<u>\$ 119,430,235</u>	<u>\$ 134,543,769</u>	<u>\$ 133,264,440</u>	<u>\$ 213,703,834</u>	<u>\$ 221,072,810</u>	<u>\$ 197,123,749</u>	<u>\$ 205,967,418</u>
Covered Employee Payroll	\$ 75,746,799	\$ 73,970,769	\$ 76,137,200	\$ 87,514,679	\$ 86,875,640	\$ 89,812,689	\$ 91,317,314
OPEB Liability as a Percent of Covered Payroll	157.67%	181.89%	175.03%	244.19%	254.47%	219.48%	225.55%

Note to Schedule: 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. This schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**  
**(UNAUDITED)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

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 %	\$ 160,079	\$ 21,824	734 %	1.4 %
2018/19	4.573	121,397	21,653	561	2.2
2019/20	4.370	85,035	21,877	389	3.8
2020/21	4.275	100,017	22,050	454	3.7
2021/22	4.026	80,558	20,480	393	3.7
2022/23	3.678	65,754	18,441	357	5.9
2023/24	3.029	41,363	18,452	224	8.8
2024/25	3.526	43,701	18,576	235	11.6

REHP Schedule of Contributions  
(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by REHP	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2017/18	\$ 3,955	\$ 3,955	\$ -	\$ 26,514	14.9 %
2018/19	4,818	4,818	-	27,373	17.7
2019/20	3,716	3,716	-	26,546	14.4
2020/21	2,026	2,026	-	25,564	8.0
2021/22	1,677	1,677	-	23,971	7.1
2022/23	1,456	1,456	-	22,964	6.3
2023/24	3,325	3,325	-	23,782	14.0
2024/25	3,063	3,063	-	23,910	12.8

Note to Schedule: This schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**  
**(UNAUDITED)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

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				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
	State System's Proportion	University's Proportion Share	Commonwealth's Proportion Share	Total			
2017/18	0.1811 %	\$ 708	\$ 708	\$ 1,416	\$ 9,248	7.66 %	5.73 %
2018/19	0.1836	743	743	1,486	9,595	7.74	5.56
2019/20	0.1886	751	751	1,502	9,733	7.71	5.56
2020/21	0.1852	692	692	1,384	8,971	7.70	5.69
2021/22	0.1770	755	755	1,510	9,052	8.36	5.30
2022/23	0.1780	592	592	1,184	9,453	6.26	6.86
2023/24	0.1821	585	585	1,170	9,906	5.90	7.22
2024/25	0.1793	563	563	1,125	10,058	5.59	7.13

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	\$ 40	\$ 40	\$ -	\$ 9,618	0.41 %
2018/19	40	40	-	9,928	0.41
2019/20	38	38	-	9,193	0.41
2020/21	37	37	-	9,633	0.40
2021/22	38	38	-	9,642	0.40
2022/23	36	36	-	9,879	0.37
2023/24	33	33	-	10,436	0.31
2024/25	32	32	-	10,449	0.31

Note to Schedule: This schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**  
**(UNAUDITED)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

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 %	\$ 127,196	\$ 51,880	245 %	64.8 %
2015/16	4.7210	150,846	52,316	288	58.9
2016/17	4.8370	164,553	53,131	310	57.8
2017/18	4.9059	149,052	54,311	275	63.0
2018/19	4.8971	179,352	55,998	320	56.4
2019/20	4.7732	151,167	54,880	275	63.1
2020/21	4.4196	144,236	53,135	271	67.0
2021/22	4.1777	110,238	50,615	218	76.0
2022/23	4.1504	171,502	51,291	334	61.5
2023/24	4.0628	154,772	51,941	298	65.3
2024/25	3.9837	142,072	52,329	272	67.7

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	\$ 9,969	\$ 9,969	\$ -	\$ 51,880	19.5 %
2015/16	12,192	12,192	-	52,016	23.3
2016/17	13,846	13,846	-	52,817	27.2
2017/18	16,102	16,102	-	53,100	30.3
2018/19	16,981	16,981	-	54,762	30.2
2019/20	17,314	17,314	-	53,700	30.9
2020/21	16,921	16,921	-	52,468	21.3
2021/22	16,513	16,513	-	50,711	31.6
2022/23	16,680	16,680	-	50,984	32.7
2023/24	17,559	17,559	-	51,960	33.8
2024/25	16,379	16,379	-	50,182	32.6

**COMMONWEALTH UNIVERSITY OF PENNSYLVANIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**  
**(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)

Fiscal Year	State System's Proportion	PSERS Net Pension Liability			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
		University's Proportion Share	Commonwealth's Proportion Share	Total			
2014/15	0.1785 %	\$ 13,283	\$ 13,283	\$ 26,566	\$ 7,218	155 %	57.0 %
2015/16	0.1852	15,119	15,119	30,238	8,985	200	54.4
2016/17	0.1833	17,950	17,950	35,900	9,383	200	50.1
2017/18	0.1811	17,138	17,138	34,276	9,543	200	51.8
2018/19	0.1836	16,898	16,898	33,796	9,478	200	54.0
2019/20	0.1886	16,547	16,547	33,094	9,756	200	55.7
2020/21	0.1856	15,837	15,837	31,674	1,502	1100	54.3
2021/22	0.1777	13,343	13,343	26,686	1,544	900	63.7
2022/23	0.1788	14,558	14,558	29,115	1,633	900	61.3
2023/24	0.1834	14,662	14,662	29,323	1,726	800	61.9
2024/25	0.1811	13,822	13,822	27,644	1,733	800	64.6

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	\$ 979	\$ 979	\$ -	\$ 8,120	12.0 %
2015/16	1,188	1,188	-	9,457	12.6
2016/17	1,362	1,362	-	9,395	14.5
2017/18	1,511	1,511	-	9,618	15.7
2018/19	1,607	1,607	-	9,927	16.1
2019/20	1,520	1,520	-	9,193	16.5
2020/21	1,598	1,598	-	9,633	16.5
2021/22	1,629	1,629	-	9,642	16.8
2022/23	1,679	1,679	-	9,879	17.0
2023/24	1,730	1,730	-	10,436	16.6
2024/25	1,709	1,709	-	10,449	16.4

