MANSFIELD UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2022 AND 2021

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OF THE STATE SYSTEM OF HIGHER EDUCATION
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INDEPENDENT AUDITORS' REPORT

Council of Trustees
Mansfield University of Pennsylvania
of the State System of Higher Education
Mansfield, 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 Mansfield University of Pennsylvania of the State System of Higher Education (the University), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the discretely presented component units, which represent 100% of the assets, net position, and revenues as of June 30, 2022 and 100% of the assets, net position, and revenues as of June 30, 2021 of the discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the University implemented the provisions of Governmental Accounting Standards Board (GASB) Statements No. 87 – for the year ended June 30, 2022, which represent changes in accounting principle. Our opinion was not modified with respect to this matter.

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Required Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 21, 2023

The Board of Trustees of Mansfield University (the university) offers readers of the university's financial statements this narrative and overview and analysis of the financial activities of the university for the years ended June 30, 2022 and 2021. The university's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow.

Mansfield University is one of the 14 public universities of the Pennsylvania State System of Higher Education (the State System). Mansfield University is a public liberal arts college founded in 1857, and in January 2015 became Pennsylvania's only member of the Council of Public Liberal Arts Colleges, or COPLAC. The 174-acre campus is located in the beautiful northern tier of Pennsylvania. Although each university is regulated and monitored by the State System, the general management is performed independently.

System Redesign and University Integration

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

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

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

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

Act 50 outlined the phases of integration as outlined below:

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

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

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

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

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

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

- a single president and leadership team with one reporting relationship to the Board of Governors through the Chancellor;
- a unified faculty providing instruction in a single academic program array that leverages program, faculty, and facilities strengths at the three partner campuses and in which the majority of credentials, majors, minors, and areas of concentration are available to all students at each of the partner campuses through a combination of face-to-face and remote instruction —with general education courses available on each campus through face-to-face instruction;
- an integrated enrollment management strategy and student-facing supports and services;
- a robust student recruitment process with an expanding array of high schools, community colleges, and other education providers, including robust dual enrollment and transfer articulation agreements and associated student supports;

- significantly expanded opportunities for adult students seeking to re-skill and up-skill through nondegree credentialing courses;
- and continued use of each campus's historic name and brand identity as part of its respective integrated university.

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

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

On March 10, 2022, Middle States Commission on Higher Education, approved the two integrations and reaffirmed the accreditation of the Commonwealth University of Pennsylvania and the Pennsylvania Western University.

Detailed information on the System Redesign can be found at:

- https://www.passhe.edu/SystemRedesign/.

Detailed Information on Integrations can be found at:

- https://www.passhe.edu/systemredesign/Pages/integrations.aspx.

Information specific to the Northeast Plan, of which Mansfield University is a part, can be found at:

- https://www.passhe.edu/SystemRedesign/northeast/Pages/default.aspx.

COVID-19 Impacts and Relief Funds

Following the March 13, 2020, declaration of a national state of emergency due to COVID-19, the System universities followed state recommendations and restrictions that required remote working and remote education. The System continued remote education through the summer of 2020. Most universities began fall 2020 with mostly or completely remote offerings and continued these measures for the spring 2021 semester. The System universities modified their learning and living environments and addressed requirements for health monitoring and social distancing. All System universities proceeded with a return of normal campus operations and instruction with the Fall 2021 semester.

Regarding the current impact of COVID-19, the most significant components to date have been the refunds of housing, dining, and other fees that universities provided to students in spring 2020, and the loss of similar auxiliary revenue in fiscal year 2020-21 due to low student occupancy on campus as a result of social distancing measures and the shift to more online instruction.

Housing ownership and management varies by university within the System. Those universities that have established agreements in place with recognized affiliated entities to own or manage on-campus housing worked closely with their affiliate to manage the financial impact of housing refunds and low occupancy in fiscal year 2020-21. In addition, universities have incurred costs for remote learning, remote working, pandemic mitigation, and student testing.

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

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

The Coronavirus Aid, Relief and Economic Security (CARES) Act, enacted on March 27, 2020, allocated $2.2 trillion in support to individuals and businesses affected by the COVID-19 pandemic and related economic downturn. State System universities have been awarded grants from the education component of the Act, administered through the U.S. Department of Education's (ED) Higher Education Emergency Relief Fund (HEERF). Additionally, the Commonwealth was appropriated funds from the state and local governments section, administered through the U.S. Treasury's Coronavirus Relief Fund (CRF), of which a portion was appropriated by the state to the State System. In August 2020, the Pennsylvania Department of Education also awarded a portion of the Governor's Education Emergency Relief Fund (GEERF) to State System universities to assist with fall 2020 reopening efforts.

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

In addition, in February 2021, $5 million of the Governor's Education Emergency Relief Funds (GEERF II) were designated to be distributed to the State System to support ongoing functionality of its member institutions, as directed by the chancellor. Minority Serving Higher Education Institutions were allocated distinct funding through this Act; State System universities were awarded approximately $3.8 million.

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

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

Below is a summary of funds received by Mansfield University through the CARES, CRRSA, and ARP Acts.

Federal Stimulus Funds Recognized by Funding Relief Act

	CARES Act	CRRSAA Act	ARP Act	Total
Emergency Aid for Students (1)	$ 966,059	$ 966,059	$ 2,665,108	$ 4,597,226
Institutional Share (1)	966,058	2,065,982	2,606,743	5,638,783
Strengthening Institutions Program (1)	94,994	126,975	229,033	451,002
State Appropriated Coronavirus Relief Funds (2)	527,025	-	-	527,025
Governor's Education Emergency Relief (3)	180,845	123,104	-	303,949
Total CARES Act Funds	**$ 2,734,981**	**$ 3,282,120**	**$ 5,500,884**	**$11,517,985**
For University Use (Less Emergency Aid)	**$ 1,768,922**	**$ 2,316,061**	**$ 2,835,776**	**$ 6,920,759**

Federal Stimulus Funds Recognized in Total

	2022	2021	2020	Total
Emergency Aid for Students (1)	$ 2,665,108	$ 1,271,118	$ 661,000	$ 4,597,226
Institutional Share (1)	2,606,743	2,371,040	661,000	5,638,783
Strengthening Institutions Program (1)	229,033	128,068	93,901	451,002
State Appropriated Coronavirus Relief Funds (2)	-	469,308	57,717	527,025
Governor's Education Emergency Relief (3)	-	303,949	-	303,949
Total CARES Act Funds	**$ 5,500,884**	**$ 4,543,483**	**$ 1,473,618**	**$11,517,985**
For University Use (Less Emergency Aid)	**$ 2,835,776**	**$ 3,272,365**	**$ 812,618**	**$ 6,920,759**

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

In addition to the funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the American Rescue Plan Act of 2021 (ARPA), in fiscal year 2021-22 the State System received $50 million in one-time funding from the American Rescue Plan's Coronavirus State and Local Fiscal Recovery Funds. These one-time funds are being used to support universities in various initiatives with one-time expenditures (e.g., university integrations, implementation of a new student information system; projects related to student success, diversity, equity, and inclusion, and; workforce development; and support for universities as they transition to sustainable operations.) The university received $1.1 million in CSFRF funding in fiscal year 2021-22.

Coronavirus State and Local Fiscal Recovery Funds Available to System and System Universities

($ in millions)

	FY2021-22	FY 2022-23
State Appropriated Coronavirus Relief Funds	$50.0 [1]	$125.0 [2]

[1] *Appropriated to State System; allocated to Universities and Systemwide initiatives*
[2] *Appropriated to System Universities*

Financial Highlights

Following is an overview of the university's financial activities for the year ended June 30, 2022, as compared to the year ended June 30, 2021, as well as future economic factors. June 2021 figures have been restated to reflect the adoption of Governmental Accounting Standards Board Statement No. 87, *Leases*.

Tuition and Fees

The base tuition rate for full-time Pennsylvania residents was $3,858 per term, or $7,716 for the 2021-22 academic year. Nonresident, undergraduate tuition rates range from $10,032 to $11,574 for the 2021-22 academic year. The basic resident graduate tuition rate was $516 per credit, while the typical nonresident, graduate tuition rate was $774 per credit.

The technology tuition fee was $239 for full-time in-state students and $364 for full-time out-of-state students. All funds raised by the technology tuition fee are used directly to benefit student learning.

The university's cost of attendance (tuition, mandatory fees, room, and board) for in-state undergraduate students for academic year 2021-22 was $20,850, $20,828 for academic year 2020-21 and $20,743 for 2019-20. The average price of attendance among all four-year public universities in the United States in academic year 2021-22 was $22,690.

Enrollment

The university's fall 2021 student headcount was 1,803, an increase of 11 students, or 0.61%, from fall 2020. The table below summarizes the three-year trend of undergraduate and graduate enrollment.

Year	Fall Enrollment	% Change from Prior Year
2021	1,803	0.6%
2020	1,792	7.8%
2019	1,663	1.6%

The following is a breakdown of selected enrollment information:

	Fall Enrollment					
	2021		2020		2019	
Full-time	1,386	77%	1,489	83%	1,484	89%
Part-time	417	23%	303	17%	179	11%
Total	1,803		1,792		1,663	
Undergraduate	1,790	99%	1,780	99%	1,640	99%
Graduate	13	1%	12	1%	23	1%
Total	1,803		1,792		1,663	

Appropriations

For fiscal 2021-22 the Commonwealth appropriated $477.5 million which was the same level as fiscal 2020-21. The university's share of the appropriation was $18.3 million in fiscal 2021-22 which was a 2.9% decrease from the $18.9 million received in fiscal 2020-21.

The university received a $1.1 million Realty Transfer Tax allocation in fiscal year 2021-22 from the Commonwealth's Key '93 (Keystone Recreation, Park and Conservation) Fund, an increase of 0.3 million, or 40.4% over the amount received in fiscal year 2020-21. 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.

The State System was allocated $70 million in Commonwealth capital funding in fiscal year 2021-22, primarily for the renovation, replacement, and demolition of existing educational and general (E&G) buildings, all of which is completed under the direction and project management of the Commonwealth. This is consistent with the prior three years except for a slight increase to $73 million received in 2019-20. From FY 2000-01 to FY 2017- 18, the State System was allocated $65 million annually, with the exception of fiscal years 2009-10 and 2010- 11, when $130 million was allocated. Except for the additional direct contributions from universities, they do not record the value of Commonwealth-funded capital projects as revenue or assets since the Commonwealth retains title to any part of a capital project for which they directly provide funding.

On January 15, 2020, an additional $45 million of Commonwealth Public Improvement Project Capital Funding (PIP) was allocated to the State System, over and above the annual PIP funding for fiscal years 2019-20, 2020- 21, and 2021-22. The State System received $17 million of these funds on a reimbursement basis in fiscal year 2019-20, $13 million in fiscal year 2020-21, and $15 million in 2021-22.

Operating Revenues

Educational and General fund tuition and fee revenue, net of discounts and allowances, was $5.3 million for fiscal 2021-22 which is a decrease of $1.7 million from the $7.1 million earned in fiscal year 2020-21. Auxiliary revenue, net of discounts and allowances, was $10.3 million in fiscal year 2021-22 which is an increase of $4.7 million from the $5.6 million earned in 2020-21.

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

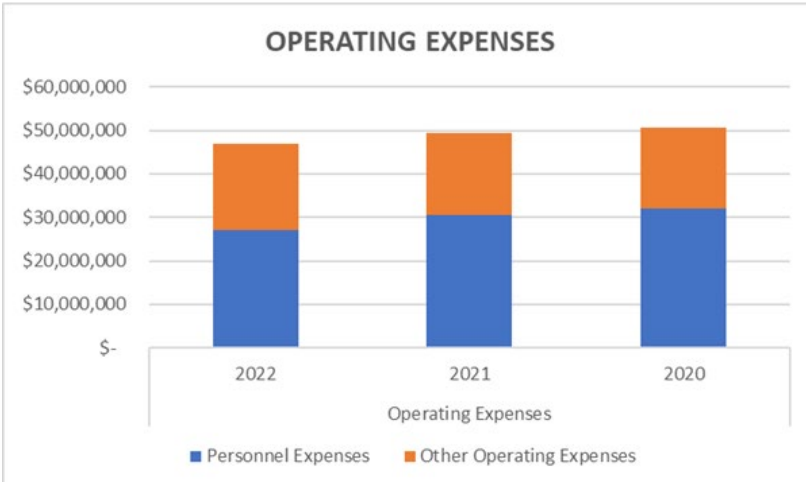
Operating Expenses

Educational and General Fund personnel expenditures, including salary, incremental benefits and employer paid fixed rate benefits, were $21.5 million in fiscal year 2021-2022 which was $7.0 million or 24.6% lower in fiscal year 2021-22 as compared to fiscal year 2020-21. Personnel expenses include the effect of actuarily determined unfunded liabilities both pension and OPEB.

All represented employee groups experienced collective bargaining pay increases, and non-represented employees received pay increases as well, in fiscal year 2021-22. In May 2019, the Board approved a Voluntary Phased Retirement Program in anticipation of full retirement for employee members of APSCUF. The program allows eligible faculty members to reduce their work commitment over a period of one to three years. During fall 2019, the State System and faculty union successfully negotiated a second retirement incentive: the Enhanced Sick Leave Program (ESLP), which provided for increased accrued sick leave reimbursement for faculty who would retire prior to the start of the fall 2020 semester. Due to the success of this program, it was expanded to all employee groups, resulting in over 400 participants. In spring 2021, another ESLP program was approved by the Board of Governors for all employee groups. This program provides two windows of retirement, on or before June 30, 2021, or June 30, 2022.

Educational and General Fund expenditures, including services, supplies, utilities, capital and other non-personnel expenditures was $7.9 million in fiscal year 2021-22 which was a $0.6 million or 7.8% increase from fiscal year 2020-21. This compares to a $70,575 or (0.95%) decrease from 2019-20 to 2020-21.

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



Overview of Financial Statements

Balance Sheet

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

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

Following is a summary of the balance sheet at June 30, 2022, 2021, and 2020:

	2022	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and Cash Equivalents	$ 7,109,687	$ 1,565,356	$ 4,445,791
Capital Assets, Net	81,301,130	85,957,584	90,024,787
Other Assets	2,882,760	4,018,423	3,984,809
Deferred Outflows of Resources	10,288,827	13,237,054	5,286,259
Total Assets and Deferred Outflows of Resources	$ 101,582,404	$ 104,778,417	$ 103,741,646
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Postretirement Benefits Liability	$ 48,799,810	$ 52,484,328	$ 46,005,877
Compensated Absences Liability	4,447,223	4,397,477	3,696,289
Due to State System, AFRP	141,679	173,423	247,470
Due to State System, Sustainability Loan	-	10,000,000	4,000,000
Net Pension Liability	14,112,288	18,700,283	19,436,358
Bonds Payable	79,218,561	83,288,474	87,195,679
Other Liabilities	5,592,839	7,031,116	7,328,662
Deferred Inflows of Resources	23,441,932	21,491,333	21,497,232
Total Liabilities and Deferred Inflows of Resources	175,754,332	197,566,434	189,407,567
NET POSITION			
Net Investment in Capital Assets	1,882,709	2,349,615	2,380,969
Restricted	4,209,835	3,732,966	3,155,696
Unrestricted	(80,264,472)	(98,870,596)	(91,202,586)
Total Net Position	(74,171,928)	(92,788,015)	(85,665,921)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 101,582,404	$ 104,778,419	$ 103,741,646

Other Liabilities

Beginning on May 5, 2020, the university borrowed $20 million from the State System for operating loans. These loans were to be interest and principal free for the first five fiscal years, with principal and interest repayments beginning in year six of the ten-year period. On June 30, 2022, the loans were satisfied by a grant provided by the State System. The resulting satisfaction of the loan is recorded as other nonoperating revenue on the statement of revenue, expenses and changes in net position.

Net Position

Overall, net position increased by $18.6 million in fiscal year 2021-22. This compares to an $7.1 million decrease in 2020-21 from fiscal year 2019-20. The increase in fiscal year 2021-22 is primarily the result of the increase in both operating and nonoperating revenues with lower operating expenses.

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

- Net investment in capital assets, informally referred to as NIP (from its former name, Net Investment in Plant), is the cost of land, buildings, improvements, equipment, furnishings, and library books, net of accumulated depreciation, less any associated debt (primarily bonds payable). This balance is not available for the university's use in ongoing operations 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 the university from selling its 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 expenditure as long as any external purpose and time restrictions are met.
- Unrestricted net position includes funds that the Board, or 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, 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 university is expected to fund these liabilities only on a "pay-as-you-go" basis; i.e., as they become due.

- The liability for compensated absences represents the dollar value, based on an employee's current salary, of annual and sick leave that employees have earned and could potentially receive in the form of cash payouts upon retirement or other termination. All full-time employees are eligible to be paid, upon termination, for their accumulated unused annual, personal, and holiday leave, with a maximum annual accumulation of 45 days. Sick leave payouts, however, are subject to vesting requirements, and the value of accumulated unused sick leave is paid only to those employees who retire and meet service and/or age requirements, and it is capped depending upon the number of days accumulated. The liability for sick leave is estimated based on historical sick leave payouts. As employees earn and accumulate leave, the compensated absences liability increases; as employees use leave or terminate, the liability decreases. The liability increased by $49,745 to $4.4 million for the year ended June 30, 2022. The university funds this liability only as cash payouts are made to employees upon termination. In fiscal year 2021-22, cash leave payouts to employees totaled $655,788, compared to $1,535,437 in fiscal year 2020-21.

- The net pension liability, along with the related deferred outflows and inflows of resources, is the university's allocated share of the difference between the Commonwealth's defined benefit pension obligations and the funding set aside by the Commonwealth in a qualified trust to pay the future benefits that are promised to current employees, retirees, and their beneficiaries. The annual increase in the liability is the amount that current employees earn each fiscal year as a pension benefit, actuarially calculated based on years of service, age, and estimates of future service and employee longevity. The liability decreases when funding of the qualified trust increases and when employees or retirees leave the pension plans. The negative effect of this liability, along with the related deferred outflows and inflows of resources, on net position at June 30, 2022, was $17.2 million, compared to $18.9 million at June 30, 2021. Universities fund this liability on a "pay-as-you- go" basis; that is, they fund only the annual contractually required contributions to the State Employees Retirement System (SERS) and the Public School Employees Retirement System (PSERS).
- The liability for other postemployment benefits, or OPEB, represents the estimated future healthcare costs for current and future retirees. The annual increase in the liability is the amount that current employees earn each fiscal year as a retiree healthcare benefit, actuarially calculated based on years of service, age, and estimates of future service and employee longevity. The liability also increases as healthcare costs increase. The liability decreases when required contributions by retirees are increased, when the number of eligible employees decreases, and when retirees leave the plan. The negative effect of this liability, along with the related deferred outflows and inflows of resources, on net position at June 30, 2022 was $58.9 million, compared to $60.5 million at June 30, 2021. Like the pension liability, universities fund these liabilities on a "pay-as-you-go" basis: For the State System plan, universities make biweekly contributions to fund the actual claims incurred by retirees during the year; for the Retired Employees Health Program (REHP) and PSERS OPEB plans, the universities make contractually required contributions as determined by the Commonwealth.

Following is a summary of the effect of the three unfunded liabilities, including the related deferred outflows of resources (DOR) and deferred inflows of resources (DIR), on the university's net position.

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

	June 30, 2022	June 30, 2021 (restated)	June 30, 2020
Unrestricted Net Position when the effect of the unfunded liabilities is included	$ (80,264,472)	$ (98,870,598)	$ (91,202,586)
Pension Liabilities, including DOR and DIR			
SERS Pension	15,552,348	17,235,975	17,304,183
PSERS Pension	1,602,218	1,617,614	1,647,572
Total Pension Liabilities	17,154,566	18,853,589	18,951,755
OPEB Liabilities, including DOR and DIR			
SSHE OPEB Plan	37,623,943	37,100,747	37,105,199
REHP OPEB Plan	21,152,449	23,331,999	25,454,260
PSERS OPEB Plan	76,062	73,752	72,184
Total OPEB Liabilities	58,852,454	60,506,498	62,631,643
Compensated Absences Liability	4,447,223	4,397,478	3,696,289
Total Unfunded Liabilities, including DOR & DIR	80,454,243	83,757,565	85,279,687
Unrestricted Net Position when the effect of the unfunded liabilities is excluded	$ 189,771	$ (15,113,033)	$ (5,922,899)

When the unfunded liabilities and related DOR and DIR are excluded, unrestricted net position increased by $15.3 million, or 101.3% from fiscal year 2020-21 to 2021-22, compared to a $9.2 million or (155.2%) decrease from 2019-20 to 2020-21. The change is due to the increase in other nonoperating revenue as a result of the $20 million State System grant received by the university for the loan forgiveness.

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, CRRSA 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 university classifies all of its remaining activities as operating.

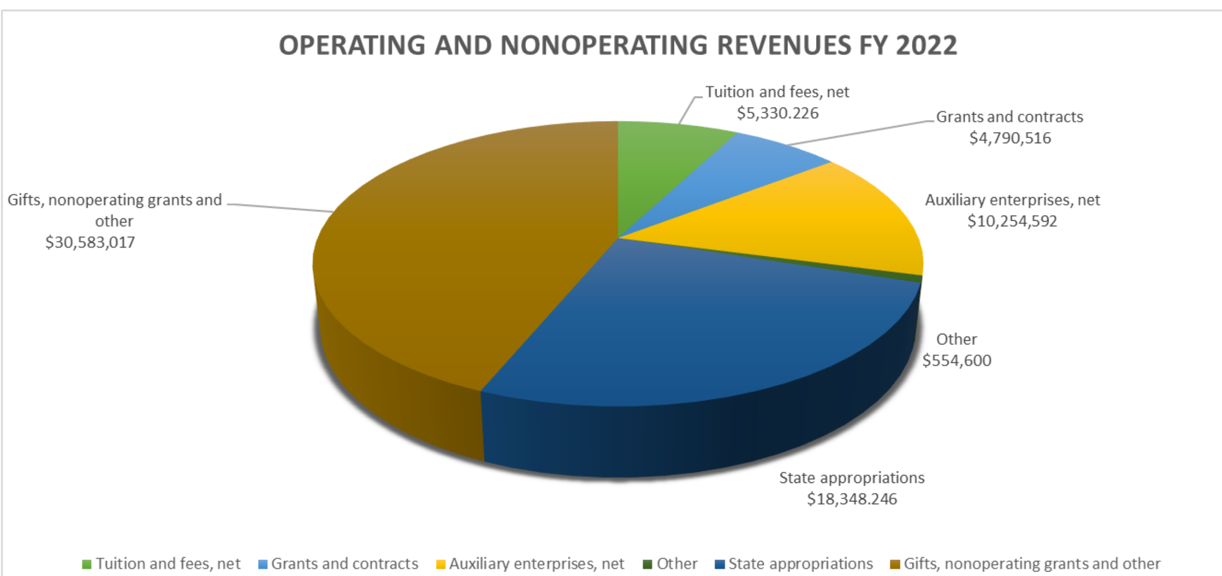
Revenues and Gains

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

Revenues and Gains

	June 30, 2022	Change from Prior Year	(Restated) June 30, 2021	Change from Prior Year	June 30, 2020	Change from Prior Year
Operating revenues						
Tuition and fees, net	$ 5,330,226	-24.6%	$ 7,068,352	38.9%	$ 5,090,493	-54.2%
Grants and contracts	4,790,516	32.0%	3,630,531	0.2%	3,624,052	3.5%
Auxiliary enterprises, net	10,254,592	84.1%	5,569,311	-39.3%	9,176,782	-13.9%
Other	554,600	-4.2%	579,055	1.2%	572,343	28.3%
Total Operating Revenues	20,929,934	24.2%	16,847,249	-8.8%	18,463,670	-28.2%
Nonoperating revenues and gains						
State appropriations	18,348,246	-2.9%	18,893,156	0.6%	18,783,931	2.0%
Federal & State approp. & grants - COVID	6,680,825	46.2%	4,568,483	210.0%	1,473,618	-
Investment income, net	58,579	-23.5%	76,624	-68.2%	240,579	-54.1%
Gifts, nonoperating grants and other	23,843,613	439.5%	4,419,804	-10.5%	4,937,522	8.5%
Total Nonoperating revenues and gains	48,931,263	75.0%	27,958,067	9.9%	25,435,650	8.2%
Total revenues and gains	$ 69,861,197	55.9%	$ 44,805,316	2.1%	$ 43,899,320	-10.8%

The following is a chart that illustrates the composition of the university's total operating and nonoperating revenues for fiscal year 2021-22.



Overall, fiscal year 2021-22 operating revenues increased from the prior fiscal year due to the resumption of normal operations as coronavirus restrictions eased and auxiliary services returned to normal operation.

Nonoperating revenues increased by 75.0%, mainly due to the $20 million State System grant received by the university for the loan forgiveness.

Tuition and fee revenue is 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 most mandatory fees resulted in an overall decrease of net tuition and fee revenue of $1.7 million in fiscal year 2021-22 or (24.6%) from $7.1 million in fiscal year 2020-21 to $5.3 million in 2021-22. This follows a decrease of $2.0 million or (38.9%) from 2019-20 to 2020-21.

Total financial aid to students in the form of grants, waivers, scholarships was $11.2 million in fiscal year 2021-22, compared to $11.2 million in fiscal year 2020-21. Federal Pell grants and other federal aid decreased by $288,997, while state financial aid including Pennsylvania Higher Education Assistance Agency (PHEAA) grants decreased by $186,932, over fiscal year 2020-21.

The following is a breakdown of financial aid in fiscal years 2021-22, 2020-21, and 2019-20:

Student Financial Aid	2022	2021	2020
Federal Pell Grants	$ 3,433,584	$ 3,755,431	$ 3,978,631
Other Federal Aid	204,090	171,240	129,962
State Financial Aid Including PHEAA Grants	2,677,193	2,864,125	2,892,292
Unrestricted Scholarships and Fellowships	335,332	243,697	294,422
Tuition and Fee Waivers and Institutional Scholarships	4,336,508	3,971,707	4,558,748
Housing and Dining Waivers and Institutional Scholarships	204,138	178,411	250,928
Total	$ 11,190,845	$ 11,184,611	$ 12,104,983

Tuition and fee waivers and institutional scholarships granted by the university increased by $364,801 or 9.2%, in fiscal year 2021-22 over 2020-21. Waivers and institutional scholarships represent discounts offered to students for which there is no outside funding source to replenish the lost operating revenue.

Auxiliary enterprises revenue, which includes food service sales, housing fees, and fees for the operation, maintenance, debt service, and renewal of student union and recreation centers, increased by $4.7 million in fiscal year 2021-22, or 84.1% over fiscal year 2020-21. This increase is due to the university resuming on campus services after the prior year COVID-19 closures.

State appropriations include cash as well as capital appropriations that are received in the form of noncash furnishings and equipment for the Commonwealth-funded construction projects. The fiscal year 2021-22 appropriation was $18.3 million, a $0.5 million decrease over fiscal year 2020-21.

Other Revenue includes CARES Act, CRRSSA, and ARPA funds that have been provided to State System universities for emergency aid to students whose lives have been disrupted by the pandemic, as well as funds that can used by the institution to help cover costs associated with providing a safe campus and work environment throughout this pandemic. For fiscal year 2021-22 and 2020-21, the university recognized $6.7 million and $4.6 million in revenue related to the CARES Act, CRRSSA and ARPA, respectively.

Expenses and Losses

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

Expenses and Losses

	June 30, 2022	Change from Prior Year	(Restated) June 30, 2021	Change from Prior Year	June 30, 2020	Change from Prior Year
Operating expenses						
Instruction	$ 13,099,326	-12.2%	$ 14,917,489	1.0%	$ 14,776,586	11.3%
Research	-	-	-	-	-	-
Public Service	149,087	57.8%	94,471	-52.1%	197,333	-8.2%
Academic Support	2,906,697	-10.3%	3,239,602	-15.2%	3,818,382	45.2%
Student Services	5,174,099	-13.1%	5,955,388	-14.7%	6,977,929	27.4%
Institutional Support	5,156,660	-29.1%	7,274,901	-10.6%	8,136,733	39.6%
Operations and Maintenance of Plant	2,471,368	-34.8%	3,791,423	-21.7%	4,842,552	80.8%
Depreciation & Amortization	4,359,197	-13.0%	5,011,542	-4.8%	5,266,478	-5.2%
Student Aid	4,569,779	8.6%	4,206,019	77.1%	2,375,190	123.3%
Auxiliary Enterprises	9,089,367	87.4%	4,850,233	15.2%	4,210,333	-50.5%
Total Operating Expenses	46,975,580	-4.8%	49,341,068	-2.5%	50,601,516	11.9%
Other expenses and losses						
Interest expense capital asset-related debt	2,496,268	-3.5%	2,586,344	-6.4%	2,762,897	-8.3%
Loss on disposal / acquisition of assets	1,773,262	0.0%	-	0.0%	250,677	114.6%
Total Nonoperating revenues and gains	4,269,530	65.1%	2,586,344	-14.2%	3,013,574	-3.7%
Total expenses and losses	$ 51,245,110	-1.3%	$ 51,927,412	-3.1%	$ 53,615,090	10.9%

The decrease in operating expenses of $2.4 million, or 4.8% in fiscal year 2021-22 compared to fiscal year 2020-21 is attributable to a $1.7 million decrease in the actuarially calculated pension and post-employment expenses and a $1.7 million decrease in personnel expenditures.

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

Salaries, Wages and Benefits

	June 30, 2022	Change from Prior Year	June 30, 2021	Change from Prior Year	June 30, 2020
Salaries and wages	$ 20,615,090	-8.4%	$ 22,515,519	-1.9%	$ 22,958,362
Employer benefit contributions					
Employee healthcare	3,333,031	-0.5%	3,349,427	-3%	3,447,920
Pension benefits	3,432,474	1.3%	3,386,791	-4%	3,509,701
Retiree healthcare	967,207	-12.8%	1,108,982	-27%	1,516,123
Other benefits	2,051,473	-10.5%	2,291,536	-1%	2,321,887
Total employer benefit contributions	9,784,185	-3.5%	10,136,736	-6%	10,795,631
Noncash pension and OPEB expense					
Pension expense	(1,699,023)	-1817.6%	98,920	-92%	1,211,186
Retiree healthcare expense	(1,654,044)	-22.2%	(2,125,146)	-25%	(2,840,777)
Total noncash pension and OPEB expense	(3,353,067)	65.5%	(2,026,226)	24%	(1,629,591)
Total salaries, wages and benefits	$ 27,046,208	-11.7%	$ 30,626,029	-4.7%	$ 32,124,402

Salaries and wages totaled $20.6 million in fiscal year 2021-22, a decrease of $1.9 million, or (8.4%), over fiscal year 2020-21. The decrease is the result of employee separations and non-replacement of certain positions vacated because of COVID-19. These reductions were partially offset by salary increases associated with collective bargaining agreements.

When the effects of the non-cash pension and OPEB expenses in excess of contributions are factored out, fiscal year 2021-22 employee benefits totaled $9.8 million, a decrease of $0.4 million, or (3.5%), below fiscal year 2020-21.

The employer share of employee healthcare contributions decreased by $16,396 in fiscal year 2021-22, or (0.5%), from fiscal year 2020-21. Plan design changes in the plan administered by the State System, which increased employees' share of expenses through higher employee premium contributions, copays, deductibles, and coinsurance, and limited spousal participation contributed to reducing the expense between fiscal year 2020-21 and fiscal year 2021-22.

The employer share of retiree benefits contributions decreased by $141,775, or (12.8%), in fiscal year 2021-22 over fiscal year 2020-21.

Employer contributions to SERS, a defined benefits pension plan, were 37.46% of a participating employee's salary for the majority of participants in fiscal year 2021-22 and are expected to increase in the near future, but at a lesser rate than recent historical experience. This rate has been steadily and significantly increasing since fiscal year 2010-11, when the rate was 4.11% of an employee's salary. At December 31, 2021, 76.0% of the SERS liability was funded.

- Employer contributions to PSERS, a defined benefits pension plan, were 17.47% of a participating employee's salary in fiscal year 2021-22. This rate is expected to increase in the near future, but at a lesser rate than recent historical experience. This rate has been significantly increasing, with some fluctuation, since fiscal year 2010-11, when the rate was 2.82% of an employee's salary. The Commonwealth makes annual pension contributions to PSERS on behalf of State System employees at the same annual rate. At June 30, 2021, 63.7% of the PSERS liability was funded.
- Employer contributions to the ARP, a defined contribution plan, were 9.29% of a participating employee's salary in fiscal year 2021-22, the same rate since the plan's inception, and are expected to remain at the same rate for the near future. Because it is a defined contribution plan, the ARP has no unfunded liability.
- Employer contributions to the State System OPEB Plan, a defined benefits retiree healthcare plan administered by the State System, are made to a third-party health insurance vendor based on claims estimates agreed to by the State System and the third-party vendor. The vendor charges an additional assessment or issues a cash refund in the following year to reconcile to the actual claims paid. Despite the increasing population of retirees and rising healthcare costs, the State System has seen flat or declining healthcare spending in this plan from retirees for the last several years. This can be attributed in part to design changes that increased retirees' share of expenses through higher retiree premium contributions, copays, deductibles, and coinsurance. The employer rate for fiscal year 2021-22 was set at $163 per pay period per active participating employee and will increase to $178 in fiscal year 2022-23. Future year changes will depend upon actual claims experience. As of June 30, 2022, no funds have been placed in a trust to fund the future liability.

- Employer contributions to the REHP, a defined benefits retiree healthcare plan administered by the PEBTF, were $120 per pay period per active participating employee in fiscal year 2021-22. The contribution rate is set at the discretion of the Commonwealth and periodically fluctuates, ranging from $200 in fiscal year 2010-11 to $418 in fiscal year 2015-16. For fiscal year 2022-23, the rate will remain the same at $120 per pay period. At June 30, 2021, only 6.12% of the REHP liability was funded.
- Employer contributions to the PSERS Health Insurance Premium Assistance Program, a defined benefits retiree healthcare plan administered by PSERS, were 0.41% of a participating employee's salary in fiscal year 2021-22. The rate has been and is expected to remain at approximately the same amount. Any State System retiree who is a member of PSERS is eligible for this additional healthcare benefit, which offers up to $100 per month of reimbursements for healthcare costs, including insurance premiums.

The cost for all other employee benefits, such as Social Security and workers' compensation, decreased in fiscal year 2021-22 by a total of $240,063, or (10.5%), over fiscal year 2020-21.

Other Expenses and Losses

Interest expense on capital asset-related debt was $2.5 million in fiscal year 2021-22, a decrease of $90,076 from fiscal year 2020-21.

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 and its need for external financing.

The table below provides the university's cash balance at the end of fiscal year 2021-22 which was $7.1 million, an increase of $5.5 million from fiscal year 2020-21. This compares to a decrease of $4.0 million from fiscal year 2019-20 to 2020-21.

	FY 2022	FY 2021	FY 2020
Cash flows from operating activities	$ (25,230,585)	$ (28,559,265)	$ (26,503,027)
Cash flows from noncapital financing activities	47,680,890	26,280,740	24,603,079
Cash flows from capital financing activities	(17,018,441)	(741,208)	(4,737,225)
Cash flows from investing activities	112,466	139,298	286,937
Net increase (decrease) in cash	$ 5,544,330	$ (2,880,435)	$ (6,350,236)
Cash-beginning of year	1,565,356	4,445,791	10,796,027
Cash-end of year	$ 7,109,686	$ 1,565,356	$ 4,445,791

Other Economic Factors

There are several economic factors that will impact the university in the upcoming fiscal year (2022-23).

University Integration

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

Tuition and Fees

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

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

Enrollment

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

Appropriation

In fiscal year 2022-23, the State System will receive $552.5 million in General Fund appropriations, an increase of $75.0 million or 15.7% over the prior fiscal year. On July 21, 2022, the Board of Governors approved a new allocation method to the state appropriation allocations. This new allocation formula is student-focused and based on core operations and enrollment. The detailed methodology and calculations to support these distributions can be found in Procedure/Standard 2022-55: Allocation Formula Methodology. This new formula will be fully implemented and used to allocate the state appropriation received in fiscal year 2022-23. Pennsylvania ranks 46th in the nation in public higher education appropriations per FTE student.

American Rescue Plan Funding

In fiscal year 2022-23, the universities received another $125 million from the American Rescue Plan's Coronavirus State and Local Fiscal Recovery Funds. These one-time funds will be used to fund key priority areas, in accordance with regulations outlined in the Coronavirus State and Local Fiscal Recovery Funds Final Rule guidelines.

Request for Information

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

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

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

	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 7,109,687	$ 1,565,356
Accounts Receivable:		
Governmental Grants and Contracts	177,794	83,836
Students, Net of Allowance for Doubtful Accounts of Accounts of $219,972 in 2022 and $534,696 in 2021	981,704	1,084,952
Gifts and Other	534,230	528,020
Interest Income Receivable	8,063	15,221
Inventories	88,644	77,128
Prepaid Expenses and Other Current Assets	118,360	308,986
Loans Receivable	-	135,052
Total Current Assets	9,018,482	3,798,551
NONCURRENT ASSETS		
Investments	965,401	1,132,634
Loans Receivable, Net	-	644,622
Capital Assets, Net	81,301,130	85,957,584
Other Assets	8,564	7,972
Total Noncurrent Assets	82,275,095	87,742,812
Total Assets	91,293,577	91,541,363
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	317	2,510
Pension Related	2,826,444	3,563,810
Other Postretirement Benefits Related	7,462,066	9,670,734
Total Deferred Outflows of Resources	10,288,827	13,237,054
Total Assets and Deferred Outflows of Resources	$ 101,582,404	$ 104,778,417

See accompanying Notes to Financial Statements.

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2022	2021
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 5,157,929	$ 5,207,636
Unearned Revenue	387,480	470,317
Students' Deposits	46,080	56,525
Workers' Compensation	114,107	114,152
Compensated Absences	440,361	442,794
Other Postretirement Benefit	958,249	1,100,261
Current Portion of Lease Liabilities	-	67,270
Current Portion of Bonds Payable	3,956,110	4,069,913
Due to System, Academic Facilities Renovation Bond Program (AFRP)	30,204	31,744
Other Current Liabilities	249,903	267,856
Total Current Liabilities	11,340,423	11,828,468
NONCURRENT LIABILITIES		
Workers' Compensation	67,291	233,176
Compensated Absences	4,006,862	3,954,683
Other Postretirement Benefit	47,841,561	51,384,067
Net Pension Liability	14,112,288	18,700,283
Bonds Payable	75,262,451	79,218,561
Due to System, AFRP	111,475	141,679
Unearned Revenue	14,178	21,268
Due to System, Sustainability Loan	-	10,000,000
Other Noncurrent Liabilities	(444,129)	592,916
Total Noncurrent Liabilities	140,971,977	164,246,633
Total Liabilities	152,312,400	176,075,101
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding	58,500	81,313
Pension Related	5,868,722	3,717,116
Other Postretirement Benefits Related	17,514,710	17,692,904
Total Deferred Inflows of Resources	23,441,932	21,491,333
Total Liabilities and Deferred Inflows of Resources	175,754,332	197,566,434
NET POSITION		
Net Investment in Capital Assets	1,882,709	2,349,615
Restricted for:		
Nonexpendable:		
Scholarships and Fellowships	578,401	640,208
Other	453,664	452,222
Expendable:		
Scholarships and Fellowships	444,662	518,624
Research	73,837	119,395
Capital Projects	1,972,386	1,559,357
Other	686,885	443,160
Unrestricted Net Position	(80,264,472)	(98,870,598)
Total Net Position	(74,171,928)	(92,788,017)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 101,582,404	$ 104,778,417

See accompanying Notes to Financial Statements.

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

	2022	2021
OPERATING REVENUES		
Tuition and Fees	$ 14,698,070	$ 15,273,275
Less: Scholarship Discounts and Allowances	9,367,845	8,204,923
Net Tuition and Fees	5,330,225	7,068,352
Governmental Grants and Contracts:		
Federal	605,993	465,834
State	23,763,133	2,900,497
Local	30,250	110,000
Nongovernmental Grants and Contracts	391,140	154,200
Sales and Services of Educational Departments	346,236	209,751
Auxiliary Enterprises	10,254,592	5,569,311
Other Revenues	208,363	369,304
Total Operating Revenues	40,929,932	16,847,249
OPERATING EXPENSES		
Instruction	13,099,326	14,917,489
Public Service	149,086	94,471
Academic Support	2,906,697	3,239,602
Student Services	5,174,099	5,955,388
Institutional Support	5,156,659	7,274,901
Operations and Maintenance of Plant	2,471,368	3,791,423
Depreciation	4,359,197	5,011,542
Student Aid	4,569,778	4,206,019
Auxiliary Enterprises	9,089,367	4,850,233
Total Operating Expenses	46,975,577	49,341,068
NET OPERATING LOSS	(6,045,645)	(32,493,819)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations, General and Restricted	17,199,122	18,074,506
Federal Grants - CARES Act Covid Relief	6,680,825	4,568,484
Commonwealth on-behalf contributions to PSERS	94,230	197,086
Pell Grants	3,433,584	3,755,431
Investment Income, Net of Related Investment Expense of $1,229 in 2022 and $1,105 in 2021	58,580	76,623
Unrealized Gain on Investments	(120,505)	106,911
Gifts and Contributions for Other than Capital Purposes	365,647	293,106
Interest Expense on Capital Asset-Related Debt	(2,496,268)	(2,586,344)
Gain (Loss) on Disposal of Assets	(1,773,262)	4,500
Other Nonoperating Revenue	69,837	53,822
Nonoperating Revenues, Net	23,511,790	24,544,125
INCOME (LOSS) BEFORE OTHER REVENUES	17,466,145	(7,949,694)
OTHER REVENUES		
State Appropriations, Capital	1,149,124	818,650
Capital Gifts and Grants	820	8,948
Total Other Revenues	1,149,944	827,598
INCREASE (DECREASE) IN NET POSITION	18,616,089	(7,122,096)
Net Position - Beginning of Year	(92,788,017)	(85,665,921)
NET POSITION - END OF YEAR	$ (74,171,928)	$ (92,788,017)

See accompanying Notes to Financial Statements.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Tuition and Fees	$ 5,465,712	$ 6,937,947
Grants and Contracts	24,696,558	3,542,606
Payments to Suppliers for Goods and Services	(11,261,643)	(9,275,025)
Payments to Employees	(30,353,970)	(30,981,069)
Loans Collected from Students	639,489	383,360
Student Aid	(4,602,273)	(4,253,594)
PLUS, Stafford, and Other Loans Receipts (Non-Perkins)	10,748,405	10,032,861
PLUS, Stafford, and Other Loans Disbursements (Non-Perkins)	(10,748,405)	(10,032,861)
Auxiliary Enterprise Charges	10,339,704	5,522,667
Sales and Services of Educational Departments	329,778	221,033
Other Receipts (Payments), Net	(483,940)	(657,188)
Net Cash Used by Operating Activities	(5,230,585)	(28,559,263)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal and State Appropriations	18,379,063	18,074,506
Gifts and Nonoperating Grants for Other than Capital Purposes	9,270,544	8,167,508
Agency Transactions, Net	(38,553)	(15,096)
Other	69,837	53,822
Net Cash Provided by Noncapital Financing Activities	27,680,891	26,280,740
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from Capital Debt and Leases	10,000,000	6,623,121
Capital Appropriations	1,149,124	818,650
Capital Grants and Gifts Received	820	8,948
Proceeds from Sales of Capital Assets	1,000	4,500
Purchases of Capital Assets	(1,477,006)	(944,336)
Principal Paid on Capital Debt and Leases	(23,560,285)	(3,970,562)
Interest Paid on Capital Debt and Leases	(3,132,094)	(3,281,529)
Net Cash Used by Capital Financing Activities	(17,018,441)	(741,208)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	45,431	36,681
Interest on Investments, Net of Fees	65,737	101,373
Purchases of Investments	1,298	1,242
Net Cash Provided by Investing Activities	112,466	139,296
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,544,331	(2,880,435)
Cash and Cash Equivalents - Beginning of Year	1,565,356	4,445,791
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,109,687	$ 1,565,356

See accompanying Notes to Financial Statements.

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

	2022	2021
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Net Operating Loss	$ (6,045,645)	$ (32,493,819)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	4,359,197	5,011,542
Expenses Paid by Commonwealth or Donor	94,230	197,086
Effect of Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Receivables, Net	202,633	(30,090)
Inventories	(11,516)	1,390
Other Assets	230,988	(472,175)
Accounts Payable	(274,080)	1,131,965
Unearned Revenue	(69,925)	(282,794)
Student Deposits	(10,445)	(3,075)
Compensated Absences	49,746	701,188
Loans to Students and Employees	639,489	383,360
Postretirement Benefits Liability (OPEB)	(3,684,518)	6,478,451
Defined Benefit Pensions	(4,587,995)	(736,075)
Other Liabilities	(1,042,190)	(480,532)
Deferred Outflows of Resources Related to Pensions and OPEB	2,946,034	(7,956,544)
Deferred Inflows of Resources Related to Pensions and OPEB	1,973,412	(9,141)
Net Cash Used by Operating Activities	$ (5,230,585)	$ (28,559,263)
SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION		
Commonwealth On-Behalf Contributions to PSERS	$ 94,230	$ 197,086

See accompanying Notes to Financial Statements.

MANSFIELD UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF FINANCIAL POSITION – COMPONENT UNITS
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 209,131	$ 398,756
Accounts Receivable	-	97
Inventories	76,177	168,196
Total Current Assets	285,308	567,049
NONCURRENT ASSETS		
Investments	2,228,080	2,704,241
Capital Assets, Net	130,049	88,199
Other Assets	54	4,119
Total Noncurrent Assets	2,358,183	2,796,559
Total Assets	$ 2,643,491	$ 3,363,608
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 91,947	$ 103,057
Other Liabilities	292,855	259,212
Total Current Liabilities	384,802	362,269
NET ASSETS		
Without Donor Restriction	2,258,689	3,001,339
Total Net Assets	2,258,689	3,001,339
Total Liabilities and Net Assets	$ 2,643,491	$ 3,363,608

See accompanying Notes to Financial Statements.

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

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND OTHER ADDITIONS		
Student Activity Fees	$ 1,205,708	$ 478,436
Sales and Services	231,482	204,201
Investment Income (Loss)	(474,393)	523,472
Contributions	24,603	-
Other Revenues	92,222	38,823
Total Revenues and Other Additions	1,079,622	1,244,932
EXPENSES AND OTHER DEDUCTIONS		
Scholarships and Grants	130,500	150,000
Student Activities and Programs	1,097,846	530,638
University Stores	445,046	404,944
Other Program Expenses	14,722	21,062
Management and General	134,158	206,486
Total Expenses and Other Deductions	1,822,272	1,313,130
Total Changes in Net Assets Without Donor Restrictions	(742,650)	(68,198)
CHANGE IN TOTAL NET ASSETS	(742,650)	(68,198)
Net Assets - Beginning of Year	3,001,339	3,069,537
NET ASSETS - END OF YEAR	$ 2,258,689	$ 3,001,339

See accompanying Notes to Financial Statements.

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

FY 2021/22	Program Activities						Supporting Activities		
Natural Expense	Scholarships and Grants	Student Activities and Programs	University Stores	Housing	Other Programs	Total Programs	Management and General	Total Supporting	**Total Expenses**
Salaries and Benefits	$ -	$ -	$ 137,788	$ -	$ -	$ 137,788	$ 62,919	$ 62,919	$ 200,707
Gifts and Grants	130,500	-	-	-	1,728	132,228	5,000	5,000	137,228
Supplies and Travel	-	1,086,332	-	-	-	1,086,332	-	-	1,086,332
Services and Professional Fees	-	-	26	-	10,718	10,744	57,323	57,323	68,067
Office and Occupancy	-	-	2,308	-	-	2,308	481	481	2,789
Depreciation	-	11,514	755	-	-	12,269	204	204	12,473
Interest						-		-	-
Other	-	-	304,169	-	2,276	306,445	8,231	8,231	314,676
Total Expenses	**$ 130,500**	**$ 1,097,846**	**$ 445,046**	**$ -**	**$ 14,722**	**$ 1,688,114**	**$ 134,158**	**$ 134,158**	**$ 1,822,272**

FY 2020/21	Program Activities						Supporting Activities		
Natural Expense	Scholarships and Grants	Student Activities and Programs	University Stores	Housing	Other Programs	Total Programs	Management and General	Total Supporting	**Total Expenses**
Salaries and Benefits	$ -	$ -	$ 168,988	$ -	$ -	$ 168,988	$ 58,254	$ 58,254	$ 227,242
Gifts and Grants	150,000	-	-	-	2,000	152,000	70,750	70,750	222,750
Supplies and Travel	-	517,438	-	-	-	517,438	-	-	517,438
Services and Professional Fees	-	-	70	-	16,240	16,310	68,746	68,746	85,056
Office and Occupancy	-	-	48,053	-	-	48,053	3,483	3,483	51,536
Depreciation	-	13,200	692	-	-	13,892	187	187	14,079
Interest	-	-	-	-	-	-	-	-	-
Other	-	-	187,141	-	2,822	189,963	5,066	5,066	195,029
Total Expenses	**$ 150,000**	**$ 530,638**	**$ 404,944**	**$ -**	**$ 21,062**	**$ 1,106,644**	**$ 206,486**	**$ 206,486**	**$ 1,313,130**

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Mansfield University of Pennsylvania of the State System of Higher Education (the University), a public four year institution located in Mansfield, Pennsylvania, was founded in 1857. The University is one of fourteen universities of Pennsylvania's 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).

The Commonwealth determines the state appropriation allocated to the State System. The State System determines the allocation to each University from the state appropriated amount. Tuition rates are set by the board of governors of the State System, for all 14 member universities. Labor agreements are negotiated at either the State System level or Commonwealth level.

Reporting Entity

The University functions as a business-type activity, as defined by the Governmental Accounting Standards Board (GASB). College Community Services, Inc. (CCSI) and Mansfield Auxiliary Corporation (MAC) are 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.

CCSI and MAC are private nonprofit organizations reported in accordance with Financial Accounting Standards Board (FASB) requirements, including FASB Accounting Standards 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. Complete financial statements for the CCSI and MAC may be obtained at the University Controller's Office.

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 years ended May 31, 2022 and 2021.

During the years ended June 30, 2022 and 2021, CCSI paid either directly to the University or on behalf of the University, scholarships, salaries and other administrative expenses, and capital additions totaling $139,170 and $212,467, respectively. These expenditures to or on behalf of the University were for both restricted and unrestricted purposes.

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

Reporting Entity (Continued)

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 years ended June 30, 2022 and 2021.

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, 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 FASB requirements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Operating Revenues and Expenses

The University records tuition; all academic, instructional, and other student fees; auxiliary activity; and corporate partnership revenues as operating revenues. 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, loss on investments, loss on the disposal of assets, and extraordinary expenses are recorded as operating expenses. Appropriations, gifts, investment income, capital grants, gains on the disposal of assets, parking and library fines, and governmental and private research grants and contracts in which the grantor does not receive equal value for the funds given to the University are reported as nonoperating revenue.

Scholarship Discounts and Allowances and Waivers

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on students' behalf. To the extent that revenues from such programs are used to satisfy tuition and fees and other student services, the University has recorded a scholarship discount and allowance.

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

Scholarship Discounts and Allowances and Waivers (Continued)

In accordance with a formula prescribed by the National Association of College and University Business Officers (NACUBO), the University allocates the cost of scholarships, waivers, and other student financial aid between scholarship 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.

Net Position

Net position is the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The State System maintains the following classifications of net position.

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

Restricted 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 – 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 decision as to which assets are used first is left to the discretion of the University.

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.

Accounts and Loans Receivable

Accounts and loans 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.

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

Accounts and Loans Receivable (Continued)

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 loss experience and periodic review of individual accounts.

Inventories

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

Capital Assets

Buildings, 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, calculated using the straight-line method. All individual 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. All library books are capitalized on a composite basis in the year of purchase. Assets under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. Buildings and improvements are depreciated over the useful lives ranging from 20 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 capital leases is included in depreciation expense. Normal repair and maintenance expenditures are not capitalized because they neither add to the value of the property nor materially prolong 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 in 2022 or 2021.

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

Leases

The University routinely engages in lease agreements to meet operational needs. The University's lease contracts generally relate to land, buildings, and various equipment. For short-term leases with a maximin possible term of 12 months or less at commencement, the University recognizes periodic revenue or expense based on the provision of the lease contract. For all other contracts where the University is the lessee, that meet the requirements of GASB 87 and were in excess of the minimum dollar threshold, the University will recognize a lease liability and an intangible right to use asset based on the present value of the future lease payments over the contracted term of the lease. Lease right to use assets are reported with capital assets, and lease liabilities are reported as long-term debt in the statement of net position. The right to use lease assets are amortized over the term of the lease, as the University is not expected to lease assets beyond the underlying asset's useful life.

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

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

Unearned Revenue

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

Compensated Absences

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

Pension Plans and OPEB Plans

Eligible employees of the University enroll in one of three available pension 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.

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.

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.

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

Deferred Outflows and Deferred Inflows of Resources (Continued)

- For defined benefit pension plans and other postretirement 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.

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 (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at March 21, 2023, the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

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

New Accounting Standards

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

In June 2017, GASB issued Statement No. 87, *Leases,* effective for reporting periods beginning after June 15, 2021. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right of use an underlying asset. Under this statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources for all leases with lease terms greater than twelve months. The adoption of this statement resulted in the recognition of lease related assets, liabilities, and deferred inflows of resources. There was minimal impact to the financial statements.

NOTE 2 CONDENSED COMPONENT UNIT INFORMATION

The following represents combining condensed statements of financial position information for the component units as of June 30, 2022 and 2021, respectively:

	2022		
	CCSI	MAC	Total
Capital Assets, Net	$ 29,465	$ 100,584	$ 130,049
Cash and Cash Equivalents	119,042	90,089	209,131
Inventories	75,201	976	76,177
Investments	-	2,228,080	2,228,080
Other Assets	54	-	54
Total Assets	$ 223,762	$ 2,419,729	$ 2,643,491
Other Liabilities	$ 367,047	$ 17,755	$ 384,802
Total Liabilities	367,047	17,755	384,802
Net Assets:			
Without Donor Restrictions	(143,285)	2,401,974	2,258,689
Total Net Assets	(143,285)	2,401,974	2,258,689
Total Liabilities and Net Assets	$ 223,762	$ 2,419,729	$ 2,643,491

	2021		
	CCSI	MAC	Total
Capital Assets, Net	$ 19,094	$ 69,105	$ 88,199
Cash and Cash Equivalents	138,266	260,490	398,756
Inventories	165,267	2,929	168,196
Investments	-	2,704,241	2,704,241
Other Assets	4,216	-	4,216
Total Assets	$ 326,843	$ 3,036,765	$ 3,363,608
Other Liabilities	$ 357,910	$ 4,359	$ 362,269
Total Liabilities	357,910	4,359	362,269
Net Assets:			
Without Donor Restrictions	(31,067)	3,032,406	3,001,339
Total Net Assets	(31,067)	3,032,406	3,001,339
Total Liabilities and Net Assets	$ 326,843	$ 3,036,765	$ 3,363,608

NOTE 2 CONDENSED COMPONENT UNIT INFORMATION (CONTINUED)

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

	CCSI	MAC	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenues and Other Additions:			
Student Activity Fees	$ 1,205,708	$ -	$ 1,205,708
Sales and Services	231,482	-	231,482
Investment Income	1,520	(475,913)	(474,393)
Contributions	-	24,603	24,603
Other Revenues	92,222	-	92,222
Total Revenues and Other Additions	1,530,932	(451,310)	1,079,622
Expenses and Other Deductions:			
Scholarships and Grants	-	130,500	130,500
Student Activities and Programs	1,097,846	-	1,097,846
University Stores	445,046	-	445,046
Program Expenses	1,728	12,994	14,722
Management and General	98,530	35,628	134,158
Total Expenses and Other Deductions	1,643,150	179,122	1,822,272
Total Change in Net Assets Without Donor Restrictions	(112,218)	(630,432)	(742,650)
CHANGE IN TOTAL NET ASSETS	(112,218)	(630,432)	(742,650)
Net Assets - Beginning of Year	(31,067)	3,032,406	3,001,339
NET ASSETS - END OF YEAR	$ (143,285)	$ 2,401,974	$ 2,258,689

NOTE 2 CONDENSED COMPONENT UNIT INFORMATION (CONTINUED)

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

	CCSI	MAC	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenues and Other Additions:			
Student Activity Fees	$ 478,436	$ -	$ 478,436
Sales and Services	204,201	-	204,201
Investment Income	2,014	521,458	523,472
Other Revenues	38,823	-	38,823
Total Revenues and Other Additions	723,474	521,458	1,244,932
Expenses and Other Deductions:			
Scholarships and Grants	-	150,000	150,000
Student Activities and Programs	530,638	-	530,638
University Stores	404,944	-	404,944
Program Expenses	2,000	19,062	21,062
Management and General	93,489	112,997	206,486
Total Expenses and Other Deductions	1,031,071	282,059	1,313,130
			1,313,130
Total Change in Net Assets Without Donor Restrictions	(307,597)	239,399	(68,198)
CHANGE IN TOTAL NET ASSETS	(307,597)	239,399	(68,198)
Net Assets - Beginning of Year	276,530	2,793,007	3,069,537
NET ASSETS - END OF YEAR	$ (31,067)	$ 3,032,406	$ 3,001,339

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 of 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 totaled $7,010,995 and $1,297,796 at June 30, 2022 and 2021, respectively.

For purposes of convenience and expedience, the University uses local financial institutions for activities such as cash deposits.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Board of Governors Policy 1986-02-A: Investment, authorizes the State System to invest in obligations of the U.S. Treasury, repurchase agreements, commercial paper, certificates of deposit, banker's 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 or university trustees may be invested in the investments described above as well as in corporate equities and approved pooled common funds. For purposes of convenience and expedience, universities use local financial institutions for activities such as deposits of cash. In addition, universities may accept gifts of investments from donors as long as risk is limited to the investment itself. Restricted gifts of investments fall outside the scope of the investment policy.

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

CMO Risk

CMOs are sometimes 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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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 FASB measurement principles for investment companies.

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.

Commonfund investments, held locally by some of the universities, are valued based upon the unit values (NAV) of the funds held by the universities at year-end. Unit values are based upon the underlying assets of the funds derived from inputs principally from or corroborated by observable market data, by correlation, or other means. Redemption restrictions for the Commonfund vary, depending upon the type of fund in which the universities have invested, and are restricted to withdrawals only on a weekly basis or the last business day of the month. All withdrawals require five days' notice. Both the Multi-Strategy Equity Fund and the High Quality Bond Fund, held by the University, are restricted to withdrawals on the last day of business of the month.

Custodial Credit Risk: Custodial Credit Risk is the risk that in the event of failure, the University would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Management believes they are not exposed to this credit risk.

Concentration of Credit Risk: The University does not have a formal investment policy for concentration of credit risk. At June 30, 2022, the University had the following investments which exceeded 5% of the Universities total investments:

Issuer	Type of Investment	Amount	Percentage of Total Long-Term Investments
Commonfund	Multi-Strategy Equity Fund	$ 198,040	20.51 %
Commonfund	High Quality Bond Fund	767,361	79.49

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

At June 30, 2022 and 2021, the carrying amount of the University's cash on hand was $3,178 and $3,178, respectively. The carrying amount of the University's demand and time deposits was $95,513 and $264,382 as of June 30, 2022 and 2021, respectively, compared to the bank balances of $95,513 and $264,383, respectively. The difference is caused primarily by items in transit. Of the bank balances, $0 and $19,100, respectively, were covered by federal government depository insurance, $0 and $245,283, respectively, were uninsured and uncollateralized but covered under the collateralization provisions of the Commonwealth of Pennsylvania Act 72 of 1971 (Act 72), as amended. Act 72 allows banking institutions to satisfy the collateralization required by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments. At June 30, 2022 and 2021, none of the University's demand and time deposits was exposed to foreign currency risk.

The fair value of the local deposits and investments at June 30, 2022 and 2021 is as follows:

	Fair Value Hierarchy Level	2022	2021
Deposits:			
Demand and Time Deposits	N/A	$ 95,513	$ 264,382
Investments:			
Fixed Income Mutual Funds	NAV	767,360	859,645
Equity/Balanced Mutual Funds	NAV	198,040	272,989
Total		$ 1,060,913	$ 1,397,016

NOTE 4 CAPITAL ASSETS

Capital assets acquired or constructed by the University through the expenditure of University funds or the incurrence of debt consist of the following:

	Balance June 30, 2021	2021-22 Additions	2021-22 Retirements/ Adjustments	2021-22 Reclassifications	Balance June 30, 2022
Land	$ 540,129	$ -	$ -	$ -	$ 540,129
Construction in Progress	983,279	898,234	(57,508)	(1,317,835)	506,170
Total Capital Assets Not Being Depreciated	1,523,408	898,234	(57,508)	(1,317,835)	1,046,299
Capital Assets Being Depreciated and Amortized:					
Buildings, Including Improvements	132,197,224	-	(13,301,236)	973,261	119,869,249
Other Improvements	13,315,333	-	(2,800)	344,574	13,657,107
Furnishings and Equipment (Including Cost of Capital Leases)	12,920,655	573,910	(204,225)	-	13,290,340
Library Books	2,818,629	4,862	(2,685)	-	2,820,806
Right To Use Assets	-	301,501	-	-	301,501
Total Capital Assets Being Depreciated	161,251,841	880,273	(13,510,946)	1,317,835	149,939,003
Less Accumulated Depreciation:					
Buildings, Including Improvements	(54,436,716)	(3,271,563)	11,584,482	-	(46,123,797)
Other Improvements	(8,805,555)	(460,258)	2,800	-	(9,263,013)
Furnishings and Equipment	(10,889,832)	(552,352)	204,225	-	(11,237,959)
Library Books	(2,745,862)	(14,725)	2,685	-	(2,757,903)
Right To Use Assets	-	(301,501)	-	-	(301,500)
Total Accumulated Depreciation	(76,877,965)	(4,600,399)	11,794,192	-	(69,684,172)
Total Capital Assets Being Depreciated, Net	84,373,876	(3,720,126)	(1,716,754)	1,317,835	80,254,831
Capital Assets, Net	$ 85,897,284	$ (2,821,892)	$ (1,774,262)	$ -	$ 81,301,130

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2020	2020-21 Additions	2020-21 Retirements/ Adjustments	2020-21 Reclassifications	Balance June 30, 2021
Land	$ 540,129	$ -	$ -	$ -	$ 540,129
Construction in Progress	1,660,653	659,514	-	(1,336,888)	983,279
Total Capital Assets Not Being Depreciated	2,200,782	659,514	-	(1,336,888)	1,523,408
Capital Assets Being Depreciated:					
Buildings, Including Improvements	130,860,336	-	-	1,336,888	132,197,224
Other Improvements	13,315,333	-	-	-	13,315,333
Furnishings and Equipment (Including Cost of Capital Leases)	12,698,298	279,700	(57,343)	-	12,920,655
Library Books	2,823,860	5,124	(10,355)	-	2,818,629
Total Capital Assets Being Depreciated	159,697,827	284,824	(67,698)	1,336,888	161,251,841
Less Accumulated Depreciation:					
Buildings, Including Improvements	(50,564,492)	(3,872,224)	-	-	(54,436,716)
Other Improvements	(8,347,662)	(457,893)	-	-	(8,805,555)
Furnishings and Equipment	(10,287,482)	(659,693)	57,343	-	(10,889,832)
Library Books	(2,734,485)	(21,732)	10,355	-	(2,745,862)
Right To Use Assets	-	-	-	-	-
Total Accumulated Depreciation	(71,934,121)	(5,011,542)	67,698	-	(76,877,965)
Total Capital Assets Being Depreciated, Net	87,763,706	(4,726,718)	-	1,336,888	84,373,876
Capital Assets, Net	$ 89,964,488	$ (4,067,204)	$ -	$ -	$ 85,897,284

NOTE 5 RIGHT TO USE LEASES AND FINANCED PURCHASES

The University routinely leases various facilities and equipment instead of purchasing the assets. The contracts, at times, may include variable payments, residual value guarantees or termination penalties that are not known or certain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. For the fiscal year ended June 30, 2022 and 2021, there were no lease variable payments, termination penalties or residual guarantee payments expensed for the fiscal year ended June 30, 2022 or 2021. Interest expense on these leases for fiscal year ended June 30, 2022 and 2021 totaled $3,894 and $7,574. There is no future minimum principal or interest payments.

As of June 30, 2022, the University did not have a balance for their right-to-use lease liabilities.

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2022	2021
Employees	$ 4,088,823	$ 4,030,959
Suppliers and Services	746,119	978,639
Other	201,142	69,629
Interest	121,845	128,409
Total	$ 5,157,929	$ 5,207,636

NOTE 7 UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

	2022	2021
Current:		
Student Tuition and Fees-Summer Sessions	$ 266,750	$ 352,964
Other	86,022	73,940
Grants and Gifts	34,708	43,413
Unearned Revenue, Current	387,480	470,317
Noncurrent:		
Other	14,178	21,268
Total Unearned Revenue	$ 401,658	$ 491,585

NOTE 8 BONDS PAYABLE

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 under which the State System has pledged its full faith and credit for the repayment of the bonds. The loans constitute 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.

To decrease operational expenses and lower the cost of debt service, the University purchased student residence halls that were constructed by the MAC by issuing tax-exempt bonds through State System bond financing and paying off the MAC debt. Since the transactions are between related parties, U.S. GAAP require that the University record the assets (the buildings) at the depreciated value that was recorded on the MAC's books at the time of acquisition by the University. Consequently, the debt assumed by the University significantly exceeded the value of the asset recorded, because not only did the funds that were originally borrowed by the MAC include noncapitalized items such as furnishings and debt service fees, but also because the annual depreciation on the housing recorded by the MAC exceeded the annual payments that were made to reduce debt principal.

NOTE 8 BONDS PAYABLE (CONTINUED)

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

	Weighted Average Interest Rate	Balance July 1, 2021	Bonds Issued	Bonds Redeemed	Balance June 30, 2022
Series AN Issued in 2012 for Building Renovations	5.00%	$ 497,002	$ -	$ 369,150	$ 127,852
Series AO Issued in 2013 for Capital Project	4.65%	225,000	-	110,000	115,000
Series AP Issued in 2014 for Note Financing	5.40%	638,628	-	202,739	435,889
Series AT Issued in 2016 for Housing Acquisition	4.06%	71,815,000	-	1,885,000	69,930,000
Series AV Issued in 2018 for Note Financing	4.29%	104,696	-	49,467	55,229
Series AW Issued in 2019 for Note Financing	4.90%	2,675,000	-	810,000	1,865,000
Series AV Issued in 2020 for Note Financing	4.29%	384,471	-	34,914	349,557
Total Bonds Payable		$ 76,339,797	$ -	$ 3,461,270	$ 72,878,527
Plus: Unamortized Bond Premiums, Net					6,340,034
Outstanding - End of Year					$ 79,218,561

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

	Weighted Average Interest Rate	Balance July 1, 2020	Bonds Issued	Bonds Redeemed	Balance June 30, 2021
Series AJ Issued in 2009 for Building Renovations	4.85%	$ -	$ -	$ -	$ -
Series AL Issued in 2010 for Capital Project	5.00%	612,578	-	612,578	-
Series AN Issued in 2012 for Building Renovations	5.00%	850,249	-	353,247	497,002
Series AO Issued in 2013 for Capital Project	4.49%	325,000	-	100,000	225,000
Series AP Issued in 2014 for Note Financing	4.62%	833,403	-	194,775	638,628
Series AT Issued in 2016 for Housing Acquisition	3.44%	73,615,000	-	1,800,000	71,815,000
Series AV Issued in 2018 for Note Financing	4.22%	152,130	-	47,434	104,696
Series AW Issued in 2019 for Note Financing	3.11%	3,260,000	-	585,000	2,675,000
Series AV Issued in 2020 for Note Financing	4.29%	-	524,365	139,894	384,471
Total Bonds Payable		$ 79,648,360	$ 524,365	$ 3,832,928	76,339,797
Plus: Unamortized Bond Premiums, Net					6,948,677
Outstanding - End of Year					$ 83,288,474

NOTE 8 BONDS PAYABLE (CONTINUED)

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

Series		2023	2024	2025	2026	2027	2028-2032	2033-2037	2038-2042	2043-2047	2048-2052	2053-2057	Total
AN	Principal	$ 127,852	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 127,852
	Interest	635	-	-	-	-	-	-	-	-	-	-	635
	Total	128,487	-	-	-	-	-	-	-	-	-	-	128,487
AO	Principal	115,000	-	-	-	-	-	-	-	-	-	-	115,000
	Interest	5,750	-	-	-	-	-	-	-	-	-	-	5,750
	Total	120,750	-	-	-	-	-	-	-	-	-	-	120,750
AP	Principal	212,876	223,013	-	-	-	-	-	-	-	-	-	435,889
	Interest	21,794	11,151	-	-	-	-	-	-	-	-	-	32,945
	Total	234,670	234,164	-	-	-	-	-	-	-	-	-	468,834
AT	Principal	1,980,000	2,075,000	2,180,000	2,290,000	2,405,000	13,970,000	17,320,000	14,970,000	7,340,000	3,340,000	2,060,000	69,930,000
	Interest	2,831,350	2,732,350	2,628,600	2,519,600	2,405,100	10,096,000	6,753,900	3,926,350	1,894,800	1,032,250	191,500	37,011,800
	Total	4,811,350	4,807,350	4,808,600	4,809,600	4,810,100	24,066,000	24,073,900	18,896,350	9,234,800	4,372,250	2,251,500	48,113,000
AV	Principal	55,229	-	-	-	-	-	-	-	-	-	-	55,229
	Interest	2,761	-	-	-	-	-	-	-	-	-	-	2,761
	Total	57,990	-	-	-	-	-	-	-	-	-	-	57,990
AW	Principal	885,000	980,000	-	-	-	-	-	-	-	-	-	1,865,000
	Interest	93,250	49,000	-	-	-	-	-	-	-	-	-	142,250
	Total	978,250	1,029,000	-	-	-	-	-	-	-	-	-	2,007,250
AV	Principal	36,596	38,447	40,382	42,317	44,504	147,311						349,557
	Interest	17,478	15,648	13,726	11,707	9,591	14,971						83,121
	Total	54,074	54,095	54,108	54,024	54,095	162,282	-	-	-	-	-	432,678
Total	Principal	3,412,553	3,316,460	2,220,382	2,332,317	2,449,504	14,117,311	17,320,000	14,970,000	7,340,000	3,340,000	2,060,000	72,878,527
	Interest	2,973,018	2,808,149	2,642,326	2,531,307	2,414,691	10,110,971	6,753,900	3,926,350	1,894,800	1,032,250	191,500	37,279,262
	Total	$ 6,385,571	$ 6,124,609	$ 4,862,708	$ 4,863,624	$ 4,864,195	$ 24,228,282	$ 24,073,900	$ 18,896,350	$ 9,234,800	$ 4,372,250	$ 2,251,500	$ 107,906,289

In addition, 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 issued bonds to provide a pool for funding for AFRP ($3,176,534 and $3,888,247 was outstanding as of June 30, 2022 and 2021, respectively). Universities requested 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 under the AFRP pool of funding were as follows:

	2022	2021
Balance - July 1	$ 173,423	$ 247,470
Repayments	(31,744)	(74,047)
Balance - June 30	$ 141,679	$ 173,423

NOTE 9 NOTE PAYABLE

In May 2022, the State System to ensure the financial sustainability of the upcoming integrated university as noted in Note 17, has deemed the total cumulative loan balance of $20 million as satisfied.

NOTE 10 DEBT REFUNDING

In July 2020, $38 million of the net proceeds from the Series AX tax-exempt revenue bonds were used to current refund Series AH, Series AJ, and Series AL. The refunding resulted in an accounting gain of approximately $1.8 million and was performed to reduce the debt service by approximately $10 million and an economic gain (difference between the present values of the old and new debt service payments) of approximately $9 million. The accounting gain, or deferred gain on refunding, is reported as deferred inflow of resources that will be amortized over the remaining life of the old bond or the life of the new bond, whichever is shorter.

In October 2020, the net proceeds from the Series AY taxable revenue bonds were used to purchase US Government Securities that were deposited irrevocable in trust with escrow agent to advance refund a portion of the Series AM revenue bonds. The bonds were paid off on June 15, 2021. Although it resulted in an accounting loss of $924,000, the refunding was performed to reduce debt service by approximately $11.2 million and an economic gain (difference between the present values of the old and new debt service payments) of approximately $10.2 million. The accounting loss, or deferred loss on refunding, is reported as a deferred outflow of resources.

NOTE 11 RATING ACTIONS

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

NOTE 12 COMPENSATED ABSENCES

Changes in compensated absences are as follows:

	2022	2021
Balance - July 1	$ 4,397,477	$ 3,696,289
Current Changes in Estimate	655,788	1,535,437
Payouts	(606,042)	(834,249)
Balance - June 30	$ 4,447,223	$ 4,397,477

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB)

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

University employees who retire after meeting specified service and age requirements are eligible to receive healthcare and tuition benefits in retirement. Employee members of the Association of Pennsylvania State College and University Faculties (APSCUF), the State College and University Professional Association (SCUPA), Security Police and Fire Professionals of America (SPFPA), Office and Professional Employees International Union (OPEIU), and nonrepresented employees participate in a defined benefit healthcare plan administered by the State System (System Plan). Employee members of the American Federation of State, County and Municipal Employees (AFSCME), Pennsylvania Doctors Alliance (PDA), and Pennsylvania Social Services Union (PSSU) participate in the Retired Employees Health Program (REHP), which is a defined benefit healthcare plan sponsored by the Commonwealth and administered by the Pennsylvania Employee Benefits Trust Fund (PEBTF). In addition to the above, any employee who participates in the Public School Employees' Retirement System (PSERS) pension plan is eligible to receive benefits from the PSERS Health Insurance Premium Assistance Program (Premium Assistance), a defined benefit plan, and all eligible retirees and their eligible dependents receive tuition waivers at any of the 14 State System universities.

NOTE 13 OTHER POSTRETIREMENT 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 years ended June 30, 2022, and 2021.

	System Plan		REHP		Premium Assistance		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net OPEB Liabilities	$ 35,508,710	$ 36,028,103	$ 13,204,421	$ 16,375,110	$ 86,679	$ 81,115	$ 48,799,810	$ 52,484,328
Deferred Outflows of Resources:								
Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments	-	-	-	5,844	165	142	165	5,986
Difference Between Expected and Actual Experience	-	-	10,866	14,240	806	750	11,672	14,990
Changes in Proportion	-	-	413,814	632,110	1,715	2,148	415,529	634,258
Changes in Assumptions	4,454,686	5,783,044	1,608,298	2,124,426	9,234	3,304	6,072,218	7,910,774
Contributions after the Measurement Date	664,003	767,888	294,246	332,373	4,233	4,465	962,482	1,104,726
Total Deferred Outflows of Resources	5,118,689	6,550,932	2,327,224	3,108,993	16,153	10,809	7,462,066	9,670,734
Deferred Inflows of Resources:								
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	-	127,606	-	-	-	127,606	-
Difference Between Expected and Actual Experience	3,788,932	5,161,024	6,406,843	7,857,010	-	-	10,195,775	13,018,034
Changes in Assumptions	3,444,990	2,462,551	1,851,971	1,268,947	1,157	1,784	5,298,118	3,733,282
Changes in Proportion	-	-	1,888,832	939,926	4,379	1,662	1,893,211	941,588
Total Deferred Inflows of Resources	7,233,922	7,623,575	10,275,252	10,065,883	5,536	3,446	17,514,710	17,692,904
OPEB Expense	$ 1,187,199	$ 763,436	$ (1,885,304)	$ (1,789,888)	$ 11,268	$ 10,289	$ (686,837)	$ (1,016,163)
Contributions Recognized by OPEB Plans	$ 664,003	$ 767,888	$ 294,246	$ 332,373	$ 4,235	$ 4,465	$ 962,484	$ 1,104,726

The University will recognize the deferred outflows of resources resulting from contributions after the measurement date, totaling $664,003 for the System Plan, $294,246 for the REHP plan, and $4,233 for the PSERS OPEB plan, as reductions of the respective net OPEB liabilities in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

	Amortization		
Fiscal Year Ending	System Plan	REHP	Premium Assistance
June 30, 2023	$ (1,441,512)	$ (3,167,746)	$ 1,033
June 30, 2024	(833,547)	(2,525,420)	1,033
June 30, 2025	(38,098)	(1,390,909)	1,735
June 30, 2026	(466,079)	(585,590)	1,281
June 30, 2027	-	(572,608)	682
Thereafter	-	-	620

NOTE 13 OTHER POSTRETIREMENT 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. Non-spouse dependents may be covered until age 19 or until age 25 if a certified full-time student. SCUPA, SPFPA, OPEIU, and nonrepresented employees whose retirement date is on or after January 1, 2016, and APSCUF employees whose retirement date is on or after July 1, 2017, receive the same pre-Medicare benefits as active employees, with benefits changing as active employee benefits change. All other pre-Medicare retirees continue to receive the same benefits to which they were entitled at retirement.

A total of 11,872 individuals are covered by the benefit terms (down from 12,122 in the prior year), including 6,897 active employees that may be entitled to receive benefit payments upon retirement, 53 retired participants entitled to but not receiving benefits, and 4,922 retired participants receiving benefits.

Effective January 16, 2016, the State System OPEB plan became closed to newly hired SCUPA, SPFPA, OPEIU, and nonrepresented employees, while newly hired APSCUF employees (faculty and coaches) continue to be eligible to participate in the plan.

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

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

System Plan (Continued)

Plan Description (Continued)

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

Actuarial Assumptions and Other Inputs

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

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

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

System Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- Mortality rates based on the PubG-2010 Mortality Table, including rates for contingent survivors, and which incorporates rates based on a generational projection using Scale MP-2020 to reflect mortality improvement.
- The discount rate increase from 1.86% to 2.28%, based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2021.
- Participant data is based on census information as of July 1, 2020.
- Rates of withdrawal vary by age and years of service.
- Costs have been loaded by 0.7% to account for tuition waiver benefits, which are offered to all eligible retirees, regardless of employee bargaining unit when active, and including those not represented when active, who meet years of service and/or age criteria.

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

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

	1% Decrease (4.5% Decreasing to 3.0%)	Healthcare Cost (5.5% Decreasing to 4.0%)	1% Increase (6.5% Decreasing to 5.0%)
2022	$ 29,113,047	$ 35,508,709	$ 43,874,436

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

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

	1% Decrease (4.5% Decreasing to 3.0%)	Healthcare Cost (5.5% Decreasing to 4.0%)	1% Increase (6.5% Decreasing to 5.0%)
2021	$ 29,628,018	$ 36,028,103	$ 44,414,692

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

System Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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

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

	1% Decrease	Current Rate	1% Increase
	1.28%	2.28%	3.28%
2022	$ 41,953,750	$ 35,508,709	$ 30,405,715

The following presents the University's Net OPEB liability was at June 30, 2021, as well as what the liability would have been if it had been calculated using a discount rate that was one percentage point lower (0.86%) or one percentage point higher (2.86%) than the current discount rate (1.86%).

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

	1% Decrease	Current Rate	1% Increase
	0.86%	1.86%	2.86%
2021	$ 42,803,168	$ 36,028,103	$ 30,684,507

OPEB Liability

The University's total OPEB liability as of June 30, 2022 of $35,508,710 was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to July 1, 2021.

The University's total OPEB liability of June 30, 2021 of $36,028,103 was measured as of July 1, 2020, and was determined by an actuarial valuation as of July 1, 2020.

	Changes in the System Plan Total OPEB Liability	
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021
Balance Beginning of Year	$ 36,028,103	$ 31,713,809
Service Cost	1,109,872	821,363
Interest	680,921	1,073,208
Changes in Assumptions	(2,268,978)	7,225,667
Changes in Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	(3,724,259)
Benefit Payments	(41,208)	(1,081,685)
Net Changes	(519,393)	4,314,294
Balance End of Year	$ 35,508,710	$ 36,028,103

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

REHP

Plan Description

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

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

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

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

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

REHP (Continued)

Plan Description (Continued)

Employer contribution requirements are established by the Commonwealth as provided by pertinent statutory authority. With the exception of certain employing agencies, employers contributed to the REHP Trust a retiree health assessment rate of $230 per pay period for each current REHP eligible active employee during the period July 1, 2020 through January 15, 2021, and $0 from January 16, 2021 through June 30, 2021. The rate during the period July 1, 2021, through June 30, 2022 was $120.00 per pay period.

Actuarial Assumptions and Other Inputs

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

The total OPEB liability in the June 30, 2021 actuarial valuations were 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 estimated of the projected benefit payable at retirement to determine costs and liabilities.
- Inflation of 2.50%.
- Healthcare cost trend rate of 6.9%, with rates gradually decreasing to 4.0% in 2075 and later based on the SOA-Getzen trend rate model version 2021_b for the December 31, 2020 measurement.
- Average career salary growth of 2.50% per year and an assumed 2.80% general salary increase.
- Projected benefits based on estimates of future years of service and projected health benefit costs.
- Mortality rates for active employees based on PUB-2010 General Employees Headcount-Weighted Mortality Tables and adjusted for morality improvements using projection scale MP-2020.
- Participant data based on census information as of December 31, 2020, for the June 30, 2021, measurement date; and as of December 31, 2019, for the June 30, 2020, measurement date.

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

REHP (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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

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

The long-term expected rate of return on REHP plan investments is determined using a risk premium review. This review compares the current relationship between fixed income and equity and their relationship over long periods of time to come up with an expected rate of return. Other variables considered in the expected rates of return are a reversion to the mean for each asset class. 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
U.S. Equity	40.0 %	5.8%
International Equity	27.0	6.3%
Fixed Income	23.0	2.1%
Real Estate	8.0	5.1%
Cash	1.5	0.4%
Private Equity	0.5	9.3%
Total	100.0 %	

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

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

REHP (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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

	Sensitivity of the REHP Net OPEB Liability to Changes in the Healthcare Cost Trend Rate		
	1% Decrease (5.9% Decreasing to 3.0%)	Healthcare Cost (6.9% Decreasing to 4.0%)	1% Increase (7.9% Decreasing to 5.0%)
2022	$ 11,229,204	$ 13,204,421	$ 15,667,849

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

	Sensitivity of the REHP Net OPEB Liability to Changes in the Healthcare Cost Trend Rate		
	1% Decrease (5.6% Decreasing to 3.1%)	Healthcare Cost (6.6% Decreasing to 4.1%)	1% Increase (7.6% Decreasing to 5.1%)
2021	$ 13,917,870	$ 16,375,109	$ 19,445,679

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

	Sensitivity of the REHP Net OPEB Net OPEB Liability to Changes in the Discount Rate		
	1% Decrease 2.63%	Current Rate 3.63%	1% Increase 4.63%
2022	$ 15,129,987	$ 13,204,421	$ 11,603,688

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

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

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

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
2021	$ 18,685,717	$ 16,375,109	$ 14,451,821

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.

Premium Assistance

Plan Description

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

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS Health Options Program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees. Plan members receiving benefits are not required to make contributions.

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Plan Description (Continued)

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

Actuarial Assumptions and Other Inputs

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

- Valuation Date - June 30, 2020
- Actuarial cost method was entry age normal, level percent of pay.
- Effective average salary growth of 4.5%, comprising 2.5% for inflation and 2.0% 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 rate were based on the 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, 2019, determined the employer contribution rate for fiscal year 2020-21.
- Cost method was developed using the amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset Valuation method was market value.
- Participation rate assumed that 63% of eligible retirees will elect premium assistance.

NOTE 13 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

- The discount rate used to measure the total OPEB liability was 2.18% at June 30, 2021, and 2.66% at June 30, 2020.
- Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date.
- 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 payment; therefore the plan is considered to be a pay-as-you-go plan. A discount rate of 2.18%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefits payments to measure the total OPEB liability.
- Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The OPEB plan's policy with regard to the allocation of invested plan assets is established and may be amended by the PSERS board. Under the program, as defined in the retirement code, employer contribution rates for Premium Assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each seceding year. Following is the PSERS board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class, as of June 30, 2021.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8 %	10.0%
U.S. Core Fixed Income	17.5	70.0%
Non-U.S. Developed Fixed	2.7	-30.0%
Total	100.0 %	

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

NOTE 13 OTHER POSTRETIREMENT 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, 2022, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (between 4.0% and 6.0%) or one percentage point higher (between 6.0% and 8.0%) than the current healthcare cost trend rates (between 5.0% and 7.0%).

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

	1% Decrease (Between 4.0% and 6.0%)	Healthcare Cost (Between 5.0% and 7.0%)	1% Increase (Between 6.0% and 8.0%)
2022	$ 86,658	$ 86,679	$ 86,679

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2021, as well as what the liability would have been if it were calculated using healthcare cost trend rates that were one percentage point lower (between 4.0% and 6.5%) or one percentage point higher (between 6% and 8.5%) than the current healthcare cost trend rates (between 5% and 7.5%).

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

	1% Decrease (Between 4.0% and 6.5%)	Healthcare Cost (Between 5.0% and 7.5%)	1% Increase (Between 6.0% and 8.5%)
2021	$ 81,094	$ 81,115	$ 81,115

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2020, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (1.18%) or one percentage point higher (3.18%) than the discount rate used (2.18%).

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

	1% Decrease 1.18%	Current Rate 2.18%	1% Increase 3.18%
2022	$ 99,466	$ 86,679	$ 76,143

NOTE 13 OTHER POSTRETIREMENT 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, 2021, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (1.66%) or one percentage point higher (3.66%) than the discount rate used (2.66%).

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

	1% Decrease 1.79%	Current Rate 2.79%	1% Increase 3.79%
2021	$ 92,465	$ 81,115	$ 71,690

NOTE 14 PENSION BENEFITS

The University's employees enroll in one of three available retirement plans upon employment. 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.

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NOTE 14 PENSION BENEFITS (CONTINUED)

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

	SERS		PSERS		Total	
	2022	2021	2022	2021	2022	2021
Net Pension Liabilities	$ 12,575,043	$ 16,848,030	$ 1,537,245	$ 1,852,253	$ 14,112,288	$ 18,700,283
Deferred Outflows of Resources:						
Difference Between Expected and Actual Experience	$ 83,030	$ 158,183	$ 1,138	$ 4,844	$ 84,168	$ 163,027
Net Difference Between Projected and Actual Investment Earnings and Pension Plan Investments	-	-	-	81,396	-	81,396
Changes in Assumptions	1,294,232	1,873,424	74,568	-	1,368,800	1,873,424
Difference Between Employer Contributions and Proportionate Share of Contributions	53,533	40,364	7,724	4,482	61,257	44,846
Changes in Proportion	9,099	69,427	12,431	29,855	21,530	99,282
Contributions After the Measurement Date	1,111,450	1,117,546	179,240	184,290	1,290,690	1,301,836
Total Deferred Outflows of Resources	$ 2,551,344	$ 3,258,944	$ 275,101	$ 304,867	$ 2,826,445	$ 3,563,811
Deferred Inflows of Resources:						
Difference Between Expected and Actual Experience	$ 72,381	$ 18,896	$ 20,206	$ 44,387	$ 92,587	$ 63,283
Net Difference Between Projected and Actual Investment Earnings and Pension Plan Investments	3,638,286	2,155,617	244,689	-	3,882,975	2,155,617
Difference Between Employer Contributions and Proportionate Share of Contributions	27,902	55,895	-	-	27,902	55,895
Changes in Proportion	1,790,079	1,416,479	75,179	25,842	1,865,258	1,442,321
Total Deferred Inflows of Resources	$ 5,528,648	$ 3,646,887	$ 340,074	$ 70,229	$ 5,868,722	$ 3,717,116
Contributions Recognized by Pension Plans	$ 2,029,556	$ 1,930,434	$ 179,240	$ 184,290	$ 2,208,796	$ 2,114,724
Pension Expense:						
SERS and PSERS	$ 345,929	$ 1,862,226	$ 253,351	$ 347,162	$ 599,280	$ 2,209,388
ARP					-	-
Total Pension Expense					$ 599,280	$ 2,209,388

NOTE 14 PENSION BENEFITS (CONTINUED)

The University will recognize the $1,111,450 reported as 2022 SERS deferred outflows of resources resulting from pension contributions after the measurement date, and the $179,240 reported as 2022 PSERS deferred outflows of resources resulting from pension contributions after the measurement date, as reductions of the respective net pension liabilities in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Amortization	
Year Ending June 30,	SERS	PSERS
2023	$ (876,025)	$ (63,112)
2024	(1,505,649)	(55,226)
2025	(952,796)	(48,098)
2026	(734,995)	(77,778)
2027	(19,288)	-
Total	$ (4,088,753)	$ (244,214)

SERS

Plan Description

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

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

Benefits Provided

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

NOTE 14 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Benefits Provided (Continued)

Employees who were hired prior to January 1, 2011 and retire at age 60 with 3 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. 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 new 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 on behalf of all active members and annuitants to fund the liabilities and provide the annuity reserves required to pay benefits. The 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 non-pension obligations.

NOTE 14 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Contributions (Continued)

The University's contribution to the SERS defined benefit plan for the years ended June 30, 2022, 2021, and 2020, were $2,029,556, $1,930,434, and $2,022,455, respectively, equal to the required contractual contribution.

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% and 9.3% of salary, depending upon when the member was hired and what class of membership was elected. Defined benefit contribution rates for active members who participate in the defined benefit/defined contribution hybrid plan were either 4.0% or 5.0% of gross salary, depending upon what class of membership was elected.

For the SERS defined contribution plan, the University contributed at actuarially determined rates of between 2.0% and 3.5% of active members' annual covered payroll at June 30, 2021, depending upon the plan chosen by the employee. The University recognized $7,004 in SERS defined contribution pension expense for the year ended June 30, 2022 and $3,258 for the year ended June 30, 2021. The vesting period for employer contributions to the defined contribution plan, both for members who participate in the straight 401(a) defined contribution plan and those who participate in one of the defined benefit/defined contribution hybrid plans, is three years. Once money is contributed to the plan, it cannot be removed from the plan, except for making distribution payments to participants. Forfeitures of unvested employer contributions and earnings are invested in the PA Treasury short-term investment fund. The funds are forfeited to the employee's most recent employer and used to offset future contributions to the plan and correct funding discrepancies. Forfeitures seized under the Pension Forfeiture Act are used for administrative expenses of the plan.

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

NOTE 14 PENSION BENEFITS (CONTINUED)

SERS (Continued)

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

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

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

NOTE 14 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Actuarial Methods and Assumptions (Continued)

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

	December 31, 2021	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private Equity	12.0 %	6.00%
Private Credit	4.0	4.25%
Real Estate	7.0	3.75%
U.S. Equity	31.0	4.60%
International Developed Markets Equity	14.0	4.50%
Emerging Markets Equity	5.0	4.90%
Fixed Income	22.0	-0.03%
Inflation Protection (TIPS)	3.0	-0.03%
Cash	2.0	-1.00%
Total	100.0 %	

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

NOTE 14 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Actuarial Methods and Assumptions (Continued)

The following presents the University's proportionate share of the SERS net pension liability at June 30, 2022, calculated using the discount rate of 7.0% as well as what the SERS' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

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

	1% Decrease 6.0%	Current Rate 7.0%	1% Increase 8.0%
2022	$ 15,882,304	$ 12,575,043	$ 6,808,531

The following presents the University's proportionate share of the SERS net pension liability at June 30, 2021, calculated using the discount rate of 7.0% as well as what the SERS' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

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

	1% Decrease 6.0%	Current Rate 7.0%	1% Increase 8.0%
2021	$ 21,062,523	$ 16,848,030	$ 11,466,297

Proportionate Share

At June 30, 2022, the amount recognized as the University's proportionate share of the SERS net pension liability, measured at December 31, 2021 was $12,575,043. At June 30, 2021, the amount recognized as the University's proportionate share of the SERS net pension liability, measured at December 31, 2020 was $16,848,030.

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

NOTE 14 PENSION BENEFITS (CONTINUED)

PSERS

Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement, disability, and death benefits to public school employees of the Commonwealth. The members eligible to participate in PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C.S. §§8101–8535) (the Code) is the authority by which PSERS benefits provisions and contribution requirements are established. The Commonwealth's General Assembly has the authority to amend the benefit terms by passing bills in the Senate and House of Representatives and sending them to the Governor for approval. The Code requires contributions by active members, the employer (State System), and the Commonwealth. PSERS is a component unit of the Commonwealth and is included in the Commonwealth's financial report as a pension trust fund.

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

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

Benefits Provided

Members who joined prior to July 1, 2011, are eligible for monthly retirement benefits upon reaching age 62 with at least one year of credited service, age 60 with 30 or more years of credited service, or any age with 35 or more years of service. Act 120 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.

NOTE 14 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Benefits Provided (Continued)

Depending upon membership class, benefits are generally 2% or 2.5% of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. Members who joined prior to July 1, 2011, vest after completion of five years of service and may elect early retirement benefits. Class T-E and Class T-F members vest after completion of 10 years of service. Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or has at least five years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Member Contributions

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

NOTE 14 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Employer Contributions

The University's contractually required contribution rate for PSERS for fiscal year ended June 30, 2022, was 34,94% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Per §8327 of the Code, the Commonwealth is required to contribute 50% of the contribution rate directly to PSERS on behalf of the State System, meaning that the amount that the University actually contributed was 17.47% of covered payroll. The University's contributions to PSERS for the years ended June 30, 2022, June 30, 2021, and June 30, 2020 was $179,240, 184,290, and $177,764, respectively, equal to the required contractual contribution.

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

Actuarial Methods and Assumptions

The University 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 the June 30, 2021 measurement date, was determined by rolling forward PSERS' total pension liability at June 30, 2020, to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – June 30, 2020
- Actuarial cost method is entry age normal, level percent of pay.
- Investment return of 7.0% with 2.5% inflation.
- Salary increases based on an effective average of 4.5%, which comprises a 2.5% allowance for inflation, and 2.0% 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 MP2020 Improvement Scale.

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

NOTE 14 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Actuarial Methods and Assumptions (Continued)

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

	June 30, 2021	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	27.0 %	5.2 %
Private Equity	12.0	7.3
Fixed Income	35.0	1.8
Commodities	10.0	2.0
Absolute Return	8.0	3.1
Infrastructure/MLPs	8.0	5.1
Real Estate	10.0	4.7
Cash	3.0	0.1
Financing (LIBOR)	(13.0)	0.1
Total	100.0 %	

	June 30, 2020	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	15.0 %	5.2 %
Private Equity	15.0	7.2
Fixed Income	36.0	1.1
Commodities	8.0	1.8
Absolute Return	10.0	2.5
Risk Parity	8.0	3.3
Infrastructure/MLPs	6.0	5.7
Real Estate	10.0	5.5
Cash	6.0	(1.0)
Financing (LIBOR)	(14.0)	(0.7)
Total	100.0 %	

NOTE 14 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Actuarial Methods and Assumptions (Continued)

The discount rate used to measure the total PSERS pension liability was 7.0%. 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 project to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on PSERS' investment was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the PSERS net pension liability at June 30, 2022, calculated using the discount rate of 7.0% 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 (6.0%) or one percentage point higher (8.0%) than the current rate.

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

	1% Decrease 6.0%	Current Rate 7.0%	1% Increase 8.0%
2022	$ 2,017,690	$ 1,537,245	$ 1,131,958

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

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

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
2021	$ 2,291,624	$ 1,852,254	$ 1,480,032

NOTE 14 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Proportionate Share

The amount recognized as the University's proportionate share of the PSERS net pension liability, plus the related PSERS pension support provided by the Commonwealth, is as follows:

	2022	2021
Total PSERS Net Pension Liability Associated with the University	$ 3,074,490	$ 3,658,896
Commonwealth's Proportionate Share of the PSERS Net Pension Liability Pension Liability	(1,537,245)	(1,829,448)
University's Proportionate Share of the PSERS Net Pension Liability	$ 1,537,245	$ 1,829,448

PSERS measured the 2022 and 2021 net pension liabilities as of June 30, 2021, and June 30, 2020 respectively. PSERS calculated the employer's proportion of the net pension liability using the employer's one-year reported covered payroll in relation to all participating employer's one-year reported covered payroll, At June 30, 2021, the University's proportion was 0.17777%, an increase of 0.0079% from its proportion calculated as of June 30, 2020.

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 University recognizes annual pension expenditures equal to its contractually required contributions to the plan. The University's contribution rate on June 30, 2022 and 2021 was 9.29% of qualifying compensation. The contributions to the ARP for the years ended June 30, 2022 and 2021, were $1,126,415 and $1,272591, respectively, from the University; and $606,252 and $684,925, respectively, from active members. No liability is recognized for the ARP.

NOTE 15 WORKERS' COMPENSATION

The University is self-insured for workers' compensation losses. For claims occurring prior to July 1, 1995, State System universities must pay up to $100,000; for claims occurring on or after July 1, 1995, State System universities must pay up to $200,000. Claims in excess of the self-insurance limits are funded through the Workers' Compensation Collective Reserve Fund (Reserve Fund), to which all State System universities contribute an amount determined by an independent actuarial study. Based on updated actuarial studies, the universities contributed $11,788, $11,740, and $52,812, to the Reserve Fund during the years ended June 30, 2022, 2021, and 2020, respectively, and was given a refund of $2,565 from the Reserve Fund in 2018.

Changes in the aggregate liability for claims under the self-insurance limit were as follows:

	2022	2021	2020
Balance - July 1	$ 347,328	$ 362,840	$ 354,622
Current Year Claims and Changes in Payments	(165,930)	(15,512)	8,218
Balance - June 30	$ 181,398	$ 347,328	$ 362,840

NOTE 16 COMMITMENTS AND CONTINGENCIES

General

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 (Note 15). For all other risks of loss, the University pays annual premiums to the Commonwealth to participate in its Risk Management Program. The University does not participate in any public entity risk pools, and does not retain risk related to any aforementioned exposure, except for those amounts incurred relative to policy deductibles that are not significant. The University has not reduced significantly any of its insurance coverage from the prior year. Settled claims have not significantly exceeded the University's commercial coverage in any of the past three years. It is not expected that the resolution of any outstanding claims and litigation will have a material adverse effect on the accompanying financial statements.

NOTE 16 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The University receives support from federal and Commonwealth grant programs, primarily for student financial assistance, including CARES funding received in 19/20, 20/21, and 21/22. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for the eligible purposes. Substantially all grants are subject to financial regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to the financial and compliance audits by the grantors. As of June 30, 2020, the University estimates that adjustments, if any, as a result of such audits would have not have a material adverse effect on the accompanying financial statements.

COVID-19 Pandemic

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

Construction Commitments

Authorized expenditures for construction projects unexpended as of June 30, 2022 and 2021 were approximately $0 and $573,735, respectively.

Labor Concentration

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

NOTE 17 REORGANIZATION

On July 14, 2021, the Board of Governors approved the final university integrations which integrate the existing Bloomsburg University, Lock Haven University, and Mansfield University into a single northeast integrated university, subsequently named Commonwealth University of Pennsylvania. This integration was designed to leverage the strength of these universities to position them to better serve students and to improve financial sustainability. As of July 1, 2022, the universities successful integrated and began operating as Commonwealth University with one university budget, organizational structure, student population and academic program array.

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Changes in the System Plan Total OPEB Liability	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018
Total OPEB Liability - Beginning Balance	$ 36,028,104	$ 31,713,810	$ 33,396,338	$ 40,459,636	$ 47,007,588
Service Cost	1,109,872	821,363	904,679	1,173,967	3,213,857
Interest	680,921	1,073,208	1,005,001	1,281,672	2,606,212
Changes of Benefit Terms	-	(3,724,259)	(1,744,653)	(28,221)	-
Differences Between Expected and Actual Experience	-	-	-	(4,872,166)	-
Changes in Assumptions	(2,268,978)	7,225,667	-	(319,847)	(9,462,659)
Benefit Payments	(41,208)	(1,081,685)	(1,847,555)	(4,298,703)	(2,905,362)
Net Changes	(519,393)	4,314,294	(1,682,528)	(7,063,298)	(6,547,952)
Total OPEB Liability - Ending Balance	$ 35,508,711	$ 36,028,104	$ 31,713,810	$ 33,396,338	$ 40,459,636
Covered Employee Payroll	$ 14,541,308	$ 14,158,071	$ 14,449,312	$ 14,806,535	16,411,861
OPEB Liability as a Percent of Covered Payroll	244.19%	254.47%	219.48%	225.55%	246.53%

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Schedule of Proportionate Share of REHP Net OPEB Liability
Determined as of June 30, 2021
(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%	$ 27,464	$ 3,744	734%	1.4%
2018/19	4.483%	19,731	3,519	561%	2.2%
2019/20	4.370%	14,213	3,649	390%	3.8%
2020/21	4.275%	16,375	3,610	454%	3.7%
2021/22	4.275%	13,204	3,357	393%	3.7%

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	$ 643	$ 643	$ -	$ 4,403	14.6%
2018/19	805	805	-	4,599	17.5%
2019/20	608	608	-	4,613	13.2%
2020/21	332	332	-	4,394	7.6%
2021/22	294	294	-	4,213	7.0%

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Schedule of Proportionate Share of PSERS Net OPEB Liability
Determined as of June 30, 2021
(in Thousands)

	PSERS Net OPEB Liability						
Fiscal Year	State System's Proportion	University's Proportion Share	Commonwealth's Proportion Share	Total	University's Covered Employee Payroll	University's Proportionate Share of Net OPEB Liability as a % of Covered-Employee Payroll	PSERS Fiduciary Net Position as a % of Total OPEB Liability
2017/18	0.18110%	$ 61	$ 61	$ 122	$ 802	7.7%	5.7%
2018/19	0.18360%	70	70	140	900	7.7%	5.6%
2019/20	0.18860%	80	80	160	1,031	7.7%	5.6%
2020/21	0.18520%	81	81	162	1,053	7.7%	5.7%
2021/22	0.18520%	87	87	173	1,037	8.4%	5.7%

PSERS Schedule of Contributions
(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2017/18	$ 4	$ 4	$ -	$ 912	0.4%
2018/19	4	4	-	1,046	0.4%
2019/20	4	4	-	1,061	0.4%
2020/21	4	4	-	1,093	0.4%
2021/22	4	4	-	1,072	0.4%

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Schedule of Proportionate Share of SERS Net Pension Liability (NPL)
Determined as of December 31, 2021
(in Thousands)

Fiscal Year	State System's Proportion	University's Proportionate 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	4.90055 %	$ 18,328	$ 7,476	245%	64.8 %
2015/16	4.72080	20,807	7,216	288	58.9
2016/17	4.83700	21,025	6,789	310	57.8
2017/18	4.90590	17,572	6,406	275	63.0
2018/19	4.89710	20,325	6,346	320	56.4
2019/20	4.77320	17,607	6,392	276	63.1
2020/21	4.41960	16,848	6,206	271	67.0
2021/22	4.17770	12,575	5,774	218	76.0

SERS Schedule of Contributions
(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	$ 1,379	$ 1,379	$ -	$ 7,476	18.4 %
2015/16	1,558	1,558	-	7,216	23.8
2016/17	1,736	1,736	-	6,105	28.4
2017/18	1,887	1,887	-	5,865	32.2
2018/19	1,978	1,978	-	6,161	32.1
2019/20	2,022	2,022	-	6,101	33.2
2020/21	1,930	1,930	-	5,729	33.7
2021/22	2,030	2,030	-	6,044	33.6

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Schedule of Proportionate Share of PSERS Net Pension Liability (NPL)
Determined as of June 30, 2021
(in Thousands)

Fiscal Year	State System's Proportion	PSERS Net Pension Liability: University's Proportionate Share	PSERS Net Pension Liability: Commonwealth's Proportionate Share	PSERS Net Pension Liability: Total	University's Covered-Employee Payroll	University's Proportionate Share of NPL as a % of Covered-Employee Payroll	PSERS Fiduciary Net Position as a % of Total Pension Liability
2014/15	0.17850 %	$ 1,379	$ 1,379	$ 2,758	$ 445	310 %	57.2 %
2015/16	0.18520	1,310	1,310	2,620	779	200	54.4
2016/17	0.18330	1,650	1,651	3,301	862	200	50.1
2017/18	0.18110	1,485	1,485	2,970	801	200	51.8
2018/19	0.18360	1,588	1,588	3,176	891	200	54.0
2019/20	0.18360	1,829	1,829	3,658	1,079	200	55.7
2020/21	0.18560	1,852	1,852	3,704	175	1100	54.3
2021/22	0.17770	1,537	1,537	3,074	178	900	63.7

PSERS Schedule of Contributions
(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	$ 77	$ 77	$ -	$ 445	19.2 %
2015/16	109	109	-	895	12.2
2016/17	118	118	-	810	14.6
2017/18	142	142	-	912	15.6
2018/19	178	178	-	1,046	17.0
2019/20	178	178	-	1,061	16.8
2020/21	184	184	-	1,093	16.9
2021/22	179	179	-	1,072	16.7