

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION**

**FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2025**



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**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
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## INDEPENDENT AUDITORS' REPORT

Council of Trustees  
Slippery Rock University of Pennsylvania  
of the State System of Higher Education  
Slippery Rock, 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 Slippery Rock University of Pennsylvania of the State System of Higher Education (the University), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units, Slippery Rock Student Government Association, Slippery Rock University Foundation (SRUF), and SRUF Campus Housing Inc. and Subsidiary, which statements reflect total assets, net assets, and revenues constituting 100%, 100%, and 100%, respectively, of the 2025 assets, net assets, and revenues of the discretely presented component units for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, as far as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors.

#### ***Basis for Opinions***

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

***Emphasis of Matter***

The financial statements of the University are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the aggregate discretely presented component units that are attributable to the transactions of the University. The University is one of ten universities and the System Office of the Pennsylvania State System of Higher Education (the System). These financial statements do not purport to, and do not, present fairly the financial position of the System, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

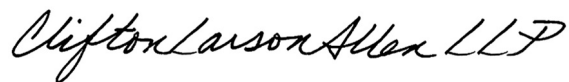
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Council of Trustees  
Slippery Rock University of Pennsylvania  
of the State System of Higher Education

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



**CliftonLarsonAllen LLP**

Pittsburgh, Pennsylvania  
October 29, 2025

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

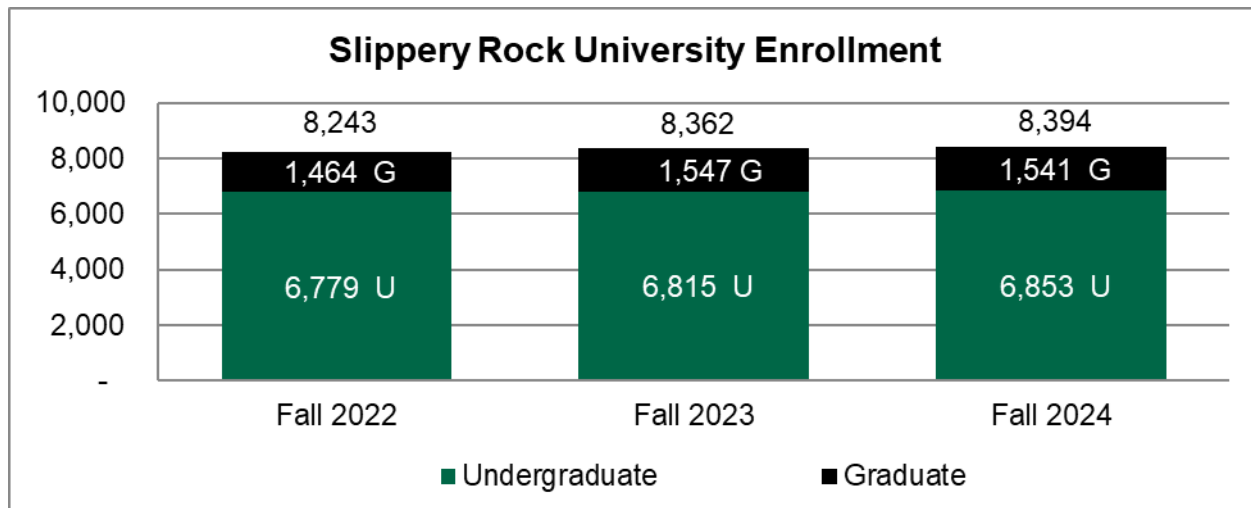
Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis for the financial activities of Slippery Rock University of Pennsylvania (the University) for the year ended June 30, 2025. The University's financial performance is discussed and analyzed within the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

Slippery Rock University, founded in 1889, is a member of Pennsylvania's State System of Higher Education (State System). As a public university of the Commonwealth of Pennsylvania, the University is charged with providing high quality education at the lowest possible cost to its students. The University enrolled 8,394 students in Fall 2024.

The following is an overview of the University's financial activities for the year ended June 30, 2025, as compared to the prior year ended June 30, 2024, and 2023. Because of rounding, certain increases or decreases may vary slightly from audited financials.

**Financial Highlights**

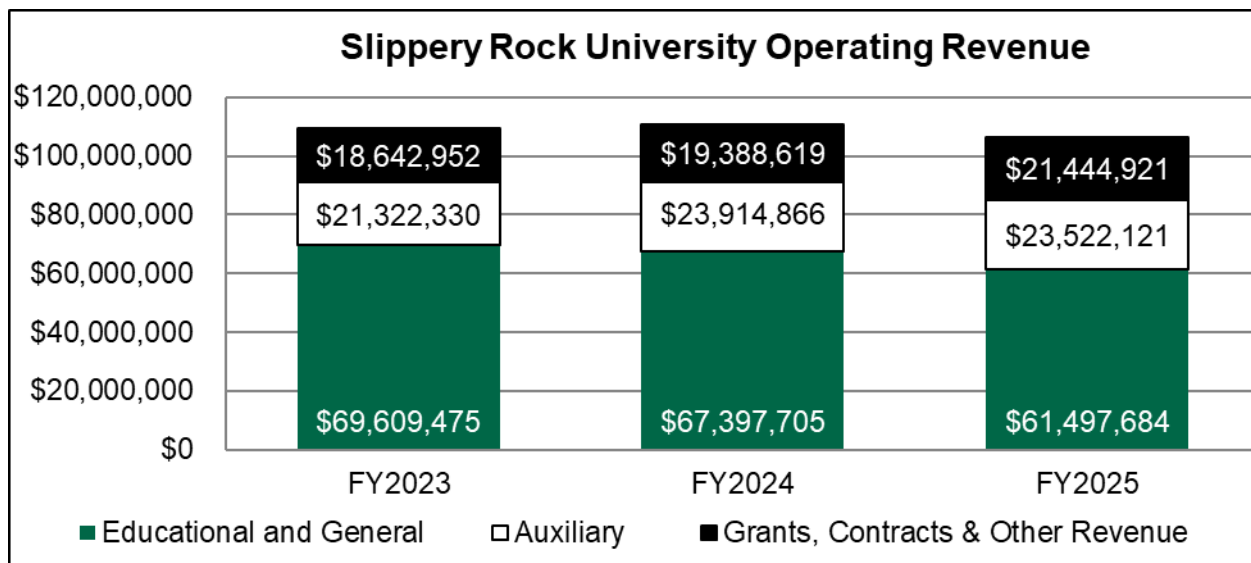
Enrollment for Fall 2024 was a total headcount of 8,394, for an overall increase of 32, or 0.4%, compared to the prior year. Enrollment included 6,853 undergraduate students, which is an increase of 38, or 0.6% over the prior year, and 1,541 graduate students, a decrease of 6, or 0.4% over the prior year. Compared to the prior year, Fall 2024 total enrollment was comprised of 7,381 resident students, which is an increase of 87, or 1.2%, and 1,013 non-resident students, at a decrease of 55, or 5.1%. The chart below summarizes a three-year trend of undergraduate and graduate enrollment:



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- The State System’s Board of Governors (the Board) approved a flat annual full-time tuition rate. The rate has remained the same since 2018-19.
- The total Commonwealth appropriation to the State System in fiscal year 2025 was \$620.8 million, or 6.0% higher than the prior fiscal year. The University’s share of the appropriation was \$58.9 million, which represents a \$4.1 million or 7.4% increase from fiscal year 2024.
- Capital appropriations, which include appropriations for furnishings and equipment for Commonwealth Key 93 funded construction, was \$1.7 million, or \$0.1 million and 8.2% higher than the prior fiscal year 2024 appropriation of \$1.6 million.
- Educational and General Fund (E&G) tuition and fee revenue, net of discounts and allowances, was \$61.5 million in fiscal year 2025 and \$5.9 million lower than the prior fiscal year 2024. Auxiliary revenue, net of discounts and allowances, was \$23.5 million in fiscal year 2025 and \$0.4 million lower than the prior fiscal year 2024.

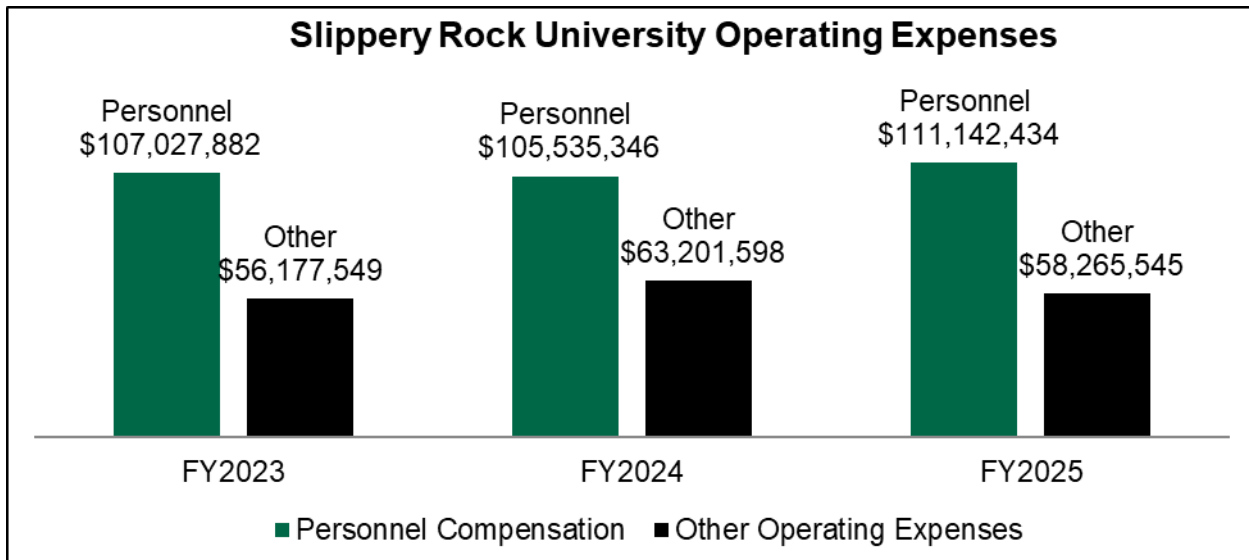
The chart below summarizes the trend of total University operating revenue, including Educational and General fund tuition and fees, Auxiliary fees and sales, government and non-government grants and contracts, and other miscellaneous operating revenue:



**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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- E&G fund personnel expenses, excluding compensation expenses related to unfunded liabilities, were \$120.0 million and \$4.3 million, or 3.8%, higher in fiscal year 2025 as compared to fiscal year 2024 personnel expense of \$115.7 million. During this time, all employee groups experienced contractual pay or merit increases. In addition, the Enhanced Sick Leave Payout (ESLP) program offered an incentive for retirement for the faculty, at an estimated cost of \$1.4 million to the University.
- Total E&G personnel compensation, including expenses related to unfunded liabilities, was \$105.4 million, which included (\$14.6) million of unfunded liabilities for pension and health care costs. The compensation expense related to unfunded liabilities was \$0.3 million less than the prior year's liability of (\$14.9) million.
- E&G fund total services, supplies, other charges, and capital expenditures were \$25.5 million for fiscal year 2025 and \$1.5 million, or 5.4%, lower than fiscal year 2024 expenditures of \$27.0 million. Lower operating expenses in E&G can be attributed to a strategic reserve strategy, as well as master plan projects in the unrestricted Plant funds.

The following chart summarizes a trend of total (all funds) University personnel compensation, including compensation expense related to unfunded liabilities, and other operating expenses, such as services, supplies, and utilities.





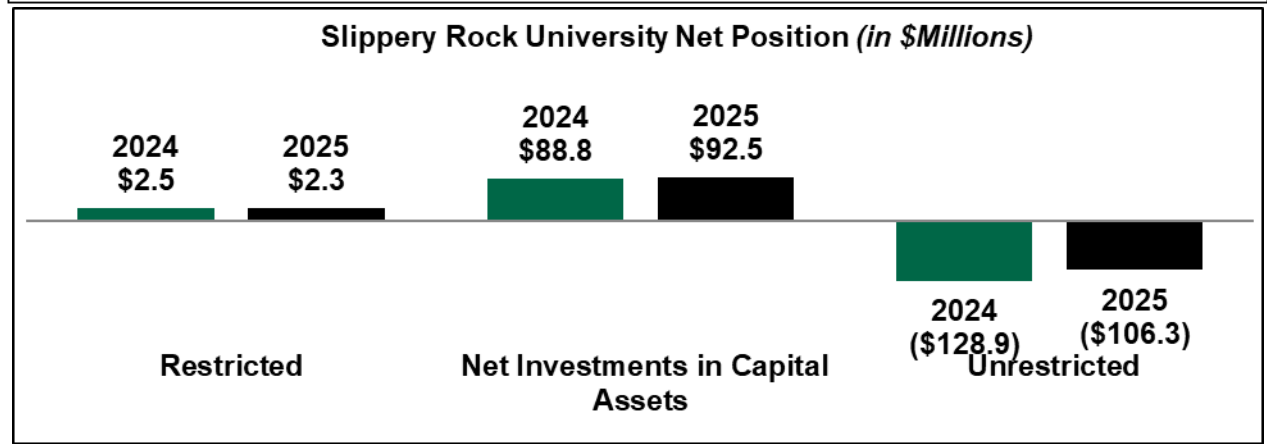
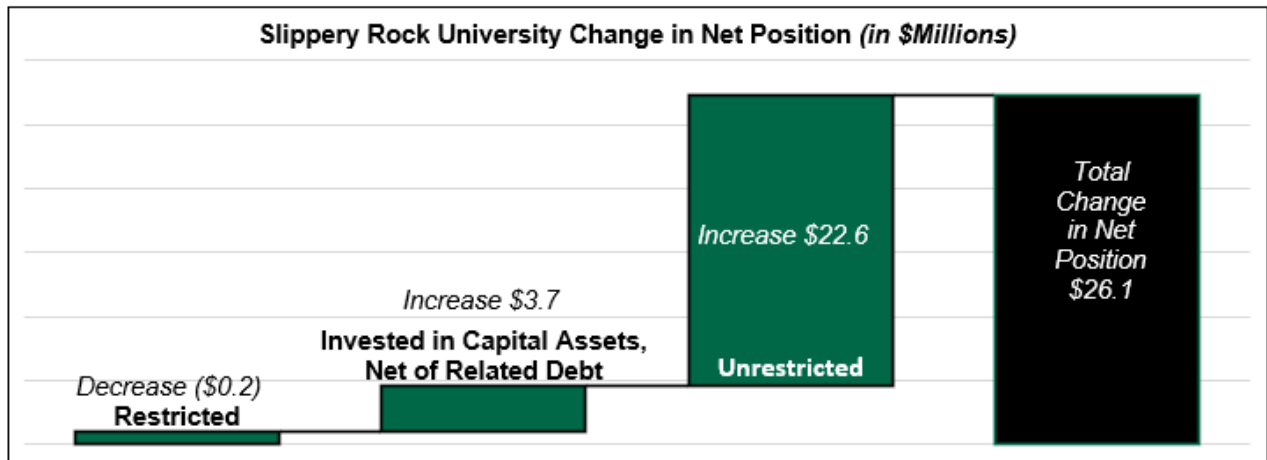
**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**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 fair value, the value of outstanding receivables due from students and from other parties, and land, buildings, and equipment reported at cost, and less accumulated depreciation. Liabilities include payments due to vendors and students, the balance of bonds payable, and liabilities such as worker's compensation (the University is self-insured), compensated absences (the value of sick and annual leave earned by employees), and post-retirement benefits (benefits expected to be paid to certain current and future retirees). The difference between the assets, deferred outflows of resources and liabilities, and deferred inflows of resources is reported as net position. Net position in fiscal year 2025 increased by \$26.1 million to (\$11.5) million, from fiscal year 2024 net position of (\$37.6) million. The change year over year is mostly attributed to an increase in PHEAA revenue, appropriation, Pell grants and capital gifts, offset by an increase in scholarships for discounts and allowances.

The following chart shows the total net position change of fiscal year 2025, by category, and the next chart shows the end of year net position, by category, for fiscal years 2025 and 2024.



**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

The following is a summary of the balance sheet for fiscal years 2025, 2024, and 2023.

**Slippery Rock University  
Balance Sheet Summary**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 137,451,107	\$ 133,260,796	\$ 129,466,907
Other Current Assets	\$ 12,176,057	\$ 8,220,922	\$ 7,775,652
Total Current Assets	<u>\$ 149,627,164</u>	<u>\$ 141,481,718</u>	<u>\$ 137,242,559</u>
Capital Assets, net	\$ 132,372,054	\$ 129,889,194	\$ 131,455,049
Other Noncurrent Assets	\$ 1,284,527	\$ 1,392,583	\$ 1,255,546
Total Noncurrent Assets	<u>\$ 133,656,581</u>	<u>\$ 131,281,777</u>	<u>\$ 132,710,594</u>
<b>TOTAL ASSETS</b>	<u>\$ 283,283,745</u>	<u>\$ 272,763,495</u>	<u>\$ 269,953,153</u>
Total Deferred Outflows of Resources	\$ 22,828,840	\$ 30,582,020	\$ 41,695,416
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 306,112,585</u></u>	<u><u>\$ 303,345,515</u></u>	<u><u>\$ 311,648,569</u></u>
<b>LIABILITIES</b>			
Accounts Payable & Accrued Expenses	\$ 22,333,021	\$ 17,732,557	\$ 14,630,459
Unearned Revenue	\$ 9,237,194	\$ 11,273,252	\$ 14,590,641
Other Current Liabilities	\$ 11,512,256	\$ 12,208,584	\$ 10,927,579
Total Current Liabilities	<u>\$ 43,082,471</u>	<u>\$ 41,214,393</u>	<u>\$ 40,148,679</u>
Compensated Absences & Postretirement Benefit Obligations & Workers Compensation	\$ 182,261,057	\$ 193,981,787	\$ 205,965,949
Bonds Payable	\$ 29,642,247	\$ 33,335,338	\$ 37,537,225
Other Noncurrent Liabilities	\$ 1,793,804	\$ 1,339,574	\$ 1,393,270
Total Noncurrent Liabilities	<u>\$ 213,697,108</u>	<u>\$ 228,656,699</u>	<u>\$ 244,896,444</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 256,779,579</u>	<u>\$ 269,871,092</u>	<u>\$ 285,045,123</u>
Total Deferred Inflows of Resources	\$ 60,804,240	\$ 71,048,793	\$ 86,431,233
<b>NET POSITION</b>			
Invested in Capital Assets, net of Related Debt	\$ 92,470,041	\$ 88,841,887	\$ 86,945,179
Restricted	\$ 2,331,339	\$ 2,467,267	\$ 3,666,375
Unrestricted	\$ (106,272,614)	\$ (128,883,524)	\$ (150,439,340)
Total Net Position	<u>\$ (11,471,234)</u>	<u>\$ (37,574,370)</u>	<u>\$ (59,827,786)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 306,112,585</u></u>	<u><u>\$ 303,345,515</u></u>	<u><u>\$ 311,648,569</u></u>

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**Net Position**

*Net investment in capital assets* is the cost of land, buildings, improvements, equipment, furnishings, and library books, net of accumulated depreciation and less any associated debt, such as bonds payable. This balance is not available for the University's use in ongoing operations because the underlying assets would have to be sold to use the balance to pay for current or long-term obligations. The Commonwealth prohibits the State System from selling University land and buildings without prior approval.

*Restricted net position* represents the balances of funds received from the Commonwealth, donors, or grantors who have placed restrictions on the purpose for which the funds must be spent. Non-expendable restricted net position represents corpuses of endowments and similar arrangements in which only the associated investment income can be spent. Expendable restricted net position is available for expenditure if any external purpose and time restrictions are met.

*Unrestricted net position* includes all other funds not appropriately classified as restricted or invested in capital assets. The unrestricted net position has been reduced by three unfunded liabilities:

- The liability for *OPEB post-retirement benefits* for employees who participate in the State System of Higher Education (SSHE), Retired Employee Health care plan (REHP) and Public-School Employee's Retirement plan (PSERS) was \$101.0 million on June 30, 2025, a decrease of \$8.0 million. The total post-retirement benefit liability for fiscal year 2025 is comprised of \$77.1 million for the SSHE plan, \$23.6 million for the REHP plan and \$0.3 million for the PSERS plan. This liability for OPEB is due to the implementation of GASB Statement No. 75. Because the liability is realized gradually over time, and because of its size, the University funds it only as it becomes due.
- The liability for *compensated absences* increased by \$0.3 million to \$10.3 million on June 30, 2025. This liability for compensated absences is due to the implementation of GASB Statement No. 101. Like the post-retirement benefits liability, cash payouts to employees upon termination or retirement for annual and sick leave balance are realized gradually over time, and because of its size, the University funds it only as it becomes due.
- The *net pension liability* decreased \$4.6 million to \$75.6 million on June 30, 2025, based on actuarial experience and employee participation. The combined pension liability for fiscal year 2025 is comprised of \$68.0 million for the State Employee Retirement System (SERS) and \$7.6 million for PSERS. This liability for pension obligations is due to the implementation of GASB Statement No. 68. Because the liability is realized gradually over time, and because of its amount, the University funds it only as it becomes due.

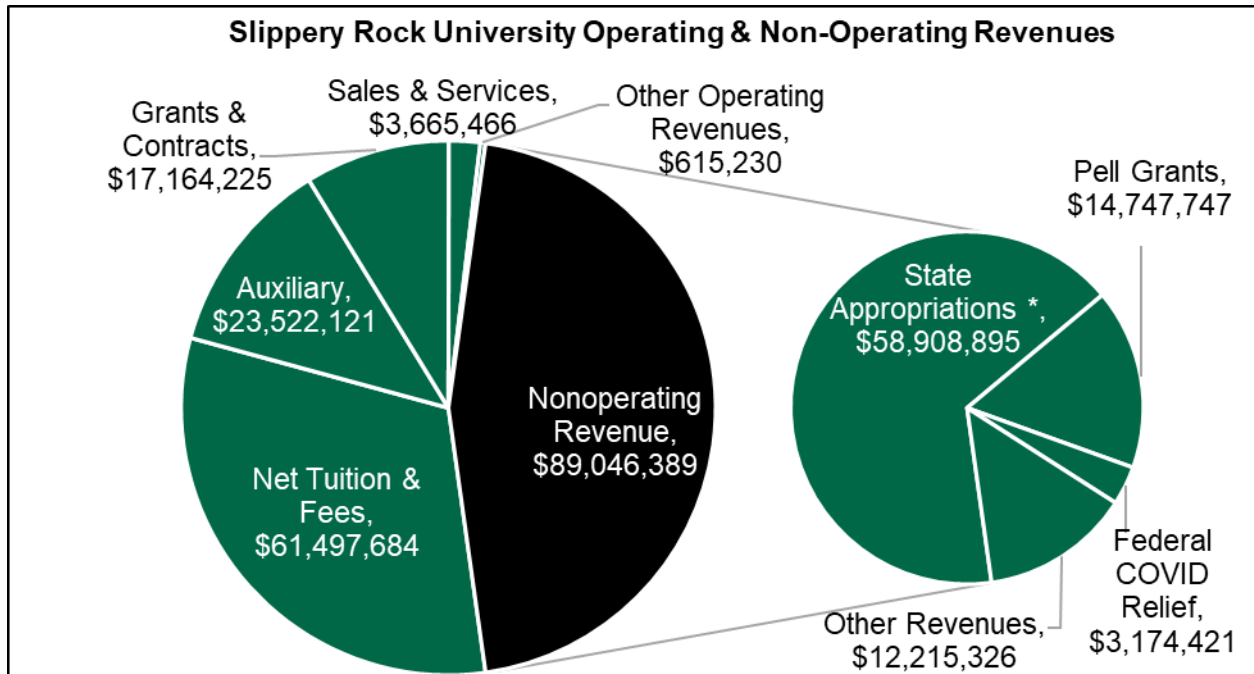
**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**Statement of Revenues, Expenses, and Changes in Net Position**

**Revenues**

The Statement of Revenues, Expenses, and Changes in Net Position reports the revenues earned and the expenses incurred during the fiscal year. In accordance with GASB requirements, the University has classified revenues and expenses as either operating or non-operating. GASB has determined that all public college and university state appropriations are non-operating revenues. In addition, GASB requires classification of gifts, Pell grants, investment income and expenses, unrealized gains and losses on investment, interest expense, and losses on disposals of assets, as non-operating. The University classifies all its remaining activities as operating.

The following chart shows the University's total operating and non-operating revenues, for fiscal year ending June 30, 2025:



\* State Appropriations, General & Restricted. Other non-operating revenues include Capital State Appropriations.

The following table shows the University's total operating and non-operating revenues for fiscal years ending June 30, 2025, 2024 and 2023:

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**Slippery Rock University  
Operating and Nonoperating Revenues  
(in \$Millions)**

Fiscal Year	FY2025	Increase/ (Decrease)		FY2024	Increase/ (Decrease)		FY2023
<b>Operating Revenues</b>							
Net Tuition & Fees	\$61.5	(\$5.9)	-8.8%	\$67.4	(\$2.2)	-3.1%	\$69.6
Auxiliary	\$23.5	(\$0.4)	-1.6%	\$23.9	\$2.6	12.3%	\$21.3
Grants & Contracts	\$17.2	\$2.0	12.8%	\$15.2	(\$0.7)	-4.2%	\$15.9
Sales & Services	\$3.7	\$0.0	0.5%	\$3.6	\$1.5	73.0%	\$2.1
Other Oper Revenues	\$0.6	\$0.1	16.9%	\$0.5	(\$0.2)	26.5%	\$0.7
<b>Total</b>	<b>\$106.5</b>	<b>(\$4.2)</b>	<b>-3.8%</b>	<b>\$110.7</b>	<b>\$1.1</b>	<b>1.0%</b>	<b>\$109.6</b>
<b>Nonoperating Revenues</b>							
State Appropriations	\$58.9	\$4.1	7.4%	\$54.9	\$3.6	7.0%	\$51.3
Pell Grants	\$14.7	\$3.1	26.3%	\$11.7	\$1.8	18.4%	\$9.9
Federal COVID Relief	\$3.2	\$0.2	6.7%	\$3.0	\$0.2	6.7%	\$2.8
Other Revenues	\$12.2	\$1.4	13.4%	\$10.8	\$5.1	88.9%	\$5.7
<b>Total</b>	<b>\$89.0</b>	<b>\$8.8</b>	<b>10.9%</b>	<b>\$80.4</b>	<b>\$10.7</b>	<b>15.3%</b>	<b>\$69.7</b>
<b>Total Revenue</b>	<b>\$195.5</b>	<b>\$4.6</b>	<b>2.4%</b>	<b>\$191.1</b>	<b>\$11.8</b>	<b>6.6%</b>	<b>\$179.3</b>

Total operating revenues decreased \$4.2 million, mostly driven by lower net tuition and fees by \$5.9 million, or 8.8% from fiscal year 2024. The decrease is due to an increase in discounts and allowances related to scholarships. In fiscal year 2025, the State System implemented a revised methodology for estimating tuition and auxiliary discounts, in accordance with the National Association of College and University Business Officers (NACUBO) Advisory Report 2023-01, Public Institutions: Accounting for and Reporting Financial Aid as a Discount.

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

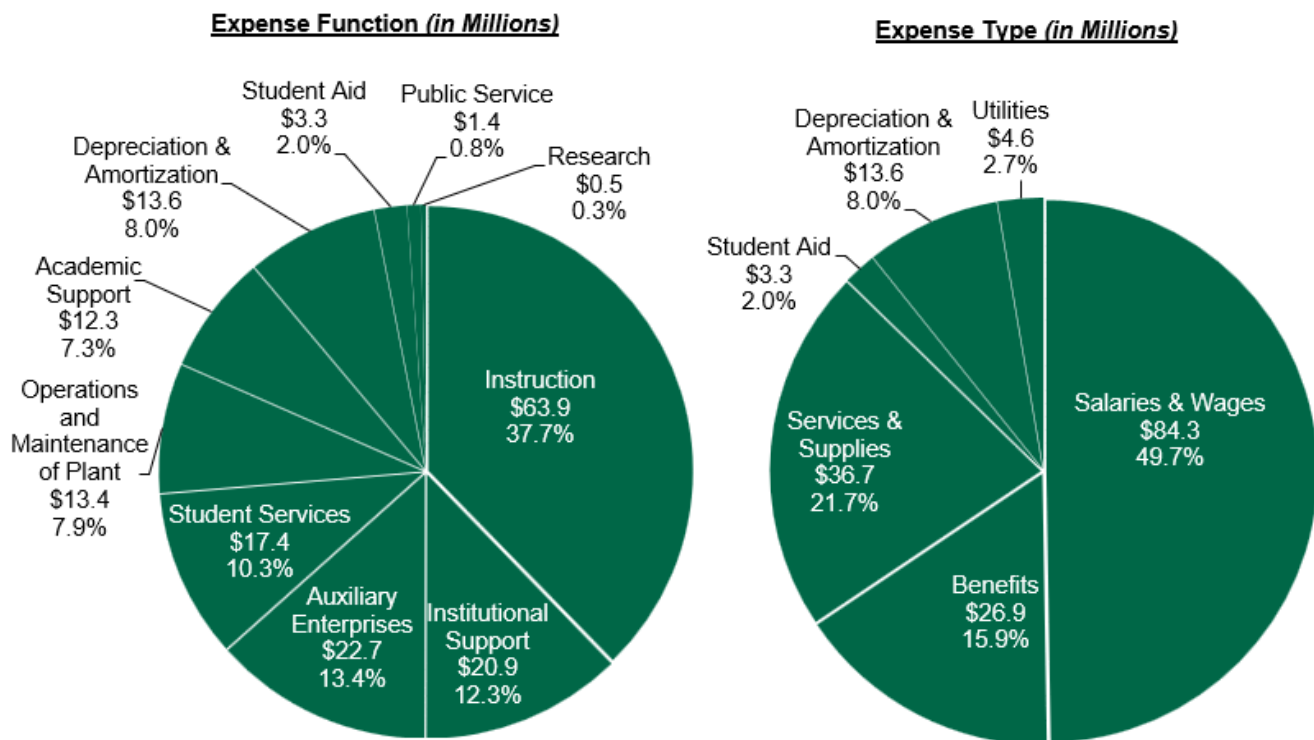
This change affects the classification of amounts reported in Tuition and fees, net; Auxiliary enterprises, net; and Operating Expenses – Student aid on the Statement of Revenues, Expenses, and Changes in Net Position. It does not affect the total net position and has been applied prospectively. Compared to the previous method, the revised approach led to an increase in tuition and fee discounts and auxiliary discounts, while student aid expense decreased.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

Other non-operating revenue increased \$8.8 million, or 10.9%. Higher interest rates and interest income contributed to the increase, as well as \$3.1 million more Pell Grants. The University's share of the state appropriations increased \$4.1 million, or 7.4%, from fiscal year 2024 related to the allocation methodology and increases in enrollment. As compared to the prior year, Federal COVID relief increased \$0.2 million. The University had \$3.2 million of Coronavirus State Fiscal Recovery Funds (CSFRF II) in 2025. See University Highlights and Future Considerations for total COVID relief funding allocated to the University.

**Expenses**

The following charts show the University's total percentages of operating expenditures by function and source, or type, for fiscal year ending June 30, 2025.



Total operating expenditures were \$169.4 million in fiscal year 2025, an increase of \$0.7 million, or 0.4%, from fiscal year 2024 operating expenditures of \$168.7 million. The greatest percentages of operating expenses are dedicated to instruction. In fiscal year 2025, \$63.9 million, or 37.7%, of total operating expenses were instructional expenses. Instructional expenses increased \$1.3 million, or 2.0%, from \$62.6 million in fiscal year 2024. The increase is mostly related to contractual bargaining agreement increases, net of pension and post-retirement savings, from actuarial adjustments in unfunded liabilities. In addition to contractual increases, 19 faculty members elected the ESLP option for retirement, with an estimated payout (including benefits) of \$1.4 million. Excluding the unfunded liabilities, E&G faculty personnel expenditures increased \$3.3 million, or 5.0%, from \$65.9 million in fiscal year 2024 to \$69.2 million in fiscal year 2025.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

Operating expenditures include personnel and other non-personnel operating expenses. In fiscal year 2025, \$111.1 million, or 65.6%, of the University's total operating expenses were related to salary, wages, and benefits. Salaries and wages increased by \$2.7 million, or 3.2% with increases for all collective bargaining agreements and merit. Benefits increased \$3.0 million, or 12.7%, mostly related to increases in healthcare costs. Total Benefits include employer contributions to health care, health and welfare, and post-retirement benefits. The following highlights the changes within these categories:

- *Employer share of employee health care costs*, including the hospitalization, health and welfare funds were \$14.4 million in fiscal year 2025 and \$1.9 million, or 15.1%, higher than fiscal year 2024, related to health care rate increases.
- *Employer share of post-retirement health care* (excluding unfunded liabilities) was \$4.1 million, and \$0.5 million or 10.9% lower compared to fiscal year 2024.
- *Employer contributions to defined benefit pension plans* to fund net pension liabilities were \$9.0 million, an increase of \$0.7 million, or 7.8%, compared to fiscal year 2024. The SERS plan expense was \$7.5 million or 12.1%, and \$0.8 million higher than fiscal year 2024. The PSERS plan expense was \$1.5 million, \$0.2 million and 10.2% lower than fiscal year 2024.
- *Employer contributions to the Alternative Retirement Plan (ARP)*, a defined contribution plan, was \$4.5 million in fiscal year 2025, an increase of \$0.2 million, or 12.7% over fiscal year 2024. The changes in annual contributions are mostly attributed to fluctuating employee participation and salary increases.

Other operating expenses, including student aid, services, supplies, utilities, and depreciation were \$58.3 million in fiscal year 2025, a total decrease of \$4.9 million, or 7.8%, from fiscal year 2025 operating expenses of \$63.2 million. Fiscal year 2025 student aid was \$3.3 million representing a 63.3%, or \$5.8 million decrease from fiscal year 2024. Decreases in student aid are attributed to the NACUBO methodology of calculating scholarships, discounts & allowances.

The following page shows the statement of revenues, expenses, and changes in net position for fiscal years 2025, 2024 and 2023.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**Slippery Rock University**

<b>Statement of Revenues, Expenses, and Net Position</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Operating Revenues:</b>			
Net Tuition and Fees	\$ 61,497,684	\$ 67,397,705	\$ 69,609,475
Governmental Grants and Contracts: Federal	\$ 1,230,748	\$ 1,176,949	\$ 1,264,771
Governmental Grants and Contracts: State	\$ 15,024,637	\$ 13,121,041	\$ 9,482,998
Governmental Grants and Contracts: Local	\$ -	\$ -	\$ 5,038,621
Nongovernmental Grants and Contracts	\$ 908,840	\$ 915,278	\$ 89,258
Sales and Service	\$ 3,665,466	\$ 3,648,851	\$ 2,051,298
Auxiliary Enterprises Net of Discounts	\$ 23,522,121	\$ 23,914,866	\$ 21,322,330
Other Revenues, net	\$ 615,230	\$ 526,500	\$ 716,006
<b>Total Operating Revenues</b>	<b>\$106,464,726</b>	<b>\$110,701,190</b>	<b>\$109,574,757</b>
<b>Operating Expenses:</b>			
Instruction	\$ 63,896,632	\$ 62,628,308	\$ 59,703,138
Research	\$ 525,462	\$ 311,329	\$ 491,868
Public Service	\$ 1,399,005	\$ 791,336	\$ 984,096
Academic Support	\$ 12,320,511	\$ 11,327,362	\$ 12,320,807
Student Services	\$ 17,408,769	\$ 17,272,988	\$ 17,049,459
Institutional Support	\$ 20,860,248	\$ 20,472,552	\$ 21,623,498
Operations and Maintenance of Plant	\$ 13,394,897	\$ 15,165,581	\$ 13,131,735
Depreciation	\$ 13,614,229	\$ 12,210,723	\$ 11,696,483
Student Aid	\$ 3,334,223	\$ 8,975,291	\$ 8,340,718
Auxiliary Enterprises	\$ 22,654,004	\$ 19,581,474	\$ 17,863,629
<b>Total Operating Expenses</b>	<b>\$169,407,980</b>	<b>\$168,736,944</b>	<b>\$163,205,431</b>
<b>Net Operating Revenues (Expenses)</b>	<b>\$ (62,943,254)</b>	<b>\$ (58,035,754)</b>	<b>\$ (53,630,674)</b>
<b>Nonoperating Revenues (Expenses)</b>			
State Appropriations General and Restricted	\$ 58,908,895	\$ 54,858,813	\$ 51,256,983
Federal appropriations - CARES Act COVID Relief	\$ 3,174,421	\$ 2,975,761	\$ 2,789,059
Federal grants - CARES Act COVID Relief	\$ 5,988,869	\$ 5,828,539	\$ 3,667,195
Investment Income Net of Related Investment Expense	\$ 666,484	\$ 695,970	\$ 487,835
Commonwealth on-behalf Contributions to PSERS	\$ 14,747,747	\$ 11,678,951	\$ 9,860,641
Pell Grants	\$ 3,172,241	\$ 3,471,185	
Gifts for other than Capital Purposes	\$ (874,184)	\$ (958,451)	\$ (1,005,323)
Interest Expense on Capital Asset-Related Debt	\$ (199,959)	\$ (142,880)	\$ (2,586)
Gain (Loss) on Disposal of Assets	\$ 107,597	\$ 109,593	\$ 162,685
Other Nonoperating Revenue	\$ 107,597	\$ 109,593	\$ 162,685
<b>Net Nonoperating Revenues (Expenses)</b>	<b>\$ 85,692,111</b>	<b>\$ 78,517,481</b>	<b>\$ 67,216,489</b>
Income (Loss) before other Revenues, Expenses, Gains, Losses	\$ 22,748,857	\$ 20,481,727	\$ 13,585,815
State Appropriations, Capital	\$ 1,749,729	\$ 1,617,668	\$ 1,824,820
Capital Gifts and Grants	\$ 1,604,550	\$ 154,021	\$ 570,707
Total Other Revenues	\$ 3,354,279	\$ 1,771,689	\$ 2,395,527
<b>Net Position - End of Year</b>	<b>\$ (11,471,234)</b>	<b>\$ (37,574,370)</b>	<b>\$ (59,827,786)</b>



**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**Statement of Cash Flows**

The primary purpose of the statement of cash flows is to provide relevant information about the cash receipts and cash payments of the University. It may be used to determine the University's ability to generate future net cash flows and meet its obligations as they come due, as well as its possible need for external financing.

The table below shows that the University's cash flow at the end of fiscal year 2025 was \$137.5 million, an increase of \$4.2 million from cash at the end of fiscal year 2024. Increases are mostly related to investment income from higher interest rates, and increased appropriation over the prior year. Both fiscal years 2024 and 2025 have seen higher interest rates, although the expectation is that rates will decline slowly.

**Slippery Rock University**

**Statement of Cash Flows Summary**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities	(\$64,481,655)	(\$58,630,698)	(\$56,511,310)
Cash Flows from Noncapital Financing Activities	\$76,936,479	\$70,118,543	\$73,684,919
Cash Flows from Capital Financing Activities	(\$14,304,722)	(\$13,419,998)	(\$12,758,613)
Cash Flows from Investing Activities	\$6,040,209	\$5,726,042	\$3,390,468
<b>Net Increase (Decrease) in cash</b>	<b>\$4,190,311</b>	<b>\$3,793,889</b>	<b>\$7,805,464</b>
<b>Cash-beginning of year</b>	<u><b>\$133,260,796</b></u>	<u><b>\$129,466,907</b></u>	<u><b>\$121,661,443</b></u>
<b>Cash-end of year</b>	<u><u><b>\$137,451,107</b></u></u>	<u><u><b>\$133,260,796</b></u></u>	<u><u><b>\$129,466,907</b></u></u>

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**University Highlights and Future Considerations**

The University has demonstrated that it is fiscally strong, with historically strong enrollment and prudent management of financial resources. In the upcoming fiscal years of 2026 and beyond, there are several considerations to note with respect to the University's financial outlook.

*COVID Impacts to the University* – As result of the pandemic, the greatest impact to the University has been lost revenue because of enrollment declines. Fall 2025 has seen the largest increase in student enrollment since Fall 2020. The table below outlines the changes year-over-year. Fall 2025 total enrollment represents not only stronger incoming first-time students, but a record retention rate from first to second year of 86.4%.

<b>Term</b>	<b>Fall 2020</b>	<b>Fall 2021</b>	<b>Fall 2022</b>	<b>Fall 2023</b>	<b>Fall 2024</b>	<b>Fall 2025</b>
<b>Fiscal Year</b>	<b>20-21</b>	<b>21-22</b>	<b>22-23</b>	<b>23-24</b>	<b>24-25</b>	<b>25-26</b>
Undergraduate	7,415	6,920	6,779	6,815	6,853	7,088
Graduate	1,461	1,503	1,464	1,547	1,541	1,537
<b>Total Census Day Headcount</b>	<b>8,876</b>	<b>8,423</b>	<b>8,243</b>	<b>8,362</b>	<b>8,394</b>	<b>8,625</b>
Undergraduate Change	(53) -0.7%	(495) -6.7%	(141) -2.0%	36 0.5%	38 0.6%	235 3.4%
Graduate Change	123 9.2%	42 2.9%	(39) -2.6%	83 5.7%	(6) -0.4%	(4) -0.3%
Total Change	70 0.8%	(453) -5.1%	(180) -2.1%	119 1.4%	32 0.4%	231 2.8%

The Fall 2025 enrollment of 1,549 new freshmen students is an improvement over the prior Fall 2024 of 1,547. Incoming first-time cohorts have steadily increased in size since the smaller cohorts entered during the COVID years (1,450 in Fall 2020 and 1,369 in Fall 2021).

	<b>Fall 2020</b>	<b>Fall 2021</b>	<b>Fall 2022</b>	<b>Fall 2023</b>	<b>Fall 2024</b>	<b>Fall 2025</b>
<b>First-Time, Full-Time Student Headcount</b>	1,460	1,369	1,459	1,535	1,547	1,549
More/(Less) Prior Year	(119) -7.5%	(91) -6.2%	90 6.6%	76 5.2%	12 0.8%	2 0.1%

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**University Highlights and Future Considerations (Continued)**

While relief funding has become available through federal and state sources, including the Coronavirus Aid Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), American Rescue Plan Act (ARPA) and Coronavirus State Fiscal Recovery Funds (CSFRF) funds, increasing expenses and lost revenue have been a significant and concern that will take years to overcome as lower enrolled classes begin to graduate. The table below outlines funds received for students and institutional COVID relief.

**Slippery Rock University COVID Relief Funding (\$in Millions)**

CARES Act Funds					CRRSAA Funds				ARPA Funds			CSFRF Funds			
State HEERF- HEERF- Funds		Funds			HEERF- HEERF- Funds		Funds		HEERF- HEERF- Funds		Funds		CSFRF Funds from Commonwealth Federal Appropriations		Total
Student Aid	Institute Portion	from Title V	GEERF Grant	Total	Student Aid	Institute Portion	GEERF Grant	Total	Student Aid	Institute Portion	Total	CSFRF Funds from Commonwealth Federal Appropriations	Total		
\$3.7	\$3.7	\$2.8	\$0.3	\$10.4	\$3.7	\$7.6	\$0.4	\$11.7	\$10.0	\$9.9	\$19.9	\$2.0	\$12.4	\$14.4	
HEERF = Higher Education Emergency Relief Funds. GEERF = Governor's Education Emergency Relief Funds.												CSFRF = Coronavirus State Fiscal Recovery Funds.			

During this time, financial issues related to lower enrollment were largely overcome or substantially mitigated with the curtailment of many traditional expenses, due to changes in campus operations and support through COVID relief funding to offset lost revenue and COVID related expenses. Fiscal year 2026 and beyond will reflect how the University is overcoming the challenges associated with COVID and re-focusing on the imbalance between slow revenue growth including flat tuition and fee rates, an impending demographic cliff of high school graduates, and rising costs, requiring implementation of strategies focused on mitigating the imbalance.

*Appropriation* – The total Commonwealth appropriation to the State System in fiscal year 2025 was \$620.8 million, or 6.0% higher than the prior fiscal year. The University's share of the appropriation was \$58.9 million, which represents a \$4.1 million or 7.4% increase from fiscal year 2024. In fiscal year 2025, appropriation represented 35.1% of the total E&G budget. As of September 2025, the Pennsylvania budget remains unresolved, and no appropriation amount has been determined. The System has assumed flat appropriation, and in July 2025, the Board approved a provisional 3.6% increase in tuition for fiscal year 2026. Should the State System receive the requested 6.5% funding increase, the Board will consider reversing part or all the tuition increase.

An essential component of the overall budget is the appropriation levels for the upcoming fiscal years, along with the method by which the State System allocates these funds. Uncertainty in future appropriations will place a financial burden on the University and create difficulties for planning long-term investments in academic programs, infrastructure, student services, and pose a risk of cuts to essential services. Enrollment plays a significant role in the allocation formula, and Slippery Rock University has benefited positively from this factor. Pennsylvania continues to rank near the bottom among all states in terms of per-student funding for higher education. This competitive disadvantage could lead institutions to struggle to attract and retain top human resources and students.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**University Highlights and Future Considerations (Continued)**

*Tuition and Fees* – For fiscal year 2026, the Board approved a provisional 3.6% tuition rate increase and student technology fee. The rate has remained the same for seven years, since 2018-19. No other academic University fees were proposed for increase in fiscal year 2026. Tuition and academic fee rates are currently unknown for years beyond fiscal year 2026. The fact that tuition and academic fee rates are unknown for future years creates financial unpredictability for students and families trying to plan for multi-year college expenses. In addition, it creates budgeting challenges for the University, forecasting revenue and planning for long-term investments.

*Enrollment* – Despite a projected statewide decline in high school graduate demographics, Slippery Rock University has maintained a historically strong enrollment base. Following the challenges of the COVID-19 years, the University anticipates a gradual recovery in first-time student enrollment through fiscal year 2028. While recent transfer student numbers have been lower, targeted recruitment strategies are expected to yield modest increases in both new transfer and first-time students. Combined with a proven approach to improving retention rates and steady graduate enrollment, these efforts have contributed to a modest overall year-over-year enrollment increase of approximately 1.0% throughout the planning horizon.

However, several factors continue to pose risks to enrollment growth, including lingering effects of the COVID-19 pandemic, shifting public perceptions of the value of higher education, and the looming demographic cliff. In this competitive landscape, both public and private institutions will intensify efforts to attract and retain students. To remain competitive, the University must be strategic in its approach to scholarships, marketing, financial aid, recruitment, and academic program development. Additionally, it must proactively prepare for the projected decline in its traditional high school graduate market beginning in 2027 and extending over the next decade.

*Compensation Costs* – In fiscal year 2025, salary and wage increases were implemented across all employee groups, in alignment with collective bargaining agreements currently in place through fiscal year 2027. As personnel costs represent the University's largest expense, they are actively managed to support long-term financial sustainability. Measures such as Cabinet-level review of all staffing decisions have enabled the University to achieve greater vacancy savings and explore strategic reallocation of positions rather than automatically refilling roles. However, despite these efforts to manage staffing levels, mandated increases in salaries and benefits in future years may outpace revenue growth, posing a potential challenge to financial stability.

*Health Care Costs* – The employer's share of the cost of employee and annuitant health care contributions are increasing and outpacing the rate of inflation. Employee health care across all employee groups increased an average of 8.9% in fiscal year 2025. Rates are projected to increase by 17.0% fiscal year 2026, and 12.0% in the future. This places a budgetary strain on the University and will likely shift more costs to employees.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

*State System Financial Risk Assessment* – Each year, the State System conducts a comprehensive financial analysis of each university, using a set of Board-approved metrics and financial ratios to assess overall fiscal health. This evaluation includes key indicators such as sustainability metrics, market demand, operational efficiency, and financial performance. Among the most critical sustainability measures are annualized student FTE enrollment, operating margin, primary reserve ratio, and minimum days of available cash.

This comprehensive assessment serves as a valuable tool for gauging financial stability, identifying areas for improvement, and supporting the University’s strategic planning and mission. In the most recent review, issued in September 2025 and covering fiscal years 2023 through 2025, Slippery Rock University received an overall “green” rating—indicating low financial risk—and has consistently maintained this favorable profile over multiple years. Notably, Slippery Rock is one of only two universities in the State System to earn a “green” rating across all categories for fiscal year 2025.

The University continues to demonstrate strong performance in other Board-approved sustainability metrics, including robust market demand, reallocation of space and other resources for new academic programs, and sound financial management.

Slippery Rock University is a member of Pennsylvania’s State System of Higher Education. As of July 1, 2022, three western universities—California, Clarion, and Edinboro—were integrated to form Pennsylvania Western University (PennWest), while Bloomsburg, Lock Haven, and Mansfield were merged into Commonwealth University in the east. The long-term impact of these integrations and ongoing system redesign efforts, appropriation allocation, and on key financial indicators remains uncertain.

**Requests for Information**

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

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**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
BALANCE SHEET – UNIVERSITY  
JUNE 30, 2025**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 137,451,107
Accounts Receivable:	
Governmental Grants and Contracts	790,276
Students, Net of Allowance for Doubtful Accounts of \$3,880,138	1,910,761
Other	920,598
Due from Component Units	4,941,690
Inventories	712,294
Prepaid Expenses and Other Assets	1,338,065
Investment Income Receivable	453,099
Other Current Assets	992,202
Current Portion of Leases Receivable	73,571
Due from Component Units - Lease Receivable	43,501
Total Current Assets	<u>149,627,164</u>

**NONCURRENT ASSETS**

Long-Term Portion of Leases Receivable	485,907
Due From Component Units	6,000
Due From Component Units - Lease Receivable	789,322
Other Noncurrent Assets	3,298
Capital Assets, Net	<u>132,372,054</u>
Total Noncurrent Assets	<u>133,656,581</u>

Total Assets 283,283,745

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Loss on Refunding of Debt	31,571
Pension Related	12,090,872
Other Postemployment Benefits Related	<u>10,706,397</u>
Total Deferred Outflows of Resources	<u>22,828,840</u>

Total Assets and Deferred Outflows of Resources \$ 306,112,585

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
BALANCE SHEET – UNIVERSITY (CONTINUED)  
JUNE 30, 2025**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Expenses	\$	22,333,021
Unearned Revenue		9,237,194
Students' Deposits		742,151
Other Current Liabilities		35,653
Workers' Compensation		417,995
Compensated Absences		674,987
Postemployment Benefit Obligations		4,112,438
Bonds Payable		3,693,090
Current Portion of Lease Liabilities		24,602
Current Portion of Subscription Liabilities		1,613,694
Due to Component Units - Lease Liabilities		24,013
Due to Component Units		121,365
Due to System, Academic Facilities Renovation Bond Program (AFRP)		52,268
Total Current Liabilities		43,082,471

**NONCURRENT LIABILITIES**

Workers' Compensation		148,926
Compensated Absences		9,637,623
Postemployment Benefit Obligations		96,903,232
Net Pension Liability		75,571,276
Bonds Payable		29,642,247
Long-Term Portion of Lease Liabilities		15,911
Long-Term Portion of Subscription Leases		1,612,094
Due to Component Units - Lease Liabilities		110,706
Due to System, AFRP		55,093
Total Noncurrent Liabilities		213,697,108

Total Liabilities 256,779,579

**DEFERRED INFLOWS OF RESOURCES**

Deferred Gain on Refunding of Debt		274,447
Pension Related		3,271,823
Lease Receivable		526,182
Lease Receivable Component Units		763,555
Other Postemployment Benefits Related		55,968,233
Total Deferred Inflows of Resources		60,804,240

**NET POSITION (DEFICIT)**

Net Investment in Capital Assets		92,470,041
Restricted:		
Expendable:		
Capital Projects		2,272,154
Other		59,185
Unrestricted		(106,272,614)
Total Net Position (Deficit)		(11,471,234)

Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit) \$ 306,112,585

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION – UNIVERSITY  
YEAR ENDED JUNE 30, 2025**

<b>OPERATING REVENUES</b>	
Tuition and Fees	\$ 93,921,321
Less: Scholarship Discounts and Allowances	<u>(32,423,637)</u>
Net Tuition and Fees	61,497,684
Governmental Grants and Contracts:	
Federal	1,230,748
State	15,024,637
Sales and Services of Educational Departments	3,665,466
Nongovernmental Grants and Contracts	908,840
Auxiliary Enterprises, Net of Scholarship Discounts and Allowances of \$3,709,595	23,522,121
Other Revenues	<u>615,230</u>
Total Operating Revenues	<u>106,464,726</u>
<b>OPERATING EXPENSES</b>	
Instruction	63,896,632
Research	525,462
Public Service	1,399,005
Academic Support	12,320,511
Student Services	17,408,769
Institutional Support	20,860,248
Operations and Maintenance of Plant	13,394,897
Depreciation and Amortization	13,614,229
Student Aid	3,334,223
Auxiliary Enterprises	<u>22,654,004</u>
Total Operating Expenses	<u>169,407,980</u>
<b>OPERATING LOSS</b>	(62,943,254)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
State Appropriations, General and Restricted	58,908,895
Federal and State Appropriations and Grants - COVID	3,174,421
Commonwealth On-Behalf Contributions to PSERS	666,484
Pell Grants	14,747,747
Investment Income, Net of Related Investment Expense of \$26,504	5,988,869
Gifts for Other than Capital Purposes	3,172,241
Interest Expense on Capital Asset-Related Debt	(874,184)
Loss on Disposal of Assets	(199,959)
Other Nonoperating Revenue	<u>107,597</u>
Nonoperating Revenues, Net	<u>85,692,111</u>
<b>INCOME BEFORE OTHER REVENUES</b>	22,748,857
<b>OTHER REVENUES</b>	
State Appropriations, Capital	1,749,729
Other Gifts and Grants	<u>1,604,550</u>
Total Other Revenues	<u>3,354,279</u>
<b>INCREASE IN NET POSITION</b>	26,103,136
Net Position (Deficit) - Beginning of Year	<u>(37,574,370)</u>
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<u><u>\$ (11,471,234)</u></u>

See accompanying Notes to Financial Statements.



**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
STATEMENT OF CASH FLOWS – UNIVERSITY  
YEAR ENDED JUNE 30, 2025**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Tuition and Fees	\$ 61,936,060
Grants and Contracts	17,257,932
Payments to Suppliers for Goods and Services	(38,669,702)
Payments to Employees	(123,558,164)
Student Aid	(3,334,223)
Auxiliary Enterprise Charges	23,632,518
PLUS, Stafford, and Other Loans Receipts (Non-Perkins)	68,919,713
PLUS, Stafford, and Other Loans Disbursements (Non-Perkins)	(68,919,713)
Sales and Services of Educational Departments	3,665,466
Other Operating Receipts	<u>(5,411,542)</u>
Net Cash Used by Operating Activities	(64,481,655)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	58,908,895
Gifts and Nonoperating Grants for Other than Capital Purposes	17,919,987
Other	<u>107,597</u>
Net Cash Provided by Noncapital Financing Activities	76,936,479

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Capital Appropriations	1,749,728
Capital Grants and Gifts Received	1,604,549
Proceeds from Sales of Capital Assets	98,059
Purchases of Capital Assets	(10,225,799)
Principal Paid on Debt and Leases	(6,046,726)
Interest Paid on Debt and Leases	<u>(1,484,533)</u>
Net Cash Used by Capital Financing Activities	(14,304,722)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on Investments	<u>6,040,209</u>
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**INCREASE IN CASH AND CASH EQUIVALENTS**

4,190,311

Cash and Cash Equivalents - Beginning of Year

133,260,796

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

\$ 137,451,107

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
STATEMENT OF CASH FLOWS – UNIVERSITY (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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

Net Operating Loss	\$ (62,943,254)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	13,614,229
Expenses Paid by Commonwealth or Donor	666,484
Changes in Assets and Liabilities:	
Receivables	502,509
Leases Receivable	113,648
Inventories	(24,585)
Other Assets	(4,489,987)
Accounts Payable	1,632,207
Unearned Revenue	1,118,363
Students' Deposits	45,309
Compensated Absences	325,416
Postemployment Benefits Liability (OPEB)	(7,995,511)
Defined Benefit Pension Liability	(4,643,018)
Other Liabilities	35,135
Deferred Outflows of Resources Related to Pension	5,152,793
Deferred Outflows of Resources Related to OPEB	2,591,621
Deferred Inflows of Resources Related to Pension	(1,356,091)
Deferred Inflows of Resources Related to OPEB	(8,698,265)
Deferred Inflows of Resources Related to Lease Receivable	(128,658)
Net Cash Used by Operating Activities	<u><u>\$ (64,481,655)</u></u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING AND  
CAPITAL FINANCING ACTIVITIES**

Capital Assets Included in Payables	<u><u>\$ 2,815,419</u></u>
Capital Assets Acquired by New Subscription Agreements	<u><u>\$ 3,181,740</u></u>
Capital Assets Acquired by Gifts and Appropriations	<u><u>\$ 172,148</u></u>

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
COMBINED STATEMENT OF FINANCIAL POSITION – COMPONENT UNITS  
JUNE 30, 2025**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 18,422,355
Investments	6,380,012
Accounts Receivable	169,396
Due from University	121,365
Pledges Receivable	567,813
Inventories and Prepaid Expenses	584,720
Total Current Assets	26,245,661

**NONCURRENT ASSETS**

Capital Assets, Net	77,798,824
Investments	54,897,611
Restricted Cash and Certificates of Deposit	9,849,833
Other Assets	1,048,385
Total Noncurrent Assets	143,594,653

Total Assets	\$ 169,840,314
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 453,108
Due to University	4,947,690
Annuity Liabilities	180,994
Other Liabilities	1,878,750
Total Current Liabilities	7,460,542

**NONCURRENT LIABILITIES**

Notes Payable	93,576,210
Total Liabilities	101,036,752

**NET ASSETS**

Without Donor Restrictions	20,525,671
With Donor Restrictions	48,277,891
Total Net Assets	68,803,562

Total Liabilities and Net Assets	\$ 169,840,314
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**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
COMBINED STATEMENT OF ACTIVITIES – COMPONENT UNITS  
YEAR ENDED JUNE 30, 2025**

**CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS**

**REVENUES AND OTHER ADDITIONS**

Contributions	\$ 702,057
Sales and Service	4,329,906
Student Activity Fees	2,365,900
Grants and Contracts	803,755
Rental Income	15,281,986
Investment Income	1,540,670
Other Revenues and Gains	399,423
Net Assets Released from Restriction	<u>3,727,358</u>
Total Revenues and Other Additions	29,151,055

**EXPENSES AND OTHER DEDUCTIONS**

Program Services:	
Scholarships and Grants	3,581,819
Student Activities	4,829,017
University Store	3,339,288
Housing	15,867,367
Other Programs	4,208,552
Management and General	1,363,063
Fundraising	<u>207,011</u>
Total Expenses	33,396,117
Other Expenses and Losses	<u>549,667</u>
Total Expenses and Other Deductions	<u>33,945,784</u>

Change in Net Assets Without Donor Restrictions (4,794,729)

**CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS**

Contributions	2,777,858
Investment Income	5,137,192
Other Revenue and Gains	72,835
Net Assets Released from Restrictions:	
Satisfaction of Program Restrictions	<u>(3,727,358)</u>
Change in Net Assets With Donor Restrictions	<u>4,260,527</u>

**DECREASE IN NET ASSETS (534,202)**

Net Assets - Beginning of Year 69,337,764

**NET ASSETS - END OF YEAR \$ 68,803,562**

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
COMBINED STATEMENT OF EXPENSES BY NATURE  
AND FUNCTION – COMPONENT UNITS  
YEAR ENDED JUNE 30, 2025**

Natural Expense	Program Activities						Supporting Activities			Total Expenses
	Scholarships and Grants	Student Activities and Programs	University Stores	Housing	Other Programs	Total Programs	Management and General	Fundraising	Total Supporting	
Salaries and Benefits	\$ 3,534,258	\$ -	\$ 623,240	\$ 1,387,457	\$ 431,405	\$ 5,976,360	\$ 717,323	\$ 14,911	\$ 732,234	\$ 6,708,594
Gifts and Grants	-	2,311,900	-	-	61,507	2,373,407	-	3,774	3,774	2,377,181
Supplies and Travel	26,472	899,596	2,409,942	-	403,981	3,739,991	125	4,797	4,922	3,744,913
Services and Professional Fees	13,365	1,086,062	4,302	5,595,069	546,134	7,244,932	142,818	30,296	173,114	7,418,046
Office and Occupancy	7,724	182,406	157,967	64,845	65,942	478,884	25,807	-	25,807	504,691
Depreciation	-	69,430	129,014	3,539,179	25,236	3,762,859	9,100	-	9,100	3,771,959
Interest	-	-	-	3,142,062	-	3,142,062	-	-	-	3,142,062
Other	-	279,623	14,823	2,138,755	2,674,347	5,107,548	467,890	153,233	621,123	5,728,671
<b>Total Expenses</b>	<b>\$ 3,581,819</b>	<b>\$ 4,829,017</b>	<b>\$ 3,339,288</b>	<b>\$ 15,867,367</b>	<b>\$ 4,208,552</b>	<b>\$ 31,826,043</b>	<b>\$ 1,363,063</b>	<b>\$ 207,011</b>	<b>\$ 1,570,074</b>	<b>\$ 33,396,117</b>

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**Organization**

Slippery Rock University of Pennsylvania of the State System of Higher Education (the University), a public four-year institution located in Slippery Rock, Pennsylvania, was founded in 1889. The University is one of 10 universities of the Pennsylvania State System of Higher Education (the State System). The State System was created by the State System of Higher Education Act of November 12, 1982, P.L. 660, No. 188, as amended (Act 188). The State System is a component unit of the Commonwealth of Pennsylvania (the Commonwealth).

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 10 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).

The University has determined that Slippery Rock Student Government Association (the Association), Slippery Rock University Foundation (the Foundation), and SRUF Campus Housing Inc. (SRUF) should be included in the University's financial statements as discretely presented component units. A component unit is a legally separate organization for which the primary institution is financially accountable or closely related.

The Association is a legally separate, tax-exempt entity, which is responsible for the operations of the University Store and community activities. Although the University does not control the resources of the Association, the activities of the Association are solely for the benefit of the University and its students. Because these resources are held by the Association and can only be used to benefit the University and its students, the Association is considered a component unit of the University and is discretely presented in the University's financial statements. The Association has a payable to the University of \$2,326,919 as of June 30, 2025. The financial activity of the Association is presented as of June 30, 2025.

The Foundation is a legally separate, tax-exempt entity, which acts primarily as a fundraising organization and supplements the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds are restricted to activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The Foundation has a payable to the University of \$26,076 as of June 30, 2025. The financial activity of the Foundation is presented as of June 30, 2025.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**Reporting Entity (Continued)**

SRUF is a legally separate, tax-exempt entity created in 2016, which acts primarily to provide housing at the University as well as for making contributions to organizations that qualify as exempt under Section 501(c)(3) of the Internal Revenue Code. Although the University does not control the timing or amount of receipts from SRUF, the majority of resources or income thereon that SRUF holds are restricted to activities of the University by the donors. Because these restricted resources held by SRUF can only be used by, or for the benefit of the University, the SRUF is considered a component unit of the University and is discretely presented in the University's financial statements. SRUF has a payable to the University of \$2,594,695 as of June 30, 2025. The financial activity of SRUF is presented as of June 30, 2025.

Complete financial statements for the Association, the Foundation, and SRUF may be obtained at the University's administrative office.

**Measurement Focus, Basis of Accounting, and Basis of Presentation**

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

The accompanying financial statements of the component units, which are all private nonprofit organizations, are reported in accordance with Financial Accounting Standards Board (FASB) requirements, including FASB Codification Section 958-205, *Presentation of Financial Statements*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications for these differences have been made to the component units' financial information presented herein.

**Operating Revenues and Expenses**

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

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**Scholarship Discounts and Allowances**

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 position. 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, fees, and other student services, the University has recorded a scholarship discount and allowance.

**Net Position**

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

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

*Restricted – Nonexpendable* – Net position subject to externally imposed conditions requiring that they be maintained by the University in perpetuity.

*Restricted – Expendable* – Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.

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

When both restricted and unrestricted funds are available for expenditure, the decision as to which assets are used first is left to the discretion of the University.

**Cash Equivalents**

The University considers all demand and time deposits, money market funds, and overnight repurchase agreements to be cash equivalents.

**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 and contracts and other miscellaneous sources.

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



**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**Inventories**

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

**Capital Assets**

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

All assets with a purchase cost, or acquisition value if acquired by gift, in excess of \$5,000 with an estimated useful life of two years or greater are capitalized. Buildings, portions of buildings, and capital improvements acquired or constructed by the University after June 30, 1983, through the expenditure of University funds or the incurring of debt, are stated at cost less accumulated depreciation. Equipment and furnishings are stated at cost less accumulated depreciation. Library books are capitalized and depreciated. 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 useful lives ranging from 10 to 40 years. Equipment and furnishings are depreciated over useful lives ranging from 3 to 10 years. Library books are depreciated over 10 years. Amortization of assets purchased 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 its useful life.

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

**Impairment of Capital Assets**

Management reviews capital assets for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly. Any write-downs due to impairment are charged to operations at the time impairment is identified. No write-down of capital assets was required for the year ended June 30, 2025.

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

The University routinely engages in lease agreements or subscription-based information technology arrangements (SBITA) to meet operational needs. The University's lease contracts generally relate to land, buildings, and various equipment. For short-term leases and SBITAs with a maximum possible term of 12 months or less at commencement, the University recognizes periodic revenue or expense based on the provision of the lease contract or SBITA.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

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

For all other contracts where the University is the lessee, which meet the requirements of GASB 87 or GASB 96 and were in excess of the minimum dollar threshold, the University recognized a lease or subscription liability and an intangible right to use asset based on the present value of the future lease payments over the contracted term of the lease or SBITA. Lease and subscription right to use assets are reported with capital assets, and lease and subscription liabilities are reported as long-term debt in the statement of net position. The right of use lease and subscription assets are amortized over the term of the lease, as the University is not expected to lease assets beyond the underlying asset's useful life. The University also serves as a lessor for certain real estate. For those agreements required to be capitalized, the financial statements recognize a lease receivable and a deferred inflow of resources, based on the present value of the future lease payments expected to be received during the contracted lease term period and the deferred inflow of resources is amortized evenly over the term of the lease. Lease receivables are reported with other current assets and other noncurrent assets. Deferred inflow – lease receivable is reported as deferred inflow in the statement of net position.

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

A minimum dollar threshold was established for lease and SBITA reporting purposes of \$30,000.

**Unearned Revenue**

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

**Compensated Absences**

The liability for compensated absences consists of leave that has not been used but is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but had not yet been paid in cash or settled through noncash means and certain types of leave.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**Pension Plans**

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

**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's, which results when the carrying value of a refunded bond is greater or less than its reacquisition price. The difference is deferred and amortized over the remaining life of the old bond or the life of the new bond, whichever is shorter.
- For defined benefit pension plans and other postemployment benefit (OPEB) plans: the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension and OPEB plan investments, changes in the University's proportion of expenses and liabilities to the pension and OPEB plans as a whole, differences between the University's pension and OPEB contributions and its proportionate share of contributions, and University pension and OPEB contributions subsequent to the pension valuation measurement date.
- For lessor accounting: a deferred inflow of resources associated with leases where the University is a lessor, recognized as income ratably over the term of the lease.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**Scholarships and Waivers**

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. Scholarship and waivers of room and board fees are reported in Auxiliary enterprises. The cost of tuition waivers granted to employees is reported as employees' benefits expense.

**Income Taxes**

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Implementation of New Accounting Standards**

Effective July 1, 2024, the University implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 2 CONDENSED COMPONENT UNITS INFORMATION**

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

	Association	Foundation	Housing	Total
Capital Assets, Net	\$ 3,871,210	\$ 742,956	\$ 73,184,658	\$ 77,798,824
Other Assets	16,123,324	55,991,814	19,926,352	92,041,490
Total Assets	<u>\$ 19,994,534</u>	<u>\$ 56,734,770</u>	<u>\$ 93,111,010</u>	<u>\$ 169,840,314</u>
Due to University	\$ 2,326,919	\$ 26,076	\$ 2,594,695	\$ 4,947,690
Long-Term Debt	-	-	93,576,210	93,576,210
Other Liabilities	1,210,718	264,418	1,037,716	2,512,852
Total Liabilities	<u>\$ 3,537,637</u>	<u>\$ 290,494</u>	<u>\$ 97,208,621</u>	<u>\$ 101,036,752</u>
Net Assets:				
Without Donor Restrictions	\$ 16,456,897	\$ 8,166,385	\$ (4,097,611)	\$ 20,525,671
With Donor Restrictions	-	48,277,891	-	48,277,891
Total Net Assets	<u>\$ 16,456,897</u>	<u>\$ 56,444,276</u>	<u>\$ (4,097,611)</u>	<u>\$ 68,803,562</u>

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

	<u>Association</u>	<u>Foundation</u>	<u>Housing</u>	<u>Total</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
Revenues and Other Additions:				
Contributions	\$ 5,000	\$ 697,057	\$ -	\$ 702,057
Sales and Service	4,028,022	301,884	-	4,329,906
Student Activity Fees	2,365,900	-	-	2,365,900
Grants and Contracts	413,755	390,000	-	803,755
Rental Income	-	69,566	15,212,420	15,281,986
Investment Income	706,686	12,964	821,020	1,540,670
Other Revenues and Gains	3,318	393,245	2,860	399,423
Net Assets Released from Restriction	-	3,727,358	-	3,727,358
Total Revenues and Other Additions	<u>7,522,681</u>	<u>5,592,074</u>	<u>16,036,300</u>	<u>29,151,055</u>
Expenses and Other Deductions:				
Program Services:				
Scholarships and Grants	367,500	3,214,319	-	3,581,819
Student Activities	4,829,017	-	-	4,829,017
University Stores	3,339,288	-	-	3,339,288
Housing	-	-	15,867,367	15,867,367
Other Programs	562,022	3,646,530	-	4,208,552
Management and General	323,330	951,668	88,065	1,363,063
Fundraising	-	207,011	-	207,011
Other Expenses and Losses	-	144,667	405,000	549,667
Total Expenses and Other Deductions	<u>9,421,157</u>	<u>8,164,195</u>	<u>16,360,432</u>	<u>33,945,784</u>
Decrease in Net Assets Without Donor Restrictions	(1,898,476)	(2,572,121)	(324,132)	(4,794,729)
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	-	2,777,858	-	2,777,858
Investment Income	-	5,137,192	-	5,137,192
Other Revenue and Gains	-	72,835	-	72,835
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	-	(3,727,358)	-	(3,727,358)
Increase in Net Assets With Donor Restrictions	<u>-</u>	<u>4,260,527</u>	<u>-</u>	<u>4,260,527</u>
<b>CHANGES IN NET ASSETS</b>	(1,898,476)	1,688,406	(324,132)	(534,202)
Net Assets - Beginning of Year	<u>18,355,373</u>	<u>54,755,870</u>	<u>(3,773,479)</u>	<u>69,337,764</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 16,456,897</u>	<u>\$ 56,444,276</u>	<u>\$ (4,097,611)</u>	<u>\$ 68,803,562</u>

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 3 DEPOSITS AND INVESTMENTS**

The University predominantly maintains its cash balances on deposit with the State System. The State System maintains these and other State System funds on a pooled basis. Although the State System pools its funds in a manner similar to an internal investment pool, individual State System entities do not hold title to any assets in the fund. The State System as a whole owns title to all assets. The University does not participate in the unrealized gains or losses on the investment pool; instead, the University holds shares equal to its cash balance. Each share has a constant value of \$1, and income is allocated based on the number of shares owned. Revenue realized at the State System level is calculated on a daily basis and posted monthly to each entity's account as interest income. The University's portion of pooled funds totals \$132,625,258 at June 30, 2025.

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, the University uses local financial institutions for activities such as cash deposits of cash. In addition, the University may accept gifts of investments from donors as long as risk is limited to the investment itself. Restricted gifts of investments fall outside the scope of the investment policy.

In keeping with its legal status as a system of public universities, the State System recognizes a fiduciary responsibility to invest all funds prudently 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.

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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

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

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

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

**Moody's Rating:** The State System uses ratings from Moody's Investors Service, Inc., to indicate the credit risk of investments, i.e., the risk that an issuer or other counterparty to an investment will not fulfill its obligations. An Aaa rating indicates the highest quality obligations with minimal credit risk. Ratings that begin with Aa indicate high quality obligations subject to very low credit risk; ratings that begin with A indicate upper-medium-grade obligations subject to low credit risk; and ratings that begin with Baa indicate medium-grade obligations, subject to moderate credit risk, which 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.



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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Modified Duration**

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

**Fair Value Hierarchy**

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

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

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

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

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

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

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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

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

Detailed information regarding the fair value of the State System pooled deposits and investment portfolio is available in the financial statements of the State System, which can be found at [www.passhe.edu](http://www.passhe.edu). The University had no local investments recorded at fair value as of June 30, 2025.

On June 30, 2025, the carrying amount of the University's demand and time deposits were \$4,825,849 as compared to bank balances of \$4,753,719. The differences are primarily caused by items in transit and outstanding checks. Of the bank balances at June 30, 2025, \$250,000 was covered by federal government depository insurance; and \$4,503,719 was 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 requirements by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments. At June 30, 2025, none of the University's demand and time deposits are exposed to foreign currency risk.

**NOTE 4 INVESTMENTS – COMPONENT UNITS**

The fair value of investments at June 30, 2025, is as follows:

Equity Securities - Level 1	\$ 45,206,640
Fixed Income - Level 1	14,007,266
Real Estate - Level 3	<u>2,063,717</u>
Total	<u><u>\$ 61,277,623</u></u>

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**NOTE 5 CAPITAL ASSETS, NET**

The classification of capital assets and related depreciation at June 30, 2025, is as follows:

	Life	Beginning Balance July 1, 2024	2024-25 Additions	2024-25 Retirements/ Adjustments	2024-25 Transfers	Balance June 30, 2025
Land		\$ 11,701	\$ -	\$ -	\$ -	\$ 11,701
Construction in Progress		7,460,970	2,555,202	(73,009)	(6,236,017)	3,707,146
Total Capital Assets Not Being Depreciated/Amortized		7,472,671	2,555,202	(73,009)	(6,236,017)	3,718,847
Buildings, Including Improvements	40/20	231,283,055	9,089,535	-	2,942,872	243,315,462
Improvements Other Than Buildings	20	14,323,179	-	-	-	14,323,179
Furnishings and Equipment	3-10	27,706,812	1,530,651	(5,238,669)	1,668,478	25,667,272
Library Books	10	6,730,252	37,979	(29,444)	-	6,738,787
Right-to-Use Assets		1,314,027	-	(929,396)	-	384,631
Subscription Assets		4,241,502	3,181,740	(1,048,388)	1,624,667	7,999,521
Total Capital Assets Being Depreciated/Amortized		285,598,827	13,839,905	(7,245,897)	6,236,017	298,428,852
Less: Accumulated Depreciation/Amortization						
Buildings, Including Improvements		(117,903,917)	(9,101,187)	-	-	(127,005,104)
Improvements Other Than Buildings		(13,063,733)	(220,157)	-	-	(13,283,890)
Furnishings and Equipment		(22,956,357)	(1,862,239)	5,134,122	-	(19,684,474)
Library Books		(6,473,609)	(59,009)	29,444	-	(6,503,174)
Right-to-Use Assets		(1,010,494)	(134,419)	929,396	-	(215,517)
Subscription Assets		(1,774,194)	(2,237,218)	927,926	-	(3,083,486)
Total Accumulated Depreciation and Amortization		(163,182,304)	(13,614,229)	7,020,888	-	(169,775,645)
Total Capital Assets Being Depreciated/Amortized, Net		122,416,523	225,676	(225,009)	6,236,017	128,653,207
Capital Assets, Net		\$ 129,889,194	\$ 2,780,878	\$ (298,018)	\$ -	\$ 132,372,054

**NOTE 6 LEASES RECEIVABLE**

The University routinely leases various land or facilities to third parties and component units. The contracts, at times, may include variable payments that are not known or certain to be exercised at the time of the lease receivable valuation. These are recognized as income in the period that they occurred.

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

	Third Party	Component Unit
Lease Revenue	\$ 76,310	\$ 52,348
Lease Revenue - Variable	208,867	-
Interest Income	8,898	13,141
Total	\$ 294,075	\$ 65,489

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**NOTE 6 LEASES RECEIVABLE (CONTINUED)**

Total future minimum lease payments to be received under lease agreements are as follows:

Fiscal Year Ending June 30,	Third Parties		Component Units	
	Principal	Interest	Principal	Interest
2026	\$ 73,571	\$ 7,805	\$ 43,501	\$ 12,509
2027	76,277	6,679	45,280	11,850
2028	54,936	5,692	47,108	11,165
2029	55,766	4,862	48,986	10,452
2030	60,434	3,991	50,916	9,711
2031 - 2035	228,836	7,744	285,439	36,382
2036 - 2040	9,658	36	311,593	12,938
Total	<u>\$ 559,478</u>	<u>\$ 36,809</u>	<u>\$ 832,823</u>	<u>\$ 105,007</u>

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

	July 1, 2024	Additions	Retirements	June 30, 2025
Lease Receivable - Third Parties	\$ 631,355	\$ -	\$ (71,877)	\$ 559,478
Lease Receivable - Component Units	874,594	-	(41,771)	832,823
Total	<u>\$ 1,505,949</u>	<u>\$ -</u>	<u>\$ (113,648)</u>	<u>\$ 1,392,301</u>

**NOTE 7 RIGHT-OF-USE LEASES, SUBSCRIPTION AGREEMENTS, AND FINANCED PURCHASES**

The University routinely leases various facilities and equipment and enters into subscription-based information technology arrangements (SBITAs) instead of purchasing the assets. The contracts, at times, may include variable payments, residual value guarantees or termination penalties that are not known or certain to be exercised at the time of the lease or subscription liability valuation. These are recognized as expenses in the period that they occur. There were no termination penalties or residual guarantee payments expensed for the fiscal year ended June 30, 2025. Interest expense on these leases, and SBITAs for the fiscal year ended June 30, 2025, totaled \$74,804.

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**NOTE 7 RIGHT-OF-USE LEASES, SUBSCRIPTION AGREEMENTS, AND FINANCED PURCHASES (CONTINUED)**

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

Fiscal Year Ending June 30.	Right-of-Use Leases With Third Parties		Right-of-Use Leases With Component Units		Subscription Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 24,602	\$ 833	\$ 24,013	\$ 1,688	\$ 1,613,694	\$ 76,235
2027	5,672	489	26,866	1,288	637,745	43,023
2028	6,035	265	27,843	874	529,059	25,675
2029	4,204	47	28,847	444	445,290	11,638
2030	-	-	27,150	-	-	-
Total	<u>\$ 40,513</u>	<u>\$ 1,634</u>	<u>\$ 134,719</u>	<u>\$ 4,294</u>	<u>\$ 3,225,788</u>	<u>\$ 156,571</u>

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

	Balance as of July 1, 2024	2024-25 Additions	2024-25 Reductions	Balance as of June 30, 2025
Lease Liability - Third Parties	\$ 150,890	\$ -	\$ (110,377)	\$ 40,513
Lease Liability - Component Units	159,366	-	(24,647)	134,719
Subscription Liability	2,242,346	3,181,740	(2,198,298)	3,225,788
Total	<u>\$ 2,552,602</u>	<u>\$ 3,181,740</u>	<u>\$ (2,333,322)</u>	<u>\$ 3,401,020</u>

**NOTE 8 ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

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

Employees	\$ 11,666,043
Supplies and Services	4,173,306
Other	6,407,521
Interest	86,151
Total	<u>\$ 22,333,021</u>

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**NOTE 9 UNEARNED REVENUE**

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

Grants	\$ 3,643,127
Students	4,399,400
Other	1,194,667
Total	<u>\$ 9,237,194</u>

**NOTE 10 BONDS PAYABLE**

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

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

	Weighted Average Interest Rate	Balance July 1, 2024	Bonds Issued	Bonds Redeemed	Balance June 30, 2025
Series AQ issued in May 2015	3.75 %	\$ 140,223	\$ -	\$ (140,223)	\$ -
Series AT issued in September 2016	3.86 %	5,214,539	-	(331,560)	4,882,979
Series AU issued in September 2017	3.36 %	19,123,954	-	(1,534,074)	17,589,880
Series AW issued in September 2019	4.36 %	3,740,273	-	(677,173)	3,063,100
Series AX issued in September 2019	3.48 %	4,575,240	-	(673,036)	3,902,204
Series AY issued in October 2020	1.82 %	2,247,776	-	(307,557)	1,940,219
Total Bonds Payable		<u>\$ 35,042,005</u>	<u>\$ -</u>	<u>\$ (3,663,623)</u>	31,378,382
Plus: Unamortized Bond Premium					1,959,832
Less: Unamortized Bond Discount					<u>(2,877)</u>
Outstanding - June 30, 2025					33,335,337
Less: Current Portion					<u>(3,693,090)</u>
Bonds Payable, Net of Current Portion					<u>\$ 29,642,247</u>

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**NOTE 10 BONDS PAYABLE (CONTINUED)**

The University participates in the State System's Academic Facilities Renovation Bond Program (AFRP), which was established for the purpose of renovating the academic facilities across the State System. This program will provide \$100,000,000 in funding over the next several years. The State System will issue bonds to provide a pool for funding for AFRP (\$1,222,135 was outstanding as of June 30, 2025). Universities can request funds for AFRP projects in accordance with their pre-approved amount of funding from the pool. Repayments to the pool are made annually based on the University's proportionate share of the total allocation of funds under the program. As of June 30, 2025, the balance owed by the University to the State System's AFRP pool of funding was \$107,361.

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**NOTE 10 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		2026	2027	2028	2029	2030	2031-2035	2036-2040	Total
AT	Principal	\$ 348,306	\$ 365,051	\$ 381,797	\$ 401,891	\$ 421,986	\$ 2,418,046	\$ 545,902	\$ 4,882,979
	Interest	218,930	201,515	183,262	164,173	144,078	411,671	21,636	1,345,265
	Total	567,236	566,566	565,059	566,064	566,064	2,829,717	567,538	6,228,244
AU	Principal	1,617,489	1,709,247	1,805,269	1,373,563	1,442,063	6,851,000	2,791,249	17,589,880
	Interest	628,486	554,167	474,737	403,678	348,735	1,021,260	130,148	3,561,211
	Total	2,245,975	2,263,414	2,280,006	1,777,241	1,790,798	7,872,260	2,921,397	21,151,091
AW	Principal	710,926	745,734	783,706	822,734	-	-	-	3,063,100
	Interest	153,155	117,609	80,322	41,137	-	-	-	392,223
	Total	864,081	863,343	864,028	863,871	-	-	-	3,455,323
AX	Principal	705,285	741,741	778,197	818,860	858,121	-	-	3,902,204
	Interest	195,110	159,846	122,759	83,849	42,906	-	-	604,470
	Total	900,395	901,587	900,956	902,709	901,027	-	-	4,506,674
AY	Principal	311,084	315,316	319,902	325,545	330,835	337,537	-	1,940,219
	Interest	33,692	29,415	24,685	19,486	13,789	7,173	-	128,240
	Total	344,776	344,731	344,587	345,031	344,624	344,710	-	2,068,459
Total	Principal	3,693,090	3,877,089	4,068,871	3,742,593	3,053,005	9,606,583	3,337,151	31,378,382
	Interest	1,229,373	1,062,552	885,765	712,323	549,508	1,440,104	151,784	6,031,409
	Total	<u>\$ 4,922,463</u>	<u>\$ 4,939,641</u>	<u>\$ 4,954,636</u>	<u>\$ 4,454,916</u>	<u>\$ 3,602,513</u>	<u>\$ 11,046,687</u>	<u>\$ 3,488,935</u>	<u>\$ 37,409,791</u>



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**NOTE 11 COMPENSATED ABSENCES**

Compensated absences for the year ended June 30, 2025, are as follows:

	Current	Noncurrent
Compensated Absences	\$ 674,987	\$ 9,637,623

Changes in the compensated absences liability were as follows:

Balance - July 1	\$ 9,987,193
Net Change	325,417
Balance - June 30	\$ 10,312,610

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Other postemployment benefits (OPEB) are benefits, such as healthcare benefits, which 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), PASSHE Officers Association (POA), 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 Service Employees International Union (SEIU, Local 668), formerly Pennsylvania Social Services Union (PSSU), participate in the Retired Employees Health Program (REHP), which is a defined benefit healthcare plan sponsored by the Commonwealth and administered by the Pennsylvania Employee Benefits Trust Fund (PEBTF). In addition to the above, any employee who participates in the Public-School Employees' Retirement System (PSERS) pension plan is eligible to receive benefits from the PSERS Health Insurance Premium Assistance Program (Premium Assistance), a defined benefit plan, and all eligible retirees and their eligible dependents receive tuition waivers at any of the 10 State System universities.

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**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Following is the total of the University's OPEB liabilities, deferred outflows and inflows of resources related to OPEB, and the OPEB expense for the fiscal year ended June 30, 2025.

	<u>System Plan</u>	<u>REHP</u>	<u>Premium</u>	<u>Total</u>
Net OPEB Liabilities	\$ 77,109,722	\$ 23,595,080	\$ 310,868	\$ 101,015,670
Deferred Outflows of Resources:				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	293	293
Difference Between Expected and Actual Experience	-	737,685	1,171	738,856
Changes in Assumptions	647,058	705,988	18,935	1,371,981
Change in Proportions	-	4,454,448	8,006	4,462,454
Contributions After the Measurement Date	<u>2,426,172</u>	<u>1,686,266</u>	<u>20,375</u>	<u>4,132,813</u>
Total Deferred Outflows of Resources	3,073,230	7,584,387	48,780	10,706,397
Deferred Inflows of Resources:				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	132,553	-	132,553
Difference Between Expected and Actual Experience	18,088,217	5,673,166	4,685	23,766,068
Changes in Assumptions	16,548,621	6,089,171	47,435	22,685,227
Changes in Proportion	<u>-</u>	<u>9,370,622</u>	<u>13,763</u>	<u>9,384,385</u>
Total Deferred Inflows of Resources	<u>\$ 34,636,838</u>	<u>\$ 21,265,512</u>	<u>\$ 65,883</u>	<u>\$ 55,968,233</u>
OPEB Expense	\$ (4,671,806)	\$ (5,294,315)	\$ 7,320	\$ (9,958,801)
Contributions Recognized by OPEB Plans	\$ 2,426,172	\$ 1,686,266	\$ 20,375	\$ 4,132,813

The University will recognize the deferred outflows of resources resulting from contributions after the measurement date, totaling \$2,426,172 for the System Plan, \$1,686,266 for the REHP plan, and \$20,375 for the Premium Assistance plan, as reductions of the respective net OPEB liabilities in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<u>Fiscal Year Ending June 30,</u>	<u>Amortization</u>		
	<u>System Plan</u>	<u>REHP</u>	<u>Premium Assistance</u>
2026	\$ (11,736,283)	\$ (5,291,260)	\$ (9,468)
2027	(10,053,050)	(5,208,463)	(12,396)
2028	(10,053,050)	(3,484,987)	(12,591)
2029	(2,147,397)	(1,647,305)	(1,074)
2030	-	264,624	(1,949)
Total	<u>\$ (33,989,780)</u>	<u>\$ (15,367,391)</u>	<u>\$ (37,478)</u>

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**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**System Plan**

Plan Description

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

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

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

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

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, 2025.

- Plan members who retired prior to July 1, 2005, are not required to make contributions.

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**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**System Plan (Continued)**

Plan Description (Continued)

- 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, 2025, is based is dated July 1, 2024, which is the measurement date. The total OPEB liability was measured using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Healthcare cost trend rate of 7.0% in 2024, with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later, based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Annual salary increases of 4%.
- 90% of employees eligible for a subsidy and 7.5% of employees not eligible for a subsidy are assumed to elect coverage. 2% of vested former members are assumed to return to coverage each year upon reaching age 45.
- The per capita claims cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in specified age and gender brackets.
- Retiree premium cost sharing for retired participants covered under "Other Less Subsidized Health Coverage" is assumed to remain at 18% and increase at the same rate as the Health Care Cost Trend Rate. Otherwise, retiree premium cost sharing is not assumed to increase after retirement.

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**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**System Plan (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

- APSCUF Mortality rates based on the PubT-2010 Above Median Income Mortality Table, including rates for contingent survivors. All other groups mortality rates based on the PubG-2010 Above Median Income Mortality Table, including rates for disabled retirees and contingent survivors. Both incorporate rates based on a generational projection using Scale MP-2021 to reflect mortality improvement.
- The discount rate increased from 4.13% to 4.29%, based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2024.
- Participant data is based on census information as of July 1, 2024.
- Rates of withdrawal vary by age and years of service.
- Costs have been loaded by 1.5% to account for 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, 2025, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.0% decreasing to 3.0%) or one percentage point higher (8.0% decreasing to 5.0%) than the current healthcare cost trend rates (7.0% decreasing to 4.0%).

Sensitivity of the System Plan's Proportionate Share of the University's Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	1% Decrease (6.0% Decreasing to 3.0%)	Current Rate (7.0% Decreasing to 4.0%)	1% Increase (8.0% Decreasing to 5.0%)
2025	\$ 65,694,543	\$ 77,109,722	\$ 91,463,810

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

Sensitivity of the System Plan's Proportionate Share of the University's Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease 3.29%	Current Rate 4.29%	1% Increase 5.29%
2025	\$ 88,174,093	\$ 77,109,722	\$ 68,031,407

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**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**System Plan (Continued)**

OPEB Liability

The University's portion of the System Plan's total OPEB liability as of June 30, 2025, of \$77,109,722 was measured as of July 1, 2024.

Changes in the System Plan Total OPEB Liability	
	Fiscal Year Ended June 30, 2025
Beginning Balance	\$ 86,031,523
Service Cost	2,416,655
Interest	3,572,965
Changes in Benefit Terms	-
Difference between Expected and Actual Experience	(10,554,787)
Changes in Assumptions	(963,963)
Benefit Payments	(3,392,671)
Net Changes	(8,921,801)
Ending Balance	\$ 77,109,722

Effective January 1, 2025, Medicare-eligible retirees and covered spouses enrolled in Medicare Part A and Part B transitioned from the self-insured Medicare Supplement Plan to a fully insured Medicare Advantage PPO Plan. Going forward, newly eligible retirees and spouses will also be enrolled in this Medicare Advantage Plan.

This change is expected to generate significant annual cost savings and, based on current assumptions, reduce the plan's Total OPEB Liability by approximately 40%. However, because premiums for Medicare Advantage Plans may fluctuate, the actual impact on the Total OPEB Liability could differ from the projected reduction. The plan change will be reflected in the actuarial valuation as of July 1, 2025, for the fiscal year ending June 30, 2026.

**REHP**

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

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**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**REHP (Continued)**

Plan Description

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. Non-spouse 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, 2025.

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

Employer contribution requirements are established by the Commonwealth as provided by pertinent statutory authority. With the exception of certain employing agencies, employers contributed to the REHP Trust a retiree health assessment rate of \$251 per pay period for each current REHP eligible active employee during the period July 1, 2024, through June 30, 2025. The rate during the period July 1, 2023, through June 30, 2024, was \$275 per pay period.

Actuarial Assumptions and Other Inputs

The University 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.

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**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**REHP (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

The total OPEB liability in the June 30, 2024, actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method is Entry Age Normal, which requires an estimate of the projected benefit payable at retirement to determine costs and liabilities.
- Inflation of 2.50%.
- Healthcare cost trend rate of 8.2%, with rates gradually decreasing to 3.9% in 2075 and later, based on the SOA-Getzen trend rate model version 2024\_1b.
- Average 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 based on the PUB-2010 General Employees Headcount-Weighted Mortality Tables and adjusted for mortality improvements using projection scale MP-2021.
- Participant data based on census information as of December 31, 2023, for the June 30, 2024, measurement date.

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

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

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



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**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**REHP (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	42.0 %	5.0%
International Equity	22.0	5.1%
Fixed Income	22.0	2.4%
Public REITS	4.0	0.0%
Infrastructure	4.0	4.3%
Real Estate	4.0	3.8%
Cash and Cash Equivalents	1.0	1.2%
Private Equity	1.0	8.8%
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 3.5257% for the measurement date of June 30, 2024, and 3.0292% for the measurement date of June 30, 2023.

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

Sensitivity of the REHP Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	1% Decrease (7.2% decreasing to 2.9%)	Healthcare Cost Trend Rates 8.2% decreasing to 3.9%	1% Increase (9.2% decreasing to 4.9%)
2025	\$ 20,573,451	\$ 23,595,080	\$ 27,220,784

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**NOTE 12 OTHER POSTEMPLOYMENT 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, 2025, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (5.09%) or one percentage point higher (7.09%) than the current discount rate (6.09%).

Sensitivity of the REHP Net OPEB Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease 5.09%	Current Rate 6.09%	1% Increase 7.09%
2025	\$ 26,457,645	\$ 23,595,080	\$ 21,136,897

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

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS Health Options Program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees. Plan members receiving benefits are not required to make contributions.

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**NOTE 12 OTHER POSTEMPLOYMENT 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 0.64% of covered payroll for the fiscal year ended June 30, 2024, and 0.75% of covered payroll for the fiscal year ended June 30, 2023. Per §8327 of the Code, the Commonwealth is required to contribute 50% of the contribution rate directly to PSERS on behalf of the State System, meaning that the amount that the State System actually contributed was 0.32% of covered payroll.

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

- Valuation Date – June 30, 2023.
- Actuarial cost method was entry age normal, level percent of pay.
- Investment return of 4.21% based on the S&P 20 Year Municipal Bond Rate
- Effective average salary growth of 4.5%, comprising 2.50% for inflation and 2.00% for real wage growth and for merit and seniority increases.
- Premium Assistance reimbursement benefits capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Eligible retirees pre-age 65 are assumed to participate at 50%, while eligible retirees post-age 65 are assumed to participate at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022, determined the employer contribution rate for fiscal year 2024.
- Cost method was developed using the amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method was market value.
- Participation rate assumed that 63% of eligible retirees will elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Premium Assistance (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

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

- The discount rate used to measure the total OPEB liability was 4.21% at June 30, 2024, and 4.13% at June 30, 2023.
- Under the plan’s funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date.
- The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered to be a pay-as-you-go plan. A discount rate of 4.21%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.
- Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The OPEB plan’s policy with regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Under the program, as defined in the retirement code, employer contribution rates for Premium Assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Following is the PSERS Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class, as of June 30, 2024.

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

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the total OPEB liability as of June 30, 2023, to June 30, 2024. An employer’s proportion is calculated utilizing the employer’s one-year reported covered payroll as a percentage of total one-year reported covered payroll. The State System’s proportion of the collective net OPEB liability was 0.1793% and 0.1821% for the measurement dates of June 30, 2024 and 2023, respectively.

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**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Premium Assistance (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2025, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (between 4% and 5.8%) or one percentage point higher (between 6% and 7.8%) than the current healthcare cost trend rates (between 5% and 6.8%).

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	Healthcare Cost Trend Rates Between 4.0% and 5.8%	Healthcare Cost Trend Rates Between 5.0% and 6.8%	Healthcare Cost Trend Rates Between 6.0% and 7.8%
2025	\$ 310,868	\$ 310,868	\$ 310,868

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2025, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (3.21%) or one percentage point higher (5.21%) than the current discount rate (4.21%).

Sensitivity of the Premium Assistance Net OPEB Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease 3.21%	Current Rate 4.21%	1% Increase 5.21%
2025	\$ 351,179	\$ 310,868	\$ 277,097

**NOTE 13 PENSION BENEFITS**

Employees of the University enroll in one of three available retirement plans immediately upon employment: the Commonwealth of Pennsylvania State Employees' Retirement System (SERS), the Public-School Employees' Retirement System (PSERS), or the Alternative Retirement Plan (ARP).

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**NOTE 13 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 year ended June 30, 2025.

	<u>SERS</u>	<u>PSERS</u>	<u>ARP</u>	<u>Total</u>
Net Pension Liabilities	<u>\$ 67,964,202</u>	<u>\$ 7,607,074</u>	<u>\$ -</u>	<u>\$ 75,571,276</u>
Deferred Outflows of Resources:				
Difference Between Expected and Actual Experience	\$ 3,080,476	\$ -	\$ -	\$ 3,080,476
Net Difference Between Projected and Actual Investment Earnings and Pension Plan Investments	1,995,347	125,950	-	2,121,297
Changes in Assumptions	1,197,019	-	-	1,197,019
Difference Between Employer Contributions and Proportionate Share of Contributions	199,025	(12,207)	-	186,818
Changes in Proportion	-	114,910	-	114,910
Contributions after the Measurement Date	<u>4,328,352</u>	<u>1,062,000</u>	<u>-</u>	<u>5,390,352</u>
Total Deferred Outflows of Resources	<u>\$ 10,800,219</u>	<u>\$ 1,290,653</u>	<u>\$ -</u>	<u>\$ 12,090,872</u>
Deferred Inflows of Resources:				
Difference Between Expected and Actual Experience	\$ 75,871	\$ 119,627	\$ -	\$ 195,498
Net Difference Between Projected and Actual Investment Earnings and Pension Plan Investments	-	-	-	-
Difference Between Employer Contributions and Proportionate Share of Contributions	25,004	-	-	25,004
Changes in Proportion	<u>2,976,553</u>	<u>74,768</u>	<u>-</u>	<u>3,051,321</u>
Total Deferred Inflows of Resources	<u>\$ 3,077,428</u>	<u>\$ 194,395</u>	<u>\$ -</u>	<u>\$ 3,271,823</u>
Pension Expense	<u>\$ 7,512,062</u>	<u>\$ 1,448,084</u>	<u>\$ 4,324,753</u>	<u>\$ 13,284,899</u>
Contributions Recognized by Pension Plans	<u>\$ 8,088,519</u>	<u>\$ 1,062,000</u>	<u>\$ -</u>	<u>\$ 9,150,519</u>

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

The University will recognize the \$4,328,352 reported as 2025 SERS deferred outflows of resources resulting from pension contributions after the measurement date, and the \$1,062,000 reported as 2025 PSERS deferred outflows of resources resulting from pension contributions after the measurement date, as reductions of the respective net pension liabilities in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>	
	<u>SERS</u>	<u>PSERS</u>
2026	\$ 1,351,884	\$ (162,904)
2027	4,187,786	220,201
2028	(1,650,092)	2,855
2029	(528,548)	(25,894)
2030	33,409	-
	<u>\$ 3,394,439</u>	<u>\$ 34,258</u>

**SERS**

Plan Description

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

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

Benefits Provided

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

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**SERS (Continued)**

Benefits Provided (Continued)

Employees who were hired prior to January 1, 2011, and retire at age 60 with three years of service, or with 35 years of service if under age 60, are entitled to a normal annual retirement benefit; members of the General Assembly and certain employees classified in hazardous duty positions can retire with full benefits at age 50 with at least three years of service. Act 120 of 2010 (Act 120) preserved all benefits in place for members, but mandated a number of benefit reductions for new members effective January 1, 2011, through December 31, 2018. The benefit reduction included a new class of membership that accrues benefits at 2% of members' final average salary instead of the previous 2.5%. The vesting period changed from 5 to 10 years of credited service, and the option to withdraw lump-sum accumulated deductions was eliminated. The new normal retirement age is 65 for most employees and 55 for members of the General Assembly and certain employees classified in hazardous duty positions. Act 2017-5 preserved all benefits in place for members, but fundamentally changed retirement options for new hires beginning January 1, 2019: most employees who first become SERS members on or after January 1, 2019, must choose from one of two new defined benefit/defined contribution hybrid options or a straight 401(a) defined contribution option.

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

Contributions

The contribution rate for both active members and the University 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.



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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**SERS (Continued)**

Contributions (Continued)

For the SERS defined benefit plan, the University's actuarially determined contribution rate for most active members was 40.33% of active members' annual covered payroll at June 30, 2025, with less common rates ranging between 27.09% and 31.74%, depending upon the defined benefit plan chosen by the employee. For the SERS defined benefit/defined contribution hybrid plan, the University's actuarially determined contribution rate was either 16.84% or 17.09% of annual covered payroll, depending upon the hybrid plan chosen by the employee. In addition, the University was required to contribute to the defined benefit plan 15.54% of the annual covered payroll of employees who selected the straight 401(a) defined contribution plan. The University's contributions to the SERS defined benefit plan for the year ended June 30, 2025, was \$8,088,519, 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 5.00% and 9.30% of salary, depending upon when the member was hired and what class of membership was elected. Defined benefit contribution rates for active members who participate in the defined benefit/defined contribution hybrid plan were either 3.25% or 3.5% of gross salary, depending upon what class of membership was elected. The contribution rate to the defined contribution plan for active members who participate in the straight 401(a) defined contribution plan was 7.5% of gross salary.

For the SERS defined contribution plan, the University contributed at actuarially determined rates of between 2.0% and 3.5% of active members' annual covered payroll at June 30, 2025, depending upon the plan chosen by the employee. The University recognized \$67,904 in SERS defined contribution pension expense for the year ended June 30, 2025. 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.

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**NOTE 13 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 June 2024 meeting, the SERS Board approved maintaining the assumed investment rate of return at 6.875%. The next SERS actuarial experience review will occur in summer 2025 and will be used for its 2025 annual valuation.

The following methods and assumptions were used in the actuarial valuation for the December 31, 2024, measurement date.

- Entry age actuarial cost method.
- Investments amortized on a straight-line, closed-period basis over five years; assumption changes and noninvestment gains/losses amortized over the average expected remaining service lives of all employees who are provided benefits.
- Inflation of 2.50%.
- Investment return of 6.875%, net of manager fees and including inflation.
- Salary increases based on an average of 4.58%, with a range of 3.30% to 6.95%, including inflation.
- Asset valuation using fair (market) value.
- Mortality rates based on the projected PubG-2010 and PubNS-2010 Mortality Tables, adjusted for actual plan experience and future improvement.
- No cost-of-living adjustments.

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**NOTE 13 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, 2024, are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private Equity	16.0 %	6.25%
Real Estate	7.0	5.15
U.S. Equity	37.0	5.15
International Developed Equity	14.0	5.00
Emerging Markets Equity	2.0	5.20
Fixed Income	19.0	2.85
Inflation Protection (TIPS)	3.0	2.55
Cash	2.0	0.50
Total	100.0 %	

The discount rate used to measure the total SERS pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each member and that employer contributions will be made based on rates determined by the actuary and as set by statute. Based on those assumptions, SERS' fiduciary net position was projected to be available to make all projected future benefit payments of current SERS members. The long-term expected rate of return on SERS' investments, therefore, was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the SERS net pension liability at June 30, 2025, calculated using the discount rate of 6.875%, as well as what the SERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.875%) or one percentage point higher (7.875%) than the current rate.

Sensitivity of the University's Proportionate Share of the SERS Net Pension Liability to Changes in the Discount Rate			
	1% Decrease 5.875%	Current Rate 6.875%	1% Increase 7.875%
2025	\$ 83,034,567	\$ 67,964,202	\$ 44,489,688

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**SERS (Continued)**

Proportionate Share

At June 30, 2025, the amount recognized as the University's proportionate share of the SERS net pension liability, measured at December 31, 2024, was \$67,964,202.

The allocation percentage assigned to each participating employer is based on a projected contribution method. For the allocation of the December 2024 amounts, this methodology applies the most recently calculated contribution rates for fiscal year 2025 - 2026, from the December 31, 2024, funding valuation, to the expected funding payroll. At the December 31, 2024, measurement date, the State System's proportion was 3.9837%, a decrease of 0.0791% from its proportion calculated as of the December 31, 2023, measurement date.

**PSERS**

Plan Description

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

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

PSERS issues a comprehensive annual financial report that may be obtained at [www.psers.pa.us](http://www.psers.pa.us).

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

Benefits Provided

Members who joined prior to July 1, 2011, are eligible for monthly retirement benefits upon reaching age 62 with at least one year of credited service, age 60 with 30 or more years of credited service, or any age with 35 or more years of service. Act 120 of 2010 preserved the benefits of members who joined prior to July 1, 2011, and introduced benefit reductions for individuals who become new members on or after July 1, 2011, through June 30, 2019, by creating two new membership classes: Class T-E and Class T-F. To qualify for normal retirement, Class T-E and Class T-F members must complete a minimum of 35 years of service with a combination of age and service that totals 92 or greater, or they must work until age 65 with a minimum of three years of service. Act 5 of 2017 introduced benefit reductions for individuals who become new members on or after July 1, 2019, by creating two new membership classes: Class T-G and Class T-H. To qualify for normal retirement, Class T-G members must complete a minimum of 35 years of service with a combination of age and service that totals ninety-seven or greater, or they must work until age 67 with a minimum of three years of service. Class T-H must work until age 67 with a minimum of three years of service.

Depending upon membership class, benefits are generally 1% 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, Class T-G and Class T-H members vest after completion of 10 years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits vary depending upon membership class. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members, age 67 with at least three years of credited service for Class T-G and Class T-H members) or has at least five years of credited service (10 years for Class T-E, Class T-F, Class T-G and Class T-H members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

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

Employer Contributions

The University's contractually required contribution rate for PSERS for fiscal year ended June 30, 2025, was 33.09% 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 University, meaning that the amount that the University actually contributed was 16.545% of covered payroll. The University's contribution to PSERS for the year ending June 30, 2025, was \$1,062,000, equal to the required contractual contribution.

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

Actuarial 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, 2024, measurement date, was determined by rolling forward PSERS' total pension liability at June 30, 2023, to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement.

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

Actuarial Assumptions (Continued)

- Valuation date - June 30, 2023.
- Actuarial cost method is entry age normal, level percent of pay.
- Investment return of 7.00% with 2.50% inflation.
- Salary increases based on an effective average of 4.5%, which comprises a 2.50% allowance for inflation and 2.00% for real wage growth and merit or seniority increases.
- Mortality rates based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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.

PSERS' policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board of Trustees. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension. Following is the PSERS Board of Trustees' adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024.

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

The discount rate used to measure the total PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined.

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

Actuarial Assumptions (Continued)

Based on those assumptions, PSERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on PSERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the PSERS net pension liability at June 30, 2025, calculated using the discount rate of 7.0%, 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 6.00%	Current Rate 7.00%	1% Increase 8.00%
2025	\$ 10,020,897	\$ 7,607,074	\$ 5,568,893

Proportionate Share

At June 30, 2025, the amount recognized as the University's proportionate share of the PSERS net pension liability, plus the related PSERS pension support provided by the Commonwealth, is as follows:

Total PSERS Net Pension Liability	
Associated with the University	\$ 15,214,148
Commonwealth's Proportionate Share of the PSERS Net Pension Liability	
Associated with the University	7,607,074
University's Proportionate Share of the PSERS Net Pension Liability	\$ 7,607,074

PSERS measured the 2025 net pension liabilities as of June 30, 2024. PSERS calculated the employer's proportion of the net pension liability using the employer's one-year reported covered payroll in relation to all participating employers' one-year reported covered payroll. At June 30, 2024, the State System's proportion was 0.1811%, a decrease of 0.0023% from its proportion calculated as of June 30, 2023.



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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**ARP**

The ARP is a defined contribution pension plan administered by the State System. Benefits equal amounts contributed to the plan plus investment earnings. Act 188 empowers the Board to establish and amend benefits provisions. The State Employees' Retirement Code establishes the employer contribution rate for the ARP, while the Board establishes the employee contribution rates. Active members contribute at a rate of 5% of their qualifying compensation. The State System recognizes annual pension expenditures equal to its contractually required contributions to the plan. The University's contribution rate on June 30, 2025, was 9.29% of qualifying compensation. The contributions to the ARP for the year ended June 30, 2025, was \$4,324,752, from the University; and \$2,324,637, from active members. No liability is recognized for the ARP.

**NOTE 14 WORKERS' COMPENSATION**

The University participates in the State System's self-insured workers' compensation plan. For claims occurring prior to July 1, 1995, the University is responsible for claims up to \$100,000; for claims occurring on or after July 1, 1995, the University is responsible for claims 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 the University contributes in the amount determined by an independent actuarial study. Based on updated actuarial studies, the University contributed \$78,794 to the Reserve Fund during the year ended June 30, 2025.

The liability for claims under the self-insurance limit and changes therein were as follows:

Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2025	\$ 541,532	\$ 587,140	\$ (561,751)	\$ 566,921

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**NOTE 15 RELATED PARTY TRANSACTIONS**

**Alumni Association**

Slippery Rock University Alumni Association (the Alumni Association) is a nonprofit association formed to promote the welfare of the University by initiating and/or participating in fund raising drives aimed at providing scholarship assistance, research fellowships and grants, and additional facilities to meet special cultural, research or athletic needs. Since the Alumni Association operates under an independent governing board and management, the financial activity of the Alumni Association is not included in the University's financial statements.

Based upon audited financial statements, the Alumni Association had net assets of \$4,681,006 at June 30, 2025.

**Slippery Rock University Foundation (the Foundation)**

The Foundation, which is a component unit of the University, was organized for the purpose of raising private support and managing funds that are used solely for the benefit and support of the University. The Foundation does this by raising private support to provide the University with resources not available through normal system funding, in accordance with restrictions, if any, imposed by donors. The primary sources of income to the Foundation are contributions from both individual and corporate donors and investment income. The Foundation also has oversight and management of campus student housing complexes. Although the University does not control the timing or amount of receipts from the Foundation, the majority of the resources and income thereon is restricted for the activities of the University by donors. As of June 30, 2025, the Foundation held \$27,763,222 of net assets with donor restrictions held in perpetuity for the benefit of the University. Net assets with donor restrictions held in perpetuity are primarily comprised of scholarships.

The Foundation annually agrees with the University to manage the investment of monies received from various sources under the fiduciary agreement. During the 2025 fiscal year, the Foundation provided the following support to the University:

Scholarships	\$ 3,214,319
Support of University Programs	3,646,530

The Foundation entered into an agreement with the University to provide office space, management and accounting personnel, computer and office equipment, and supplies at no cost. The total in-kind services provided to the Foundation by the University amounted to \$112,728 in 2025.

For the year ended June 30, 2025, the University paid the Foundation \$390,000 for the cost of employee's salaries, benefits, and other expenses related to comprehensive fundraising services.

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**NOTE 15 RELATED PARTY TRANSACTIONS (CONTINUED)**

**Slippery Rock Student Government Association (the Association)**

The Association, which is a component unit of the University, was organized to provide student services and to promote and support educational cultural and recreational activities for the students of the University. The Association primarily conducts student activity fee supported organizations, bookstore operations, vending machine operations, child day care and Pre-K Counts operations. During the year ended June 30, 2025, the Association received \$2,365,900, in student activity fees from the University.

**NOTE 16 CONTINGENCIES**

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

The University is self-insured for workers' compensation up to stated limits (see Note 14). 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 significantly reduced any of its insurance coverage from the prior year. It is not expected that the resolution of any outstanding claims and litigation will have a material adverse effect on the accompanying financial statements.

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The University's management believes disallowances, if any, will be immaterial.

Authorized expenditures for construction projects unexpended as of June 30, 2025, were \$6,023,659.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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**NOTE 17 RATINGS ACTIONS**

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

**NOTE 18 SUBSEQUENT EVENTS**

**Appropriations Delay**

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

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

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

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025  
(UNAUDITED)**

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

Fiscal Year	State Systems 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
2015/16	4.7208 %	\$ 59,970	\$ 20,798	288.3 %	58.9 %
2016/17	4.8370	68,909	22,249	309.7	57.8
2017/18	4.9059	64,944	23,663	274.5	63.0
2018/19	4.8971	80,883	25,253	320.3	56.4
2019/20	4.7732	68,075	24,714	275.5	63.1
2020/21	4.4196	63,215	23,289	271.4	67.0
2021/22	4.1777	48,453	22,247	217.8	76.0
2022/23	4.1504	78,348	23,431	334.4	61.5
2023/24	4.0628	72,169	24,220	298.0	65.3
2024/25	3.9837	67,964	25,033	271.5	67.7

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

Fiscal Year	Contractually Required Contributions	Contributions Recognized by SERS	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a % of Covered- Employee Payroll
2015/16	\$ 5,105	\$ 5,105	\$ -	\$ 21,223	24.05 %
2016/17	6,412	6,412	-	22,876	28.00
2017/18	7,511	7,511	-	23,998	31.30
2018/19	7,649	7,649	-	24,767	30.88
2019/20	7,588	7,588	-	24,011	31.60
2020/21	7,438	7,438	-	23,239	32.01
2021/22	7,544	7,544	-	23,436	32.19
2022/23	7,778	7,778	-	23,822	32.65
2023/24	8,400	8,400	-	24,516	34.26
2024/25	8,089	8,089	-	24,862	32.53

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JUNE 30, 2025  
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Schedule of Proportionate Share of PSERS Net Pension Liability (NPL)  
Determined as of June 30 PSERS Measurement Date  
(in Thousands)

Fiscal Year	PSERS Net Pension Liability				University's Covered-Employee Payroll	University's Proportionate Share of NPL as a % of Covered-Employee Payroll	PSERS Net Fiduciary as a % of Total Pension Liability
	State Systems Proportion	University's Proportionate Share	Commonwealth's Proportionate Share	Total			
2015/16	0.1852 %	\$ 6,877	\$ 6,877	\$ 13,754	\$ 4,086	200 %	54.4 %
2016/17	0.1833	8,076	8,076	16,152	4,222	200	50.1
2017/18	0.1811	7,784	7,784	15,568	4,056	200	51.8
2018/19	0.1836	7,207	7,207	14,414	4,036	200	54.0
2019/20	0.1886	7,214	7,214	14,428	4,253	200	55.7
2020/21	0.1856	7,798	7,798	15,596	740	1100	54.3
2021/22	0.1777	6,470	6,470	12,939	749	900	63.7
2022/23	0.1788	7,606	7,606	15,212	853	900	61.3
2023/24	0.1834	8,046	8,046	16,091	947	800	61.9
2024/25	0.1811	7,607	7,607	15,214	954	800	64.6

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

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2015/16	\$ 534	\$ 534	\$ -	\$ 4,080	13.0 %
2016/17	619	619	-	4,242	14.6
2017/18	643	643	-	4,056	15.9
2018/19	700	700	-	4,304	16.3
2019/20	748	748	-	4,484	16.7
2020/21	776	776	-	4,603	16.9
2021/22	851	851	-	5,000	17.0
2022/23	921	921	-	5,365	17.2
2023/24	952	952	-	5,642	16.9
2024/25	1,062	1,062	-	6,426	16.5

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**University System Plan OPEB Liability**  
Determined as of the June 30 Measurement Dates

	Fiscal Year Ended June 30, 2025
<b>Changes in the System Plan Total OPEB Liability</b>	
Total OPEB Liability - Beginning Balance	\$ 86,031,523
Service Cost	2,416,655
Interest	3,572,965
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(10,554,787)
Changes in Assumptions	(963,963)
Benefit Payments	(3,392,671)
Net Changes	(8,921,801)
Total OPEB Liability - Ending Balance	\$ 77,109,722
 Covered Employee Payroll	\$ 45,905,661
OPEB Liability as a Percent of Covered Payroll	157.67%

**Note to Schedule:** *The System plan has no plan 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*

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JUNE 30, 2025  
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Schedule of Proportionate Share of REHP Net OPEB Liability  
Determined as of June 30, REHP's Measurement Date  
(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 %	\$ 66,347	\$ 9,045	734 %	1.4 %
2018/19	4.483	51,593	9,202	561	2.2
2019/20	4.370	36,242	9,306	389	3.8
2020/21	4.275	43,251	9,536	454	3.7
2021/22	4.026	35,450	9,012	393	3.7
2022/23	3.678	33,477	9,389	357	5.9
2023/24	3.029	22,645	10,102	224	8.8
2024/25	3.530	23,595	10,030	235	11.6

REHP Schedule of Contributions  
(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by REHP	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a % of Covered- Employee Payroll
2017/18	\$ 1,681	\$ 1,681	\$ -	\$ 11,487	14.6 %
2018/19	2,054	2,054	-	11,447	17.9
2019/20	1,607	1,607	-	11,324	14.2
2020/21	892	892	-	11,948	8.2
2021/22	854	854	-	11,325	7.5
2022/23	797	797	-	11,402	7.0
2023/24	1,795	1,795	-	11,873	15.1
2024/25	1,686	1,686	-	12,064	14.0



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JUNE 30, 2025  
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Schedule of Proportionate Share of PSERS Net OPEB Liability  
Determined as of June 30 PSERS Measurement Date  
(in Thousands)

Fiscal Year	PSERS Net OPEB Liability				University's Covered-Employee Payroll	University's Proportionate Share of Net OPEB Liability as a % of Covered-Employee Payroll	PERS Fiduciary Net Position as a % of Total OPEB Liability
	State Systems Proportion	University's Proportionate Share	Commonwealth's Proportionate Share	Total			
2017/18	0.1811 %	\$ 322	\$ 322	\$ 644	\$ 4,205	7.7 %	5.7 %
2018/19	0.1836	316	316	632	4,078	7.7	5.6
2019/20	0.1886	329	329	658	4,265	7.7	5.6
2020/21	0.1852	340	340	680	4,423	7.7	5.6
2021/22	0.1770	366	366	732	4,378	8.4	5.7
2022/23	0.1780	311	311	622	4,971	6.3	6.9
2023/24	0.1821	334	334	668	5,659	5.9	7.2
2024/25	0.1793	311	311	622	5,557	5.6	7.1

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

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2017/18	\$ 17	\$ 17	\$ -	\$ 4,056	0.4 %
2018/19	18	18	-	4,304	0.4
2019/20	19	19	-	4,484	0.4
2020/21	19	19	-	4,603	0.4
2021/22	20	20	-	5,000	0.4
2022/23	21	21	-	5,265	0.4
2023/24	18	18	-	5,642	0.3
2024/25	20	20	-	6,426	0.3



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