

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

**FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

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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 Financial Statements**

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 years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the discretely presented component units, Slippery Rock Student Government Association, Slippery Rock University Foundation, and SRUF Campus Housing Inc. and Subsidiary, which represent 100% of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, based on our audit and the 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, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 fourteen universities and the Office of Chancellor 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, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 29, 2021

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

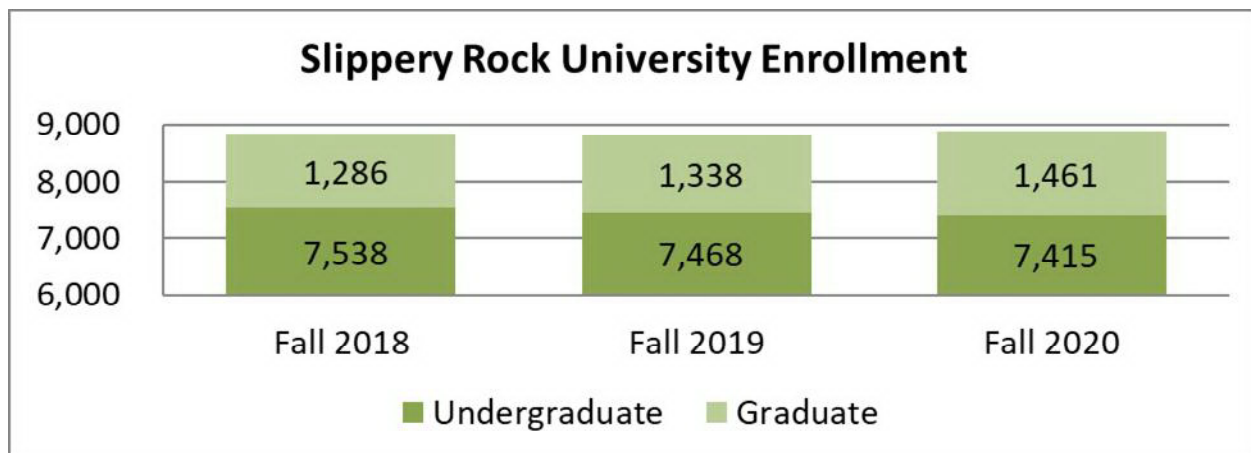
Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis for the financial activities of Slippery Rock University of Pennsylvania (the University) for the year ended June 30, 2021. The University's financial performance is discussed and analyzed within the 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. Slippery Rock University enrolled 8,876 students in fall 2020.

The following is an overview of the University's financial activities for the year ended June 30, 2021, as compared to the prior year ended June 30, 2020 and 2019. Note that due to rounding, certain increases or decreases may vary slightly from audited financials.

**Financial Highlights**

Enrollment for fall 2020 was a total headcount of 8,876, for an overall increase of 70, or 0.8%, compared to the prior year. Enrollment included 7,415 undergraduate students, which is a decrease of 53, or 0.7% over the prior year, and 1,461 graduate students, for an increase of 123, or 9.2% over the prior year. Compared to the prior year, fall 2020 total enrollment was comprised of 7,906 resident students, which is a decrease of 17, or 0.2%, 851 nonresident students and 119 international students, for a total of 970 non-resident students, and an increase of 87, or 9.9%. The chart below summarizes a three-year trend of undergraduate and graduate enrollment.

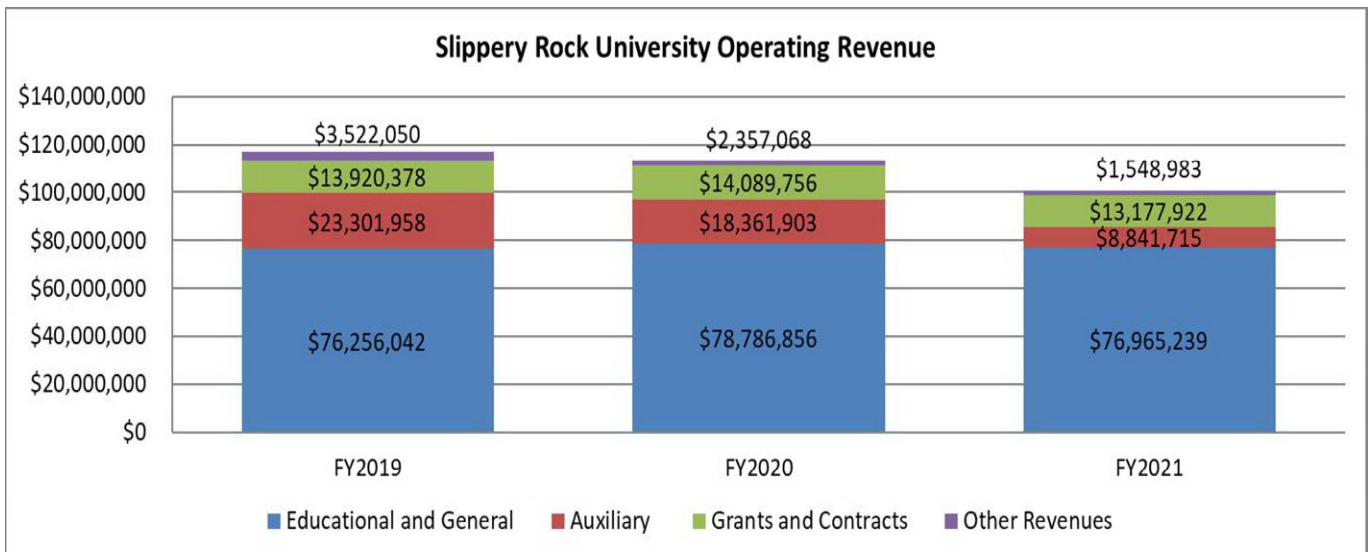


- The State System's Board (the Board) approved a flat annual full-time tuition rate for the third year in undergraduate resident students in fiscal year 2021.

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- The total Commonwealth appropriation to the State System in fiscal year 2021 was \$477.47 million, and flat to the prior fiscal year. The University's share of the appropriation was \$39.8M, which also represents a 0.0% change from fiscal year 2020.
- Capital appropriations, which include appropriations for furnishings and equipment for Commonwealth Key 93 funded construction, was \$1.6 million, or \$0.2 million and 15.4% higher than the prior fiscal year 2020 appropriation of \$1.4 million.
- Educational and General Fund tuition and fee revenue, net of discounts and allowances, was \$77.0 million in fiscal year 2021 and \$1.8 million lower than the prior fiscal year 2020. Auxiliary revenue, net of discounts and allowances, was \$8.8 million in fiscal year 2021 and \$9.5 million lower than the prior fiscal year 2020. Other revenue, including sales and services, was \$1.5M in fiscal year 2021, which is \$0.8 million less than the prior fiscal year 2020. Revenue losses are related to lower undergraduate enrollment, event restrictions related due to COVID, and a reduction of Auxiliary fees for fiscal year 2021.

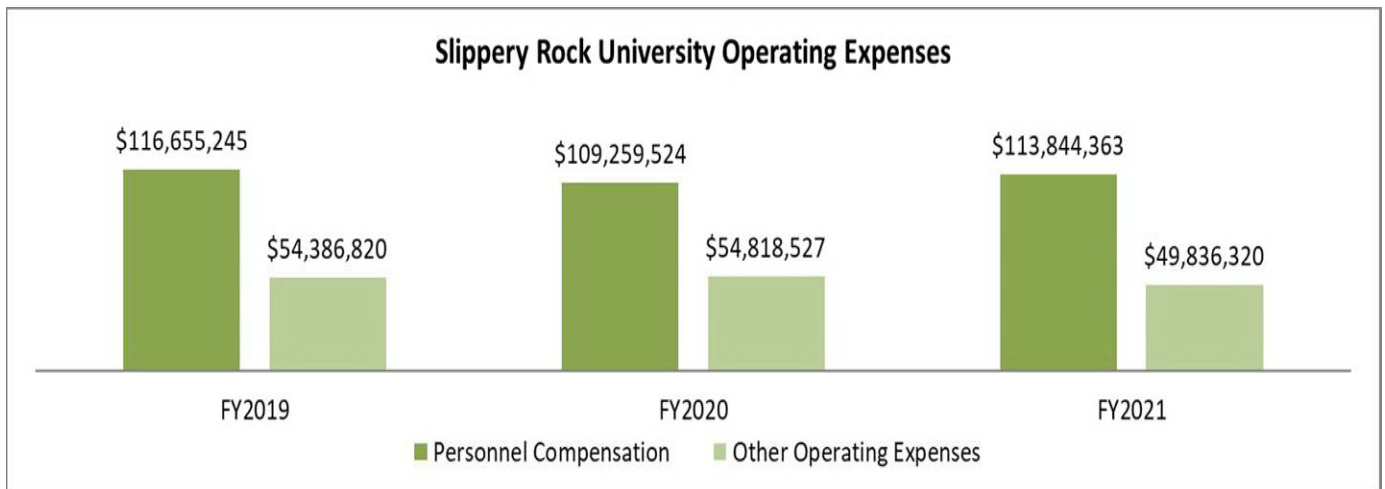
The chart below summarizes a trend of total University operating revenue, including Educational and General fund tuition and fees, Auxiliary fees and sales, government and non-government grants and contracts, and other miscellaneous operating revenue.



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- Educational and General Fund personnel expenses were \$109.0 million and \$4.3 million or 4.1% higher in fiscal year 2021 as compared to fiscal year 2020 personnel expense of \$104.7 million. During this time, most employee groups experienced collective bargaining increases and a merit increase for non-represented employees.
- Educational and General Fund total services, supplies and other charges and capital expenditures, were \$22.4 million fiscal year 2021 and \$0.7 million or 3.2% lower than fiscal year 2020 expenditures of \$23.1 million. Fiscal year 2021 was lower than prior years, related to the partial closure of campus and low-density model, due to COVID.

The following chart summarizes a trend of total University personnel compensation and other operating expenses, such as services, supplies and utilities.



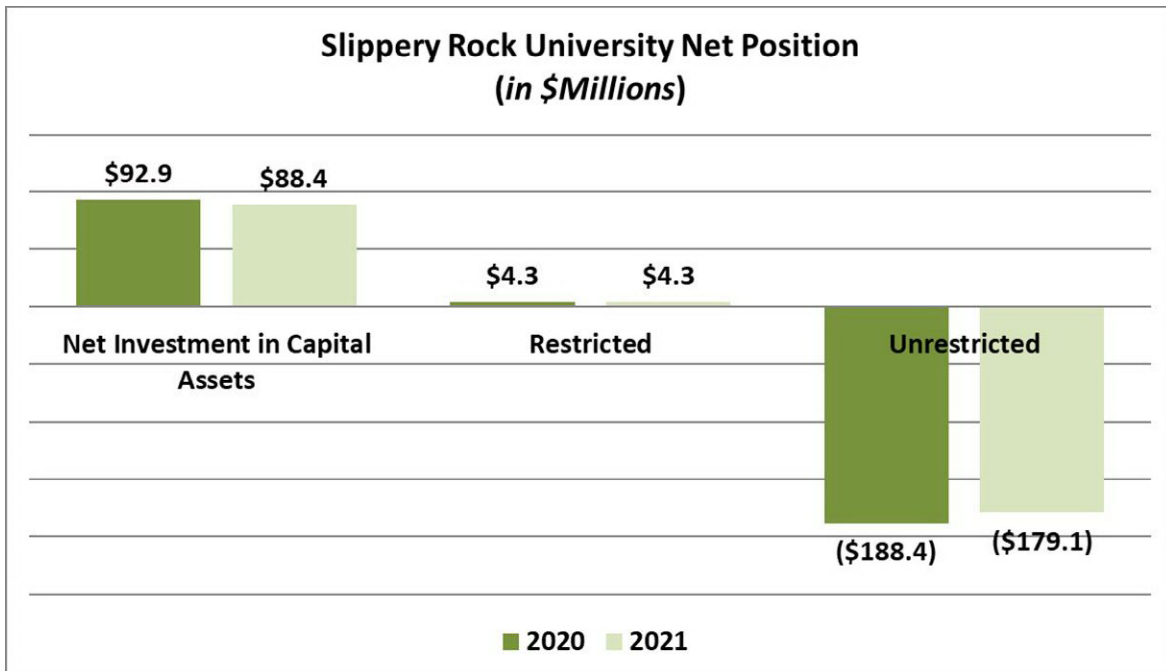
**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
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**Financial Statements**

**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, 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 postretirement benefits (benefits expected to be paid to certain current and future retirees). The difference between the assets, deferred outflows of resources and liabilities, deferred inflows of resources is reported as net position. Net position in fiscal year 2021 increased by \$4.8 million to (\$86.5) million, from Fiscal year 2020 net position of (\$91.3) million.

The following chart shows net position, in millions, net investment in capital assets, restricted and unrestricted funds, for fiscal years ending June 30, 2021, and 2020.





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The following is a summary of the balance sheet for fiscal years 2021, 2020, and 2019.

<b>Balance Sheet Summary, Year Ended June 30</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 107,731,578	\$ 102,965,758	\$ 101,280,567
Other Current Assets	13,246,333	7,782,851	7,838,258
Total Current Assets	<u>120,977,911</u>	<u>110,748,609</u>	<u>109,118,825</u>
Capital Assets, net	140,351,635	147,139,421	142,099,393
Other Noncurrent Assets	3,145,929	3,690,723	4,443,178
Total Noncurrent Assets	<u>143,497,564</u>	<u>150,830,144</u>	<u>146,542,571</u>
<b>TOTAL ASSETS</b>	<u>264,475,475</u>	<u>261,578,753</u>	<u>255,661,396</u>
Total Deferred Outflows of Resources	43,198,843	17,175,358	25,347,953
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 307,674,318</u></u>	<u><u>\$ 278,754,111</u></u>	<u><u>\$ 281,009,349</u></u>
<b>LIABILITIES</b>			
Accounts Payable & Accrued Expenses	\$ 18,482,598	\$ 18,591,493	\$ 16,111,438
Unearned Revenue	5,145,041	5,758,574	6,481,803
Other Current Liabilities	9,984,982	10,869,551	11,393,179
Total Current Liabilities	<u>33,612,621</u>	<u>35,219,618</u>	<u>33,986,420</u>
Compensated Absences & Postretirement Benefit Obligations	243,915,562	217,927,269	245,693,451
Bonds Payable	46,230,983	50,873,374	54,421,990
Other Noncurrent Liabilities	4,023,093	4,797,949	4,984,694
Total Noncurrent Liabilities	<u>294,169,638</u>	<u>273,598,592</u>	<u>305,100,135</u>
<b>TOTAL LIABILITIES</b>	<u>327,782,259</u>	<u>308,818,210</u>	<u>339,086,555</u>
Total Deferred Inflows of Resources	66,374,592	61,198,832	44,178,035
<b>NET POSITION</b>			
Invested in Capital Assets, net of Related Debt	88,379,006	92,868,568	84,566,015
Restricted	4,277,925	4,251,004	3,910,144
Unrestricted	(179,139,464)	(188,382,503)	(190,731,400)
Total Net Position	<u>(86,482,533)</u>	<u>(91,262,931)</u>	<u>(102,255,241)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 307,674,318</u></u>	<u><u>\$ 278,754,111</u></u>	<u><u>\$ 281,009,349</u></u>

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**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, since the underlying assets would have to be sold in order to use the balance to pay current or long or 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. Nonexpendable 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 as long as 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. Unrestricted net position has been reduced by three unfunded liabilities:

- The liability for *compensated absences* increased by \$2.8 million to \$13.5 million at June 30, 2021. Similar to the postretirement 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 liability for *OPEB postretirement benefits* for employees who participate in the State System of Higher Education (SSHE), Retired Employee Healthcare plan (REHP) and Public-School Employee's Retirement plan (PSERS) was \$163.0 million at June 30, 2021, an increase of \$26.2 million. The liability of postretirement benefit obligations for the REHP plan and the PSERS plan were newly created and implemented by the Governmental Accounting Standards Board (GASB) Statement No. 75 in fiscal year 2018. The total postretirement benefit liability for fiscal year 2021 is comprised of \$119.4 million for the SSHE plan, \$43.3 million for the REHP plan and \$0.3 million for the PSERS plan. Because the liability is realized gradually over time, and because of its size, the University funds it only as it becomes due.

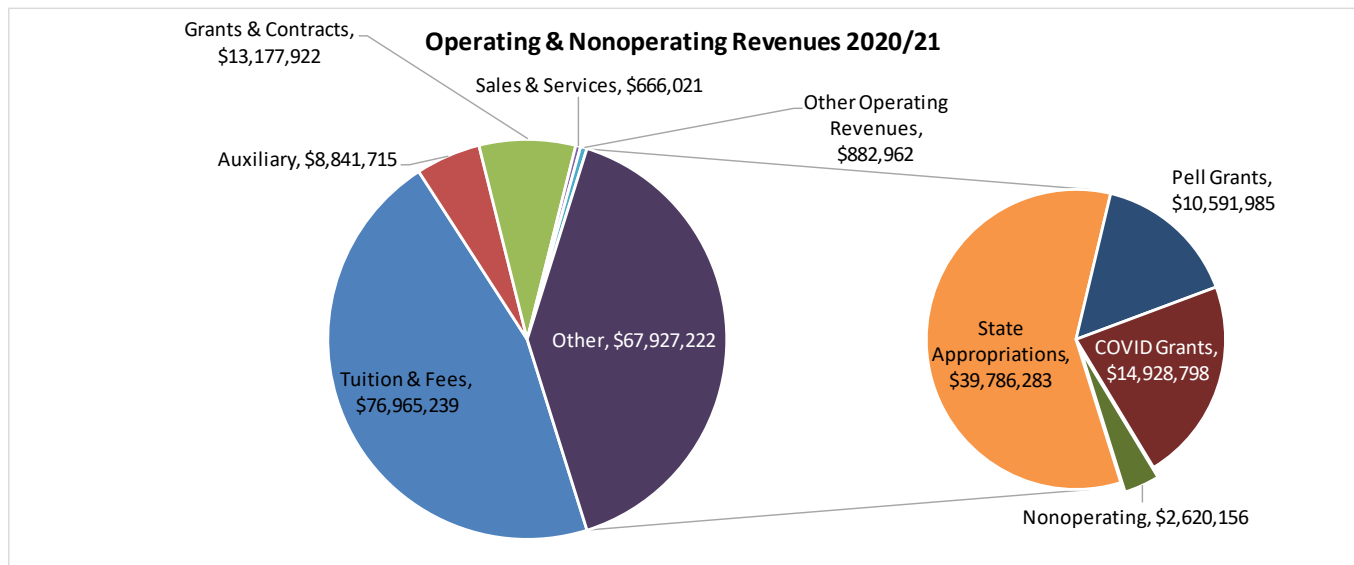
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- The *net pension liability* decreased \$4.3 million to \$71.0 million at June 30, 2021. This liability for pension obligations is due to the implementation of GASB Statement No. 68. The combined pension liability for fiscal year 2021 is comprised of \$63.2 million for the State Employee Retirement System (SERS) and \$7.8 million for PSERS. Because the liability is realized gradually over time, and because of its size, the University funds it only as it becomes due.

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

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

The following chart shows the University's total operating and nonoperating revenues, for fiscal year ending June 30, 2021.



**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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The following table shows the University's total operating and nonoperating revenues, for fiscal years ending June 30, 2021, 2020 and 2019.

Fiscal Year	2021	Increase/(Decrease)		2020	Increase/(Decrease)		2019
<b>Operating Revenues</b>							
Tuition & Fees	\$77.0	(\$1.8)	-2.3%	\$78.8	\$2.5	3.3%	\$76.3
Auxiliary	8.8	(9.5)	-51.8%	18.4	(4.9)	-21.2%	23.3
Grants & Contracts	13.2	(0.9)	-6.5%	14.1	0.2	1.2%	13.9
Sales & Services	0.7	(1.1)	-61.3%	1.7	(0.9)	-33.9%	2.6
Other Operating Revenues	0.9	0.2	39.3%	0.6	(0.3)	-30.8%	0.9
<b>Total</b>	<b>\$100.5</b>	<b>(\$13.1)</b>	<b>-11.5%</b>	<b>\$113.6</b>	<b>(\$3.4)</b>	<b>-2.9%</b>	<b>\$117.0</b>
<b>Nonoperating Revenues</b>							
State Appropriations	\$39.8	\$0.0	0.0%	\$39.8	\$0.9	2.2%	\$38.9
Pell Grants	10.6	(0.5)	-4.7%	11.1	(0.5)	-4.6%	11.6
COVID Grants	14.9	7.8	108.1%	7.2	7.2	N/A	0
Other Revenues	2.6	(0.8)	-23.0%	3.4	(0.3)	-8.0%	3.7
<b>Total</b>	<b>\$67.9</b>	<b>\$6.5</b>	<b>10.5%</b>	<b>\$61.5</b>	<b>\$7.2</b>	<b>13.3%</b>	<b>\$54.3</b>
<b>Total Revenue</b>	<b>\$168.4</b>	<b>(\$6.6)</b>	<b>-3.8%</b>	<b>\$175.1</b>	<b>\$3.8</b>	<b>2.2%</b>	<b>\$171.3</b>

Tuition and fees operating revenue decreased \$1.8 million, or 2.3% from fiscal year 2020, with zero tuition and fee rate increases and slightly lower undergraduate enrollment, being somewhat offset by new graduate program growth. Sales & Services revenue is also lower compared to prior year, with less programming, rentals and conference revenue, related to COVID restrictions. Operating revenue for Auxiliary funds decreased \$9.5 million or 51.8% mostly related to a 50% fee reduction of the Student Center and Recreation Center fees, lower enrollment and less rental, sales and service revenue related to COVID restrictions.

The University's share of the state appropriations remained flat from fiscal year 2020. As compared to prior year, Pell grants decreased \$0.5 million and COVID relief increased by \$7.8 million. Other nonoperating revenue, investment income, interest expense, gain/loss on disposal of assets and other nonoperating revenue decreased by \$0.8 million.

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The following tables show the University's total percentages of operating expenditures by function and source for fiscal year ending June 30, 2021.

<b>Slippery Rock University Expenses by Function (in \$Millions)</b>		<b>Fiscal Year 2021</b>							
<b>Source of Expense</b>		<b>Salaries &amp; Wages</b>	<b>Benefits</b>	<b>Student Aid</b>	<b>Utilities</b>	<b>Services &amp; Supplies</b>	<b>Depreciation</b>	<b>Total</b>	
<b>Functional Category</b>									
Research	\$0.2					\$0.1		\$0.2	0.1%
Public Service	0.3	0.1				0.1		0.5	0.3%
Depreciation							10.8	10.8	6.6%
Academic Support	4.8	1.9				2.8		9.5	5.8%
Oper. & Maint. of Plant	5.1	2.1		2.4	2.6			12.1	7.4%
Student Aid			13.4					13.4	8.2%
Auxiliary Enterprises	2.1	1.0	0.1	0.6	6.2			10.0	6.1%
Student Services	9.8	5.0			1.8			16.6	10.1%
Institutional Support	10.2	6.5			7.3			24.0	14.6%
Instruction	45.5	19.3			1.7			66.5	40.7%
<b>Total Expenses FY2021</b>	<b>\$77.9</b>	<b>\$35.9</b>	<b>\$13.5</b>	<b>\$3.0</b>	<b>\$22.5</b>	<b>\$10.8</b>		<b>\$163.6</b>	<b>100.0%</b>
	<b>47.6%</b>	<b>21.9%</b>	<b>8.2%</b>	<b>1.8%</b>	<b>13.7%</b>	<b>6.6%</b>			
Total Expenses FY2020	\$76.7	\$32.6	\$13.5	\$3.1	\$27.9	\$10.4		\$164.1	
Increase/(Decrease)	\$1.2	\$3.3	\$0.0	(\$0.1)	(\$5.4)	\$0.4		(\$0.4)	
	1.6%	10.2%	0.3%	-3.1%	-19.2%	4.1%		-0.3%	

Total operating expenditures were \$163.6 million in fiscal year 2021, a decrease of \$0.4 million or 0.3% from fiscal year 2020 operating expenditures of \$164.1 million. As compared to the prior year, overall operating expenses were less related to a low-density campus fiscal year 2021. The greatest percentages of operating expenses are dedicated to instruction. In fiscal year 2021, \$66.5 million or 40.7% of total operating expenses were instructional expenses. Instructional expenses increased \$3.2 million or 5.0% from \$63.4 million in fiscal year 2020.

Operating expenditures include personnel and other non-personnel operating expenses. In fiscal year 2021, \$77.9 million or 47.6% of the University's total operating expenses were related to salary and wages. Salary and wages increased \$1.2 million or 1.6% from \$76.7 million in fiscal year 2020. Total benefits were \$35.9 million in fiscal year 2021, or 22.0% of total operating expenses. This represents an increase of \$3.3 million, or 10.3% from the prior fiscal year 2020 benefits expense of \$32.6 million. Total Benefits include employer contributions to healthcare, health and welfare, and post-retirement benefits. The following highlights changes within these categories.

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- *Employer share of employee health care costs*, including the hospitalization, health and welfare fund was \$10.4 million in fiscal year 2021 and \$0.2 million or 1.7% lower than fiscal year 2020, related to slight healthcare rate decreases.
- *Employer share of postretirement health care* was \$3.5 million, a decrease of \$1.1 million, or 24.5% compared to fiscal year 2020, related to lower rates of the faculty, non-represented, SCUPA, Coaches, Nurses and SPFPA employee groups.
- *Employer contributions to defined benefit pension plans* to fund net pension liabilities was \$8.2 million, a decrease of \$0.2 million, or 1.4% compared to fiscal year 2020. The SERS plan expense was \$7.4 million representing a 1.9% decrease from fiscal year 2020, the PSERS plan expense was \$0.8 million representing a 3.6% increase from fiscal year 2020.
- *Employer contributions to the Alternative Retirement Plan (ARP)*, a defined contribution plan, increased \$0.1 million from fiscal year 2020, to a total of \$4.0 million. 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 \$49.8 million in fiscal year 2021, a total decrease of \$5.0 million, or 9.1% from fiscal year 2020 operating expenses of \$54.8 million. Fiscal year 2021 student aid was \$13.5 million representing a net zero change from fiscal year 2020. Services, supplies and utilities decreased \$5.4 million, related to lower food costs and other expenses not used during a time of low-density of the campus.

The following page shows the statement of operating revenues, operating and nonoperating expenses, and changes in net position.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

Slippery Rock University Statement of Revenues, Expenses, and Change in Net Position	FY 2021	FY 2020	FY 2019
<b>REVENUES</b>			
<b>Operating Revenues:</b>			
Net Tuition and Fees	\$ 76,965,239	\$ 78,786,856	\$ 76,256,042
Governmental Grants and Contracts:			
Federal	1,123,741	1,137,123	1,090,436
State	6,905,171	7,560,976	7,898,985
Local	5,036,409	5,234,122	4,834,457
Nongovernmental Grants and Contracts	112,601	157,535	96,500
Sales and Service	666,021	1,723,117	2,606,519
Auxiliary Enterprises	8,841,715	18,361,903	23,301,958
Net of Discounts Other Revenues, net	882,962	633,951	915,531
<b>Total Operating Revenues</b>	<b>100,533,859</b>	<b>113,595,583</b>	<b>117,000,428</b>
<b>EXPENSES</b>			
<b>Operating Expenses:</b>			
Instruction	66,535,645	63,372,799	65,390,463
Research	254,974	276,194	198,094
Public Service	477,993	1,054,746	1,281,686
Academic Support	9,526,082	11,107,411	12,742,623
Student Services	16,588,351	16,207,601	17,236,370
Institutional Support	23,964,300	21,756,172	21,720,159
Operations and Maintenance of Plant	12,113,954	12,323,773	15,765,486
Depreciation	10,839,583	10,415,471	9,795,222
Student Aid	13,369,892	13,350,512	7,679,499
Auxiliary Enterprises	10,009,909	14,213,372	19,232,463
<b>Total Operating Expenses</b>	<b>163,680,683</b>	<b>164,078,051</b>	<b>171,042,065</b>
<b>Net Operating Revenues (Expenses)</b>	<b>(63,146,824)</b>	<b>(50,482,468)</b>	<b>(54,041,637)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations	39,786,283	39,786,283	38,926,348
Federal appropriations - CARES Act COVID Relief	2,211,824	545,738	
Federal grants - CARES Act COVID Relief	12,716,974	6,629,219	
Investment Income	1,246,207	2,156,041	2,588,614
Commonwealth on-behalf Contributions to PSERS	829,717	884,994	807,140
Pell Grants	10,591,985	11,108,881	11,649,734
Interest Expense on Capital Asset-Related Debt	(1,065,743)	(1,546,138)	(1,783,432)
Gain (Loss) on Disposal of Assets	(6,979)	(1)	(9,238)
Other Nonoperating Revenue	6,480	90,611	2,095,645
<b>Net Nonoperating Revenues (Expenses)</b>	<b>66,316,748</b>	<b>59,655,628</b>	<b>54,274,811</b>
Income (Loss) before other Revenues, Expenses, Gains, Losses	3,169,924	9,173,160	(1,767,371)
State Appropriations, Capital	1,608,503	1,393,893	1,454,294
Capital Gifts and Grants	1,971	425,257	546,251
Additions to Permanent Endowments			
Total Other Revenues	1,610,474	1,819,150	2,000,545
<b>Increase (Decrease) in Net Position</b>	<b>4,780,398</b>	<b>10,992,310</b>	<b>233,174</b>
<b>NET POSITION</b>			
Net Position - Beginning of Year	(91,262,931)	(102,255,241)	(102,488,415)
<b>Net Position - End of Year</b>	<b>\$ (86,482,533)</b>	<b>\$ (91,262,931)</b>	<b>\$ (102,255,241)</b>

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

**Statement of Cash Flows**

This statement's primary purpose 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 the University's cash at the end of fiscal year 2021 was \$107.7 million, an increase of \$4.8 million from cash at the end of fiscal year 2020. Decreases in cash flow in operating activities are being offset by cash flows in non-capital financing activities as related to COVID relief funding.

**Slippery Rock University**

**Statement of Cash Flows Summary**

	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>
Cash Flows from Operating Activities	(\$51,837,329)	(\$42,486,053)	(\$35,186,421)
Cash Flows from Noncapital Financing Activities	63,092,942	60,379,851	50,671,182
Cash Flows from Capital Financing Activities	(7,841,943)	(18,433,439)	(17,969,109)
Cash Flows from Investing Activities	1,352,150	2,224,832	2,554,159
<b>Net Increase (Decrease) in cash</b>	4,765,820	1,685,191	69,811
<b>Cash and Cash Equivalents--beginning of year</b>	<u>102,965,758</u>	<u>101,280,567</u>	<u>101,210,756</u>
<b>Cash and Cash Equivalents--end of year</b>	<u>\$ 107,731,578</u>	<u>\$102,965,758</u>	<u>\$101,280,567</u>



**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

**University Highlights and Future Considerations**

Slippery Rock University of Pennsylvania has demonstrated that it is fiscally strong, with a strong enrollment and prudent management of financial resources. In the upcoming fiscal years of 2022 and beyond, there are several considerations to note with respect to the University's financial outlook.

*COVID Impacts to the University* – Beginning in March 2020, the University followed state recommendations and restrictions that required remote working and remote education. The University continued remote education through the summer of 2020, and began fall 2020 with primarily remote offerings, continuing into the spring 2021. Fall 2021 began a return to campus for students and employees.

While 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) and American Rescue Plan Act (ARPA), qualifying expenses and lost revenue are a significant and ongoing concern that will take years to overcome. In the four years prior to fall 2021, the university's undergraduate FTE enrollment dropped at a rate of one percent per year. However, for fall 2021, the drop in undergraduate FTE will exceed six percent. These issues for the University were largely overcome in fiscal year 2020 and substantially mitigated in fiscal year 2021 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 2022 and beyond reflect the challenges associated with the imbalance between relatively static revenues and growing costs requiring implementation of strategies focused on mitigating the imbalance.

*Appropriation* – The Commonwealth will provide flat levels of funding for appropriation for operations of \$477.47 million to PASSHE for fiscal year 2022 and the University's share of the appropriation will increase to \$41.5 million in fiscal year 2022. Future year's appropriation levels will be determined based on total State appropriation increases or decreases, as well as by the method that the State System allocates these funds. The State System is undertaking a System Redesign effort and one of the elements under consideration as a part of this process is the allocation formula. Nevertheless, the Commonwealth of Pennsylvania remains near the bottom of all states for its state funding levels per student for higher education, and financial pressures on state government could result in future reductions in state support.

*Tuition & Fees* – For the third year, fiscal year 2022, the State System's Board approved a 0.0% tuition rate increase and student technology fee increase. No other University fees were increased in fiscal year 2022. Tuition and fee rates are currently unknown for years beyond fiscal year 2022.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

*Enrollment* – While high school graduate demographic trends in Pennsylvania have been declining, enrollment at the University has maintained a strong base and has increased in recent prior years, in particular the graduate level, for new programs. However, due to challenges presented from COVID, SRU has experienced declines in the undergraduate student population, with expected further in-state undergraduate decline of 4.1% annualized FTE enrollment in fiscal year 2022, with plans for a slow return of incoming freshman class levels through fiscal year 2024. With the continuation of cohorts in new graduate degree programs, overall graduate and undergraduate annualized FTE enrollment is projected to decrease by 2.8% in fiscal year 2022. Future year projections of the incoming freshman class and a leveling graduate enrollment result in a modest overall annualized FTE enrollment increase of 0.4% through fiscal year 2024. The variability of the COVID pandemic, both short and long term, will continue to put the enrollment outlook at risk. The smaller first year classes and modest increases in new graduate students will continue to affect SRU for the entire planning horizon. Competition among both public and private colleges and universities to maintain or increase enrollments will grow under these market conditions, requiring the university to be strategic in the areas of scholarship, marketing, financial aid, recruitment and program development.

*Compensation Costs* – Fiscal year 2021 included salary/wage increases for all employee groups. Collective bargaining agreements are in place that project further increases year over year. As the largest expense, personnel costs are closely managed to ensure financial health. Practices such as Cabinet review of all positions, including replacements, has allowed us to capture higher levels of vacancy savings and evaluate options for movement of individuals around the university rather than replacing lines. However, despite the efforts to manage complement size, the annual compounded effects of CBA mandated salary and benefit increases in future years are projected to outpace revenue growth.

In May 2019 the Board approved a Voluntary Phased Retirement Program in anticipation of full retirement for employee members of APSCUF. The program allows eligible faculty members to reduce their work commitment over a period of one to three years. During fall 2019, the System and faculty union successfully negotiated a second retirement incentive: The Enhanced Sick Leave Program, which provided for increased accrued sick leave reimbursement for faculty who would retire prior to the start of the fall 2020 semester. Due to the success of this program, it was expanded to all employee groups. Eighteen employees at Slippery Rock University participated in an early retirement plan.

*Pension Costs and Healthcare* – The pension cost of employer retirement contributions have increased year-over-year. The employer contribution rate for the University's most common pension plan, SERS, increased 2.22% in fiscal year 2021 and PSERS increased by 1.4%. Fiscal year 2022 and beyond assumes that these rates will continue to increase by an average of 2.0% and possibly decrease in the long-term. Employee healthcare and annuitant healthcare are projected to increase 4.0% and 6.0% each year of long-term planning.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

*State System Financial Risk Assessment* – Annually, the State System conducts a financial analysis for each of the 14 institutions within the State System. This assessment uses select Board-approved metrics and other ratios and measurements as a review of the financial strength of system institutions. Components of the assessment include Sustainability Metrics, Market Demand, Operating Efficiency, and Financial Performance. Key sustainability metrics include Annualized Student FTE, Annual Operating Margin, the Primary Reserve Ratio and Minimum Day’s Reserves.

This comprehensive measure is a tool that can be used to gauge financial stability, to identify areas of improvement, and can be used to aid the University’s mission and strategic direction, while monitoring financial risk. The latest assessment, issued in September, 2021, showed that for the years 2019 through 2021, SRU had received an overall “green”, or low risk assessment, and has consistently maintained its risk profile over the years. The University shows strong rankings in the Board approved Sustainability metrics, enrollment and market demand, good stewardship of space and resources, and strong financial performance.

Slippery Rock University is a member of the Pennsylvania State System of Higher Education. Current System redesign initiatives call for the integration of three universities in the west (California, Clarion and Edinboro) and three in the east (Bloomsburg, Lock Haven and Mansfield) into two institutions of higher education effective July 1, 2022. Integration and additional system redesign efforts may impact various financial indicators as redesign efforts progress.

**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:

**Carrie Birckbichler**

Chief Financial & Data Officer  
Slippery Rock University  
104 Maltby Ave.  
Suite 208 – Old Main  
Slippery Rock, PA 16057  
724-738-2150 (Phone)  
724-738-2991 (Fax)  
[carrie.birckbichler@sru.edu](mailto:carrie.birckbichler@sru.edu)

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
BALANCE SHEETS – UNIVERSITY  
JUNE 30, 2021 AND 2020**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	2021	2020
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 107,731,578	\$ 102,965,758
Accounts Receivable:		
Governmental Grants and Contracts	6,621,943	2,696,952
Students, Net of Allowance for Doubtful Accounts of \$5,730,508 in 2021 and \$5,595,533 in 2020	2,710,931	2,104,505
Other	608,439	249,940
Due from Component Unit	1,597,628	978,478
Inventories	591,569	574,491
Prepaid Expenses and Other Assets	320,109	270,631
Current Portion of Conversion Pay Receivable	13,803	-
Current Portion of Loans Receivable	640,000	660,000
Investment Income Receivable	141,911	247,854
Total Current Assets	120,977,911	110,748,609
<b>NONCURRENT ASSETS</b>		
Conversion Pay Receivable	1,026	1,026
Loans Receivable, Net	3,144,903	3,689,697
Capital Assets, Net	140,351,635	147,139,421
Total Noncurrent Assets	143,497,564	150,830,144
Total Assets	264,475,475	261,578,753
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding of Debt	79,617	75,006
Pension Related	13,109,334	9,101,324
Other Postemployment Benefits Related	30,009,892	7,999,028
Total Deferred Outflows of Resources	43,198,843	17,175,358
Total Assets and Deferred Outflows of Resources	\$ 307,674,318	\$ 278,754,111

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
BALANCE SHEETS – UNIVERSITY (CONTINUED)  
JUNE 30, 2021 AND 2020**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>	2021	2020
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 18,482,598	\$ 18,591,493
Unearned Revenue	5,145,041	5,758,574
Students' Deposits	488,452	432,525
Other Current Liabilities	620,876	636,670
Workers' Compensation	305,294	294,399
Compensated Absences	532,268	597,660
Postemployment Benefit Obligations	3,461,439	4,587,032
Bonds Payable	4,282,914	3,959,190
Capital Lease Obligations	202,308	214,550
Due to Component Units	28,909	1,682
Due to System, Academic Facilities Renovation Bond Program (AFRP)	62,522	145,843
Total Current Liabilities	33,612,621	35,219,618
<b>NONCURRENT LIABILITIES</b>		
Workers' Compensation	404,993	310,466
Compensated Absences	12,943,646	10,093,686
Postemployment Benefit Obligations	159,553,127	132,234,282
Net Pension Liability	71,013,796	75,288,835
Bonds Payable	46,230,983	50,873,374
Capital Lease Obligations	470,824	675,798
Unearned Revenue	35,145	46,861
Due to System, AFRP	279,050	341,572
Other Noncurrent Liabilities	3,238,074	3,733,718
Total Noncurrent Liabilities	294,169,638	273,598,592
Total Liabilities	327,782,259	308,818,210
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Gain on Refunding of Debt	524,245	152,768
Pension Related	13,979,151	7,562,314
Other Postemployment Benefits Related	51,871,196	53,483,750
Total Deferred Inflows of Resources	66,374,592	61,198,832
<b>NET POSITION (DEFICIT)</b>		
Net Investment in Capital Assets	88,379,006	92,868,568
Restricted:		
Nonexpendable:		
Student Loans	616,105	699,955
Expendable:		
Capital Projects	3,637,150	3,531,065
Other	24,670	19,984
Unrestricted	(179,139,464)	(188,382,503)
Total Net Position (Deficit)	(86,482,533)	(91,262,931)
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	\$ 307,674,318	\$ 278,754,111

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION – UNIVERSITY  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Tuition and Fees	\$ 96,661,206	\$ 98,292,244
Less: Scholarship Discounts and Allowances	<u>(19,695,967)</u>	<u>(19,505,388)</u>
Net Tuition and Fees	76,965,239	78,786,856
Governmental Grants and Contracts:		
Federal	1,123,741	1,137,123
State	6,905,171	7,560,976
Local	5,036,409	5,234,122
Sales and Services of Educational Departments	666,021	1,723,117
Nongovernmental Grants and Contracts	112,601	157,535
Auxiliary Enterprises, Net of Scholarship Discounts and Allowances of \$291,144 in 2021 and \$232,069 in 2020	8,841,715	18,361,903
Other Revenues	<u>882,962</u>	<u>633,951</u>
Total Operating Revenues	100,533,859	113,595,583
<b>OPERATING EXPENSES</b>		
Instruction	66,535,645	63,372,799
Research	254,974	276,194
Public Service	477,993	1,054,746
Academic Support	9,526,082	11,107,411
Student Services	16,588,351	16,207,601
Institutional Support	23,964,300	21,756,172
Operations and Maintenance of Plant	12,113,954	12,323,773
Depreciation	10,839,583	10,415,471
Student Aid	13,369,892	13,350,512
Auxiliary Enterprises	<u>10,009,909</u>	<u>14,213,372</u>
Total Operating Expenses	163,680,683	164,078,051
<b>OPERATING LOSS</b>	(63,146,824)	(50,482,468)

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION – UNIVERSITY (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations, General and Restricted	\$ 39,786,283	\$ 39,786,283
Federal and State Appropriations and Grants - COVID	14,928,798	7,174,957
Commonwealth On-Behalf Contributions to PSERS	829,717	884,994
Pell Grants	10,591,985	11,108,881
Investment Income, Net of Related Investment		
Expense of \$21,952 in 2021 and \$19,905 in 2020	1,246,207	2,156,041
Interest Expense on Capital Asset-Related Debt	(1,065,743)	(1,546,138)
Loss on Disposal of Assets	(6,979)	(1)
Other Nonoperating Revenue	6,480	90,611
Nonoperating Revenues, Net	66,316,748	59,655,628
<b>LOSS BEFORE OTHER REVENUES</b>	3,169,924	9,173,160
<b>OTHER REVENUES</b>		
State Appropriations, Capital	1,608,503	1,393,893
Other Gifts and Grants	1,971	425,257
Total Other Revenues	1,610,474	1,819,150
<b>INCREASE IN NET POSITION (DEFICIT)</b>	4,780,398	10,992,310
Net Position (Deficit) - Beginning of Year	(91,262,931)	(102,255,241)
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<b>\$ (86,482,533)</b>	<b>\$ (91,262,931)</b>

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
STATEMENTS OF CASH FLOWS – UNIVERSITY  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Tuition and Fees	\$ 77,921,209	\$ 77,298,295
Grants and Contracts	9,226,497	11,843,735
Payments to Suppliers for Goods and Services	(25,588,027)	(32,316,594)
Payments to Employees	(107,646,536)	(111,225,129)
Loans Collected from Students	564,794	729,948
Student Aid	(13,512,142)	(13,470,781)
Auxiliary Enterprise Charges	8,923,841	17,739,428
Sales and Services of Educational Departments	666,021	1,723,116
Other Operating Receipts	(2,392,986)	5,191,929
Net Cash Used by Operating Activities	<u>(51,837,329)</u>	<u>(42,486,053)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	39,786,283	42,543,845
Gifts and Nonoperating Grants for Other than Capital Purposes	23,308,959	17,738,100
PLUS, Stafford, and Other Loans Receipts (Non-Perkins)	68,432,303	82,162,287
PLUS, Stafford, and Other Loans Disbursements (Non-Perkins)	(68,432,303)	(82,162,287)
Agency Transactions	(8,779)	7,296
Other	6,479	90,610
Net Cash Provided by Noncapital Financing Activities	<u>63,092,942</u>	<u>60,379,851</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from Capital Debt and Leases	11,747,509	7,030,451
Capital Appropriations	1,608,503	1,393,893
Capital Grants and Gifts Received	1,971	425,257
Proceeds from sales of capital assets	-	109,582
Purchases of Capital Assets	(4,058,776)	(14,557,735)
Principal Paid on Debt and Leases	(15,018,881)	(10,603,872)
Interest Paid on Debt and Leases	(2,122,269)	(2,231,015)
Net Cash Used by Capital Financing Activities	<u>(7,841,943)</u>	<u>(18,433,439)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	<u>1,352,150</u>	<u>2,224,832</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,765,820	1,685,191
Cash and Cash Equivalents - Beginning of Year	<u>102,965,758</u>	<u>101,280,567</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 107,731,578</u></u>	<u><u>\$ 102,965,758</u></u>

See accompanying Notes to Financial Statements.



**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
STATEMENTS OF CASH FLOWS – UNIVERSITY (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Net Operating Loss	\$ (63,146,824)	\$ (50,482,468)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	10,839,583	10,415,471
Expenses Paid by Commonwealth or Donor	829,717	884,994
Changes in Assets and Liabilities:		
Receivables	(4,531,417)	(1,331,149)
Inventory	(17,078)	(16,987)
Other Assets	(1,040,930)	1,336,122
Accounts Payable	(95,858)	2,487,777
Unearned Revenue	1,586,576	(2,973,644)
Students' Deposits	55,927	(52,263)
Compensated Absences	2,784,569	1,126,014
Loans to Students and Employees	564,794	729,948
Postemployment Benefits Liability (OPEB)	26,193,252	(16,149,052)
Defined Benefit Pensions	(4,275,039)	(12,791,403)
Other Liabilities	(370,010)	(719,779)
Deferred Outflows of Resources Related to Pension	(4,008,010)	8,409,011
Deferred Outflows of Resources Related to OPEB	(22,010,864)	(249,376)
Deferred Inflows of Resources Related to Pension	6,416,837	5,426,687
Deferred Inflows of Resources Related to OPEB	(1,612,554)	11,464,044
Net Cash Used by Operating Activities	<u>\$ (51,837,329)</u>	<u>\$ (42,486,053)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING AND CAPITAL FINANCING ACTIVITIES</b>		
Capital Assets Acquired by New Capital Leases	<u>\$ -</u>	<u>\$ 1,007,346</u>
Commonwealth On-Behalf Contributions to PSERS	<u>\$ 829,717</u>	<u>\$ 884,994</u>

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
COMBINED STATEMENTS OF FINANCIAL POSITION – COMPONENT UNITS  
JUNE 30, 2021 AND 2020**

<b>ASSETS</b>	2021	2020
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 17,720,597	\$ 17,757,514
Investments	43,289,266	34,382,243
Accounts Receivable, Other	363,951	221,282
Due from University	28,909	1,682
Pledges Receivable	1,257,969	1,735,395
Inventories and Prepaid Expenses	466,845	749,558
Total Current Assets	63,127,537	54,847,674
<b>NONCURRENT ASSETS</b>		
Capital Assets, Net	94,326,132	98,535,600
Restricted Cash and Certificates of Deposit	6,240,743	11,713,421
Other Assets	479,881	438,445
Total Noncurrent Assets	101,046,756	110,687,466
Total Assets	\$ 164,174,293	\$ 165,535,140
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 248,862	\$ 285,627
Due to University	1,597,628	978,478
Annuity Liabilities	247,965	257,023
Other Liabilities	800,165	769,443
Total Current Liabilities	2,894,620	2,290,571
<b>NONCURRENT LIABILITIES</b>		
Notes Payable	101,560,025	105,629,985
Total Liabilities	104,454,645	107,920,556
<b>NET ASSETS</b>		
Without Donor Restrictions	16,922,745	24,504,784
With Donor Restrictions	42,796,903	33,109,800
Total Net Assets	59,719,648	57,614,584
Total Liabilities and Net Assets	\$ 164,174,293	\$ 165,535,140

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
COMBINED STATEMENTS OF ACTIVITIES – COMPONENT UNITS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUES AND OTHER ADDITIONS</b>		
Contributions	\$ 64,592	\$ 1,215,998
Sales and Service	2,717,839	3,840,636
Student Activity Fees	1,264,826	1,938,765
Grants and Contracts	1,566,100	1,322,462
Rental Income	4,432,620	11,437,832
Investment Income	93,154	318,768
Other Revenues and Gains	108,199	200,386
Net Assets Released from Restriction	2,847,420	3,699,463
Total Revenues and Other Additions	13,094,750	23,974,310
<b>EXPENSES AND OTHER DEDUCTIONS</b>		
Program Services:		
Scholarships and Grants	3,216,443	3,237,656
Student Activities	1,112,335	1,912,056
University Store	2,487,239	3,003,364
Housing	11,534,655	12,371,270
Other Programs	1,048,742	1,757,471
Management and General	964,782	965,480
Fundraising	265,710	771,676
Total Expenses	20,629,906	24,018,973
Other Expenses and Losses	46,883	1,566,177
Total Expenses and Other Deductions	20,676,789	25,585,150
Change in Net Assets Without Donor Restrictions	(7,582,039)	(1,610,840)
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	2,722,185	3,288,857
Investment Income	9,777,683	826,999
Other Revenue and Gains	34,655	144,312
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	(2,847,420)	(3,699,463)
Change in Net Assets With Donor Restrictions	9,687,103	560,705
<b>INCREASE (DECREASE) IN NET ASSETS</b>	2,105,064	(1,050,135)
Net Assets - Beginning of Year	57,614,584	58,664,719
<b>NET ASSETS - END OF YEAR</b>	\$ 59,719,648	\$ 57,614,584

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
COMBINED STATEMENTS OF EXPENSES BY NATURE  
AND FUNCTION – COMPONENT UNITS  
YEARS ENDED JUNE 30, 2021 AND 2020**

2021	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	\$ 260,348	\$ -	\$ 546,182	\$ 1,274,889	\$ 310,286	\$ 2,391,705	\$ 624,666	\$ 148,249	\$ 772,915	\$ 3,164,620
Gifts and Grants	2,910,193	87,852	-	-	81,701	3,079,746	-	863	863	3,080,609
Supplies and Travel	19,030	282,791	1,656,052	-	201,094	2,158,967	-	711	711	2,159,678
Services and Professional Fees	14,989	399,343	3,680	1,365,286	379,161	2,162,459	106,311	19,156	125,467	2,287,926
Office and Occupancy	4,547	138,737	112,471	50,729	26,083	332,567	11,964	-	11,964	344,531
Depreciation	-	60,247	142,350	4,095,516	3,330	4,301,443	18,147	-	18,147	4,319,590
Interest	-	-	1,158	3,405,299	-	3,406,457	-	-	-	3,406,457
Other	7,336	143,365	25,346	1,342,936	47,087	1,566,070	203,694	96,731	300,425	1,866,495
Total Expenses	\$ 3,216,443	\$ 1,112,335	\$ 2,487,239	\$ 11,534,655	\$ 1,048,742	\$ 19,399,414	\$ 964,782	\$ 265,710	\$ 1,230,492	\$ 20,629,906

2020	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	\$ 256,822	\$ -	\$ 619,294	\$ 1,415,372	\$ 255,653	\$ 2,547,141	\$ 618,437	\$ 492,858	\$ 1,111,295	\$ 3,658,436
Gifts and Grants	2,931,406	49,110	8,550	-	502,798	3,491,864	-	2,702	2,702	3,494,566
Supplies and Travel	18,315	671,478	2,060,142	-	289,005	3,038,940	-	18,913	18,913	3,057,853
Services and Professional Fees	21,949	728,812	13,582	1,776,128	476,692	3,017,163	134,834	97,542	232,376	3,249,539
Office and Occupancy	9,164	177,067	146,135	49,735	54,200	436,301	11,489	-	11,489	447,790
Depreciation	-	52,055	138,474	4,095,516	3,043	4,289,088	9,836	-	9,836	4,298,924
Interest	-	-	-	3,533,587	-	3,533,587	-	-	-	3,533,587
Other	-	233,534	17,187	1,500,932	176,080	1,927,733	190,884	159,661	350,545	2,278,278
Total Expenses	\$ 3,237,656	\$ 1,912,056	\$ 3,003,364	\$ 12,371,270	\$ 1,757,471	\$ 22,281,817	\$ 965,480	\$ 771,676	\$ 1,737,156	\$ 24,018,973

See accompanying Notes to Financial Statements.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**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 fourteen universities of the Pennsylvania State System of Higher Education (the State System). The State System was created by the State System of Higher Education Act of November 12, 1982, P.L. 660, No. 188, as amended (Act 188). The State System is a component unit of the Commonwealth of Pennsylvania (the Commonwealth).

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

**Reporting Entity**

The University functions as a business-type activity, as defined by the Governmental Accounting Standards Board (GASB).

In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB 14, *The Financial Reporting Entity*, 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 financial activity of the Association is presented as of June 30, 2021 and 2020.

The Foundation is a legally separate, tax-exempt entity, which acts primarily as a fund-raising 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 University received payments from the Foundation of \$10,804 and \$453,092 during the years ended June 30, 2021 and 2020, respectively. The Foundation has a receivable from the University of \$134,528 and \$-0- as of June 30, 2021 and 2020, respectively. The Foundation has a payable to the University of \$13,416 and \$15,631 as of June 30, 2021 and 2020, respectively. The financial activity of the Foundation is presented as of June 30, 2021 and 2020.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**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. The University received payments from SRUF for rent, management fees and lease expense of \$202,854 and \$445,528 during the years ended June 30, 2021 and 2020, respectively. SRUF has a payable to the University for expenses associated with the student housing project of \$1,583,702 and \$962,490 as of June 30, 2021 and 2020, respectively. The financial activity of SRUF is presented as of June 30, 2021 and 2020.

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, 2021 AND 2020**

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

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**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 purchased under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The University provides for depreciation on the straight-line method over the estimated useful lives of the related assets. Buildings and improvements are depreciated over useful lives ranging from 10 to 40 years. Equipment and furnishings are depreciated over useful lives ranging from 3 to 10 years. Library books are depreciated over 10 years. Amortization of assets 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 years ended June 30, 2021 and 2020.

**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.



**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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

**Compensated Absences**

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

**Pension Plans**

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 refundings, 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.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**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.

**New Accounting Standards**

GASB has issued several accounting standards that are required to be adopted by the University in future years. The University is evaluating the impact of the adoption of these standards on its financial statements as discussed below.

In June 2017, GASB issued Statement No. 87, *Leases*. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In other words, most leases currently classified as operating leases will be accounted for and reported in a similar manner as capital leases, with assets and liabilities recorded at lease inception. The University is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 87 are effective for reporting periods beginning after June 15, 2021.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred and should no longer be capitalized as part of the cost of an asset. The University has determined that the effect of Statement No. 89 on its financial statements will vary from year to year, depending upon the amount of new debt incurred for capital assets. The provisions of Statement No. 89 are effective for reporting periods beginning after December 15, 2020.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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

**New Accounting Standards (Continued)**

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of Statement No. 93 is to address accounting and financial reporting implications that result from the replacement of LIBOR. The University is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 93 are effective for the fiscal year ending June 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of Statement No 94 is to address issues related to situations in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset. In addition, it addresses an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating a nonfinancial asset. The University is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 94 are effective for the fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). The objective of Statement No 96 is to provide the capitalization criteria for outlays other than subscription payments including implementation costs of a SBITA and the required note disclosures. The University is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 96 are effective for the fiscal years beginning after June 15, 2022.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objective of Statement No. 97 is to address situations in which a primary government is financially accountable for its fiduciary component unit if there is no governing board over the unit and therefore the government takes up the role of the board. The University is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 97 are effective for the fiscal years beginning after June 15, 2021.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CONDENSED COMPONENT UNITS INFORMATION**

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

	Association	Foundation	Housing	Total
Capital Assets, Net	\$ 4,259,375	\$ 2,430,621	\$ 87,636,136	\$ 94,326,132
Other Assets	14,385,526	47,562,670	7,899,965	69,848,161
Total Assets	<u>\$ 18,644,901</u>	<u>\$ 49,993,291</u>	<u>\$ 95,536,101</u>	<u>\$ 164,174,293</u>
Due to University	\$ 510	\$ 13,416	\$ 1,583,702	\$ 1,597,628
Long-Term Debt	97,325	-	101,462,700	101,560,025
Other Liabilities	800,420	352,830	143,742	1,296,992
Total Liabilities	<u>\$ 898,255</u>	<u>\$ 366,246</u>	<u>\$ 103,190,144</u>	<u>\$ 104,454,645</u>
Net Assets:				
Without Donor Restrictions	\$ 17,746,646	\$ 6,830,142	\$ (7,654,043)	\$ 16,922,745
With Donor Restrictions	-	42,796,903	-	42,796,903
Total Net Assets	<u>\$ 17,746,646</u>	<u>\$ 49,627,045</u>	<u>\$ (7,654,043)</u>	<u>\$ 59,719,648</u>

The following represents combining condensed statement of financial position information for the component units as of June 30, 2020:

	Association	Foundation	Housing	Total
Capital Assets, Net	\$ 4,364,827	\$ 2,439,121	\$ 91,731,652	\$ 98,535,600
Other Assets	14,471,276	38,255,045	14,273,219	66,999,540
Total Assets	<u>\$ 18,836,103</u>	<u>\$ 40,694,166</u>	<u>\$ 106,004,871</u>	<u>\$ 165,535,140</u>
Due to University	\$ 357	\$ 15,631	\$ 962,490	\$ 978,478
Long-Term Debt	102,200	152,400	105,375,385	105,629,985
Other Liabilities	751,547	420,976	139,570	1,312,093
Total Liabilities	<u>\$ 854,104</u>	<u>\$ 589,007</u>	<u>\$ 106,477,445</u>	<u>\$ 107,920,556</u>
Net Assets:				
Without Donor Restrictions	\$ 17,981,999	\$ 6,995,359	\$ (472,574)	\$ 24,504,784
With Donor Restrictions	-	33,109,800	-	33,109,800
Total Net Assets	<u>\$ 17,981,999</u>	<u>\$ 40,105,159</u>	<u>\$ (472,574)</u>	<u>\$ 57,614,584</u>

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
OF THE STATE SYSTEM OF HIGHER EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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

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

	<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	\$ -	\$ 64,592	\$ -	\$ 64,592
Sales and Service	2,504,944	212,895	-	2,717,839
Student Activity Fees	1,264,826	-	-	1,264,826
Grants and Contracts	551,900	1,014,200	-	1,566,100
Rental Income	-	63,374	4,369,246	4,432,620
Investment Income	34,568	3,511	55,075	93,154
Other Revenues and Gains	13,176	95,023	-	108,199
Net Assets Released from Restriction	-	2,847,420	-	2,847,420
Total Revenues and Other Additions	<u>4,369,414</u>	<u>4,301,015</u>	<u>4,424,321</u>	<u>13,094,750</u>
Expenses and Other Deductions:				
Program Services:				
Scholarships and Grants	316,260	2,900,183	-	3,216,443
Student Activities	1,112,335	-	-	1,112,335
University Stores	2,487,239	-	-	2,487,239
Housing	-	-	11,534,655	11,534,655
Other Programs	355,314	693,428	-	1,048,742
Management and General	333,619	560,028	71,135	964,782
Fundraising	-	265,710	-	265,710
Other Expenses and Losses	-	46,883	-	46,883
Total Expenses and Other Deductions	<u>4,604,767</u>	<u>4,466,232</u>	<u>11,605,790</u>	<u>20,676,789</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	(235,353)	(165,217)	(7,181,469)	(7,582,039)
<b>Changes in Net Assets With Donor Restrictions</b>				
Contributions	-	2,722,185	-	2,722,185
Investment Income	-	9,777,683	-	9,777,683
Other Revenue and Gains	-	34,655	-	34,655
Net Assets Released from Restrictions	-	(2,847,420)	-	(2,847,420)
Increase in Net Assets With Donor Restrictions	<u>-</u>	<u>9,687,103</u>	<u>-</u>	<u>9,687,103</u>
<b>CHANGES IN NET ASSETS</b>	(235,353)	9,521,886	(7,181,469)	2,105,064
Net Assets - Beginning of Year	<u>17,981,999</u>	<u>40,105,159</u>	<u>(472,574)</u>	<u>57,614,584</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 17,746,646</u>	<u>\$ 49,627,045</u>	<u>\$ (7,654,043)</u>	<u>\$ 59,719,648</u>

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

The following represents combining statement of activities for the component units for the year ended June 30, 2020:

	<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	\$ -	\$ 1,215,998	\$ -	\$ 1,215,998
Sales and Service	3,428,896	411,740	-	3,840,636
Student Activity Fees	1,938,765	-	-	1,938,765
Grants and Contracts	326,462	996,000	-	1,322,462
Rental Income	-	108,304	11,329,528	11,437,832
Investment Income	91,340	5,366	222,062	318,768
Other Revenues and Gains	3,649	196,737	-	200,386
Net Assets Released from Restriction	-	3,699,463	-	3,699,463
Total Revenues and Other Additions	<u>5,789,112</u>	<u>6,633,608</u>	<u>11,551,590</u>	<u>23,974,310</u>
Expenses and Other Deductions:				
Program Services:				
Scholarships and Grants	306,250	2,931,406	-	3,237,656
Student Activities	1,912,056	-	-	1,912,056
University Store	3,003,364	-	-	3,003,364
Housing	-	-	12,371,270	12,371,270
Other Programs	283,194	1,474,277	-	1,757,471
Management and General	319,590	575,890	70,000	965,480
Fundraising	-	771,676	-	771,676
Other Expenses and Losses	-	456,177	1,110,000	1,566,177
Total Expenses and Other Deductions	<u>5,824,454</u>	<u>6,209,426</u>	<u>13,551,270</u>	<u>25,585,150</u>
Increase in Net Assets Without Donor Restrictions	(35,342)	424,182	(1,999,680)	(1,610,840)
<b>Changes in Net Assets With Donor Restrictions</b>				
Contributions	-	3,288,857	-	3,288,857
Investment Income	-	826,999	-	826,999
Other Revenue and Gains	-	144,312	-	144,312
Net Assets Released from Restrictions	-	(3,699,463)	-	(3,699,463)
Increase in Net Assets With Donor Restrictions	<u>-</u>	<u>560,705</u>	<u>-</u>	<u>560,705</u>
<b>CHANGES IN NET ASSETS</b>	(35,342)	984,887	(1,999,680)	(1,050,135)
Net Assets - Beginning of Year	<u>18,017,341</u>	<u>39,120,272</u>	<u>1,527,106</u>	<u>58,664,719</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 17,981,999</u>	<u>\$ 40,105,159</u>	<u>\$ (472,574)</u>	<u>\$ 57,614,584</u>

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**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 \$103,852,570 and \$99,702,243 at June 30, 2021 and 2020, respectively.

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, that may possess certain speculative characteristics. Moody's appends the ratings with numerical modifiers 1, 2, and 3, with 1 indicating a higher ranking and 3 indicating a lower ranking within the category. For short-term obligations, a rating of P-1 indicates that issuers have a superior ability to repay short-term debt obligations, and a rating of P-2 indicates that issuers have a strong ability to repay short-term debt obligations.



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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 inactive markets or whose values are based on models and the inputs to those models are observable either directly or indirectly for substantially the full term of the asset or liability.

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

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

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**NOTE 3 DEPOSITS AND INVESTMENTS (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, 2021 and 2020.

On June 30, 2021 and 2020, the carrying amount of the University's demand and time deposits were \$3,879,008 and \$3,263,515, respectively, as compared to bank balances of \$3,731,826 and \$3,665,126, respectively. The differences are primarily caused by items in transit and outstanding checks. Of the bank balances at June 30, 2021 and 2020, \$250,000 was covered by federal government depository insurance; and \$3,392,302 and \$3,323,849, respectively, 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, 2021 and 2020, 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 is as follows:

	2021	2020
Equity Securities - Level 1	\$ 20,230,562	\$ 14,890,787
Equity Securities - Level 2	16,177,172	11,457,677
Fixed Income - Level 1	2,312,886	2,287,335
Fixed Income - Level 2	4,410,246	5,558,044
Real Estate - Level 3	158,400	188,400
Total	\$ 43,289,266	\$ 34,382,243

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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**NOTE 5 CAPITAL ASSETS, NET**

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

	2021					Ending Balance June 30, 2021
	Life	Beginning Balance July 01, 2020	Additions	Retirements	Reclassifications	
		\$				
Land		\$ 11,701	\$ -	\$ -	\$ -	\$ 11,701
Construction in Progress		9,442,877	1,945,825	-	(1,664,373)	9,724,329
Total Capital Assets not being Depreciated		9,454,578	1,945,825	-	(1,664,373)	9,736,030
Buildings, Including Improvements	40/20	213,546,460	774,492	-	1,664,373	215,985,325
Improvements Other than Buildings	20	14,324,868	-	-	-	14,324,868
Furnishings and Equipment, Including Capital Leases	Varies	27,289,702	1,304,939	(598,193)	-	27,996,448
Library Books	10	6,761,097	33,520	(81,620)	-	6,712,997
Total Capital Assets being Depreciated		261,922,127	2,112,951	(679,813)	1,664,373	265,019,638
Less: Accumulated Depreciation:						
Buildings, Including Improvements		(84,387,740)	(8,212,440)	-	-	(92,600,180)
Improvements Other than Buildings		(11,092,299)	(574,822)	-	-	(11,667,121)
Furnishings and Equipment, Including Capital Leases		(22,417,108)	(1,962,024)	591,214	-	(23,787,918)
Library Books		(6,340,137)	(90,297)	81,620	-	(6,348,814)
Total Accumulated Depreciation		(124,237,284)	(10,839,583)	672,834	-	(134,404,033)
Total Capital Assets being Depreciated, Net		137,684,843	(8,726,632)	(6,979)	1,664,373	130,615,605
Capital Assets, Net		<u>\$ 147,139,421</u>	<u>\$ (6,780,807)</u>	<u>\$ (6,979)</u>	<u>\$ -</u>	<u>\$ 140,351,635</u>

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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**NOTE 5 CAPITAL ASSETS, NET (CONTINUED)**

	Life	2020				Ending Balance June 30, 2020
		Beginning Balance July 01, 2019	Additions	Retirements	Reclassifications	
Land		\$ 11,701	\$ -	\$ -	\$ -	\$ 11,701
Construction in Progress		10,348,643	8,967,139	(1)	(9,872,904)	9,442,877
Total Capital Assets not being Depreciated		10,360,344	8,967,139	(1)	(9,872,904)	9,454,578
Buildings, Including Improvements	40	199,349,346	4,324,210	-	9,872,904	213,546,460
Improvements Other than Buildings	20	14,324,868	-	-	-	14,324,868
Furnishings and Equipment, Including Capital Leases	Varies	25,779,166	2,199,011	(688,475)	-	27,289,702
Library Books	10	6,710,256	74,721	(23,880)	-	6,761,097
Total Capital Assets being Depreciated		246,163,636	6,597,942	(712,355)	9,872,904	261,922,127
Less: Accumulated Depreciation:						
Buildings, Including Improvements		(76,510,491)	(7,877,249)	-	-	(84,387,740)
Improvements Other than Buildings		(10,511,602)	(580,697)	-	-	(11,092,299)
Furnishings and Equipment, Including Capital Leases		(21,134,223)	(1,861,778)	578,893	-	(22,417,108)
Library Books		(6,268,271)	(95,746)	23,880	-	(6,340,137)
Total Accumulated Depreciation		(114,424,587)	(10,415,470)	602,773	-	(124,237,284)
Total Capital Assets being Depreciated, Net		131,739,049	(3,817,528)	(109,582)	9,872,904	137,684,843
Capital Assets, Net		<u>\$ 142,099,393</u>	<u>\$ 5,149,611</u>	<u>\$ (109,583)</u>	<u>\$ -</u>	<u>\$ 147,139,421</u>

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**NOTE 6 LEASES**

The University has entered into operating leases for certain office and classroom space on a year-to-year basis. Total rent expense for operating leases was \$246,901 and \$272,700 for the years ended June 30, 2021 and 2020, respectively. Future lease payments for operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 108,662
2023	108,662
2024	108,662
2025	91,562
2026	51,242
Total	<u>\$ 468,790</u>

**NOTE 7 ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

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

	<u>2021</u>	<u>2020</u>
Employees	\$ 11,823,329	\$ 10,048,831
Supplies and Services	1,154,879	1,191,757
Other	5,427,378	7,260,854
Interest	77,012	90,051
Total	<u>\$ 18,482,598</u>	<u>\$ 18,591,493</u>

**NOTE 8 UNEARNED REVENUE**

Unearned revenue consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Grants	\$ 122,313	\$ 2,360,572
Students	5,021,742	3,433,063
Other	36,131	11,800
Total	<u>\$ 5,180,186</u>	<u>\$ 5,805,435</u>

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**NOTE 9 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 Governor's 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 years ended June 30, 2021 and 2020 are as follows:

	2021			
Weighted Average Interest Rate	Balance July 01, 2020	Bonds Issued	Bonds Redeemed	Balance June 30, 2021
Series AI issued in August 2008	\$ 157,817	\$ -	\$ (28,951)	\$ 128,866
Series AL issued in July 2010	8,447,999	-	(8,447,999)	-
Series AM issued in July 2011	3,201,174	-	(3,201,174)	-
Series AQ issued in July 2015	637,418	-	(115,476)	521,942
Series AT issued in September 2016	6,781,722	-	(666,277)	6,115,445
Series AU issued in September 2017	25,476,661	-	(1,547,234)	23,929,427
Series AW issued in September 2019	5,734,111	-	(40,174)	5,693,937
Series AX issued in September 2019	-	7,016,396	(608,536)	6,407,860
Series AY issued in September 2019	-	3,156,338	-	3,156,338
Total Bonds Payable	<u>\$ 50,436,902</u>	<u>\$ 10,172,734</u>	<u>\$ (14,655,821)</u>	45,953,815
Plus: Unamortized Bond Premium				4,573,367
Less: Unamortized Bond Discount				<u>(13,285)</u>
Outstanding - June 30, 2021				50,513,897
Less: Current Portion				<u>(4,282,914)</u>
Bonds Payable, Net of Current Portion				<u>\$ 46,230,983</u>

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**NOTE 9 BONDS PAYABLE (CONTINUED)**

	2020				
	Weighted Average Interest Rate	Balance July 01, 2019	Bonds Issued	Bonds Redeemed	Balance June 30, 2020
Series AI issued in August 2008	4.41 %	\$ 185,709	\$ -	\$ (27,892)	\$ 157,817
Series AJ issued in July 2009	4.85 %	6,910,812	-	(6,910,812)	-
Series AL issued in July 2010	5.00 %	9,087,383	-	(639,384)	8,447,999
Series AM issued in July 2011	4.61 %	3,418,832	-	(217,658)	3,201,174
Series AQ issued in July 2015	4.56 %	747,168	-	(109,750)	637,418
Series AT issued in September 2016	3.45 %	7,414,602	-	(632,880)	6,781,722
Series AU issued in September 2017	3.52 %	26,937,702	-	(1,461,041)	25,476,661
Series AW issued in September 2019	3.11 %	-	5,734,111	-	5,734,111
Total Bonds Payable		\$ 54,702,208	\$ 5,734,111	\$ (9,999,417)	50,436,902
Plus: Unamortized Bond Premium					4,412,659
Less: Unamortized Bond Discount					(16,997)
Outstanding - June 30, 2020					54,832,564
Less: Current Portion					(3,959,190)
Bonds Payable, Net of Current Portion					\$ 50,873,374

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 (\$3,888,247 and \$5,548,428 was outstanding as of June 30, 2021 and 2020, respectively). Universities can request funds for AFRP projects in accordance with their pre-approved amount of funding from the pool. Repayments to the pool are made annually based on the University's proportionate share of the total allocation of funds under the program. As of June 30, 2021 and 2020, the balance owed by the University to the State System's AFRP pool of funding was \$341,572 and \$487,415, respectively.

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**NOTE 9 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		2022	2023	2024	2025	2026	2026-2030	2031-2035	2036-2040	Total
AI	Principal	\$ 30,363	\$ 31,422	\$ 32,834	\$ 34,247	\$ -	\$ -	\$ -	\$ -	\$ 128,866
	Interest	5,722	4,393	3,019	1,541	-	-	-	-	14,675
	Total	36,085	35,815	35,853	35,788	-	-	-	-	143,541
AQ	Principal	120,977	127,163	133,578	140,224	-	-	-	-	521,942
	Interest	26,097	20,048	13,690	7,011	-	-	-	-	66,846
	Total	147,074	147,211	147,268	147,235	-	-	-	-	588,788
AT	Principal	284,673	301,418	314,815	331,560	348,306	2,012,805	2,521,868	-	6,115,445
	Interest	280,554	266,320	251,249	235,508	218,930	816,007	310,528	-	2,379,096
	Total	565,227	567,738	566,064	567,068	567,236	2,828,812	2,832,396	-	8,494,541
AU	Principal	1,629,210	1,721,330	1,454,934	1,534,072	1,617,489	7,849,142	6,695,250	1,428,000	23,929,427
	Interest	917,656	843,409	764,682	698,801	628,486	2,072,368	815,730	44,625	6,785,757
	Total	2,546,866	2,564,739	2,219,616	2,232,873	2,245,975	9,921,510	7,510,980	1,472,625	30,715,184
AW	Principal	570,360	675,018	708,285	677,173	710,926	2,352,175	-	-	5,693,937
	Interest	284,697	256,179	222,428	187,014	153,155	239,067	-	-	1,342,540
	Total	855,057	931,197	930,713	864,187	864,081	2,591,242	-	-	7,036,477
AX	Principal	581,895	609,938	640,786	673,036	705,285	3,196,920	-	-	6,407,860
	Interest	320,393	291,298	260,801	228,762	195,110	409,360	-	-	1,705,724
	Total	902,288	901,236	901,587	901,798	900,395	3,606,280	-	-	8,113,584
AY	Principal	300,856	302,619	305,088	307,557	311,084	1,629,134	-	-	3,156,338
	Interest	43,971	42,091	39,821	37,152	33,692	94,548	-	-	291,275
	Total	344,827	344,710	344,909	344,709	344,776	1,723,682	-	-	3,447,613
Total	Principal	3,518,334	3,768,908	3,590,320	3,697,869	3,693,090	17,040,176	9,217,118	1,428,000	45,953,815
	Interest	1,879,090	1,723,738	1,555,690	1,395,789	1,229,373	3,631,350	1,126,258	44,625	12,585,913
	Total	<u>\$ 5,397,424</u>	<u>\$ 5,492,646</u>	<u>\$ 5,146,010</u>	<u>\$ 5,093,658</u>	<u>\$ 4,922,463</u>	<u>\$ 20,671,526</u>	<u>\$ 10,343,376</u>	<u>\$ 1,472,625</u>	<u>\$ 58,539,728</u>



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**NOTE 10 OBLIGATIONS UNDER CAPITAL LEASES**

The University has incurred obligations under the terms of capital lease. The obligations are collateralized by the related leased equipment.

The present value of future net minimum lease payments has been classified in the accompanying financial statements at June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Current Maturities of Capital Lease Obligations	\$ 210,595	\$ 225,496
Long-Term Maturities of Capital Lease Obligations	490,119	701,273
Amounts Representing Interest	<u>(27,582)</u>	<u>(36,421)</u>
Total	<u>\$ 673,132</u>	<u>\$ 890,348</u>

The following is a schedule, by year, of minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2021:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 210,595
2023	210,051
2024	210,051
2025	<u>70,017</u>
Total Minimum Lease Payments	700,714
Amounts Representing Interest	<u>(27,582)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 673,132</u>

**NOTE 11 COMPENSATED ABSENCES**

Compensated absences for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current Portion	\$ 532,268	\$ 597,660
Noncurrent Portion	12,943,646	10,093,686
Total	<u>\$ 13,475,914</u>	<u>\$ 10,691,346</u>

Changes in the compensated absences liability were as follows:

	<u>2021</u>	<u>2020</u>
Balance - July 1	\$ 10,691,346	\$ 9,565,331
Current Change in Estimate	4,461,521	2,241,635
Payouts	<u>(1,676,953)</u>	<u>(1,115,620)</u>
Balance - June 30	<u>\$ 13,475,914</u>	<u>\$ 10,691,346</u>

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

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

University employees who retire after meeting specified service and age requirements are eligible to receive healthcare and tuition benefits in retirement. Employee members of the Association of Pennsylvania State College and University Faculties (APSCUF), the State College and University Professional Association (SCUPA), 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 14 State System universities.

Following is the total of the University's OPEB liabilities, deferred outflows and inflows of resources related to OPEB, and the OPEB expense for the fiscal years ended June 30, 2021 and 2020.

	System Plan		REHP		Premium Assistance		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Net OPEB liabilities	\$ 119,423,011	\$ 100,250,611	\$ 43,251,107	\$ 36,241,853	\$ 340,448	\$ 328,850	\$ 163,014,566	\$ 136,821,314
Deferred outflows of resources:								
Net difference between projected and actual investment earnings on pension plan investments	-	-	15,439	-	595	576	16,034	576
Difference between expected and actual experience	-	-	37,613	-	3,148	1,886	40,761	1,886
Changes in assumptions	19,169,161	-	5,611,184	1,159,507	13,868	10,822	24,794,213	1,170,329
Change in proportions	-	-	1,669,575	2,209,913	9,017	10,576	1,678,592	2,220,489
Contributions after the measurement date	2,569,109	2,980,141	892,331	1,606,891	18,852	18,716	3,480,292	4,605,748
Total deferred outflows of resources	21,738,270	2,980,141	8,226,142	4,976,311	45,480	42,576	30,009,892	7,999,028
Deferred inflows of resources:								
Net difference between projected and actual investment earnings on pension plan investments	-	-	-	64,187	-	-	-	64,187
Difference between expected and actual experience	17,107,342	9,185,645	20,752,496	26,954,565	-	-	37,859,838	36,140,210
Changes in assumptions	8,162,663	10,699,124	3,351,633	5,019,887	7,486	9,756	11,521,782	15,728,767
Changes in proportion	N/A	N/A	2,482,600	1,548,372	6,976	2,214	2,489,576	1,550,586
Total deferred inflows of resources	\$ 25,270,005	\$ 19,884,769	\$ 26,586,729	\$ 33,587,011	\$ 14,462	\$ 11,970	\$ 51,871,196	\$ 53,483,750
OPEB expense	\$ 8,368,617	\$ 2,641,426	\$ (2,348,528)	\$ (2,985,568)	\$ 47,902	\$ 32,969	\$ 6,067,991	\$ (311,173)
Contributions recognized by OPEB plans	N/A	N/A	\$ 892,331	\$ 1,606,891	\$ 18,852	\$ 18,716	\$ 911,183	\$ 1,625,607

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

The University will recognize the deferred outflows of resources resulting from contributions after the measurement date, totaling \$2,567,109 for the System Plan, \$892,331 for the REHP plan, and \$18,852 for the PSERS OPEB plan, as reductions of the respective net OPEB liabilities in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<u>Fiscal Year Ended</u>	Amortization		
	System Plan	REHP	Premium Assistance
June 30, 2022	\$ (3,148,071)	\$ 6,905,125	\$ 1,701
June 30, 2023	(3,148,071)	6,502,144	1,616
June 30, 2024	(1,185,951)	4,744,943	1,531
June 30, 2025	1,381,250	1,635,904	4,509
June 30, 2026	-	(535,200)	2,637
Thereafter	-	-	170

**System Plan**

Plan Description

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

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

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

**System Plan (Continued)**

Plan Description (Continued)

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

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

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, 2021.

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

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

**System Plan (Continued)**

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, 2021 is based is dated July 1, 2020, which is the measurement date. The total OPEB liability was measured using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Healthcare cost trend rate of 5.5% in 2020 through 2023, with rates gradually decreasing from 5.4% in 2024 to 4.0% in 2075 and later, based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Annual salary increase of 4%.
- 90% of employees eligible for a subsidy and 15% of employees not eligible for a subsidy are assumed to elect coverage. 75% of vested former members who have not yet reached age 65 are assumed to begin electing coverage at age 65.
- The per capita claims cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in specified age and gender brackets.
- Retiree premium cost sharing for retired participants covered under "Other Less Subsidized Health Coverage" is assumed to remain at 18% and increase at the same rate as the Health Care Cost Trend Rate. Otherwise, retiree premium cost sharing is not assumed to increase after retirement.
- Mortality rates based on the PubG-2010 Mortality Table, including rates for contingent survivors, and which incorporates rates based on a generational projection using Scale MP-2020 to reflect mortality improvement.
- The discount rate decreased from 3.36% to 1.86%, based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2020.
- Participant data is based on census information as of July 1, 2020.
- Rates of withdrawal vary by age and years of service.
- Costs have been loaded by 0.7% to account for tuition waiver benefits, which are offered to all eligible retirees, regardless of employee bargaining unit when active, and including those not represented when active, who meet years of service and/or age criteria.

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

**System Plan (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

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

Sensitivity of the System Plan's Proportionate Share of the University's Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	1% Decrease (4.5% decreasing to 3.0%)	Healthcare Cost Trend Rates 5.5% decreasing to 4.0%	1% Increase (6.5% decreasing to 5.0%)
2021	\$ 98,208,533	\$ 119,423,011	\$ 147,222,191

The following presents what the System Plan's net OPEB liability was at June 30, 2020, as well as what the liability would be if it had been calculated using healthcare cost trend rates that were one percentage point lower (4.5% decreasing to 2.8%) or one percentage point higher (6.5% decreasing to 4.8%) than the June 30, 2019, healthcare cost trend rates used (5.5% decreasing to 3.8%).

Sensitivity of the System Plan's Proportionate Share of the University's Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	1% Decrease (4.5% decreasing to 2.8%)	Healthcare Cost Trend Rates 5.5% decreasing to 3.8%	1% Increase (6.5% decreasing to 4.8%)
2020	\$ 83,614,558	\$ 100,250,611	\$ 121,794,134

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

Sensitivity of the System Plan's Proportionate Share of the University's Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease 0.86%	Current Rate 1.86%	1% Increase 2.86%
2021	\$ 141,880,445	\$ 119,423,011	\$ 101,710,496

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

**System Plan (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

The following presents the University's net OPEB liability at June 30, 2020, as well as what the liability would have been if it had been calculated using a discount rate that was one percentage point lower (2.36%) or one percentage point higher (4.36%) than the current discount rate (3.36%).

Sensitivity of the System Plan's Proportionate Share of the University's Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease 2.36%	Current Rate 3.36%	1% Increase 4.36%
2020	\$ 117,025,901	\$ 100,250,611	\$ 86,880,901

OPEB Liability

The System Plan's total OPEB liability as of June 30, 2021 of \$119,423,011 was measured and determined by an actuarial valuation as of July 1, 2020. The System Plan's total OPEB liability as of June 30, 2020 of \$100,250,611 was measured as of July 1, 2019 and was determined by an actuarial valuation as of July 1, 2018 that was rolled forward to July 1, 2019.

Changes in the System Plan Total OPEB Liability		
	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Beginning Balance	\$ 100,250,611	\$ 101,062,085
Service Cost	2,596,414	2,737,689
Interest	3,392,525	3,041,281
Changes in Benefit Terms	-	-
Difference between Expected and Actual Experience	(11,772,767)	-
Changes in Assumptions	22,841,075	(5,279,570)
Benefit Payments	2,115,153	(1,310,874)
Net Changes	19,172,400	(811,474)
Ending Balance	\$ 119,423,011	\$ 100,250,611

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

**REHP**

Plan Description

The Retired Employees Health Program (REHP) is a single-employer defined benefit OPEB plan that includes Commonwealth agencies and some component units. The REHP is established as a trust equivalent arrangement. The REHP is administered by the Pennsylvania Employees Benefit Trust Fund (PEBTF), which acts as a third-party administrator under an agreement with the Commonwealth. The REHP is provided as part of collective bargaining agreements with most Commonwealth labor unions. All policy decisions and types and levels of benefits for the REHP fall under the purview of the Commonwealth's Executive Board and the Secretary of Administration. The REHP does not have a governing board. The REHP neither issues a 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).

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, 2021.

- 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.



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

**REHP (Continued)**

Plan Description (Continued)

Employer contribution requirements are established by the Commonwealth as provided by pertinent statutory authority. With the exception of certain employing agencies, employers contributed to the REHP Trust a retiree health assessment rate of \$230 per pay period for each current REHP eligible active employee during the period July 1, 2020 through January 15, 2021, and \$0 from January 16, 2021 through June 30, 2021. The rate during the period July 1, 2019, through June 30, 2020 was \$230 per pay period.

Actuarial Assumptions and Other Inputs

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

The total OPEB liability in the June 30, 2020 and 2019 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 2.60%.
- Healthcare cost trend rate of 6.6%, with rates gradually decreasing to 4.1% in 2075 and later, based on the SOA-Getzen trend rate model version 2020\_b for the December 31, 2020 measurement date and healthcare cost trend rate of 6.0%, with rates gradually decreasing to 4.1% in 2075 and later, based on the SOA-Getzen trend rate model version.
- Average career salary growth of 2.65% per year and an assumed 2.90% general salary increase.
- Projected benefits based on estimates of future years of service and projected health benefit costs.
- Mortality rates based on the RP-2000 Male and Female Combined Healthy Mortality Tables or the RP-2000 Male and Female Disabled Retiree Mortality Tables, as appropriate, adjusted to ensure sufficient margin improvement in certain age ranges.
- Participant data based on census information as of December 31, 2019, for the June 30, 2020, measurement date; and as of December 31, 2018, for the June 30, 2019, measurement date.

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

**REHP (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

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

- Discount rate of 2.21% as of June 30, 2020, and 3.50% as of June 30, 2019.
- Since the REHP has insufficient assets to meet next year's projected benefit payments, the discount rate is based on the index rate for the 20-year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher as of the measurement date. The Commonwealth elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	40.0 %	5.6%
International Equity	27.0	5.8%
Fixed Income	23.0	1.7%
Real Estate	8.0	4.6%
Cash and Cash Equivalents	1.5	0.9%
Private Equity	0.5	10.4%
Total	<u>100.0 %</u>	

The Commonwealth calculated an allocated share of the REHP OPEB liability for each participating employer based upon their actual contributions made to the REHP. The State System's proportion of the collective net OPEB liability was 4.275% for the measurement date of June 30, 2020 and 4.37% for the measurement date of June 30, 2019.

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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, 2021, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.6% decreasing to 3.1%) or one percentage point higher (7.6% decreasing to 5.1%) than the current healthcare cost trend rates (6.6% decreasing to 4.1%).

Sensitivity of the REHP Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	1% Decrease (5.6% decreasing to 3.1%)	Healthcare Cost Trend Rates 6.6% decreasing to 4.1%	1% Increase (7.6% decreasing to 5.1%)
2021	\$ 36,760,870	\$ 43,251,107	\$ 51,361,316

The following presents what the University's share of the REHP net OPEB liability was at June 30, 2020, as well as what the liability would have been if it had been calculated using healthcare cost trend rates that were one percentage point lower (5.0% decreasing to 3.1%) or one percentage point higher (7.0% decreasing to 5.1%) than the healthcare cost trend rates used (6.0% decreasing to 4.1%).

Sensitivity of the REHP Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	1% Decrease (5.0% decreasing to 3.1%)	Healthcare Cost Trend Rates 6.0% decreasing to 4.1%	1% Increase (7.0% decreasing to 5.1%)
2020	\$ 31,482,696	\$ 36,241,853	\$ 42,095,932

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

Sensitivity of the REHP Net OPEB Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
2021	\$ 49,354,048	\$ 43,251,107	\$ 38,171,181

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

**REHP (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

The following presents what the University's share of the REHP net OPEB liability was at June 30, 2020, as well as what the liability would have been if it had been calculated using a discount rate that was one percentage point lower (2.50%) or one percentage point higher (4.50%) than the healthcare cost trend rates used (3.50%).

Sensitivity of the REHP Net OPEB Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
2020	\$ 41,118,394	\$ 36,241,853	\$ 32,160,005

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.pfers.pa.gov](http://www.pfers.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, 2020, 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 0.84% of covered payroll for the fiscal years ended June 30, 2021 and 0.83% of covered payroll for the fiscal year ended June 30, 2020. 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 0.42% of covered payroll.

Actuarial Assumptions and Other Inputs

The State System records its PSERS OPEB liability annually utilizing a measurement date one year prior to its fiscal year end. The total OPEB liability, as of the June 30, 2020 measurement date, was determined by rolling forward the PSERS total OPEB liability as of June 30, 2019, to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2019.
- Actuarial cost method was entry age normal, level percent of pay.
- Effective average salary growth of 5.0%, comprising 2.75% for inflation and 2.25% 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 the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Eligible retirees pre-age 65 are assumed to participate at 50%, while eligible retirees post-age 65 are assumed to participate at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018, determined the employer contribution rate for fiscal year 2019/20.
- 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 rates and retirement ages were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 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 2.66% at June 30, 2020, and 2.79% at June 30, 2019.
- 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 2.66%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2020, 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, 2020.

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

The net OPEB liability was measured as of June 30, 2020, 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, 2019, to June 30, 2020. 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 0.1852% and 0.1886% for the measurement dates of June 30, 2020 and 2019, 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, 2021, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (between 4% and 6.50%) or one percentage point higher (between 6% and 8.50%) than the current healthcare cost trend rates (between 5% and 7.50%).

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	Healthcare Cost Trend Rates Between 4% and 6.50%	Healthcare Cost Trend Rates Between 5% and 7.50%	Healthcare Cost Trend Rates Between 6% and 8.50%
2021	\$ 340,363	\$ 340,448	\$ 340,448

The following presents what the University's share of the Premium Assistance net OPEB liability was at June 30, 2020, as well as what the liability would have been if it had been calculated using healthcare cost trend rates that were one percentage point lower (between 4% and 6.50%) or one percentage point higher (between 6% and 8.50%) than the healthcare cost trend rates used (between 5% and 7.50%).

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	Healthcare Cost Trend Rates Between 4% and 6.50%	Healthcare Cost Trend Rates Between 5% and 7.50%	Healthcare Cost Trend Rates Between 6% and 8.50%
2020	\$ 328,850	\$ 328,850	\$ 328,932

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

Sensitivity of the Premium Assistance Net OPEB Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease 1.79%	Current Rate 2.79%	1% Increase 3.79%
2021	\$ 388,087	\$ 340,448	\$ 300,891

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

**Premium Assistance (Continued)**

Actuarial Assumptions and Other Inputs (Continued)

The following presents what the University's share of the Premium Assistance net OPEB liability was at June 30, 2020, as well as what the liability would have been if it had been calculated using a discount rate that was one percentage point lower (1.79%) or one percentage point higher (3.79%) than the discount rate used (2.79%).

Sensitivity of the Premium Assistance Net OPEB Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease 1.79%	Current Rate 2.79%	1% Increase 3.79%
2020	\$ 374,681	\$ 328,850	\$ 290,890

**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 years ended June 30, 2021 and 2020.

	SERS		PSERS		ARP		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Net Pension Liabilities	<u>\$ 63,215,439</u>	<u>\$ 68,074,512</u>	<u>\$ 7,798,357</u>	<u>\$ 7,214,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,013,796</u>	<u>\$ 75,288,835</u>
Deferred Outflows of Resources:								
Difference Between Expected and Actual Experience	\$ 593,517	\$ 848,788	\$ 20,394	\$ 39,738	\$ -	\$ -	\$ 613,911	\$ 888,526
Net Difference Between Projected and Actual Investment Earnings and Pension Plan Investments	-	-	342,695	-	-	-	342,695	-
Changes in Assumptions	7,029,270	2,623,243	-	68,929	-	-	7,029,270	2,692,172
Difference Between Employer Contributions and Proportionate Share of Contributions	151,450	-	18,870	20,956	-	-	170,320	20,956
Changes in Proportion	260,499	704,681	125,695	192,557	-	-	386,194	897,238
Contributions after the Measurement Date	<u>3,791,354</u>	<u>3,854,006</u>	<u>775,590</u>	<u>748,426</u>	<u>-</u>	<u>-</u>	<u>4,566,944</u>	<u>4,602,432</u>
Total Deferred Outflows of Resources	<u>\$ 11,826,090</u>	<u>\$ 8,030,718</u>	<u>\$ 1,283,244</u>	<u>\$ 1,070,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,109,334</u>	<u>\$ 9,101,324</u>
Deferred Inflows of Resources:								
Difference Between Expected and Actual Experience	\$ 70,899	\$ 461,080	\$ 186,878	\$ 239,082	\$ -	\$ -	\$ 257,777	\$ 700,162
Net Difference Between Projected and Actual Investment Earnings and Pension Plan Investments	8,088,084	4,854,996	-	20,688	-	-	8,088,084	4,875,684
Difference Between Employer Contributions and Proportionate Share of Contributions	209,725	355,948	-	-	-	-	209,725	355,948
Changes in Proportion	<u>5,314,765</u>	<u>1,584,323</u>	<u>108,800</u>	<u>46,197</u>	<u>-</u>	<u>-</u>	<u>5,423,565</u>	<u>1,630,520</u>
Total Deferred Inflows of Resources	<u>\$ 13,683,473</u>	<u>\$ 7,256,347</u>	<u>\$ 295,678</u>	<u>\$ 305,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,979,151</u>	<u>\$ 7,562,314</u>
Pension Expense	<u>\$ 5,210,860</u>	<u>\$ 8,488,402</u>	<u>\$ 1,948,549</u>	<u>\$ 1,760,295</u>	<u>\$ 3,983,046</u>	<u>\$ 3,887,593</u>	<u>\$ 11,142,455</u>	<u>\$ 14,136,290</u>
Contributions Recognized by Pension Plans	<u>\$ 7,438,179</u>	<u>\$ 7,588,446</u>	<u>\$ 775,590</u>	<u>\$ 748,426</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 8,213,769</u>	<u>\$ 8,336,872</u>

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

The University will recognize the \$3,791,354 reported as 2021 SERS deferred outflows of resources resulting from pension contributions after the measurement date, and the \$775,590 reported as 2021 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, 2022. 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</u>	Amortization	
	SERS	PSERS
June 30, 2022	\$ (1,648,212)	\$ (4,937)
June 30, 2023	(413,302)	38,916
June 30, 2024	(2,934,825)	74,524
June 30, 2025	(736,949)	103,473
June 30, 2026	84,550	-

**SERS**

Plan Description

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

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

Benefits Provided

SERS provides retirement, death, and disability benefits. Article II of the Commonwealth's Constitution assigns the authority to establish and amend the benefit 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. In fiscal year 2017/18, the Commonwealth paid the full actuarially required rate after being collared in previous years due to Act 120.

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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 36.84% of active members' annual covered payroll at June 30, 2021, with less common rates ranging between 25.47% and 29.48%, 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 17.59% or 17.34% 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 16.06% 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 years ended June 30, 2021, 2020, and 2019, were \$7,438,179, \$7,588,446, and \$7,648,929, respectively, equal to the required contractual contribution.

The contribution rate of most active members who participate in the SERS defined benefit plan was 6.25% of gross salary, with less common rates ranging between 5% and 9.3% of salary, depending upon when the member was hired and what class of membership was elected. Defined benefit contribution rates for active members who participate in the defined benefit/defined contribution hybrid plan were either 4.0% or 5.0% of gross salary, depending upon what class of membership was elected.

For the SERS defined contribution plan, the University contributed at actuarially determined rates of between 2.0% and 3.5% of active members' annual covered payroll at June 30, 2021, depending upon the plan chosen by the employee. The University recognized \$5,210,860 in SERS defined contribution pension expense for the year ended June 30, 2021 and \$8,488,402 for the year ended June 30, 2020. The vesting period for employer contributions to the defined contribution plan, both for members who participate in the straight 401(a) defined contribution plan and those who participate in one of the defined benefit/defined contribution hybrid plans, is three years. Once money is contributed to the plan, it cannot be removed from the plan, except for making distribution payments to participants. Forfeitures of unvested employer contributions and earnings are invested in the PA Treasury short-term investment fund. The funds are forfeited to the employee's most recent employer and used to offset future contributions to the plan and correct funding discrepancies. Forfeitures seized under the Pension Forfeiture Act are used for administrative expenses of the plan.

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

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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 July 2020 meeting, the SERS Board approved a reduction in the assumed investment rate of return from 7.125% to 7.00%. The next SERS actuarial experience review will occur in summer 2025 and will be used for its 2025 annual valuation.

The following methods and assumptions were used in the actuarial valuation for the December 31, 2020, 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 7.00%, net of manager fees and including inflation.
- Salary increases based on an average of 4.60%, with a range of 3.30% to 6.95%, including inflation.
- Asset valuation using fair (market) value.
- Mortality rates based on the projected PubG-2010 and PubNS-2010 Mortality Tables, adjusted for actual plan experience and future improvement.
- No cost of living adjustments.

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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, 2020 and 2019, are summarized below.

Asset Class	December 31, 2020	
	Target Allocation	Long-Term Expected Real Rate of Return
Private Equity	14.0 %	6.25%
Private Credit	4.0	4.25
Real Estate	8.0	5.60
U.S. Equity	25.0	4.90
International Developed Markets Equity	13.0	4.75
Emerging Markets Equity	4.0	5.00
Fixed Income - Core	22.0	1.50
Fixed Income - Opportunistic	4.0	3.00
Inflation Protection (TIPS)	4.0	1.50
Cash	2.0	0.25
Total	100.0 %	

Asset Class	December 31, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return
Private Equity	16.0 %	7.25%
Global Public Equity	48.0	5.15
Real Estate	12.0	5.26
Multi-Strategy	10.0	4.44
Fixed Income	11.0	1.26
Cash	3.0	-
Total	100.0 %	

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**SERS (Continued)**

Actuarial Methods and Assumptions (Continued)

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

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

Sensitivity of the University's Proportionate Share of the SERS Net Pension Liability to Changes in the Discount Rate			
	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
2021	\$ 79,028,622	\$ 63,215,439	\$ 43,022,654

The following presents what the University's proportionate share of the SERS net pension liability was at June 30, 2020, calculated using the discount rate of 7.125%, as well as what the SERS net pension liability would have been if it had been calculated using a discount rate that was one percentage point lower (6.125%) or one percentage point higher (8.125%) than the rate used.

Sensitivity of the University's Proportionate Share of the SERS Net Pension Liability to Changes in the Discount Rate			
	1% Decrease 6.125%	Current Rate 7.125%	1% Increase 8.125%
2020	\$ 86,499,815	\$ 68,074,512	\$ 52,300,277

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**SERS (Continued)**

Proportionate Share

At June 30, 2021, the amount recognized as the University's proportionate share of the SERS net pension liability, measured at December 31, 2020, was \$63,215,439. At June 30, 2020, the amount recognized as the University's proportionate share of the SERS net pension liability, measured at December 31, 2019, was \$68,074,512.

The allocation percentage assigned to each participating employer is based on a projected contribution method. For the allocation of the December 2020 amounts, this methodology applies the most recently calculated contribution rates for fiscal year 2021/22, from the December 31, 2020, funding valuation, to the expected funding payroll. For the allocation of the December 2019 amounts, this methodology applies the most recently calculated contribution rates for fiscal year 2020/21, from the December 31, 2019, funding valuation, to the expected funding payroll. At the December 31, 2020, measurement date, the University's proportion was 4.419%, a decrease of 0.354% from its proportion calculated as of the December 31, 2019 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.state.pa.us](http://www.psers.state.pa.us).



**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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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.

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

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Member Contributions

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

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

Employer Contributions

The University's contractually required contribution rate for PSERS for fiscal year ended June 30, 2021, was 33.51% 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 16.755% of covered payroll. The University's contribution to PSERS for the year ending June 30, 2021, June 30, 2020, and June 30, 2019, was \$775,590, \$748,426, and \$700,296, respectively, equal to the required contractual contribution.

For the PSERS defined contribution plan, the University is required to contribute at actuarially determined average rate 0.09% of active members' annual covered payroll for the year ending June 30, 2021, 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 years ended June 30, 2020 and June 30, 2021 were 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, 2020 measurement date, was determined by rolling forward PSERS' total pension liability at June 30, 2019, to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

- Valuation date - June 30, 2019.
- Actuarial cost method is entry age normal, level percent of pay.
- Investment return of 7.25% with 2.75% inflation.
- Salary increases based on an effective average of 5.0%, which comprises a 2.75% allowance for inflation and 2.25% for real wage growth and merit or seniority increases.
- Mortality rates based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The 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.

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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

Actuarial Assumptions (Continued)

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

Asset Class	2020	
	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	15.0 %	5.2%
Private Equity	15.0	7.2
Fixed Income	36.0	1.1
Commodities	8.0	1.9
Absolute Return	10.0	2.5
Infrastructure/MLPs	6.0	5.7
Real Estate	10.0	5.5
Risk Parity	8.0	3.3
Cash	6.0	(1.0)
Financing (LIBOR)	(14.0)	(0.7)
Total	<u>100.0 %</u>	

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

Actuarial Assumptions (Continued)

The discount rate used to measure the total PSERS pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, PSERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on PSERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the University's Proportionate Share of the PSERS Net Pension Liability to Changes in the Discount Rate			
	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
2021	\$ 9,648,190	\$ 7,798,357	\$ 6,231,226

The following presents what the University's proportionate share of the PSERS net pension liability was at June 30, 2020, calculated using the discount rate of 7.25%, as well as what the PSERS net pension liability would have been if it had been calculated using a discount rate that was one percentage point lower (6.25%) or one percentage point higher (8.25%) than the rate used.

Sensitivity of the University's Proportionate Share of the PSERS Net Pension Liability to Changes in the Discount Rate			
	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
2020	\$ 8,986,260	\$ 7,214,323	\$ 5,713,928

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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**NOTE 13 PENSION BENEFITS (CONTINUED)**

**PSERS (Continued)**

Proportionate Share

At June 30, 2021 and 2020, 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.

	2021	2020
Total PSERS Net Pension Liability		
Associated with the University	\$ 15,596,714	\$ 14,428,646
Commonwealth's Proportionate Share of the PSERS Net Pension Liability		
Associated with the University	7,798,357	7,214,323
University's Proportionate Share of the PSERS Net Pension Liability	\$ 7,798,357	\$ 7,214,323

PSERS measured the 2021 and 2020 net pension liabilities as of June 30, 2020, and June 30, 2019, respectively. PSERS calculated the employer's proportion of the net pension liability using the employer's one-year reported covered payroll in relation to all participating employers' one-year reported covered payroll. At June 30, 2020, the University's proportion was 0.1856%, a decrease of 0.0030% from its proportion calculated as of June 30, 2019.

**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, 2021 and 2020, was 9.29% of qualifying compensation. The contributions to the ARP for the years ended June 30, 2021 and 2020, were \$3,983,048 and \$3,887,593, respectively, from the University; and \$2,143,729 and \$2,092,354, respectively, from active members. No liability is recognized for the ARP.

**SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA  
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**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 \$10,385 and \$45,860 to the Reserve Fund during the years ended June 30, 2021 and 2020, respectively.

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
2021	\$ 604,865	\$ 224,700	\$ (119,278)	\$ 710,287
2020	745,521	68,996	(209,652)	604,865
2019	823,329	40,886	(118,694)	745,521

**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 \$3,901,817 at June 30, 2021 and \$3,272,063 at June 30, 2020.

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

**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, 2021 and 2020, the Foundation held \$22,715,143 and \$21,078,523, respectively, 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 2021 and 2020 fiscal years, the Foundation provided the following support to the University:

	2021	2020
Scholarships	\$ 2,900,183	\$ 2,931,406
Support of University Programs	693,428	1,474,277

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 \$101,759 and \$82,589 in 2021 and 2020, respectively.

For the years ended June 30, 2021 and 2020, the University paid the Foundation \$861,800 and \$996,000, respectively, for the cost of employee's salaries, benefits, and other expenses related to comprehensive fundraising services.

**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 years ended June 30, 2021 and 2020, the Association received \$1,264,826 and \$1,938,765, respectively, in student activity fees from the University.

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**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.

COVID-19 may impact various parts of the operations and financial results of the University and component units, including method of educational delivery, athletics, housing and food service. Management believes that the University and component units are taking appropriate actions to mitigate the negative impact. The full impact of COVID-19 is unknown and cannot be reasonably estimated at June 30, 2021.

Authorized expenditures for construction projects unexpended as of June 30, 2021 and 2020 were \$665,840 and \$3,760,597, respectively.

**NOTE 17 RATINGS ACTIONS**

In June 2020, Moody's Investors Service, Inc., maintained the State System's bond rating of Aa3 with an outlook of stable. This rating was affirmed again by Moody's in August 2021. In June 2021, Fitch Ratings affirmed the State System's rating of A+, with an outlook of stable.



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**NOTE 18 SUBSEQUENT EVENTS**

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

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

Fiscal Year	State 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
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%

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
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%

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Schedule of Proportionate Share of PSERS Net Pension Liability  
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			
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%

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
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%

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**University System Plan OPEB Liability**  
Determined as of the June 30 measurement dates

<b>Changes in the System Plan Total OPEB Liability</b>	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Total OPEB Liability - Beginning Balance	\$ 100,250,611	\$ 101,062,085
Service Cost	2,596,414	2,737,689
Interest	3,392,525	3,041,281
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	(11,772,767)	-
Changes in Assumptions	22,841,075	(5,279,570)
Benefit Payments	2,115,153	(1,310,874)
Net Changes	<u>19,172,400</u>	<u>(811,474)</u>
Total OPEB Liability - Ending Balance	<u>\$ 119,423,011</u>	<u>\$ 100,250,611</u>
Covered Employee Payroll	\$ 46,930,016	\$ 45,675,760
OPEB Liability as a Percent of Covered Payroll	254.47%	219.48%

*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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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
2020/21	4.275%	\$ 43,251	\$ 9,536	454%	3.7%
2019/20	4.370%	36,242	9,306	389%	3.8%

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
2020/21	\$ 892	\$ 892	-	\$ 11,948	8.2%
2019/20	1,607	1,607	-	11,324	14.2%

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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	PERS Fiduciary Net Position
	State Systems Proportion	University's Proportionate Share	Commonwealth's Proportionate Share	Total		as a % of Covered-Employee Payroll	as a % of Total OPEB Liability
2020/21	0.1852%	\$ 340	\$ 340	\$ 680	\$ 4,423	7.7%	5.6%
2019/20	0.1886%	329	329	658	4,265	7.7%	5.6%

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
2020/21	\$ 19	\$ 19	\$ -	\$ 4,603	0.4%
2019/20	19	19	-	4,484	0.4%