

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION**

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2021 AND 2020



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**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
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YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Council of Trustees
California University of Pennsylvania
of the State System of Higher Education
California, 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 California 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, Foundation for California University and the Student Association, Inc. at California University of Pennsylvania which represents 100% of the assets, net assets, 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 report 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 audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the aggregate discretely presented component units of the University as of June 30, 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 (MD&A), and the various schedules of Proportionate Share of Net Pension Liability, OPEB Liability, Proportionate Share of Net OPEB Liability, and Contributions on 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
November 16, 2021

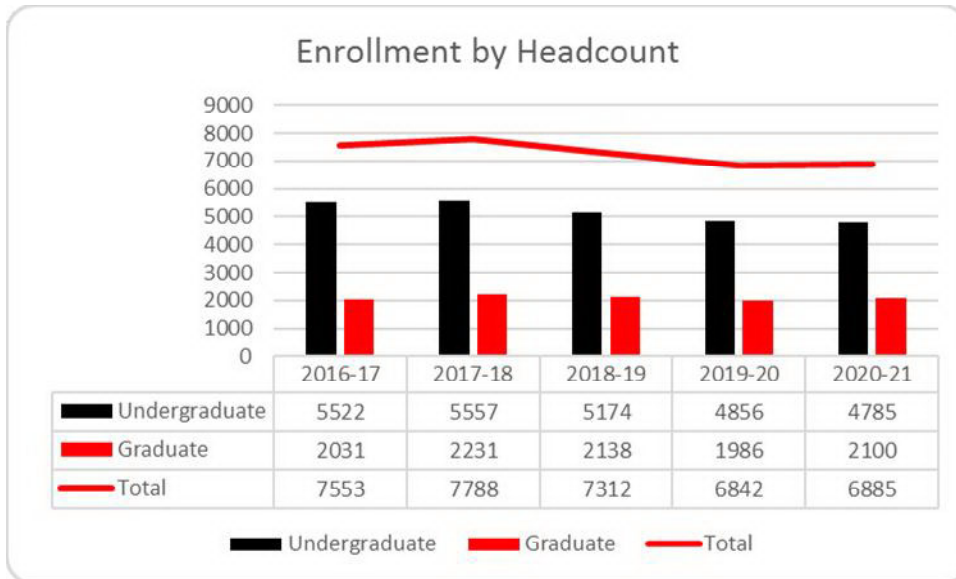
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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(UNAUDITED)**

California University of Pennsylvania, a member of the State System of Higher Education (the University), located in California, Pennsylvania, was founded in 1852. The University is one of fourteen universities and the Office of the Chancellor which comprise the Pennsylvania State System of Higher Education (the State System). The University is a comprehensive public university that serves the state, national, and international communities by providing its students with high quality academic instruction and at the lowest possible cost, and the region with public service. 6,885 students were enrolled for the 2020-2021 year to which the University offers over 100 undergraduate majors, degrees, and certificates; over 95 graduate and professional degree and certificate programs, and over 75 programs delivered 100% online.

The following is an overview of the University's financial activities for the year ended June 30, 2021 as compared to the year ended June 30, 2020, and is intended to analyze and discuss the University's financial performance as it relates to the financial statements and disclosures that follow.

Financial Highlights:

Enrollment for Fall 2020 included 4,785 undergraduate and 2,100 graduate students, for a total of 6,885 students (headcount). Fall 2020 total enrollment was comprised of 5,695 resident students, and 1,190 nonresident students. The chart below summarizes a five-year trend of undergraduate and graduate enrollment by headcount.



The State System of Higher Education's board of governor's approved no annual tuition increase for undergraduate resident students in fiscal year 2020/21, the second straight year of no tuition increases.

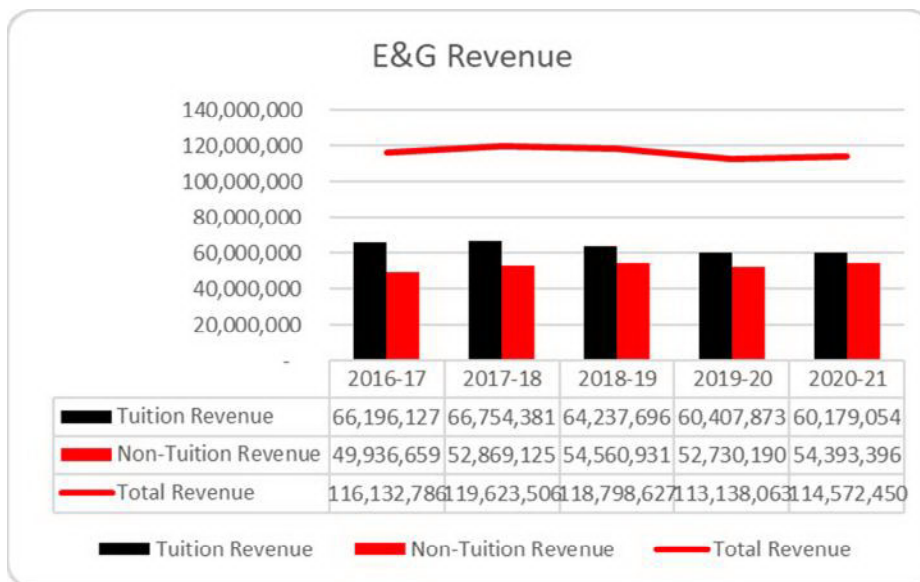
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In fiscal year 2020/21, the Commonwealth appropriation to the State System was \$477.5 million, equal to the amount received in the prior fiscal year. Over the last three years, state appropriations have increased about \$24.4 million, or 5.4%, but still are about \$6.5 million less than received in fiscal year 2007/2008. The University's share of the base appropriation, through the appropriation formula, was \$34.2 million.

Commonwealth capital funding, which include appropriations for furnishings and equipment, was \$1.30 million, about the same amount as fiscal year 2019/20 where the University received \$1.13 million.

The University has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 requires the University to report its share of the liabilities, expense, deferred outflows of resources, and deferred inflows of resources allocated to it by the Retired Employees Health Program and the Public School Employees' Retirement System Health Insurance Premium Assistance Program, both of which are defined benefit retiree healthcare plans administered by the Commonwealth of Pennsylvania. Statement No. 75 also has significantly increased the liability that the University records for the defined benefit retiree healthcare and tuition benefits plan that the University administers, and requires the recording of deferred outflows of resources and deferred inflows of resources associated with the plan.

The chart below summarizes Educational and General revenue, specifically tuition and nontuition revenue.



Educational and General Fund personnel expenditures, including salary, incremental benefits and employer paid fixed rate benefits, were \$78.9 million, \$6 million or 7% lower in fiscal year 2021 compared to fiscal year 2020.

Educational and General fund expenditures, including services, supplies, utilities, capital and other nonpersonnel expenditures, were \$18.1 million in fiscal year 2021 or \$1.3 million or 7% lower than in fiscal year 2020.

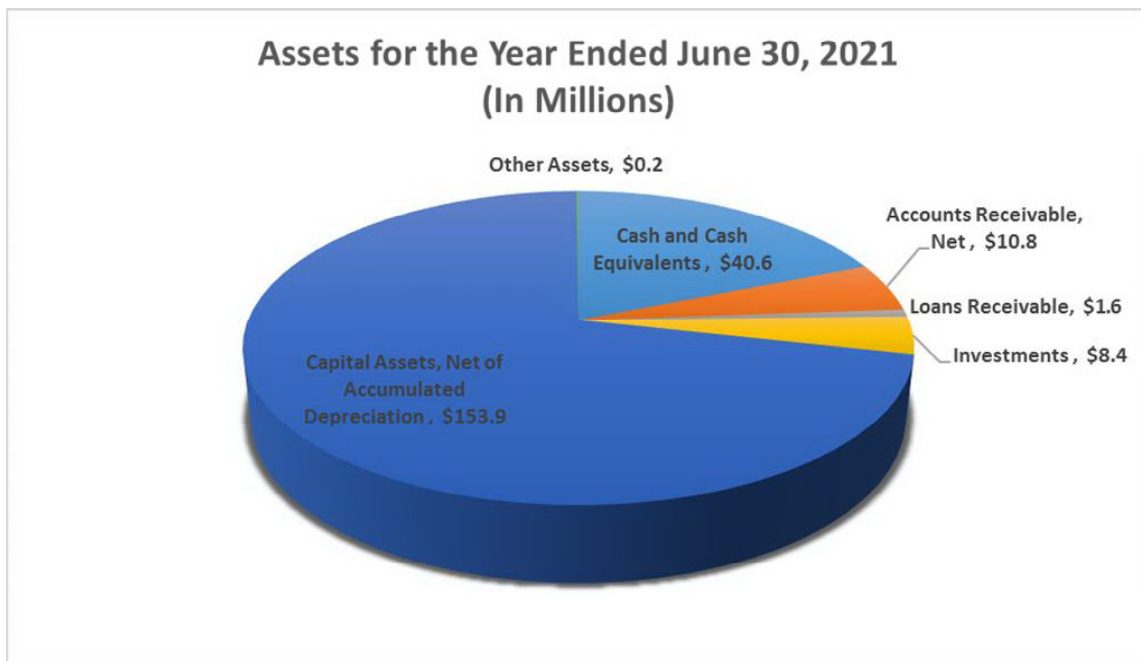
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Financial Statements:

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 market value; the value of outstanding receivables due from students and other parties; and land, buildings, and equipment reported at cost, less accumulated depreciation. In total Assets increased by \$3 million, or 1.4% for the year ended June 30, 2021, compared to a 4.8% decrease in the prior fiscal year 2019/20. The chart below shows a breakout of asset balance by type for fiscal year 2021.



Deferred Outflows of Resources, defined as a consumption of net position that applies to future periods, reports the deferred loss on bond defeasance and certain items associated with the pension and other postemployment benefits liabilities. The annual balances and variances are significantly reliant upon actuarial assumptions and primarily out of the Universities control.

Liabilities include payments due to vendors, employees, and students; revenues received but not yet earned; the balance of bonds payable; and amounts estimated to be due for items such as workers' compensation (the University is self-insured), compensated absences (the value of sick and annual leave earned by employees), pension benefits, and other post-employment benefits (health and tuition benefits expected to be paid to certain current and future retirees).

Total liabilities increased by \$10.2 million, or 2.8% for the year ended June 30, 2021 compared to a decrease of 7.4% in the prior fiscal year 2019/20.

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Deferred Inflows of Resources, defined as an acquisition of net position that applies to future periods, reports the deferred gain on bond defeasance and certain items associated with the pension and other postemployment benefits liabilities. Like deferred outflows annual balances and variances are significantly reliant upon actuarial assumptions and primarily out of the Universities control.

Net Position is the sum of Assets plus Deferred Outflows of Resources less Liabilities less Deferred Inflows of Resources. In accordance with GASB requirements, the University reports three components of net position:

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

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

Unrestricted net position includes funds that the Board or president have designated for specific purposes, auxiliary funds, and all other funds not appropriately classified as restricted or invested in capital assets. Unrestricted net position includes three unfunded liabilities that will be realized gradually over future years, and because of their size, the universities are expected to fund these liabilities only on a "pay-as-you-go" basis; i.e., as they become due:

- The liability for compensated absences represents the dollar value of annual and sick leave that employees have earned and could potentially receive in the form of cash payouts upon retirement or other termination. As employees earn and accumulate leave, the compensated absences liability is increased; as employees use leave, and as terminated employees receive payouts, the liability is decreased. The compensated absences liability increased by \$0.9 million to \$10.1 million for the year ended June 30, 2021, compared to a \$1 million increase from the prior year for the year ended June 30, 2020. The University only funds this liability as cash payouts are made to employees for annual and vested sick leave balances upon termination or retirement.

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- The net pension liability is the University's allocated share of the difference between the Commonwealth's defined benefit pension obligations and the funding set aside by the Commonwealth in a qualified trust to pay the future benefits that are promised to current employees, retirees, and their beneficiaries. The annual increase in the liability is the amount that current employees earn each fiscal year as a pension benefit, actuarially calculated based on years of service, age, and estimates of future service and employee longevity. The liability decreases when funding of the qualified trust increases and when employees or retirees leave the pension plans. The liability decreased by \$4.4 million to \$66.7 million for the year ended June 30, 2021, compared to an increase of \$10.3 million for the year ended June 30, 2020. The University funds this liability on a "pay-as-you-go" basis; that is, the University funds only the annual contractually required contributions to the State Employees Retirement System (SERS) and the Public School Employees Retirement System (PSERS).
- The liability for other postemployment benefits, or OPEB, represents the estimated future healthcare costs for current and future retirees. The annual increase in the liability is the amount that current employees earn each fiscal year as a retiree healthcare benefit, actuarially calculated based on years of service, age, and estimates of future service and employee longevity. The liability also increases as healthcare costs increase. The liability decreases when required contributions by retirees are increased, when the number of eligible employees decreases, and when retirees leave the plan. The liability increased by \$13.4 million to \$125.1 million for the year ended June 30, 2021, compared to a decrease of \$11.9 million for the year ended June 30, 2020. Like the pension liability, The University funds these liabilities on a "pay-as-you-go" basis: For the State System plan, universities make biweekly contributions to fund the actual claims incurred by retirees during the year; for the REHP and PSERS OPEB plans, the universities make contractually required contributions as determined by the Commonwealth.

Net position overall, including GASB 68 and GASB 75 for pension liabilities and postretirement benefit liabilities respectively, as well as compensated absences, increased by \$10.1 million in fiscal year 2020/21. This compares to a decrease of \$3.7 million in fiscal year 2019/20.

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**California University
Balance Sheet Summary, Year Ended June 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 40,607,178	\$ 31,620,577	\$ 34,581,940
Accounts Receivable, Net	10,637,173	9,496,824	7,211,305
Inventory	96,371	107,384	103,434
Prepaid Expenses	-	64,290	877,118
Other Current Assets	130,221	95,197	60,298
Total Current Assets	<u>51,470,943</u>	<u>41,384,272</u>	<u>42,834,095</u>
NONCURRENT ASSETS			
Accounts Receivable	185,000	185,000	188,263
Loans Receivable	1,608,650	1,952,478	2,316,271
Investments	8,382,386	7,126,727	7,141,358
Capital Assets, Net	153,880,381	161,884,299	170,902,359
Total Noncurrent Assets	<u>164,056,417</u>	<u>171,148,504</u>	<u>180,548,251</u>
Total Assets	<u>215,527,360</u>	<u>212,532,776</u>	<u>223,382,346</u>
Total Deferred Outflows of Resources	<u>35,500,552</u>	<u>14,998,184</u>	<u>22,669,444</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 251,027,912</u>	<u>\$ 227,530,960</u>	<u>\$ 246,051,790</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 12,225,017	\$ 11,056,151	\$ 12,202,251
Unearned Revenue	16,076,465	10,407,284	8,830,474
Deposit Liabilities	536,236	140,292	274,794
Personnel Obligations	5,926,833	6,859,110	7,434,770
Debt Obligations	9,380,244	7,458,294	9,092,358
Other Current Liabilities	493,738	346,152	465,933
Total Current Liabilities	<u>44,638,533</u>	<u>36,267,283</u>	<u>38,300,580</u>
NONCURRENT LIABILITIES			
Workers' Compensation	496,766	410,146	280,811
Unearned Revenue	37,441	58,521	58,521
Personnel Obligations	195,857,739	185,017,030	205,662,416
Debt Obligations	130,714,842	139,503,567	145,661,553
Other Noncurrent Liabilities	1,406,246	1,697,122	2,138,184
Total Noncurrent Liabilities	<u>328,513,034</u>	<u>326,686,386</u>	<u>353,801,486</u>
Total Liabilities	<u>373,151,567</u>	<u>362,953,669</u>	<u>392,102,067</u>
Total Deferred Inflows of Resources	<u>52,721,010</u>	<u>49,501,079</u>	<u>35,209,175</u>
NET POSITION			
Net Investment in Capital Assets	14,700,644	15,052,918	16,219,424
Restricted			
Nonexpendable:			
Student Loans	279,361	320,975	389,815
Other	4,000	-	-
Expendable:			
Scholarships and Fellowships	335,526	281,421	273,058
Capital Projects	2,020,216	2,137,482	2,050,354
Unrestricted	(192,184,412)	(202,716,584)	(200,192,103)
Total Net Position	<u>(174,844,665)</u>	<u>(184,923,788)</u>	<u>(181,259,452)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 251,027,912</u>	<u>\$ 227,530,960</u>	<u>\$ 246,051,790</u>

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

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

Operating Revenues for fiscal year 2020/21 decreased overall by 12.5%, or \$10.6 million from the prior fiscal year. Much of this loss is due to the COVID-19 pandemic. On March 19, 2020, due to the Governor's shut down order, the University had to move all operations to online learning modality. The residence halls were closed as well as the rest of the campus. This closure made it necessary to issue refunds to the students for the unused portion of housing, dining plans, and 40% of most fees. Although the University received some funding through the CARES act, it was not enough to cover the refunds issued. The University decided to remain closed for the fall semester in fiscal year 2020/21. And in the spring semester, there were minimal face to face operations which resulted in a loss in operating revenue.

Tuition and fees are shown net of scholarship discounts and allowances and bad debt expense. In accordance with a formula prescribed by the National Association of College and University Business Officers (NACUBO), the State System allocates the cost of scholarships, waivers, and other student financial aid between scholarship discounts and allowances and student aid expense. Scholarships and waivers of room and board fees are reported in Auxiliary enterprises. The cost of tuition waivers granted to employees is reported as employees' benefits expense. Bad debt expense is an estimate of the amount owed by students that will not be collected. Overall net tuition and fee revenue increased by \$0.5 million, or 1%, from fiscal year 2019/20. For the second straight year, the State System implemented a zero percent tuition increase for FY 2020/21.

Governmental and private grants and contracts in which the grantor receives equal value for the funds given to the University increased by \$0.14 million, or 2% from fiscal year 2019/20.

Auxiliary enterprises revenue, which includes food service sales, housing fees, and fees for the operation, maintenance, debt service, and renewal of student union and recreation center, decreased by \$11.5 million, or 72%, from fiscal year 2019/20. This is a direct result of the COVID-19 pandemic which resulted in the University campus being closed almost an entire fiscal year.

Non-Operating Revenues for fiscal year 2020/21 increased overall by 14.7%, or \$6.9 million from the prior fiscal year. This increase is due to the University receiving funds for COVID Relief.

State appropriations include cash as well as capital appropriations that are received in the form of noncash furnishings and equipment for the Commonwealth-funded construction projects. The fiscal year 2020/21 general cash appropriation was \$34.2 million, no increase over fiscal year 2019/20, while capital appropriations amount to \$1.3 million.

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Investment income (net of related investment expenses) for fiscal year 2020/21 was \$1.0 million. This represents a decrease of \$0.2 million over fiscal year 2019/20.

Gifts, Nonoperating Grants, and other nonoperating revenue includes contributions from the Commonwealth for PSERS, gifts (cash or capital), gains on the disposal of assets, parking and library fines, capital grants and governmental and private research grants and contracts in which the grantor does not receive equal value for the funds given to the University. Overall these balances increased by \$7.1 million from fiscal year 2019/20. This is due to the CARES ACT funds received amounting to \$10.2 million.

Operating Expenses for fiscal year 2020/21 were \$119.3 million compared to \$136.3 million in fiscal year 2019/20. Much of this decrease was due to the University being closed or in remote operation due to COVID-19.

Salaries and wages as a whole, decreased \$4.2 million, or 6.8% for fiscal year 2020/21 and is the result of the University holding positions vacant.

Benefit expenses decreased by \$2.8 million compared to the prior fiscal year. Benefits will fluctuate annually based upon the number of employees receiving them and based on the change in rates each year.

Financial aid to students in the form of grants, waivers, and scholarships was \$7.3 million in fiscal year 2019/20, compared to \$6.5 million in fiscal year 2019/20.

Non-Operating Expenses are primarily related to Interest expense on capital asset-related debt, which was \$3.8 million, a decrease of \$1.2 million over fiscal year 2019/20. The decrease is due primarily to the State System's annual practice of refunding existing debt with debt that carries lower interest rates. Also offsetting debt increases is the faster amortization of the State System's older, more expensive, debt, as a higher ratio of debt service is applied to principal rather than interest in the later years of the payment schedules.

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	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUES			
Tuition and Fees, Net of Discounts	\$ 58,291,420	\$ 57,732,439	\$ 61,175,871
Governmental Grants and Contracts	8,782,491	8,692,470	8,595,207
Nongovernmental Grants and Contracts	329,596	278,929	520,824
Sales and Services of Educational Departments	325,221	1,076,739	1,412,902
Auxiliary Enterprises, Net of Refunds	4,503,004	16,022,297	19,042,779
Other Revenues	1,756,414	787,329	1,040,572
Total Operating Revenues	<u>73,988,146</u>	<u>84,590,203</u>	<u>91,788,155</u>
OPERATING EXPENSES			
Instruction	43,780,214	49,388,952	51,436,644
Research	72,189	71,900	90,179
Public Service	2,062,860	2,383,738	2,776,173
Academic Support	7,059,718	7,280,840	8,943,790
Student Services	13,821,060	16,415,239	14,766,323
Institutional Support	17,786,445	17,269,766	15,229,508
Operations and Maintenance of Plant	8,651,028	10,033,122	12,660,331
Depreciation	10,675,961	10,667,418	11,060,680
Student Aid	9,581,206	8,580,541	5,887,758
Auxiliary Enterprises	5,767,700	14,229,800	16,771,306
Total Operating Expenses	<u>119,258,381</u>	<u>136,321,316</u>	<u>139,622,692</u>
OPERATING LOSS	<u>(45,270,235)</u>	<u>(51,731,113)</u>	<u>(47,834,537)</u>
NONOPERATING REVENUES (EXPENSES)			
State Appropriations, General and Restricted	34,181,375	34,181,375	33,442,584
Federal COVID-19 Relief	10,163,869	4,759,557	-
Commonwealth On-Behalf Contributions to PSERS	628,403	682,731	629,271
Pell Grants	8,688,121	9,601,440	10,362,689
Investment Income, Net of Related Investment Expense	1,003,741	1,151,054	1,386,535
Unrealized Gain (Loss) on Investments	1,445,145	(8,970)	226,295
Gifts for Other than Capital Purposes	1,517,912	1,577,282	2,889,523
Interest Expense on Capital Asset-Related Debt	(3,813,784)	(5,087,357)	(6,128,593)
Other Nonoperating Revenue	(52,279)	30,346	43,390
Net Nonoperating Revenues	<u>53,762,503</u>	<u>46,887,458</u>	<u>42,851,694</u>
GAIN (LOSS) BEFORE OTHER REVENUES	<u>8,492,268</u>	<u>(4,843,655)</u>	<u>(4,982,843)</u>
OTHER REVENUES			
State Appropriations, Capital	1,301,040	1,127,454	1,176,309
Capital Gifts and Grants	285,815	51,865	51,865
Total Other Revenues	<u>1,586,855</u>	<u>1,179,319</u>	<u>1,228,174</u>
Change in Net Position	<u>10,079,123</u>	<u>(3,664,336)</u>	<u>(3,754,669)</u>
Net Position – Beginning of Year	<u>(184,923,788)</u>	<u>(181,259,452)</u>	<u>(177,504,783)</u>
NET POSITION – END OF YEAR	<u>\$ (174,844,665)</u>	<u>\$ (184,923,788)</u>	<u>\$ (181,259,452)</u>

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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.

Net cash used in operating activities increased by \$9.8 million from the prior fiscal year. The increase relates to lower expenses due to COVID-19 as well as a reduction in personnel expenses.

Net cash provided by noncapital financing activities increased by \$1.3 million from the prior fiscal year, which is a function of the COVID-19 Funds received.

Net cash provided used in capital financing activities decreased by \$0.8 million from the prior fiscal year.

Net Cash provided by investing activities were flat in fiscal year 2020/21 mostly due to the effect of COVID-19 on the stock market.

Future Considerations

Due to the ongoing COVID-19 pandemic, the University operated in a remote setting for fall 2020 and limited capacity in spring 2021. In the fall, limited staff were on campus, all classes were delivered via remote technology, and all residence halls and dining operations were closed. The University handled the spring 2021 semester operations as follows:

- About 50% of undergraduate "on-campus" classes will be conducted in person; these primarily will be labs, studio and performance courses, and courses that require specialized facilities and equipment. Most evening graduate courses will be offered in person as well. The remaining "on-campus" courses will be delivered through real-time remote learning, a hybrid format (blended in-person and remote learning) or entirely online.
- Residence halls will be open this spring. With limited exceptions, students will be housed singly, with one student per bedroom/bathroom. Students in majors that require labs and other hands-on coursework will be prioritized when assigning rooms. Student-athletes also will be housed on campus
- Dining services will be available for resident and commuter students, including students who live at Vulcan Village. Grab-and-go options will be available. Social distancing will be required in dining areas; masks must be worn unless a diner is seated and eating or drinking.

The effects of COVID-19 were felt the deepest on our auxiliary operations of housing and dining. The COVID-19 relief funds provided to the University helped offset the losses experienced.

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

On July 16, 2020, the PASSHE Board of Governors entered into the next phase of System Redesign and authorized the chancellor to review the financial impacts of integrating operations at selected System universities. A financial review is the first step towards integrating universities as outlined in Act 50, which requires a detailed, transparent, and broadly consultative review, planning and implementation process. As a result of this review, the System identified two possible combinations for further exploration – Bloomsburg-Lock Haven-Mansfield and California-Clarion-Edinboro. These combinations would operate under a unified leadership team reporting through the chancellor to the Board, have a single faculty and staff, a single academic program array, a unified enrollment strategy, and a single budget—all while honoring the local identity of the original institutions.

The process for integrating State System universities is defined in Act 50. It is transparent, consultative, analytical, and intended to seek solutions, not implement solutions that have been predetermined. The process is conducted in partnership with the General Assembly through quarterly check-ins with House and Senate Education and Appropriations Committees. It consists of four phases, progress between which requires affirmation by the Board. The phases, and the most expeditious path for their completion are outlined below.

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

On July 14, 2021, the Board approved the university integrations in accordance with Act 50 which was signed into law on July 1, 2020. This action by the board authorized 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.

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

- a single president and leadership team with one reporting relationship to the Board of Governors through the Chancellor;
- a unified faculty providing instruction in a single academic program array that leverages program, faculty, and facilities strengths at the three partner campuses and in which the majority of credentials, majors, minors, and areas of concentration are available to all students at each of the partner campuses through a combination of face-to-face and remote instruction—with general education courses available on each campus through face-to-face instruction;

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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(UNAUDITED)**

- an integrated enrollment management strategy and student-facing supports and services;
- a robust student recruitment process with an expanding array of high schools, community colleges, and other education providers, including robust dual enrollment and transfer articulation agreements and associated student supports;
- significantly expanded opportunities for adult students seeking to re-skill and up-skill through nondegree credentialing courses;
- and continued use of each campus's historic name and brand identity as part of its respective integrated university.

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

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

Detailed information on the progress of System Redesign can be found at <https://www.passhe.edu/SystemRedesign/> and on Integrations at <https://www.passhe.edu/systemredesign/Pages/integrations.aspx>.

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

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 40,607,178	\$ 31,620,577
Accounts Receivable, Net	10,637,173	9,496,824
Inventory	96,371	107,384
Prepaid Expenses	-	64,290
Other Current Assets	130,221	95,197
Total Current Assets	51,470,943	41,384,272
 NONCURRENT ASSETS		
Accounts Receivable	185,000	185,000
Loans Receivable	1,608,650	1,952,478
Investments	8,382,386	7,126,727
Capital Assets, Net of Accumulated Depreciation	153,880,381	161,884,299
Total Noncurrent Assets	164,056,417	171,148,504
Total Assets	215,527,360	212,532,776
 DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Loss on Refunding of Debt	421,439	122,979
Defined Benefit Retirement Plans	12,557,631	8,840,884
Other Post Employment Benefit Plans	22,521,482	6,034,321
Total Deferred Outflows of Resources	35,500,552	14,998,184
Total Assets and Deferred Outflows of Resources	\$ 251,027,912	\$ 227,530,960

See accompanying Notes to Financial Statements.

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	2021	2020
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 12,225,017	\$ 11,056,151
Unearned Revenue	16,076,465	10,407,284
Students' Deposits and Other Deposit Liabilities	536,236	140,292
Compensated Absences	3,753,009	3,370,176
Postemployment Benefits	2,173,824	3,488,934
Debt Obligations	9,380,244	7,458,294
Other	493,738	346,152
Total Current Liabilities	44,638,533	36,267,283
NONCURRENT LIABILITIES		
Workers' Compensation	496,766	410,146
Unearned Revenue	37,441	58,521
Compensated Absences	6,321,022	5,820,042
Postemployment Benefits	122,908,617	108,192,211
Debt Obligations	130,714,842	139,503,567
Net Pension Liability	66,628,100	71,004,777
Other	1,406,246	1,697,122
Total Noncurrent Liabilities	328,513,034	326,686,386
Total Liabilities	373,151,567	362,953,669
DEFERRED INFLOWS OF RESOURCES		
Unamortized Gain on Refunding of Debt	572,332	489,451
Defined Benefit Retirement Plans	13,367,380	7,211,454
Other Post Employment Benefit Plans	38,781,298	41,800,174
Total Deferred Inflows of Resources	52,721,010	49,501,079
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	14,700,644	15,052,918
Restricted for:		
Nonexpendable:		
Student Loans	279,361	320,975
Other	4,000	-
Expendable:		
Scholarships and Fellowships	335,526	281,421
Capital Projects	2,020,216	2,137,482
Unrestricted	(192,184,412)	(202,716,584)
Total Net Deficit	(174,844,665)	(184,923,788)
Total Liabilities, Deferred Inflows of Resources, and Net Deficit	\$ 251,027,912	\$ 227,530,960

See accompanying Notes to Financial Statements.

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

	2021	2020
OPERATING REVENUES		
Tuition and Fees, Net of Discounts of \$15,112,933 in 2021 and \$16,220,126 in 2020	\$ 58,291,420	\$ 57,732,439
Governmental Grants and Contracts:		
Federal	3,451,375	3,379,338
State	5,331,116	5,313,133
Nongovernmental Grants and Contracts	329,596	278,929
Sales and Services of Educational Departments	325,221	1,076,739
Auxiliary Enterprises, Net of Refunds	4,503,004	16,022,296
Other Revenues	1,756,414	787,329
Total Operating Revenues	73,988,146	84,590,203
OPERATING EXPENSES		
Instruction	43,780,214	49,388,952
Research	72,189	71,900
Public Service	2,062,860	2,383,738
Academic Support	7,059,718	7,280,840
Student Services	13,821,060	16,415,239
Institutional Support	17,786,445	17,269,766
Operations and Maintenance of Plant	8,651,028	10,033,122
Depreciation	10,675,961	10,667,418
Student Aid	9,581,206	8,580,541
Auxiliary Enterprises	5,767,700	14,229,800
Total Operating Expenses	119,258,381	136,321,316
OPERATING LOSS	(45,270,235)	(51,731,113)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations, General and Restricted	34,181,375	34,181,375
COVID-19 Emergency Relief Funds	10,163,869	4,759,557
Commonwealth On-Behalf Contributions to PSERS	628,403	682,731
Pell Grants	8,688,121	9,601,440
Investment Income, Net of Related Investment Expense of \$88,186 in 2021 and \$76,939 in 2020	1,003,741	1,151,054
Unrealized Gain (Loss) on Investments	1,445,145	(8,970)
Gifts for Other than Capital Purposes	1,517,912	1,577,282
Interest Expense on Capital Asset-Related Debt	(3,813,784)	(5,087,357)
Other Nonoperating Revenue (Expense)	(52,279)	30,346
Net Nonoperating Revenues	53,762,503	46,887,458
GAIN (LOSS) BEFORE OTHER REVENUES	8,492,268	(4,843,655)
OTHER REVENUES		
State Appropriations, Capital	1,301,040	1,127,454
Capital Gifts and Grants	285,815	51,865
Total Other Revenues	1,586,855	1,179,319
INCREASE (DECREASE) IN NET POSITION	10,079,123	(3,664,336)
Net Position/(Deficit) – Beginning of Year	(184,923,788)	(181,259,452)
NET POSITION/(DEFICIT) – END OF YEAR	\$ (174,844,665)	\$ (184,923,788)

See accompanying Notes to Financial Statements.

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

	2021	2020
CASH FLOWS USED BY OPERATING ACTIVITIES		
Net Tuition and Fees	\$ 58,827,907	\$ 57,472,066
Grants and Contracts	15,899,862	8,105,303
Payments to Suppliers for Goods and Services	(22,486,819)	(25,918,842)
Payments to Employees	(82,371,812)	(90,280,823)
Loans Collected from Students	343,827	363,794
Student Aid	(9,582,888)	(8,580,541)
Auxiliary Enterprise Charges	4,507,849	15,993,944
Sales and Services of Educational Departments	340,623	1,903,036
Other Receipts	1,395,018	(1,953,899)
Net Cash Used by Operating Activities	(33,126,433)	(42,895,962)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations, including Federal ARRA	34,181,375	36,323,919
Gifts and Nonoperating Grants for Other than Capital Purposes	18,855,195	15,310,442
PLUS, Stafford, and Other Loans Receipts (Non-Perkins)	50,712,918	59,046,991
PLUS, Stafford, and Other Loans Disbursements (Non-Perkins)	(50,712,918)	(59,046,991)
Agency Transactions, Net	(46,374)	(4,400)
Other	3,753	30,349
Net Cash Provided by Noncapital Financing Activities	52,993,949	51,660,310
CASH FLOWS USED BY CAPITAL FINANCING ACTIVITIES		
Proceeds from Capital Debt and Leases	24,030,937	28,827,189
Capital Appropriations	1,301,040	1,127,454
Capital Grants and Gifts Received	285,814	51,865
Purchases of Capital Assets	(2,728,073)	(1,649,358)
Principal Repayments on Capital Debt and Leases	(28,931,112)	(34,979,717)
Interest Paid on Capital Debt and Leases	(6,032,747)	(6,259,858)
Net Cash Used by Capital Financing Activities	(12,074,141)	(12,882,425)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Proceeds from Sale and Maturities of Investments	189,485	5,660
Investment Income	1,003,741	1,151,054
Net Cash Provided by Investing Activities	1,193,226	1,156,714
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,986,601	(2,961,363)
Cash and Cash Equivalents – Beginning of Year	31,620,577	34,581,940
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 40,607,178	\$ 31,620,577

See accompanying Notes to Financial Statements.

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

	2021	2020
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (45,270,235)	\$ (51,731,113)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	10,675,961	10,667,418
Expenses Paid by Commonwealth or Donor	628,403	682,731
Changes in Assets and Liabilities:		
Receivables, Net	1,285,359	(310,931)
Inventories	11,013	(3,950)
Other Assets	(2,396,443)	(1,193,394)
Accounts Payable	1,118,240	(969,538)
Unearned Revenue	7,162,808	62,103
Students' Deposits	442,318	(130,102)
Compensated Absences	883,813	976,258
Loans to Students and Employees	343,827	363,794
Other Postretirement Benefits Match	13,401,296	(11,934,433)
Defined Benefit Pensions	(4,376,677)	(10,262,874)
Other Liabilities	30,742	(585,782)
Deferred Outflows of Resources Related to OPEB	(16,487,161)	38,450
Deferred Outflows of Resources Related to Pensions	(3,716,747)	7,610,715
Deferred Inflows of Resources Related to OPEB	(3,018,876)	8,581,667
Deferred Inflows of Resources Related to Pensions	6,155,926	5,243,019
Net Cash Used by Operating Activities	\$ (33,126,433)	\$ (42,895,962)
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Commonwealth on Behalf Contributions to PSERS	\$ 628,403	\$ 682,731

See accompanying Notes to Financial Statements.

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

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 2,668,054	\$ 2,276,032
Accounts and Interest Receivable, Net	568,416	355,843
Contributions Receivable, Net	1,128,346	1,380,241
Due from University	163,576	170,561
Inventories and Prepaid Expenses	378,154	359,792
Restricted Cash and Equivalents	2,450,608	1,687,518
Short-Term Investments	8,897,323	8,443,247
Long-Term Investments	41,384,443	35,668,570
Capital Assets, Net	14,677,814	15,933,522
Other Assets	11,200	11,200
	\$ 72,327,934	\$ 66,286,526
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,194,188	\$ 2,049,155
Annuity Liabilities	132,160	125,635
Due to University	347,313	229,769
Deposits Payable	8,414,227	7,158,568
Capitalized Leases	68,731	137,463
Bonds and Notes Payable	26,124,430	26,067,743
Other Liabilities	556,545	526,241
Total Liabilities	37,837,594	36,294,574
NET ASSETS (DEFICIT)		
Without Donor Restriction	(841,632)	1,006,968
With Donor Restriction	35,331,972	28,984,984
Total Net Assets	34,490,340	29,991,952
Total Liabilities and Net Assets	\$ 72,327,934	\$ 66,286,526

See accompanying Notes to Financial Statements.

**CALIFORNIA 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
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND GAINS		
Contributions	\$ 17,873	\$ 34,279
Sales and Services	314,076	218,076
Student Fees	1,089,079	1,719,625
Rental Income	2,992,156	4,088,386
Investment Return, Net	385,097	383,194
Other Revenues and Gains	109,390	140,970
Net Assets Released From Restrictions	3,806,682	4,251,710
Total Revenues and Other Additions	8,714,353	10,836,240
EXPENSES AND LOSSES		
Program Services		
Scholarships and Grants	1,255,485	1,536,987
Student Activities and Programs	1,828,071	2,067,995
University Stores	-	50,000
Housing	4,601,867	4,588,488
Other Programs	2,158,066	2,320,341
Management and General	693,073	674,419
Fundraising	975	8,832
Total Expenses and Losses	10,537,537	11,247,062
Other Expenses and Losses	25,416	(74,715)
Change in Net Assets Without Donor Restriction	(1,848,600)	(336,107)
CHANGES IN NET ASSETS WITH DONOR RESTRICTION		
Contributions	1,550,703	1,104,239
Investment Return, Net	6,864,808	799,110
Other Revenues and Gains	1,738,159	1,695,870
Net Assets Released From Restrictions	(3,806,682)	(4,251,710)
Change in Net Assets With Donor Restriction	6,346,988	(652,491)
CHANGE IN NET ASSETS	4,498,388	(988,598)
Net Assets – Beginning of Year	29,991,952	30,980,550
NET ASSETS – END OF YEAR	\$ 34,490,340	\$ 29,991,952

See accompanying Notes to Financial Statements.

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

2021	Program Activities						Supporting Activities			
Natural Expense	Scholarships and Grants	Student Activities and Programs	University Stores	Housing	Other Programs	Total Programs	Management and General	Fundraising	Total Supporting	Total Expenses
Salaries and Benefits	\$ -	\$ 800,146	\$ -	\$ 471,925	\$ 54,465	\$ 1,326,536	\$ 431,633	\$ -	\$ 431,633	\$ 1,758,169
Gifts and Grants	1,251,485	1,100	-	-	-	1,252,585	39,948	-	39,948	1,292,533
Supplies and Travel	-	1,942	-	-	8,870	10,812	7,357	-	7,357	18,169
Services and Professional Fees	-	-	-	19,802	-	19,802	170,745	-	170,745	190,547
Office and Occupancy	-	217,030	-	1,288,505	-	1,505,535	16,793	-	16,793	1,522,328
Depreciation	-	-	-	1,217,190	-	1,217,190	-	-	-	1,217,190
Interest	-	-	-	1,458,187	-	1,458,187	-	-	-	1,458,187
Other	4,000	807,853	-	146,258	2,094,731	3,052,842	26,597	975	27,572	3,080,414
Total Expenses	\$ 1,255,485	\$ 1,828,071	\$ -	\$ 4,601,867	\$ 2,158,066	\$ 9,843,489	\$ 693,073	\$ 975	\$ 694,048	\$ 10,537,537

2020	Program Activities						Supporting Activities			
Natural Expense	Scholarships and Grants	Student Activities and Programs	University Stores	Housing	Other Programs	Total Programs	Management and General	Fundraising	Total Supporting	Total Expenses
Salaries and Benefits	\$ -	\$ 808,680	\$ -	\$ 488,835	\$ 53,618	\$ 1,351,133	\$ 432,684	\$ -	\$ 432,684	\$ 1,783,817
Gifts and Grants	1,532,987	1,100	-	-	-	1,534,087	3,050	-	3,050	1,537,137
Supplies and Travel	-	8,341	-	-	11,634	19,975	10,506	2,681	13,187	33,162
Services and Professional Fees	-	-	-	8,333	-	8,333	183,138	-	183,138	191,471
Office and Occupancy	-	-	50,000	1,313,111	-	1,363,111	19,122	-	19,122	1,382,233
Depreciation	-	243,198	-	1,118,554	-	1,361,752	-	-	-	1,361,752
Interest	-	-	-	1,488,027	-	1,488,027	-	-	-	1,488,027
Other	4,000	1,006,676	-	171,628	2,255,089	3,437,393	25,919	6,151	32,070	3,469,463
Total Expenses	\$ 1,536,987	\$ 2,067,995	\$ 50,000	\$ 4,588,488	\$ 2,320,341	\$ 10,563,811	\$ 674,419	\$ 8,832	\$ 683,251	\$ 11,247,062

See accompanying Notes to Financial Statements.

**CALIFORNIA 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

California University of Pennsylvania of the State System of Higher Education (the University), located in California, Pennsylvania, was founded in 1852. The University is one of 14 universities and the Office of the Chancellor which comprise the Pennsylvania State System of Higher Education (the State System). The University is a comprehensive public university that serves the state, national, and international communities by providing its students with academic instruction and the region with public service. The State System was created by the State System of Higher Education Act of November 12, 1982, P.L. 660, No. 188, as amended (Act 188). The State System is a component unit of the Commonwealth of Pennsylvania (the Commonwealth).

Reporting Entity

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units, an Amendment of GASB 14*, the University has determined that the Student Association, Inc. (Student Association or SAI) and the Foundation for California University (the Foundation) 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.

Both the Student Association and the Foundation are legally separate, tax-exempt organizations. The Student Association, Inc. exists for and is owned by the students of the University. The Student Congress and the SAI Board of Directors determine the programs to be provided and an annual operating budget, with the concurrence of the University President. SAI coordinates and provides extracurricular programs, assists recognized student clubs and organizations, maintains a recreation park and provides financial operating and scholarship support to the University's athletic programs. Because the economic resources received and held by SAI are for the direct benefit of the University and the influence of the University over SAI, SAI is considered a component unit of the University and is included within the University's financial reporting entity. The financial activity of SAI is presented as of and for the years ended June 30, 2021 and 2020.

**CALIFORNIA 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)

The Foundation acts as a repository for gifts given for the benefit of the University. Resources held by the Foundation are used solely to supplement the capital, public service, financial aid, and educational programs of the University and administratively operate the Foundation. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources and income thereon is restricted for the activities of the University by 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 included within the University's financial reporting entity. The financial activity of the Foundation is presented as of and for the years ended June 30, 2021 and 2020.

Complete financial statements for the Student Association and the Foundation 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 effect an entity's net position. 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.

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

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, loss on investments, loss on the disposal of assets, and extraordinary expenses, are recorded as operating expenses. Appropriations, gifts, investment income, capital grants, gains on investments, gains on the disposal of assets, parking and library fines, and governmental and private research grants and contracts in which the grantor does not receive equal value for the funds given to the University are reported as nonoperating revenue.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements 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 and 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 classification 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 funds are used first is left to the discretion of the University.

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

Cash Equivalents

The University considers all demand and time deposits, money market funds, and overnight repurchase agreements as 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.

Inventory

Inventory consists mainly of supplies and heating fuel and is stated at the lower of cost or market, with cost being determined principally on the weighted average method.

Capital Assets

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

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

Equipment and furnishings are stated at cost less accumulated depreciation. Library books are capitalized and depreciated. Assets under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the 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 20 to 40 years. Equipment and furnishings are depreciated over useful lives ranging from 3 to 10 years.

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

Capital Assets (Continued)

Library books are depreciated over 10 years. Amortization of assets under capital leases is included in depreciation expense. Normal repair and maintenance expenditures are not capitalized because they neither add to the value of the property nor materially prolong 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 writedowns 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.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets and liabilities, the statements of net position report separate sections of deferred outflows of resources and deferred inflows of resources.

Deferred outflows of resources, reported after *total assets*, is defined by GASB as a consumption of net position that applies to future periods. The expense is recognized in the applicable future period(s). *Deferred inflows of resources*, reported after *total liabilities*, is defined by GASB as an acquisition of net position that applies to future periods. The revenue is recognized in the applicable future period(s).

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

The University is required to report the following as *deferred outflows of resources* or *deferred inflows of resources*.

- Deferred gain or loss on bond refunding, which results when the carrying value of a refunded bond is greater or less than its reacquisition price. The difference is deferred and amortized over the remaining life of the old bond or the life of the new bond, whichever is shorter.
- For defined benefit pension plans and other postemployment benefit (OPEB) plans: the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, the 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 respective pension or OPEB plan valuation measurement date.

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

Unearned Revenue

Unearned revenues include amounts received for tuition and fees, grants, corporate sponsorship payments, and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

Compensated Absences

Employees' right to receive annual leave and sick leave payments upon termination or retirement for services already rendered is recorded as a liability.

Pension and OPEB 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 multiemployer defined benefit plans. The Alternative Retirement Plan (ARP) is a defined contribution plan administered by the State System.

The University also offers healthcare and tuition benefits to eligible employees upon employment, which vary depending upon the employee's labor group. For purposes of measuring the net Other Postemployment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the System Plan, Retired Employees Health Program (REHP) and Premium Assistance Program (Premium Assistance) and additions to/deductions from the System Plan, REHP and Premium Assistance plans' fiduciary net position have been determined on the same basis as they are reported by the System Plan, REHP and Premium Assistance plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Scholarships and Waivers

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

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 disclosure of

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

Use of Estimates (Continued)

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 State System 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 State System 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.

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 State System 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 State System 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.

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

New Accounting Standards (Continued)

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 State System 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 State System 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.

Reclassifications

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

NOTE 2 CONDENSED COMPONENT UNITS INFORMATION

The following represents combining condensed statements of financial position information for the component units as of June 30, 2021 and 2020:

	June 30, 2021			June 30, 2020		
	The Foundation	Student Association	Total	The Foundation	Student Association	Total
Due from University	\$ -	\$ 163,576	\$ 163,576	\$ -	\$ 170,561	\$ 170,561
Investments	45,020,099	5,261,667	50,281,766	37,015,089	7,096,728	44,111,817
Capital Assets, Net	-	14,677,814	14,677,814	-	15,933,522	15,933,522
Other Assets	1,958,009	5,246,769	7,204,778	1,918,785	4,151,841	6,070,626
Total Assets	<u>\$ 46,978,108</u>	<u>\$ 25,349,826</u>	<u>\$ 72,327,934</u>	<u>\$ 38,933,874</u>	<u>\$ 27,352,652</u>	<u>\$ 66,286,526</u>
Due to University	\$ -	\$ 347,313	\$ 347,313	\$ 30,122	\$ 199,647	\$ 229,769
Deposits Payable	8,382,386	31,841	8,414,227	7,126,727	31,841	7,158,568
Long-Term Debt	-	26,193,161	26,193,161	-	26,205,206	26,205,206
Other Liabilities	871,906	2,010,987	2,882,893	648,022	2,053,009	2,701,031
Total Liabilities	<u>9,254,292</u>	<u>28,583,302</u>	<u>37,837,594</u>	<u>7,804,871</u>	<u>28,489,703</u>	<u>36,294,574</u>
Net Assets:						
Without Donor Restriction	2,391,844	(3,233,476)	(841,632)	2,144,019	(1,137,051)	1,006,968
With Donor Restriction	35,331,972	-	35,331,972	28,984,984	-	28,984,984
Total Net Assets	<u>37,723,816</u>	<u>(3,233,476)</u>	<u>34,490,340</u>	<u>31,129,003</u>	<u>(1,137,051)</u>	<u>29,991,952</u>
Total Liabilities and Net Assets	<u>\$ 46,978,108</u>	<u>\$ 25,349,826</u>	<u>\$ 72,327,934</u>	<u>\$ 38,933,874</u>	<u>\$ 27,352,652</u>	<u>\$ 66,286,526</u>

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NOTE 2 CONDENSED COMPONENT UNITS INFORMATION (CONTINUED)

The following represents combining revenues, expenses, and changes in net assets information for the component units for the year ended June 30, 2021 and 2020:

	June 30, 2021			June 30, 2020		
	The Foundation	Student Association	Total	The Foundation	Student Association	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS						
REVENUES AND GAINS						
Contributions	\$ 6,559	\$ 11,314	\$ 17,873	\$ 19,120	\$ 15,159	\$ 34,279
Sales and Services	-	314,076	314,076	-	218,076	218,076
Student Fees	-	1,089,079	1,089,079	-	1,719,625	1,719,625
Rental Income	-	2,992,156	2,992,156	-	4,088,386	4,088,386
Investment Return, Net	285,148	99,949	385,097	213,071	170,123	383,194
Other Revenues and Gains	17,140	92,250	109,390	19,806	121,164	140,970
Net Assets Released						
From Restrictions	<u>3,806,682</u>	<u>-</u>	<u>3,806,682</u>	<u>4,251,710</u>	<u>-</u>	<u>4,251,710</u>
Total Revenues and Other Additions	4,115,529	4,598,824	8,714,353	4,503,707	6,332,533	10,836,240
EXPENSES AND LOSSES						
Program Services						
Scholarships and Grants	1,251,485	4,000	1,255,485	1,531,737	5,250	1,536,987
Student Activities and Programs	-	1,828,071	1,828,071	-	2,067,995	2,067,995
University Stores	-	-	-	-	50,000	50,000
Housing	-	4,601,867	4,601,867	-	4,588,488	4,588,488
Other Programs	2,158,066	-	2,158,066	2,320,341	-	2,320,341
Management and General	457,178	235,895	693,073	410,123	264,296	674,419
Fundraising	975	-	975	8,832	-	8,832
Total Expenses and Losses	<u>3,867,704</u>	<u>6,669,833</u>	<u>10,537,537</u>	<u>4,271,033</u>	<u>6,976,029</u>	<u>11,247,062</u>
Other Expenses and Losses	<u>-</u>	<u>25,416</u>	<u>25,416</u>	<u>-</u>	<u>(74,715)</u>	<u>(74,715)</u>
Change in Net Assets Without Donor Restriction	247,825	(2,096,425)	(1,848,600)	232,674	(568,781)	(336,107)
CHANGES IN NET ASSETS WITH DONOR RESTRICTION						
Contributions	1,550,703	-	1,550,703	1,104,239	-	1,104,239
Investment Return, Net	6,864,808	-	6,864,808	799,110	-	799,110
Other Revenues and Gains	1,738,159	-	1,738,159	1,695,870	-	1,695,870
Net Assets Released						
From Restrictions	<u>(3,806,682)</u>	<u>-</u>	<u>(3,806,682)</u>	<u>(4,251,710)</u>	<u>-</u>	<u>(4,251,710)</u>
Change in Net Assets With Donor Restriction	<u>6,346,988</u>	<u>-</u>	<u>6,346,988</u>	<u>(652,491)</u>	<u>-</u>	<u>(652,491)</u>
CHANGE IN NET ASSETS	6,594,813	(2,096,425)	4,498,388	(419,817)	(568,781)	(988,598)
Net Assets – Beginning of Year	<u>31,129,003</u>	<u>(1,137,051)</u>	<u>29,991,952</u>	<u>31,548,820</u>	<u>(568,270)</u>	<u>30,980,550</u>
NET ASSETS – END OF YEAR	<u>\$ 37,723,816</u>	<u>\$ (3,233,476)</u>	<u>\$ 34,490,340</u>	<u>\$ 31,129,003</u>	<u>\$ (1,137,051)</u>	<u>\$ 29,991,952</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 all assets. The University does not participate in the unrealized gains or losses of the investment pool; instead, the University holds shares equal to its cash balance. Each share has a constant value of \$1, and income is allocated based on the number of shares owned. Revenue realized at the State System level is calculated on a daily basis and posted monthly to each entity's account as interest income. The University's portion of pooled funds totals \$39,839,540 and \$30,691,488 at June 30, 2021 and 2020, respectively.

Board 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 deposits of cash. In addition, the Universities may accept gifts of investments from donors as long as risk is limited to the investment itself. Restricted gifts of investments fall outside the scope of the investment policy.

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

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

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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 Policy 1986-02-A, *Investment*, for a complete list of and more details on permissible investments and associated qualifications.)

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

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

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NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy (Continued):

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

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

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

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices. 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.

At June 30, 2021 and 2020, the carrying amount of the University’s local demand and time deposits were \$767,638 and \$929,089, respectively, as compared to bank balances of \$772,156 and \$920,444, respectively. The differences are primarily caused by items in-transit and outstanding checks. All bank balances were covered by federal depository insurance or were collateralized by a pledge of United States Treasury obligations held by Federal Reserve banks in the name of the banking institutions, or uninsured and uncollateralized but covered under the collateralization provisions of the Commonwealth of Pennsylvania Act 72 of 1971 (Act 72), as amended. Act 72 allows banking institutions to satisfy the collateralization required by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions’ trust departments. At June 30, 2021 and 2020, none of the University’s demand and time deposits were exposed to foreign currency risk.

The carrying value (fair value) of the University’s investments on June 30, 2021 and 2020 is presented below:

	Fair Value Hierarchy	2021	2020
Funds Held by Foundation in Fiduciary Capacity	3	<u>\$ 8,382,386</u>	<u>\$ 7,126,727</u>

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	2021		2020	
	Current	Noncurrent	Current	Noncurrent
Student Tuition and Fees	\$ 10,652,017	\$ -	\$ 11,714,209	\$ -
Government Grants and Contracts	1,336,855	-	1,778,011	-
Employee Conversion Pay	939	-	1,644	-
Due from Component Units and Other	4,400,766	185,000	1,974,354	185,000
Total	<u>16,390,577</u>	<u>185,000</u>	<u>15,468,218</u>	<u>185,000</u>
Less: Allowance for Uncollectible Accounts	(5,753,404)	-	(5,971,394)	-
Total	<u>\$ 10,637,173</u>	<u>\$ 185,000</u>	<u>\$ 9,496,824</u>	<u>\$ 185,000</u>

NOTE 5 STUDENT LOANS

The student loans receivable represents loans to students funded primarily by advances to the University from the federal government under the Federal Perkins Loan Program (the Program). The University matches and contributes one third of the amount contributed by the federal government. The University match has been predominantly provided, on a restricted basis, by the Pennsylvania Higher Education Assistance Agency (PHEAA). In the event such matches were insufficient in any one year, the University provided the balance. In the event that the University ceases to participate in the Program, portions are refundable to the federal government and PHEAA. As of June 30, 2021 and 2020, the University's liability to the federal government and PHEAA were as follows:

	2021	2020
Current	\$ 493,738	\$ 342,000
Long-Term	1,406,246	1,697,124
Total	<u>\$ 1,899,984</u>	<u>\$ 2,039,124</u>

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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NOTE 6 CAPITAL ASSETS

Capital assets acquired or constructed by the University through the expenditures of University funds or the incurrence of debt consist of the following for the year ended June 30, 2021.

	Beginning Balance June 30, 2020	Additions	Reclassifications	Retirements	Ending Balance June 30, 2021
Capital Assets Not Being Depreciated:					
Land	\$ 2,427,467	\$ -	\$ -	\$ -	\$ 2,427,467
Construction in Progress	1,265,839	166,407	(1,016,205)	(726)	415,315
Total Assets Not Being Depreciated	3,693,306	166,407	(1,016,205)	(726)	2,842,782
Capital Assets Being Depreciated:					
Buildings and Improvements	216,703,468	1,849,573	1,016,205	-	219,569,246
Land Improvements	33,888,202	25,000	-	-	33,913,202
Furnishings and Equipment	28,392,074	668,624	-	(703,777)	28,356,921
Library Books	4,394,619	18,477	-	(25,540)	4,387,556
Total Assets Being Depreciated	283,378,363	2,561,674	1,016,205	(729,317)	286,226,925
Less: Accumulated Depreciation	(125,187,370)	(10,675,961)	-	674,006	(135,189,325)
Total Assets Being Depreciated, Net	158,190,993	(8,114,287)	1,016,205	(55,311)	151,037,600
Capital Assets, Net	\$ 161,884,299	\$ (7,947,880)	\$ -	\$ (56,037)	\$ 153,880,381

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JUNE 30, 2021 AND 2020**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Capital assets acquired or constructed by the University through the expenditures of University funds or the incurrence of debt consist of the following for the year ended June 30, 2020.

	Beginning Balance June 30, 2019	Additions	Reclassifications	Retirements	Ending Balance June 30, 2020
Capital Assets Not Being Depreciated:					
Land	\$ 2,381,119	\$ 15,237	\$ 31,111	\$ -	\$ 2,427,467
Construction in Progress	1,382,958	920,006	(1,037,125)	-	1,265,839
Total Assets Not Being Depreciated	3,764,077	935,243	(1,006,014)	-	3,693,306
Capital Assets Being Depreciated:					
Buildings and Improvements	216,413,989	223,142	66,337	-	216,703,468
Land Improvements Furnishings and Equipment	32,703,652	244,873	939,677	-	33,888,202
Library Books	28,170,553	221,521	-	-	28,392,074
Total Assets Being Depreciated	4,400,147	24,580	-	(30,108)	4,394,619
Less: Accumulated Depreciation	281,688,341	714,116	1,006,014	(30,108)	283,378,363
Total Assets Being Depreciated, Net	(114,550,059)	(10,667,418)	-	30,107	(125,187,370)
Capital Assets, Net	167,138,282	(9,953,302)	1,006,014	(1)	158,190,993
	\$ 170,902,359	\$ (9,018,059)	\$ -	\$ (1)	\$ 161,884,299

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2021		2020	
	Current	Noncurrent	Current	Noncurrent
Employees	\$ 9,307,672	\$ -	\$ 8,296,887	\$ -
Suppliers and Services	785,718	-	1,276,281	-
Workers' Compensation	433,605	496,766	445,530	410,146
Interest	203,072	-	239,858	-
Other/Component Units	1,494,950	-	797,595	-
Total	\$ 12,225,017	\$ 496,766	\$ 11,056,151	\$ 410,146

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NOTE 8 UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

	2021		2020	
	Current	Noncurrent	Current	Noncurrent
Summer Sessions	\$ 7,845,027	\$ -	\$ 8,569,136	\$ -
Grants and Appropriations	6,597,230	-	1,765,317	-
Summer Conferences	18,732	-	3,331	-
Other	1,615,476	37,441	69,500	58,521
Total	<u>\$ 16,076,465</u>	<u>\$ 37,441</u>	<u>\$ 10,407,284</u>	<u>\$ 58,521</u>

NOTE 9 DEBT OBLIGATIONS

The following represent the changes in debt obligations for the years ended June 30:

	Beginning Balance June 30, 2020	Additions	Retirements	Ending Balance June 30, 2021	Current Portion
	Capital Leases			\$ 723,414	
Bonds Payable	137,494,496	23,510,526	(28,484,926)	132,520,096	7,934,338
Unamortized Bond Premiums	8,329,049	431,006	(1,877,195)	6,882,860	1,072,340
PASSHE Bond – AFRP	414,902	-	(124,145)	290,757	53,221
Total	<u>\$ 146,961,861</u>	<u>\$ 23,941,532</u>	<u>\$ (30,808,307)</u>	<u>\$ 140,095,086</u>	<u>\$ 9,380,244</u>

	Beginning Balance June 30, 2019	Additions	Retirements	Ending Balance June 30, 2020	Current Portion
	Capital Leases			\$ 1,135,437	
Bonds Payable	148,313,656	23,473,362	(34,292,522)	137,494,496	5,755,300
Unamortized Bond Premiums	4,614,746	4,676,328	(962,025)	8,329,049	1,179,212
PASSHE Bond – AFRP	690,072	-	(275,170)	414,902	124,146
Total	<u>\$ 154,753,911</u>	<u>\$ 28,149,690</u>	<u>\$ (35,941,740)</u>	<u>\$ 146,961,861</u>	<u>\$ 7,458,294</u>

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 DEBT OBLIGATIONS (CONTINUED)

Lease Obligations

The University leases equipment and facilities under various leasing arrangements. Certain equipment leases have bargain purchase options at the end of the lease term, and are classified as capital leases. No equipment was acquired through capital lease during the years ended June 30, 2021 and 2020. The University has also entered into various long-term operating leases for the use of facilities and equipment. Future annual minimum payments in the aggregate, under noncancelable capital and operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Capital</u>	<u>Operating</u>
2022	\$ 328,557	\$ 323,637
2023	85,807	323,637
2024	-	323,637
2025	-	-
2026	-	-
Total Minimum Lease Payments	<u>414,364</u>	<u>970,911</u>
Less: Amount Representing Interest	12,991	-
Total	<u><u>\$ 401,373</u></u>	<u><u>\$ 970,911</u></u>

Total rent expense for operating leases was \$210,815 and \$291,392 for years ended June 30, 2021 and 2020, respectively.

The University assets held under capital leases are recorded on the balance sheet and consist of the following:

	<u>2021</u>	<u>2020</u>
Assets Held under Lease Agreement	\$ 2,686,432	\$ 2,686,432
Accumulated Depreciation	<u>(2,380,234)</u>	<u>(1,978,989)</u>
Total	<u><u>\$ 306,198</u></u>	<u><u>\$ 707,443</u></u>

Depreciation expense includes capital lease amortization of \$401,245 for both years ended June 30, 2021 and 2020, respectively.

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NOTE 9 DEBT OBLIGATIONS (CONTINUED)

Bonds Payable

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

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

	2021					
	Weighted Average Interest Rate	Balance June 30, 2020	Bonds Issued	Bonds Redeemed/ Refunded	Transfers Between Projects	Balance June 30, 2021
Student Center Expansion:						
Series AM Issued in July 2011	4.61%	\$ 4,675,083	\$ -	\$ (4,675,083)	\$ -	\$ -
Series AO Issued in July 2013	4.50%	9,315,000	-	(355,000)	-	8,960,000
Series AR Issued in September 2015	3.85%	9,272,387	-	(309,079)	-	8,963,308
Series AY Issued in October 2020	1.48%	-	4,706,841	-	-	4,706,841
Academic Buildings:						
Series AU Issued in September 2017	3.51%	420,445	-	(133,475)	-	286,970
Infrastructure and Deferred Maintenance:						
Series AM Issued in July 2011	4.61%	5,755,000	-	(5,755,000)	-	-
Series AY Issued in October 2020	1.48%	-	5,220,000	-	-	5,220,000
Quad Landscaping:						
Series AN Issued in March 2012	5.00%	157,391	-	(76,913)	-	80,478
Campus Improvements:						
Series AN Issued in March 2012	5.00%	359,577	-	(114,988)	-	244,589
Series AP Issued in May 2014	5.00%	74,821	-	(17,487)	-	57,334
Series AU Issued in September 2017	3.51%	526,601	-	(167,175)	-	359,426
Building Renovations:						
Series AL Issued in July 2010	5.00%	514,011	-	(514,011)	-	-
Series AU Issued in September 2017	3.51%	6,518,046	-	(682,843)	-	5,835,203
Convocation Center:						
Series AM Issued in July 2011	4.61%	11,100,000	-	(11,100,000)	-	-
Series AW issued in September 2019	4.69%	23,473,361	-	-	-	23,473,361
Series AY Issued in October 2020	1.48%	-	11,265,000	-	-	11,265,000
Baseball Field:						
Series AX Issued in July 2020	3.85%	-	426,906	(37,024)	-	389,882
Soccer Complex:						
Series AL Issued in July 2010	5.00%	2,277,773	-	(2,277,773)	-	-
Series AX Issued in July 2020	3.85%	-	1,891,779	(164,075)	-	1,727,704
Student Housing Repurchase:						
Series AR Issued in September 2015	3.85%	63,055,000	-	(2,105,000)	-	60,950,000
Total		<u>\$ 137,494,496</u>	<u>\$ 23,510,526</u>	<u>\$ (28,484,926)</u>	<u>\$ -</u>	<u>\$ 132,520,096</u>

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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NOTE 9 DEBT OBLIGATIONS (CONTINUED)

Bonds Payable (Continued)

Activity for the various bond series allocated to the University for the year ended June 30, 2020 is as follows:

	2020					
	Weighted Average Interest Rate	Balance June 30, 2019	Bonds Issued	Bonds Redeemed/ Refunded	Transfers Between Projects	Balance June 30, 2020
Student Center Expansion:						
Series AK Issued in September 2009	4.00%	\$ 30,139	\$ -	\$ (30,139)	\$ -	\$ -
Series AM Issued in July 2011	4.61%	4,904,452	-	(229,369)	-	4,675,083
Series AO Issued in July 2013	4.50%	9,655,000	-	(340,000)	-	9,315,000
Series AR Issued in September 2015	3.89%	9,568,721	-	(296,334)	-	9,272,387
Academic Buildings:						
Series AK Issued in September 2009	4.00%	36,384	-	(36,384)	-	-
Series AU Issued in September 2017	3.52%	547,246	-	(126,801)	-	420,445
Infrastructure and Deferred Maintenance:						
Series AM Issued in July 2011	4.61%	6,560,000	-	(805,000)	-	5,755,000
Quad Landscaping:						
Series AN Issued in March 2012	5.00%	229,815	-	(72,424)	-	157,391
Campus Improvements:						
Series AN Issued in March 2012	5.00%	470,146	-	(110,569)	-	359,577
Series AP Issued in May 2014	4.77%	91,657	-	(16,836)	-	74,821
Series AU Issued in September 2017	3.52%	685,418	-	(158,817)	-	526,601
Building Renovations:						
Series AL Issued in July 2010	5.00%	552,908	-	(38,897)	-	514,011
Series AQ Issued in May 2015	4.56%	413,449	-	(413,449)	-	-
Series AU Issued in September 2017	3.52%	7,167,911	-	(649,865)	-	6,518,046
Convocation Center:						
Series AJ Issued in July 2009	4.85%	16,400,000	-	(16,400,000)	-	-
Series AM Issued in July 2011	4.61%	11,560,000	-	(460,000)	-	11,100,000
Series AW issued in September 2019	3.11%	-	23,473,361	-	-	23,473,361
Parking Garage:						
Series AJ Issued in July 2009	4.85%	11,930,240	-	(11,930,240)	-	-
Soccer Complex:						
Series AL Issued in July 2010	5.00%	2,450,170	-	(172,397)	-	2,277,773
Student Housing Repurchase:						
Series AR Issued in September 2015	3.89%	65,060,000	-	(2,005,000)	-	63,055,000
Total		<u>\$ 148,313,656</u>	<u>\$ 23,473,361</u>	<u>\$ (34,292,521)</u>	<u>\$ -</u>	<u>\$ 137,494,496</u>

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NOTE 9 DEBT OBLIGATIONS (CONTINUED)

Bonds Payable (Continued)

Principal and interest maturities on bonds payable 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	2027-2031	2032-2036	2037-2041	Total
AN	Principal	\$ 200,337	\$ 124,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,067
	Interest	4,470	686	-	-	-	-	-	-	5,156
	Total	204,807	125,416	-	-	-	-	-	-	330,223
AO	Principal	375,000	390,000	410,000	425,000	440,000	2,470,000	3,040,000	1,410,000	8,960,000
	Interest	382,394	363,644	344,144	330,306	315,431	1,306,344	734,825	95,850	3,872,938
	Total	757,394	753,644	754,144	755,306	755,431	3,776,344	3,774,825	1,505,850	12,832,938
AP	Principal	18,201	19,111	20,022	-	-	-	-	-	57,334
	Interest	2,867	1,957	1,001	-	-	-	-	-	5,825
	Total	21,068	21,068	21,023	-	-	-	-	-	63,159
AR	Principal	2,535,012	2,665,943	2,796,875	2,935,994	3,085,112	16,904,930	20,008,228	18,981,214	69,913,308
	Interest	2,692,038	2,565,287	2,431,990	2,292,147	2,145,347	9,251,066	6,135,735	1,935,374	29,448,984
	Total	5,227,050	5,231,230	5,228,865	5,228,141	5,230,459	26,155,996	26,143,963	20,916,588	99,362,292
AU	Principal	1,030,751	1,084,146	789,537	830,275	871,013	1,875,877	-	-	6,481,599
	Interest	324,080	272,542	218,335	178,858	137,345	141,806	-	-	1,272,966
	Total	1,354,831	1,356,688	1,007,872	1,009,133	1,008,358	2,017,683	-	-	7,754,565
AW	Principal	1,541,624	1,419,442	1,419,099	2,194,986	2,315,297	10,262,913	4,320,000	-	23,473,361
	Interest	1,117,118	1,040,037	969,065	898,110	788,360	2,162,920	350,000	-	7,325,610
	Total	2,658,742	2,459,479	2,388,164	3,093,096	3,103,657	12,425,833	4,670,000	-	30,798,971
AX	Principal	192,297	201,564	211,758	222,416	233,073	1,056,478	-	-	2,117,586
	Interest	105,879	96,264	86,186	75,598	64,477	135,280	-	-	563,684
	Total	298,176	297,828	297,944	298,014	297,550	1,191,758	-	-	2,681,270
AY	Principal	2,041,114	2,048,973	2,067,130	2,094,230	2,117,834	5,496,052	5,326,508	-	21,191,841
	Interest	326,111	313,354	297,987	279,900	256,339	958,793	396,840	-	2,829,324
	Total	2,367,225	2,362,327	2,365,117	2,374,130	2,374,173	6,454,845	5,723,348	-	24,021,165
Total	Principal	7,934,336	7,953,909	7,714,421	8,702,901	9,062,329	38,066,250	32,694,736	20,391,214	132,520,096
	Interest	4,954,957	4,653,771	4,348,708	4,054,919	3,707,299	13,956,209	7,617,400	2,031,224	45,324,487
	Total	\$ 12,889,293	\$ 12,607,680	\$ 12,063,129	\$ 12,757,820	\$ 12,769,628	\$ 52,022,459	\$ 40,312,136	\$ 22,422,438	\$ 177,844,583

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NOTE 9 DEBT OBLIGATIONS (CONTINUED)

Bonds Payable (Continued)

The University participates in the State System's Academic Facilities Renovation Bond Program (AFRP), which was established for the purpose of renovating the academic facilities across the State System. The State System will issue bonds to provide a pool for funding for AFRP (\$3,888,247 and \$5,548,427 was outstanding at 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 \$290,757 and \$414,902, respectively.

Debt Refunding

In July 2020, the net proceeds from the Series AX tax-exempt revenue bonds were used to current refund Series AL. The refunding resulted in an accounting gain of approximately \$142,901 and was performed to reduce the debt service by approximately \$629,418 and an economic gain (difference between the present values of the old and new debt service payments) of approximately \$576,616. The accounting gain, or deferred gain on refunding, is reported as a deferred inflow of resources that will be amortized over the remaining life of the old bond or the life of the new bond, whichever is shorter.

In October 2020, the net proceeds from the Series AY taxable revenue bonds were used to purchase US Government Securities that were deposited irrevocably in trust with an escrow agent to advance refund a portion of the Series AM revenue bonds. The bonds were paid off on June 15, 2021. Although it resulted in an accounting loss of \$125,103, the refunding was performed to reduce debt service by approximately \$3,099,158 and an economic gain (difference between the present values of the old and new debt service payments) of approximately \$2,791,627. The accounting loss, or deferred loss on refunding, is reported as a deferred outflow of resources.

NOTE 10 COMPENSATED ABSENCES

Compensated absence liability activity for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Balance – July 1	\$ 9,190,218	\$ 8,213,959
Current Changes in Estimate	3,403,478	1,687,384
Payouts	(2,519,665)	(711,125)
Balance – June 30	\$ 10,074,031	\$ 9,190,218

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JUNE 30, 2021 AND 2020**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

University employees who retire after meeting specified service and age requirements are eligible to receive healthcare and tuition benefits in retirement. Employee members of the Association of Pennsylvania State College and University Faculties (APSCUF), the State College and University Professional Association (SCUPA), Security Police and Fire Professionals of America (SPFPA), Office and Professional Employees International Union (OPEIU), and nonrepresented employees participate in a defined benefit healthcare plan administered by the State System (System Plan). Employee members of the American Federation of State, County and Municipal Employees (AFSCME), Pennsylvania Doctors Alliance (PDA), and Pennsylvania Social Services Union (PSSU) participate in the Retired Employees Health Program (REHP), which is a defined benefit healthcare plan sponsored by the Commonwealth and administered by the Pennsylvania Employee Benefits Trust Fund (PEBTF). In addition to the above, any employee who participates in the Public School Employees' Retirement System (PSERS) pension plan is eligible to receive benefits from the PSERS Health Insurance Premium Assistance Program (Premium Assistance), a defined benefit plan, and all eligible retirees and their eligible dependents receive tuition waivers at any of the 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	\$ 94,173,550	\$ 84,397,858	\$ 30,654,115	\$ 27,030,706	\$ 254,776	\$ 252,581	\$ 125,082,441	\$ 111,681,145
Deferred Outflows of Resources:								
Difference Between Expected and Actual Experience	\$ -	\$ -	\$ 26,658	\$ -	\$ 2,355	\$ 1,448	\$ 29,013	\$ 1,448
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	N/A	N/A	10,943	-	446	441	11,389	441
Changes in Assumptions	15,116,248	-	3,976,913	864,811	10,377	8,312	19,103,538	873,123
Changes in Proportion	-	-	1,183,307	1,648,246	6,748	8,123	1,190,055	1,656,369
Contributions After the Measurement Date	1,682,683	2,350,054	491,139	1,138,880	13,665	14,006	2,187,487	3,502,940
Total Deferred Outflows of Resources	\$ 16,798,931	\$ 2,350,054	\$ 5,688,960	\$ 3,651,937	\$ 33,591	\$ 32,330	\$ 22,521,482	\$ 6,034,321
Deferred Inflows of Resources:								
Difference Between Expected and Actual Experience	\$ 13,490,357	\$ 7,733,107	\$ 14,708,280	\$ 20,103,855	\$ -	\$ -	\$ 28,198,637	\$ 27,836,962
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	N/A	N/A	-	47,873	-	-	-	47,873
Changes in Assumptions	6,436,840	9,007,258	2,375,461	3,744,044	5,602	7,494	8,817,903	12,758,796
Changes in Proportion	N/A	N/A	1,759,536	1,154,843	5,222	1,700	1,764,758	1,156,543
Total Deferred Inflows of Resources	\$ 19,927,197	\$ 16,740,365	\$ 18,843,277	\$ 25,050,615	\$ 10,824	\$ 9,194	\$ 38,781,298	\$ 41,800,174
OPEB Expense	\$ 196,329	\$ 2,731,885	\$ (4,129,810)	\$ (2,548,816)	\$ 29,595	\$ 18,968	\$ (3,903,886)	\$ 202,037
Contributions Recognized by OPEB Plans	N/A	N/A	\$ 491,139	\$ 1,138,880	\$ 13,663	\$ 14,006	\$ 504,802	\$ 1,152,886

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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The University will recognize the deferred outflows of resources resulting from contributions after the measurement date, totaling \$1,682,683 for the System Plan, \$491,139 for the REHP plan, and \$13,665 for the PSERS OPEB plan, as reductions of the respective net OPEB liabilities in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<u>Fiscal Year Ending June 30,</u>	Amortization		
	System Plan	REHP	Premium Assistance
2022	\$ 2,482,479	\$ 4,893,990	\$ (1,274)
2023	2,482,478	4,608,379	(1,209)
2024	935,207	3,362,967	(1,146)
2025	(1,089,215)	1,159,444	(3,374)
2026	-	(379,324)	(1,974)
Thereafter	-	-	(125)
Total	<u>\$ 4,810,949</u>	<u>\$ 13,645,456</u>	<u>\$ (9,102)</u>

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 employer and employee System Plan contributions that have been collected from the universities, employees, 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.

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NOTE 11 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.

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%.

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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

System Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- 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.

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	\$ 77,444,422	\$ 94,173,550	\$ 116,095,183

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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

System Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The following presents what the System Plan's 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 (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	\$ 70,392,484	\$ 84,397,857	\$ 102,534,676

The following presents the State System'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	\$ 111,882,836	\$ 94,173,550	\$ 80,205,970

The following presents the University's share of the System Plan's net OPEB liability at June 30, 2020, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (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	\$ 98,520,449	\$ 84,397,857	\$ 73,142,316

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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

System Plan (Continued)

University OPEB Liability

The University's portion of the System Plan's total OPEB liability as of June 30, 2021 of \$94,173,550 was measured and determined by an actuarial valuation as of July 1, 2020.

The University's portion of the System Plan's total OPEB liability as of June 30, 2020 of \$84,397,857 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
Determined as of the June 30 Measurement Dates

	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020
Balance - Beginning of Year	\$ 84,397,857	\$ 84,654,493
Service Cost	2,185,839	2,293,220
Interest	2,856,062	2,547,525
Differences Between Expected and Actual Experience	(9,911,124)	-
Changes in Assumptions	19,229,186	(4,422,424)
Benefit Payments	(4,584,270)	(674,957)
Net Changes	9,775,693	(256,636)
	\$ 94,173,550	\$ 84,397,857
 Balance - End of Year	\$ 37,007,660 254.47%	\$ 38,452,995 219.48%
Covered Employee Payroll		
OPEB Liability as a Percent of Covered Payroll		

Note to Schedule: The System Plan has no assets accumulated in trust in which the employer contributions are irrevocable, are dedicated to providing OPEB to plan members, or are legally protected from creditors.

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.

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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

REHP (Continued)

Plan Description (Continued)

The REHP does not have a governing board. Benefit provisions are established and may be amended under pertinent statutory authority. 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 (ACFR) as a Pension (and Other Employee Benefit) Trust. The ACFR is an audited financial statement and is available at www.budget.pa.us.

The REHP 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 plan they choose, and benefits may continue for the retiree's lifetime. Spouse benefits cease upon the retiree's death, but the surviving spouse may continue coverage at full cost. Nonspouse dependents may be covered until age 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.

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.

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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

REHP (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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.

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.

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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

REHP (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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 at June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	40.0%	5.6%
International Equity	27.0%	5.8%
Fixed Income	23.0%	1.7%
Real Estate	8.0%	4.6%
Cash	1.5%	0.9%
Private Equity	0.5%	10.4%
Total	<u>100.00%</u>	

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows at June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	47.0%	5.6%
International Equity	20.0%	5.8%
Fixed Income	25.0%	1.7%
Real Estate	8.0%	4.6%
Cash	0.0%	0.9%
Total	<u>100.00%</u>	

The actuarial valuation on which the total REHP OPEB liability at June 30, 2021 is based was dated July 30, 2020. 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 11 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	\$ 26,054,175	\$ 30,654,115	\$ 36,402,205

The following presents the University's share of the REHP net OPEB liability at June 30, 2020, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.0% decreasing to 3.1%) or one percentage point higher (7.0% decreasing to 5.1%) than the current healthcare cost trend rates (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	\$ 23,481,126	\$ 27,030,706	\$ 31,396,925

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	\$ 34,979,558	\$ 30,654,115	\$ 27,053,729

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NOTE 11 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, 2020, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate (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	\$ 30,667,836	\$ 27,030,706	\$ 23,986,290

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

Premium Assistance

Plan Description

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

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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Plan Description (Continued)

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.

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.

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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- 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.

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 Fund	3.2%	(0.1%)
Total	100.00%	

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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- 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, 2019.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	13.2%	0.2%
U.S. Core Fixed Income	83.1%	1.0%
Non-U.S. Developed Fund	3.7%	0.0%
Total	100.00%	

The actuarial valuation on which the total Premium Assistance OPEB liability at June 30, 2021 is based was dated June 30, 2019, and was rolled forward 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% for the measurement date of June 30, 2020 and .1886% for the measurement date of June 30, 2019.

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	\$ 254,709	\$ 254,776	\$ 254,774

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NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2020, 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%
2020	\$ 252,582	\$ 252,582	\$ 252,645

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	\$ 290,423	\$ 254,776	\$ 225,171

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2020, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (1.79%) 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%
2020	\$ 287,783	\$ 252,582	\$ 223,425

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NOTE 12 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).

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>\$ 60,720,311</u>	<u>\$ 65,438,785</u>	<u>\$ 5,907,789</u>	<u>\$ 5,565,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,628,100</u>	<u>\$ 71,004,777</u>
Deferred Outflows of Resources:								
Difference Between Expected and Actual Experience	\$ 570,091	\$ 815,924	\$ 15,450	\$ 30,658	\$ -	\$ -	\$ 585,541	\$ 846,582
Net Difference Between Projected and Actual Investment Earnings	-	-	-	-	-	-	-	-
Changes in Assumptions	6,751,823	2,521,676	259,619	53,179	-	-	7,011,442	2,574,855
Difference Between Employer Contributions and Proportionate Share of Total Contributions	145,472	-	14,295	16,168	-	-	159,767	16,168
Change in Proportions	250,217	677,399	95,221	148,562	-	-	345,438	825,961
Contributions After the Measurement Date	3,888,470	4,010,335	566,973	566,983	-	-	4,455,443	4,577,318
Total Deferred Outflows of Resources	<u>\$ 11,606,073</u>	<u>\$ 8,025,334</u>	<u>\$ 951,558</u>	<u>\$ 815,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,557,631</u>	<u>\$ 8,840,884</u>
Deferred Inflows of Resources:								
Net Difference Between Projected and Actual Investment Earnings	\$ 7,768,846	\$ 4,667,019	\$ -	\$ 15,960	\$ -	\$ -	\$ 7,768,846	\$ 4,682,979
Difference Between Projected and Actual Experience	68,101	443,228	141,573	184,457	-	-	209,674	627,685
Change in Proportions	5,104,990	1,522,981	82,423	35,642	-	-	5,187,413	1,558,623
Difference Between Employer Contributions and Proportionate Share of Total Contributions	201,447	342,167	-	-	-	-	201,447	342,167
Total Deferred Inflows of Resources	<u>\$ 13,143,384</u>	<u>\$ 6,975,395</u>	<u>\$ 223,996</u>	<u>\$ 236,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,367,380</u>	<u>\$ 7,211,454</u>
Pension Expense	<u>\$ 4,772,495</u>	<u>\$ 9,813,731</u>	<u>\$ 1,375,736</u>	<u>\$ 1,302,358</u>	<u>\$ 2,600,420</u>	<u>\$ 2,800,305</u>	<u>\$ 8,748,651</u>	<u>\$ 13,916,394</u>
Contributions Recognized by Pension Plans	<u>\$ 6,903,722</u>	<u>\$ 7,288,928</u>	<u>\$ 566,973</u>	<u>\$ 566,983</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 7,470,695</u>	<u>\$ 7,855,911</u>

The University will recognize the \$3,888,470 reported as 2021 SERS deferred outflows of resources resulting from pension contributions after the measurement date, and the \$566,973 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.

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NOTE 12 PENSION BENEFITS (CONTINUED)

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

<u>Fiscal Year Ending June 30,</u>	<u>Amortization</u>	
	<u>SERS</u>	<u>PSERS</u>
2022	\$ (1,583,156)	\$ (3,740)
2023	(396,990)	29,482
2024	(2,818,987)	56,456
2025	(707,861)	78,394
2026	81,213	-
Total	<u>\$ (5,425,781)</u>	<u>\$ 160,589</u>

SERS

Plan Description

SERS is the administrator of a cost-sharing multiemployer defined benefit plan established by the Commonwealth to provide pension benefits for employees of state government and certain independent agencies. SERS is a component unit of the Commonwealth and is included in the Commonwealth's financial report as a pension trust fund. SERS issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained from the SERS website at www.sers.state.pa.us.

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

Benefits Provided

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

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

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NOTE 12 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Benefits Provided (Continued)

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 to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the SERS Board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS' funding valuation, expressed as a percentage of annual retirement covered payroll, such that the employer contributions, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due. In fiscal year 2017/18, the Commonwealth paid the full actuarially required rate after being collared in previous years due to Act 120.

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 15.62% of the annual covered payroll of employees who selected the straight 401(a) defined contribution plan.

The University's contributions to SERS for the years ended June 30, 2021, 2020, and 2019, were \$6,903,722, \$7,288,928, and \$7,350,122, respectively, equal to the required contractual contribution.

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NOTE 12 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Contributions (Continued)

The contribution rate of most active members who participate in the SERS defined benefit plan was 6.25% of gross salary, with less common rates ranging between 5% 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 was either 4.0% or 5.0% of gross salary, depending upon what class of membership was elected.

For the SERS defined contribution plan, the University contributed actuarially determined rates of between 2.0% and 3.5% of active members' annual covered payroll at June 30, 2021, depending on the plan chosen by the employee. The University recognized \$14,752 in SERS defined contribution pension expense for the year ended June 30, 2021, \$10,193 for the year ended June 30, 2020 and \$1,657 for the year ended June 30, 2019, the first year of the plan's implementation. The vesting period for employer contributions to the defined contribution plan, both for members who participate in the straight 410(a) defined contribution plan and those who participate in one of the defined benefit/defined contribution hybrid plans, is three years. Once money is contributed to the plan, it cannot be removed from the plan, except for making distribution payments to participants. Forfeitures of unvested employer contributions and earnings are invested in the PA Treasury short-term investment fund. The funds are forfeited to the employee's most recent employer and used to offset future contributions to the plan and correct funding discrepancies. Forfeitures seized under the Pension Forfeiture Act are used for administrative expenses of the plan.

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

Actuarial Methods and Assumptions

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

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NOTE 12 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Actuarial Methods and Assumptions (Continued)

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 12 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 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. Best estimates of arithmetic real rates of return for each major asset class included in SERS' current and target asset allocation as of December 31, 2020 and 2019 are summarized below:

Asset Class	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	<u>100.0%</u>	

Asset Class	2019	
	Target Allocation	Long-Term Expected Real Rate of Return
Cash	3.0%	0.00%
Fixed Income	11.0%	1.26%
Global Public Equity	48.0%	5.15%
Private Equity	16.0%	7.25%
Real Estate	12.0%	5.26%
Multi-Strategy	10.0%	4.44%
Total	<u>100.0%</u>	

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NOTE 12 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Actuarial Methods and Assumptions (Continued)

The discount rate used to measure the total SERS pension liability was 7.00% as of December 31, 2020 and 7.125% as of December 31, 2019. 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 and nonactive 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 rate used for the current period.

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

1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
\$ 75,909	\$ 60,720	\$ 41,325

The following presents the University's proportionate share of the SERS net pension liability at June 30, 2020, calculated using the discount rate of 7.125%, 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 (6.125%) or one percentage point higher (8.125%) than the rate used for the current period.

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

1% Decrease 6.125%	Current Rate 7.125%	1% Increase 8.125%
\$ 83,151	\$ 65,439	\$ 50,275

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NOTE 12 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, measure at December 31, 2020 was \$60,720,311.

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 \$65,438,785.

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 December 31, 2020, the State System's proportion was 4.419% a decrease of 0.354% from its proportion calculated as of December 31, 2019, measurement date.

PSERS

Plan Description

PSERS is a governmental cost-sharing multiemployer 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 and may be amended. The Code requires contributions by active members, the employer (State System), and the Commonwealth of Pennsylvania. PSERS is a component unit of the Commonwealth and is included in the Commonwealth's financial report as a pension trust fund.

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NOTE 12 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Plan Description (Continued)

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

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

Benefits Provided

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

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.

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NOTE 12 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Member Contributions

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

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 years ended June 30, 2021, 2020, and 2019 was \$566,973, \$566,983, and \$540,292, respectively, equal to the required contractual contribution.

Actuarial Assumptions

The State System records its PSERS pension liability annually utilizing a measurement date one year prior to its fiscal year end. The total PSERS pension liability, as of 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.

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NOTE 12 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Actuarial Assumptions (Continued)

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

PSERS' policy in regard to the allocation of invested Plan assets is established and may be amended by the PSERS Board of Trustees. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension. Following is the PSERS Board of Trustees' adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020 and 2019:

Asset Class	2020		2019	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return	10.0%	2.5%	10.0%	3.4%
Private Equity	15.0%	7.2%	15.0%	7.4%
Cash	6.0%	(1.0%)	3.0%	0.3%
Commodities	8.0%	1.8%	8.0%	2.7%
Financing (LIBOR)	-14.0%	(0.7%)	-20.0%	0.7%
Fixed Income	36.0%	1.1%	36.0%	1.9%
Global Public Equity	15.0%	5.2%	20.0%	5.6%
Infrastructure/MLPs	6.0%	5.7%	8.0%	5.5%
Real Estate	10.0%	5.5%	10.0%	4.1%
Risk Parity	8.0%	3.3%	10.0%	4.1%
Total	<u>100.0%</u>		<u>100.0%</u>	

The discount rate used to measure the total PSERS pension liability was 7.25% for the years ended June 30, 2021 and 2020. 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.

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NOTE 12 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Actuarial Assumptions (Continued)

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

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

1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
\$ 7,309	\$ 5,908	\$ 4,721

The following presents the University's proportionate share of the PSERS net pension liability at June 30, 2020 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 rate used:

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

1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
\$ 6,933	\$ 5,566	\$ 4,408

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 12 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	\$ 11,815,578	\$ 11,131,984
Commonwealth's Proportionate Share of the PSERS Net Pension Liability Associated with the University	5,907,789	5,565,992
University's Proportionate Share of the PSERS Net Pension Liability	\$ 5,907,789	\$ 5,565,992

At June 30, 2021 and 2020, PSERS measured the net pension liability 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 State System's proportion was .1856%, a decrease of 0.0030% from its proportion calculated as of June 30, 2019.

At June 30, 2019, the State System's proportion was 0.1886%, an increase of 0.0050% from its proportion calculated as of June 30, 2018.

ARP

The ARP is a defined contribution plan administered by the State System. Benefits equal amounts contributed to the plan plus investment earnings. Act 188 empowers the Board to establish and amend benefits provisions. The State Employees' Retirement Code establishes the employer contribution rate for the ARP, while the Board establishes the employee contribution rates. Active members contribute at a rate of 5% of their qualifying compensation. The State System recognizes annual pension expenditures equal to its contractually required contributions to the plan. The State System's contribution rate on June 30, 2021 and 2020 was 9.29% of qualifying compensation. The contributions to the ARP for the years ended June 30, 2021 and 2020, were \$2,600,420 and \$2,800,305, respectively, from the University; and \$1,399,580 and \$1,507,161, respectively, from active members. No liability is recognized for the ARP.

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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JUNE 30, 2021 AND 2020**

NOTE 13 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 must pay up to \$100,000; for claims occurring on or after July 1, 1995, the University must pay up to \$200,000. Claims in excess of the self-insurance limits are funded through the Workers' Compensation Collective Reserve Fund (Reserve Fund), to which the University contributes an amount as determined by an independent actuarial study. Based on updated actuarial studies, the University contributed \$27,121, \$82,760, and \$80,634 during the years ended June 30, 2021, 2020, and 2019 respectively.

Changes in the University's claims liability amount for the fiscal years ended June 30, 2021, 2020, and 2019 were as follows:

Year	2021	2020	2019
Balance - July 1	\$ 855,676	\$ 731,457	\$ 817,757
Current Year Claims and Changes in Estimates	420,520	436,944	443,268
Claims Payments	(345,825)	(312,725)	(529,568)
Balance - June 30	<u>\$ 930,371</u>	<u>\$ 855,676</u>	<u>\$ 731,457</u>

NOTE 14 COMMITMENTS AND CONTINGENCIES

Construction Commitments

Authorized expenditures for construction projects unexpended as of June 30, 2021 and 2020 were approximately \$67,725 and \$1,619,461, respectively.

Contingencies

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

The University is self-insured for workers' compensation up to stated limits (Note 13). 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.

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JUNE 30, 2021 AND 2020**

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies (Continued)

Settled claims have not significantly exceeded the University's commercial coverage in any of the past three years. It is not expected that the resolution of any outstanding claims and litigation will have a material adverse effect on the accompanying financial statements.

The University receives support from federal and Commonwealth grant programs. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Such audits could lead to reimbursement to the grantor agencies. The University's management believes disallowances, if any, will be immaterial.

COVID-19 Pandemic

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

NOTE 15 UNRESTRICTED NET POSITION

Unrestricted net positions, as defined by GASB Statement No. 35, are not subject to externally imposed stipulations; however, they are subject to internal designations. Unrestricted net positions have been internally designated at June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Designated Accounts for Educational and General Activities	\$ 14,623,747	\$ 8,473,141
Designated Accounts for Auxiliary Enterprise	7,992,933	10,270,392
Designated Accounts for Plant Acquisition and Renewal Activities	4,053,044	4,552,444
Compensated Absences Deficit	(10,074,031)	(9,190,217)
Other Postretirement Benefit Deficit	(141,342,256)	(147,446,997)
Pension Benefit Deficit	(67,437,849)	(69,375,347)
Total	<u>\$ (192,184,412)</u>	<u>\$ (202,716,584)</u>

The State System does not require the University or its member universities to fund compensated absences or postretirement benefit net asset deficits.

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 16 RELATED PARTIES

Foundation

During the 2021 and 2020 fiscal years, the Foundation provided the following support to the University:

	2021	2020
Contributions (Including Scholarships)	\$ 1,928,311	\$ 1,746,304
Fees for Services	218,866	305,819
Other Support	73,445	163,895
Total	\$ 2,220,622	\$ 2,216,018

The Foundation holds investments in a fiduciary capacity for the University (Note 3). These investments totaled \$8,382,386 and \$7,126,727 at June 30, 2021 and 2020, respectively.

SAI

During the years ended June 30, 2021 and 2020, SAI provided \$171,033 and \$223,213, respectively, of athletic scholarship support.

SAI is operated in part by a student activity fee, which funds various student organizations and services to the student body. These fees are billed, collected, and remitted by the University to SAI on a scheduled basis throughout the year.

In cooperation with the University, SAI has constructed two off-campus student housing complexes (Vulcan Village Phase I & Phase II) to supplement the University's on-campus student housing. During FY 2017-18, the initial tax-exempt bond financing of Vulcan Village Phase I (Series 2000) & Phase II (Series 2003) was called and paid off with new funds issued through the Series 2017 Vulcan Village (Phase I & Phase II are now combined into one financing arrangement). During the 2017-18 fiscal year, SAI offered student housing at Vulcan Village situated on land owned by SAI and managed by a private housing manager. The University assisted SAI in facilitating student rent payments through the application of student financial aid awards. In return for allowing SAI to provide supplementary student housing, the University and SAI have entered into contractual arrangements to share any residual net cash flows from Vulcan Village housing project. During the years ended June 30, 2020 and 2019, the University recognized no income from the residual net cash flows of the Vulcan Village project.

The University entered a lease agreement with SAI for the use of Roadman Park. The Roadman Park agreement requires the University to provide maintenance support payments for the park through 2038. The University estimates these payments to be approximately \$100,000 per year. The costs paid for use of these properties for the years ended June 30, 2021 and 2020 was \$92,861 and \$92,727, respectively.

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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NOTE 17 RATING ACTIONS

In June 2021, 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.

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.

Each campus will continue to provide a residential university experience including face-to-face classes and engagement with faculty and staff, participation on athletic teams, in co-curricular activities, and in student clubs and organizations. The integrated universities will also provide opportunities for working students and others seeking online and hybrid learning modalities. Students at the integrated universities will also benefit from enhanced support services that lead to improved educational outcomes. Each integrated university will have a single president and leadership team with one reporting relationship to the Board of Governors through the Chancellor, a unified faculty providing instruction in a single academic program array, and an integrated enrollment management strategy and student-facing supports and services.

The integration plans assume the integrated universities will begin operations in fiscal year 2022/23 and will phase in changes over a multiyear timeline with mission critical changes phased in first.

On October 14, 2021, the Board approved naming the integrated university as Pennsylvania Western University of Pennsylvania, with a Clarion, Edinboro, and California designation to reference the historic and unique location identity. The name is to be effective July 1, 2022, the proposed date of the integration, pending approval by the Middle States Commission on Higher Education.

Detailed information on the progress Integrations can be found at <https://www.passhe.edu/systemredesign/Pages/integrations.aspx>.

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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REQUIRED SUPPLEMENTARY INFORMATION
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(UNAUDITED)**

Changes in the System Plan Total OPEB Liability
Determined as of the June 30 Measurement Dates

	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018
Balance - Beginning of Year	\$ 84,397,857	\$ 84,654,493	\$ 92,925,611	\$ 100,753,636
Service Cost	2,185,839	2,293,220	2,696,307	3,842,140
Interest	2,856,062	2,547,525	2,943,682	3,115,707
Changes of Benefit Terms	-	-	(64,816)	-
Differences Between Expected and Actual Experience	(9,911,124)	-	(11,190,141)	-
Changes in Assumptions	19,229,186	(4,422,424)	(734,608)	(11,312,534)
Benefit Payments	(4,584,270)	(674,957)	(1,921,542)	(3,473,338)
Net Changes	9,775,693	(256,636)	(8,271,118)	(7,828,025)
Balance - End of Year	<u>\$ 94,173,550</u>	<u>\$ 84,397,857</u>	<u>\$ 84,654,493</u>	<u>\$ 92,925,611</u>
Covered Employee Payroll	\$ 37,007,660	\$ 38,452,995	\$ 37,532,251	\$ 37,693,919
OPEB Liability as a Percent of Covered Payroll	254.47%	219.48%	225.55%	246.63%

Note to Schedule: The System Plan has no assets accumulated in trust in which the employer contributions are irrevocable, are dedicated to providing OPEB to plan members, or are legally protected from creditors.

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

Fiscal Year	State System's Proportion	University's Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share of Net OPEB Liability a % of Covered- Employee Payroll	REHP's Fiduciary Net Position as a % of Total OPEB Liability
2020/21	4.2750%	\$ 30,654	\$ 6,759	453.6%	3.7%
2019/20	4.3701%	\$ 27,031	\$ 6,941	389.4%	3.8%
2018/19	4.4830%	\$ 38,712	\$ 6,905	560.7%	2.2%
2017/18	4.3740%	\$ 51,588	\$ 7,033	733.5%	1.4%

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REHP Schedule of Contributions
Determined as of the University's June 30 Fiscal Year End Dates
(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	\$ 491	\$ 491	\$ -	\$ 8,373	5.9%
2019/20	\$ 1,139	\$ 1,139	\$ -	\$ 8,750	13.0%
2018/19	\$ 1,532	\$ 1,532	\$ -	\$ 9,073	16.9%
2017/18	\$ 1,261	\$ 1,261	\$ -	\$ 8,628	14.6%

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

Fiscal Year	PSERS Net OPEB Liability				University's Covered Employee Payroll	University's Proportionate Share of Net OPEB Liability a % of Covered-Employee Payroll	PSERS Fiduciary Net Position as a % of Total OPEB Liability
	State System's Proportion	University's Proportionate Share	Commonwealth's Proportionate Share	Total			
	2020/21	0.1852%	\$ 255	\$ 255			
2019/20	0.1886%	\$ 253	\$ 253	\$ 506	\$ 3,276	7.71%	5.56%
2018/19	0.1836%	\$ 249	\$ 249	\$ 498	\$ 3,213	7.74%	5.56%
2017/18	0.1811%	\$ 242	\$ 242	\$ 484	\$ 3,167	7.65%	5.73%

PSERS OPEB Schedule of Contributions
Determined as of the University's June 30 fiscal year end dates
(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	\$ 14	\$ 14	\$ -	\$ 3,395	0.40%
2019/20	\$ 14	\$ 14	\$ -	\$ 3,412	0.41%
2018/19	\$ 14	\$ 14	\$ -	\$ 3,409	0.40%
2017/18	\$ 13	\$ 13	\$ -	\$ 3,277	0.40%

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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Schedule of Proportionate Share of SERS Net Pension Liability (NPL)
Determined as of SERS December 31 Measurement Date
(In Thousands)

Fiscal Year	State System's Proportion	University's Proportion Share	University's Covered Employee Payroll	University's Proportionate Share of NPL as a % of Covered- Employee Payroll	SERS Fiduciary Net Position as a % of Total Pension Liability
2020/21	4.420%	\$ 60,720	\$ 22,370	271.4%	67.0%
2019/20	4.773%	\$ 65,439	\$ 23,757	275.5%	63.1%
2018/19	4.897%	\$ 75,658	\$ 23,622	320%	56.4%
2017/18	4.906%	\$ 62,870	\$ 22,906	274%	63.0%
2016/17	4.837%	\$ 71,174	\$ 22,981	310%	57.8%
2015/16	4.721%	\$ 67,519	\$ 23,417	288%	58.9%
2014/15	4.901%	\$ 56,657	\$ 23,109	245%	64.8%

SERS Schedule of Contributions
Determined as of State System June 30 Fiscal Year End
(In Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by SERS in fiscal year	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a % of Covered-Employee Payroll
2020/21	\$ 6,904	\$ 6,904	\$ -	\$ 21,710	31.8%
2019/20	\$ 7,289	\$ 7,289	\$ -	\$ 23,252	31.4%
2018/19	\$ 7,350	\$ 7,350	\$ -	\$ 24,007	30.6%
2017/18	\$ 7,025	\$ 7,025	\$ -	\$ 22,895	30.7%
2016/17	\$ 6,207	\$ 6,207	\$ -	\$ 22,409	27.7%
2015/16	\$ 5,273	\$ 5,273	\$ -	\$ 22,219	23.7%
2014/15	\$ 4,485	\$ 4,485	\$ -	\$ 23,109	19.4%

**CALIFORNIA UNIVERSITY OF PENNSYLVANIA
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Schedule of Proportionate Share of PSERS Net Pension Liability (NPL)
Determined as PSERS June 30 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 Fiduciary Net Position as a % of Total Pension Liability
	State System's Proportion	University's Proportion Share	Commonwealth's Proportion Share	Total			
2020/21	0.1856%	\$ 5,908	\$ 5,908	\$ 11,816	\$ 561	1100%	54.3%
2019/20	0.1836%	\$ 5,566	\$ 5,566	\$ 11,132	\$ 3,282	200%	55.7%
2018/19	0.1836%	\$ 5,609	\$ 5,609	\$ 11,218	\$ 3,147	200%	54.0%
2017/18	0.1811%	\$ 5,869	\$ 5,869	\$ 11,738	\$ 3,165	200%	51.8%
2016/17	0.1833%	\$ 5,821	\$ 5,821	\$ 11,642	\$ 3,043	200%	50.1%
2015/16	0.1852%	\$ 5,715	\$ 5,715	\$ 11,430	\$ 3,396	200%	54.4%
2014/15	0.1785%	\$ 4,604	\$ 4,604	\$ 9,208	\$ 1,484	310%	57.2%

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

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS in fiscal year	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2020/21	\$ 567	\$ 567	\$ -	\$ 3,395	16.7%
2019/20	\$ 567	\$ 567	\$ -	\$ 3,412	16.6%
2018/19	\$ 540	\$ 540	\$ -	\$ 3,409	15.9%
2017/18	\$ 501	\$ 501	\$ -	\$ 3,277	15.3%
2016/17	\$ 466	\$ 466	\$ -	\$ 3,302	14.1%
2015/16	\$ 385	\$ 385	\$ -	\$ 3,150	12.2%
2014/15	\$ 373	\$ 373	\$ -	\$ 1,484	25.0%

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