WEST CHESTER UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019

WEST CHESTER UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
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YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Council of Trustees
West Chester University of Pennsylvania
of the State System of Higher Education
West Chester, 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 West Chester University of Pennsylvania of the State System of Higher Education (the University) as of and for the years ended June 30, 2020 and 2019, 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, West Chester University Student Services, Inc. (Student Services), West Chester University Foundation and Subsidiary (the Foundation), and West Chester University Alumni Association (the Association), which represent 100%, 100%, and 100%, respectively, 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 reports of 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 the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2020 and 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-19 and the various schedules of Proportionate Share of Net Pension Liability, OPEB Liability, Proportionate Share of Net OPEB Liability, and Contributions on pages 85-88 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

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
November 19, 2020

Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of West Chester University of Pennsylvania of the State System of Higher Education (the University) for the years ended June 30, 2020 and 2019. The University's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow.

West Chester University is a public university of the Commonwealth of Pennsylvania (Commonwealth) and a member of the Pennsylvania State System of Higher Education (State System or PASSHE). As such, the University is charged with providing high-quality education at the lowest possible cost to its students. With over 17,000 students enrolled, the University is the largest of the State System universities.

COVID-19

Beginning in March 2020, the University has followed state recommendations and restrictions that require remote working and remote learning. The University continued remote learning through the summer of 2020 and began fall 2020 with primarily remote offerings and continues to monitor and modify fall activities as necessary. After considering various instructional scenarios for the spring 2021 semester and the latest scientific forecasts with regard to the pandemic, the University has decided to continue remote learning with some hybrid classes through the spring.

Prior to COVID-19, the University was implementing multi-year plans focused on cost control, increasing efficiencies, and aggressive management of their workforce. These efforts have intensified in response to the pandemic. The State System is supporting these efforts through expanding shared services and offering retirement incentive programs. As a result of the CARES Act funding awarded to the University, the associated costs incurred during fiscal year 2019-20 as a result of COVID-19 are anticipated to have minimal impact on the University's overall financial performance. However, the future financial impact will be dependent upon enrollment impacts, the continuing need for social distancing, ongoing response efforts to mitigate COVID-19, and any potential resurgence of the virus.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted March 27, 2020 and is the largest economic relief bill in U.S. history, allocating $2.2 trillion in support to individuals and businesses affected by the Coronavirus pandemic and economic downturn. Seven main groups receive support from this Act: individuals, small businesses, big corporations, hospitals and public health, federal safety net, state and local governments, and education. The State System universities have been awarded grants from the education section through the Higher Education Emergency Relief Fund (HEERF), administered through the US Department of Education (ED). Additionally, the Commonwealth was appropriated funds from the state and local governments section, administered through the US Treasury, of which a portion was appropriated by the Commonwealth to the State System. In August 2020, the Pennsylvania Department of Education also awarded a portion of the ED Governor's Education Emergency Relief Fund (GEERF) to State System universities to assist with fall 2020 reopening efforts.

COVID-19 (Continued)

Below is a summary of CARES Act funds awarded to the University. All but GEERF were awarded in fiscal year 2019-20.

	$ in millions
Emergency Aid for Students[1]	$ 6.0
Institutional Share[1]	6.0
Strengthening Institutions Program[1]	-
Appropriated Coronavirus Relief Funds[2]	5.5
Governor's Education Emergency Relief[3]	0.4
Total CARES Act Funds	$ 17.9
For University Use (less Emergency Aid)	$ 11.9

[1] *HEERF, US Department of Education*
[2] *Title V, Assistance for State, Local and Tribal Governments, US Department of the Treasury*
[3] *GEERF, US Department of Education, as distributed by Pennsylvania Department of Education*

In addition to the CARES Act funds, the University may submit expenses associated with COVID-19 mitigation to the Pennsylvania Emergency Management Agency (PEMA) for reimbursement from the Federal Emergency Management Agency (FEMA) and PEMA. No such funds were received in 2019-20; the University is identifying such costs and managing the reimbursement process in fiscal year 2020-21.

In regard to the current impact of COVID-19, the largest component of the 2019-20 fiscal impact is the $10.3 million in credits and refunds of a prorated portion of spring semester housing, dining and other fees that the University provided to students, excluding $7.2 million in student housing refunds provided by the University affiliate, University Student Housing, LLC (USH). The HEERF Institutional Funds have been used primarily to offset the costs of the University credits and refunds. The University continues to incur costs for remote learning, remote working and pandemic mitigation, as well as revenue losses due to the impact on enrollment and auxiliary functions.

Financial Highlights

The University functions independently, but being part of the State System enables the University to share resources and benefit from economies of scale. Following is an overview of the University's financial activities for the years ended June 30, 2020 and 2019.

Tuition and Fees

- The State System's Board of Governors (Board) voted to freeze tuition for both in-state and out-of-state students at the undergraduate level for fiscal year 2019-20. The tuition increase for fiscal year 2018-19 was 2.9% for both in-state and out-of-state students at the undergraduate level. For graduate students, tuition remains unchanged for both in-state and out-of-state students for fiscal year 2019-20. This compares to a 3.2% increase in fiscal year 2018-19.

Financial Highlights (Continued)

Tuition and Fees (Continued)

- The technology tuition fee remained the same in fiscal year 2019-20 for both undergraduate and graduate students. In fiscal year 2018-19 the State System's Board increased the fee 3.0% for both in-state and out-of-state undergraduate students. For graduate students the technology tuition fee increased $1.00 per credit for both in-state and out-of-state students in fiscal year 2018-19. Universities must use the technology tuition fee to support instructional technology. Universities have used the funds to install multimedia classrooms, design online instructional materials, increase university capacity for connectivity for students, and provide hardware, software, and support for students and faculty.

- Mandatory fees for all undergraduate students set by the University increased by 0.4% in fiscal year 2019-20 and by 2.9% in fiscal year 2018-19. Mandatory fees for graduate students also increased by 0.4% in fiscal year 2019-20 and by 2.6% in fiscal year 2018-19. Room rates (North and South Campus) both increased by 2.0%; this compares to a 2.0% increase in fiscal year 2018-19. The food service rates remained unchanged for both the 12-meal plan and the 14-meal plan in fiscal year 2019-20; this compares to a 1.2% increase for both the 12-meal and 14-meal plan for fiscal year 2018-19.

- Tuition and fee revenue (net of discounts including COVID-19 credits) for fiscal year 2019-20 remained the same at $163.4 million and for fiscal year 2018-19. In addition, revenue from auxiliary enterprises (net of discounts including COVID-19 credits) was $32.1 million in fiscal year 2019-20 and $40.9 million in fiscal year 2018-19. Auxiliary enterprise revenues are generated primarily from room and food service charges and this year they fell due to the refunding of 50% of the spring semester's charges after the campus shut down in March due to the COVID-19 pandemic.

Enrollment

- The enrollment demand at the University remained strong in fiscal year 2019-20, with 16,959 freshmen applications for 2,871 openings for the fall of 2019.

Appropriations

- The total Commonwealth appropriation to the State System for operations in fiscal year 2019-20 was $477.5 million, a 2.0% increase from the $468.1 million appropriated in fiscal year 2018-19.

- In fiscal year 2019-20, PASSHE discontinued performance funding and combined it with the regular appropriation. The University's share of the total general fund appropriation, through the allocation formula, increased by $1.3 million to $58.2 million. This represents a 2.2% increase from the total appropriation of $56.9 fiscal year 2018-19 in the total appropriation.

- Capital appropriations, which include appropriations for furnishings and equipment for Commonwealth-funded construction, decreased by $0.1 million to $2.1 million in fiscal year 2019-20. This represents a decrease of 4.2% from fiscal year 2018-19.

Financial Highlights (Continued)

Capital Investment and Debt

- The University purchased $44.2 million in capital assets in fiscal year 2019-20, as compared to $32.6 million in fiscal year 2018-19. Major projects in progress or completed during the fiscal year included the continued construction of the SECC (The Sciences & Engineering Center and The Commons) project and the purchase of the building and property at 204 Carter Drive.

- The University generally utilizes the State System to facilitate the issuance of bonds to raise capital for major projects. Given the efficiencies of the State System acting on behalf of fourteen universities, the University achieves low interest rates and administrative cost savings. In September 2019, the Pennsylvania Higher Educational Facilities Authority (PHEFA) issued Series AW tax exempt revenue bonds in the amount of $84,980,000. The University participated in the issuance of the AW revenue bonds receiving net proceeds of $11.8 million to reimburse the acquisition of parking structures from the Borough of West Chester, as well as $2.2 million to refund current portions of Series AJ and Series AK revenue bonds. West Chester University's Recreation Center was partially financed with the AJ bond issue. As a result of this refinancing, the university realized total present value savings of approximately $0.5 million. In connection with the bond issuance, the State System entered into a loan agreement with PHEFA under which the State System pledged its full faith and credit for repayment of bonds.

Component Units

- The West Chester University Foundation (the Foundation), previously known as the Fund for West Chester University, was established in 2001 with the specific purpose of performing fundraising for the educational, charitable and scientific interests of the University. The Foundation, a component unit of the University that is reflected in the audited financial statements, includes a wholly owned subsidiary, University Student Housing, LLC (USH).

- The Foundation and West Chester University Alumni Association jointly own real estate at 202 Carter Drive, West Chester, PA. The property serves as the administrative offices of the Foundation and the Alumni Association, Inc. The loan payable on the property at June 30, 2020 was $2,638,234.

- USH was established to develop, design, finance, construct, and operate new housing for the students of the University. USH operates six campus communities on land leased from the University under four ground leases. The ground leases expire when the bonds and loans incurred to construct and renovate the properties are fully paid (See Note 17). Total bonds payable, net of deferred financing costs, on the USH properties at June 30, 2020 are $195,936,106.

Financial Highlights (Continued)

Component Units (Continued)

- The student housing facilities built and managed by USH are:

Building	Initial Project Year	Current Bond Series	Outstanding at June 30, 2020
University Hall and The Village	2003	Series 2013 and 2020	$ 37,384,697
Allegheny and Brandywine	2008	Series 2008 A-1 and A-2	88,211,433
East Village	2012	Series 2012	17,315,674
Commonwealth	2013	Series 2013 A and 2016 C-2	53,024,302
		TOTAL	$ 195,936,106

- As a result of the COVID-19 pandemic, the University moved to a fully remote learning environment and all campus housing was closed indefinitely. Students were refunded $7.2 million. As a result, USH did not meet debt service coverage ratios or occupancy levels for the June 30, 2020 covenant period and expects to obtain waivers for this COVID-19 impact.

Cheyney University

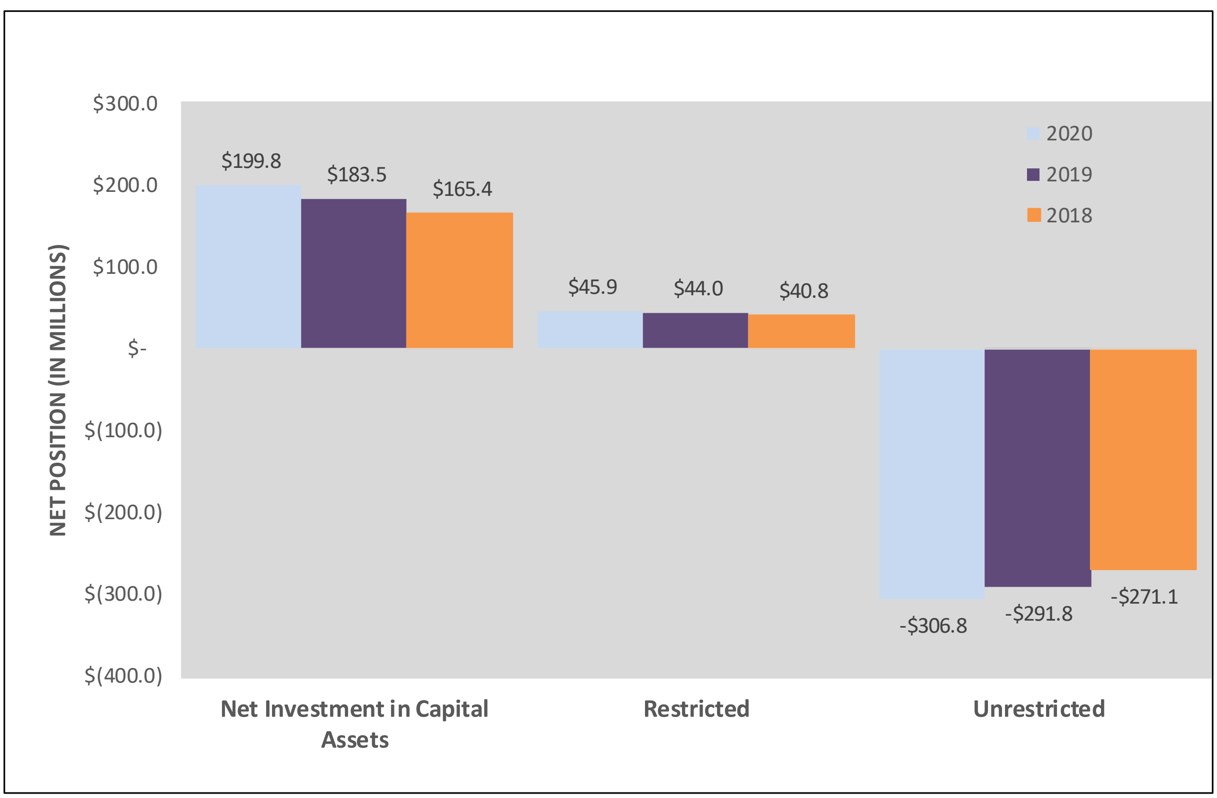
- On July 15, 2016, the University entered into a letter of understanding agreement (LOU) with Cheyney University to provide administrative services at cost in the areas of: financial services, procurement, facilities planning, construction management, facilities operations, and human resources. This agreement ended on June 30, 2019. As of June 30, 2020, Cheyney University owed West Chester University $1.8 million. Through an agreement reached with the State System, the University is scheduled to receive payment of the Cheyney loan receivable in fiscal year 2021-22 via unrestricted cash resources of the State System.

The Financial Statements

Balance Sheet

This statement reports the balances of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. Assets include cash; investments reported at fair value; the value of outstanding receivables due from students and other parties; and land, buildings, and equipment reported at cost, less accumulated depreciation. Deferred Outflows of Resources, defined as a consumption of net position that applies to future periods, reports the deferred loss on bond defeasance and certain items associated with the pension and other postemployment benefits, or OPEB, liabilities (health and tuition benefits expected to be paid to eligible current and future retirees).Liabilities include payments due to vendors and students; the balance of bonds payable; and liabilities such as workers' compensation (the System is self-insured), compensated absences (the value of sick and annual leave earned by employees), and postretirement benefits (health and tuition benefits expected to be paid to certain current and future retirees). Deferred Inflows of Resources, defined as an acquisition of net position that applies to future periods, reports the deferred gain on bond defeasance, the fair value of irrevocable split-interest agreements, and certain items associated with the pension and OPEB. The difference between the assets, deferred outflows of resources and liabilities, deferred inflows of resources is reported as net position.

Net Position (in millions)



The Financial Statements (Continued)

Balance Sheet (Continued)

Following is a summary of the balance sheet at June 30 (in millions):

	2020	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Capital Assets, Net	$ 259.1	$ 232.2	$ 216.6
Other Assets and Deferred Outflows of Resources	336.3	361.2	297.2
Total Assets and Deferred Outflows of Resources	$ 595.4	$ 593.4	$ 513.8
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Workers' Compensation, Compensated Absences, and Postretirement Obligations	$ 284.3	$ 308.1	$ 345.2
Net Pension Liability	105.7	117.2	95.4
Bonds Payable	111.8	110.2	46.6
Other Liabilities and Deferred Inflows of Resources	154.7	122.2	91.5
Total Liabilities and Deferred Inflows of Resources	656.5	657.7	578.7
NET POSITION			
Net Investment in Capital Assets	199.8	183.5	165.4
Restricted	45.9	44.0	40.8
Unrestricted	(306.8)	(291.8)	(271.1)
Total Net Position	(61.1)	(64.3)	(64.9)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 595.4	$ 593.4	$ 513.8

Amounts were rounded; consequently some totals may appear not to add exactly.

Net Position

Overall net position increased by $3.2 million in fiscal year 2019/20. This compares to an increase of $0.6 million in fiscal year 2018/19, and a decrease of $20.7 million in fiscal year 2017/18. The decrease in fiscal year 2017/18 was due to the implementation of GASB 75, which resulted in the recording of additional Other Post Retirement Benefits (OPEB) as well as restating the prior year's net position. In accordance with GASB requirements, the University reports three components of net position:

The Financial Statements (Continued)

Balance Sheet (Continued)

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

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

- Unrestricted net position includes all other funds not appropriately classified as restricted or invested in capital assets.

  Unrestricted net position includes three unfunded liabilities:

  1. The liability for other postretirement benefits (OPEB) decreased by $25.8 million to $263.9 million at June 30, 2020. Like the pension liability, the University funds OPEB liabilities on a "pay-as-you-go" basis.

  2. The liability for compensated absences increased by $2.3 million to $19.4 million at June 30, 2020. Cash payouts to employees upon termination or retirement for annual and sick leave balances are realized gradually over time, and because of its size, the University funds it only as it becomes due.

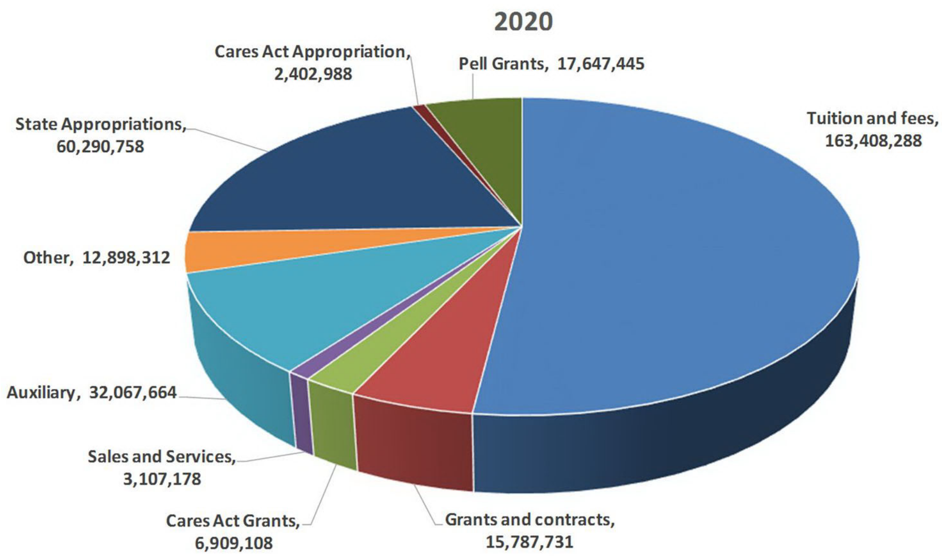
  3. The combined pension liability for fiscal year 2019-20 was $105.7 million comprised of $92.1 million for the State Employee Retirement System (SERS) and $13.6 million for the Public School Employees' Retirement System (PSERS). This is a decrease of $11.5 million from fiscal year 2018-19.

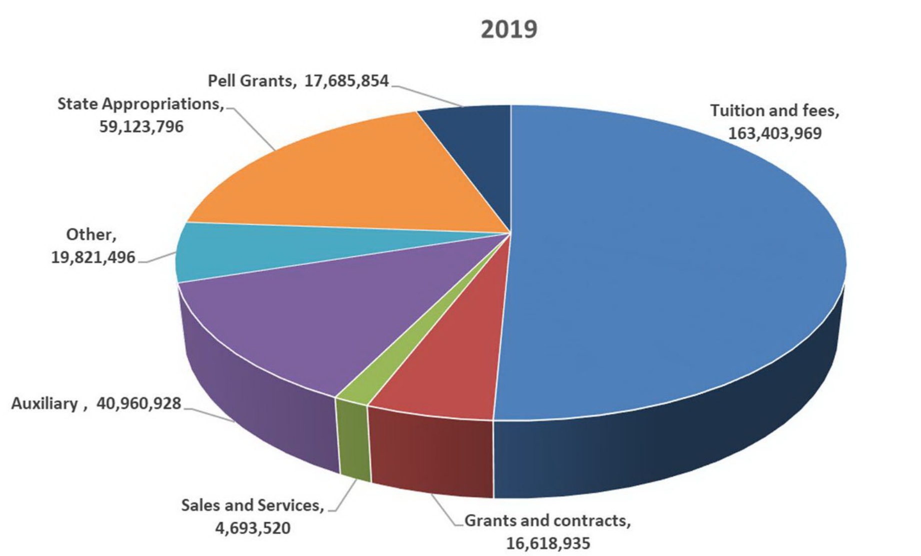
The Financial Statements (Continued)

Statement of Revenues, Expenses, and Changes in Net Position

This statement reports the revenues earned and the expenses incurred in the fiscal year. The result is reported as an increase or decrease in net position. In accordance with GASB requirements, the University has classified revenues and expenses as either operating or nonoperating. GASB has determined that all public colleges' and universities' state appropriations **and grants and appropriations received as a result of the CARES Act** are nonoperating revenues. In addition, GASB requires classification of Pell grants, gifts, investment income and expenses, and losses on disposals of assets as nonoperating; the University classifies all its remaining activities as operating.

Operating and Nonoperating Revenues

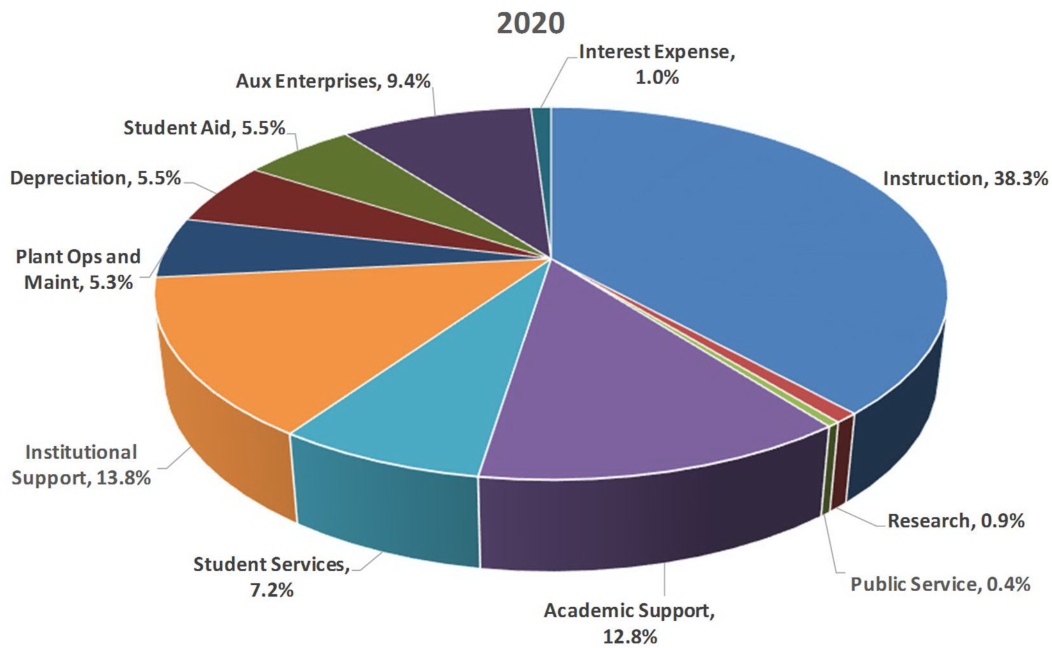


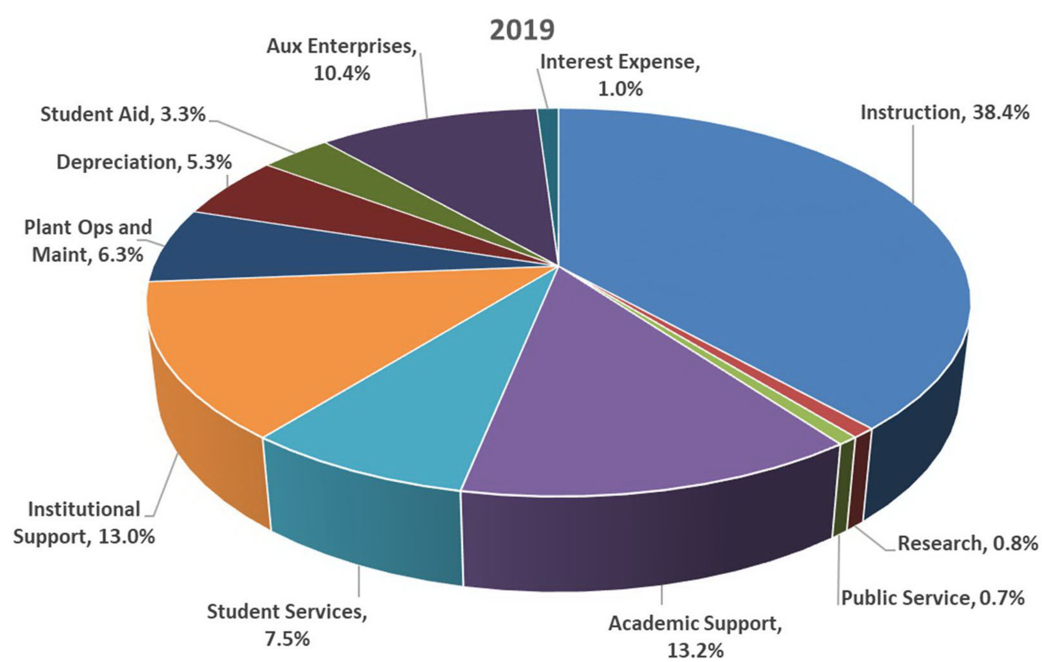


The Financial Statements (Continued)

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Total Operating Expenditures by Function





The Financial Statements (Continued)

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Following is a summary of revenues, expenses, and changes in net position for the years ended June 30 (in millions):

	2020	2019	2018
Operating Revenues:			
Tuition and Fees, Net	$ 163.4	$ 163.4	$ 158.5
Grants and Contracts	15.6	16.2	14.2
Auxiliary Enterprises, Net	32.1	41.0	40.8
Other	4.6	9.5	9.5
Total Operating Revenues	215.7	230.1	223.0
Other Revenues:			
State Appropriations	60.3	59.1	57.4
Federal Appropriations - CARES Act	2.4	-	-
Investment Income, Net (Includes Unrealized Gains and Losses)	6.6	9.1	6.6
Federal Grants - CARES Act COVID Relief	6.9	-	-
Gifts, Grants, and Other	22.6	24.0	23.3
Total Other Revenues	98.8	92.2	87.3
Total Revenues	314.5	322.3	310.3
Operating Expenses:			
Personnel Compensation:			
Salaries	140.2	137.9	131.9
Benefits	35.6	34.5	53.0
Pension Expense	28.2	30.6	27.3
Other Post Retirement Benefits Expense	0.4	14.2	13.8
Student Wages	4.4	4.7	4.1
Total Personnel Compensation	208.8	221.9	230.1
Telecommunications Charges	0.6	0.4	0.4
Travel and Transportation	1.8	2.9	2.6
Computing and Data Processing	4.2	2.5	3.9
Professional and Contracted Services	13.9	12.8	10.2
Utilities	4.2	4.9	4.9
Food Supplies	10.8	13.9	14.0
Depreciation	17.2	16.9	17.3
Student Aid Expense	17.1	10.8	12.5
Supplies and Other Current Charges	29.8	31.4	33.5
Total Operating Expenses	308.4	318.4	329.4
Other Expenses:			
Interest Expense	3.0	3.2	1.6
Total Expenses	311.4	321.6	331.0
Increase (Decrease) in Net Position	3.1	0.7	(20.7)
Net Position - Beginning of Year	(64.2)	(64.9)	147.8
Restatement for July 1, 2017, GASB 75 OPEB Liability	-	-	(194.9)
Restatement for July 1, 2017, GASB 81 Beneficial Interests	-	-	2.9
Net Position - Beginning of Year, as Restated	(64.2)	(64.9)	(44.2)
Net Position - End of Year	$ (61.1)	$ (64.2)	$ (64.9)

Amounts were rounded; consequently some totals may appear not to add exactly.

The Financial Statements (Continued)

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

In addition to the changes to the appropriation, tuition revenue, and federal appropriations and grants received under the CARES Act for COVID Relief discussed in the Financial Highlights section of this analysis, following are the more significant revenue and expense items:

- Overall, fiscal year 2019-20 operating revenues decreased by 6.3% from the prior fiscal year due to campus closures as a result of the coronavirus. Nonoperating revenues increased by 7.2% due to increased appropriations and CARES Act funding. The overall decrease in revenues was 2.6%.

- Financial aid to students in the form of waivers and scholarships was $25.4 million, a decrease of $1.9 million or 7.1% from fiscal year 2018-19. Waivers of tuition and fees are shown as a reduction of student tuition and fee revenues.

- Net investment income (including unrealized gains) for fiscal year 2019-20 was $6.6 million, a decrease of $2.5 million from the prior year. This was due in part from lower cash balances in fiscal year 2019-20 as well as low interest rates.

- The University spent $140.2 million, or 45.5% of its operating expenses, on salaries in fiscal year 2019-20 as compared to $137.9 million, or 43.3% of its operating expenses, in fiscal year 2018-19. Benefits, pension, and student wages were relatively flat compared to fiscal year 2018-19. Post retirement expense declined significantly to $.4 million in 2019-20 compared to $14.2 million in 2018-19 due to changes in the actuarial expected vs actual experience based on a significant decrease in per capita claims costs. The claims cost decrease was driven by rebidding the medical and prescription drug plans for certain medical benefit participant groups. In total, the University spent $208.8 million on salaries, post retirement expense, student wages, and benefits, or 67.7% of operating expenditures, in fiscal 2019-20, and $221.9 million, or 69.7% of operating expenditures, in fiscal 2018-19.

Statement of Cash Flows

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

The Financial Statements (Continued)

Future Economic Factors

For fiscal year 2020-21, the Commonwealth spending plan provides level funding in the PASSHE's Educational and General (E&G) appropriation, for a total of $477.5 million. The State System's Board of Governors approved the freezing of state appropriations to universities at the same level as received in fiscal year 2019-20. The University's share of the appropriation remains at $58.2 million.

In response to COVID-19 and to continue its efforts to address affordability, in April 2020, the Board voted to **freeze basic in-state tuition** for the 2020-21 academic year. This action resulted in an unprecedented two consecutive years in which tuition was frozen, even while confronting financial challenges brought on in part by the coronavirus pandemic. The Board also, for the first time, set a tentative tuition increase of 1% for the 2021-22 academic year. These actions provide assurances and financial relief to current and potential students and ensure that the State System will maintain its place as the affordable higher education option for students of the Commonwealth. In addition, the Board kept the technology fee at the same rates as last year for both in-state and out-of-state undergraduate students. Mandatory student fees set by the University will increase 2.2% for both undergraduate and 2.0% for graduate students. Room rates (North Campus and South Campus) will increase 3.0%. Even with the small fee increases, West Chester University as part of the State System of Universities will remain the lowest cost option among all four-year colleges and universities in the state and less than half the amount charged by most others.

West Chester University has demonstrated that it is fiscally strong, with a growing enrollment and prudent management of financial resources. However, several conditions could limit the University's financial flexibility in fiscal year 2020-21 and beyond:

1. COVID-19 Pandemic – As in fiscal year 2019-20, the largest fiscal impact to the University in fiscal year 2020-21 will be credits provided to students on tuition, housing, dining, and other fees, and lost revenue from cancellation of athletics, camps, conferences and other campus activities. The pandemic and the limitations on activities and physical presence is also impacting the affiliated entities of the University including University Student Housing, LLC. The University will continue seeking additional COVID-19 grant funding as it becomes available from the federal or state government. The University will also continue to incur costs for remote learning, remote working and pandemic mitigation.

2. State System Redesign – In 2016 the State System undertook a strategic review of all operations, with the goal of identifying the changes that are necessary to help its long-term success. This review established three key priorities:

    - Ensuring student success;
    - Leveraging other University strengths;
    - Transforming the governance/leadership structure.

The Financial Statements (Continued)

Future Economic Factors (Continued)

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

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

   On July 16, 2020, the Board 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—one that will be undertaken over the next two years. For the purposes of this review process the System is using an approach that could identify combinations of certain universities that, when integrated, would operate under a unified leadership team reporting through the chancellor to the Board of Governors, 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 of Governors.

The Financial Statements (Continued)

Future Economic Factors (Continued)

2. State System Redesign (Continued) – 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.

    Detailed information on the progress of System Redesign can be found at https://www.passhe.edu/SystemRedesign/.

    The financial impact of the redesign on the University is not known at this time but it is expected that it may reduce costs for certain shared services.

3. Increased Costs for Salaries and Benefits Mandated by Collective Bargaining Agreements – Over 85% of the University's employees are covered by nine collective bargaining agreements. During 2019-20, new collective bargaining agreements were established with nearly all unions through fiscal year 2022-23. The only exceptions are two minor unions: the agreement for police supervisors with the International Union, Security, Police, and Fire Professionals of America (SPFPA), which expired on August 31, 2020 and for which a tentative agreement has been reached, and the Professional Doctors Association (PDA). The terms of the prior contracts remain in effect until a successor agreement is ratified.

    In May 2019, the Board approved a Voluntary Phased Retirement Program in anticipation of full retirement for employee members of APSCUF. The program allows eligible faculty members to reduce their work commitment over a period of one to three years. During fall 2019, the System and faculty union successfully negotiated a second retirement incentive: the Enhanced Sick Leave Program, which provided for increased accrued sick leave reimbursement for faculty who would retire prior to the start of the fall 2020 semester. Due to the success of this program, it was expanded to all employee groups, resulting in over 400 participants in the State System including 53 participants from West Chester University.

4. Enrollment – The enrollment demand remained strong with 16,093 freshman applications for 2,796 openings for fall 2020 which will benefit fiscal year 2020-21.

The Financial Statements (Continued)

Future Economic Factors (Continued)

5. Necessary Facilities Upgrades – In 2019-20 and prior years, the University has relied on reserves for many facilities' upgrades and renovations. With the anticipated COVID-19 financial impact, the University may rely more on debt financing than in previous years for future planned projects. In fiscal year 2019-20, the University used reserves to purchase 204 Carter Drive ($1.7M), upgrade building access equipment ($1.1M) and continue construction on the Sciences and Engineering Center and The Commons (SECC), a combined academic building and dining facility that is partially debt financed ($77.5M) and partially reserve financed ($46.5M). Planned projects for FY21 and beyond include a baseball stadium renovation, artificial turf field replacements, continued work on building access equipment, landscaping renovations, and Peoples and Sykes building renovations.

6. Increases in Employer Retirement Contributions – Employer contributions to SERS, a defined benefits pension plan, were 36.04% of a participating employee's salary in fiscal year 2019-20 and are expected increase in the near future, but at a lesser rate than recent historical experience. This rate has been steadily and significantly increasing since fiscal year 2010-11, when the rate was 4.11% of an employee's salary.

7. Healthcare Costs – The employer share of employee healthcare contributions increased by $949,552 in fiscal year 2019-20, or 5.6%, from fiscal year 2018-19. This follows a decrease of $213,891, or (1.2%), in fiscal year 2018-19. The State System has implemented design changes in the plan, which increased employees' share of expenses through higher employee premium contributions, copays, deductibles, and coinsurance, and limited spousal participation in an effort to reduce healthcare costs. Future years should benefit from these design changes.

8. Energy Cost Management – The University's average annual overall energy costs are greater than $4.5 million and with additional energy demands of new buildings, extended hours and increased use of aging facilities, these operational costs threaten to significantly increase. To minimize these potential increases, the University has incorporated: commodity bidding; utility rated data acquisition strategies; building automation strategies; and advanced technologies. By engaging each of these categories the University expects to yield a recurring reduction of energy costs equal to or greater than 15% annually, which will result in a significant savings in the next five years. Energy savings technologies and data driven decision making will provide a solid basis of continued reductions in costs. Additionally, the University is actively participating with engineered sustainability features such as green roof systems, rainwater collection and reuse, daylight harvesting, CO2 and occupancy sensors for environmentally controlled spaces and sequenced variable drives for high load rotating equipment. The utility services of electricity, natural gas, water, sewer and fuel will continually be evaluated to determine the most cost effective, cost reducing, strategy to be used to maintain or improve operations without any increases in operational cost.

The Financial Statements (Continued)

Future Economic Factors (Continued)

9. Appropriations – As part of the System Redesign strategy affirmed by the Board of Governors in January 2019, the System has begun developing a new methodology for distributing resources. In anticipation of changes to the allocation formula and to provide universities with greater stability and predictability of funding in the upcoming fiscal year, the Board suspended the use of the current allocation formula for fiscal years 2019-20 and 2020-21. Each university's fiscal year 2020-21 appropriation is set at the same amount as it received in fiscal year 2019-20.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

(Mr.) Todd E. Murphy
Vice President for Finance & Administration
201 Carter Drive, Suite 200
West Chester University
West Chester, PA 19383

Complete financial statements of the individual component units can be requested from their respective administrative offices, as follows:

The West Chester University Foundation

(Mr.) Christopher Mominey
Chief Executive Director
West Chester University Foundation
202 Carter Drive
West Chester, PA 19382

Student Services, Inc.

(Ms.) Donna Snyder
Executive Director
Student Services, Inc.
Sykes Student Union, Room 259
West Chester University
West Chester, PA 19383

The West Chester University Alumni Association

(Ms.) Jenna Birch
Director of Alumni Relations
West Chester University Alumni Association
West Chester University
West Chester, PA 19383

WEST CHESTER UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
BALANCE SHEETS – PRIMARY INSTITUTION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 218,326,784	$ 220,370,066
Cash Whose Use is Restricted	38,650,894	53,792,522
Accounts Receivable:		
Governmental Grants and Contracts	6,652,239	1,269,862
Students, Net	2,892,011	2,341,695
Other	2,131,068	5,667,968
Inventory	138,874	96,436
Prepaid Expenses	1,393,892	1,526,470
Investment Income Receivable	387,900	649,647
Loans Receivable, Net	878,788	1,242,076
Total Current Assets	271,452,450	286,956,742
NONCURRENT ASSETS		
Endowment Investments	26,795,558	26,717,322
Beneficial Interests	4,403,348	4,483,971
Loans Receivable, Net	4,187,486	5,057,470
Capital Assets, Net	259,110,544	232,169,430
Other Assets	2,120,047	155,626
Total Noncurrent Assets	296,616,983	268,583,819
Total Assets	568,069,433	555,540,561
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Loss on Refunding of Debt	120,256	197,638
Other Postretirement Benefits Related	13,695,542	13,651,236
Pension Related	13,554,178	24,005,564
Total Deferred Outflow of Resources	27,369,976	37,854,438
Total Assets and Deferred Outflows of Resources	$ 595,439,409	$ 593,394,999

See accompanying Notes to Financial Statements.

WEST CHESTER UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
BALANCE SHEETS – PRIMARY INSTITUTION (CONTINUED)
JUNE 30, 2020 AND 2019

	2020	2019
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 32,732,987	$ 28,448,218
Unearned Revenue	11,391,376	5,747,900
Students' Deposits	608,259	356,719
Workers' Compensation	574,692	663,781
Compensated Absences	2,300,959	746,248
Bonds Payable, Net	6,098,033	6,268,825
Capital Lease Obligation	71,097	54,583
OPEB Liability	8,332,852	9,211,809
Other Current Liabilities	739,434	1,076,551
Total Current Liabilities	62,849,689	52,574,634
NONCURRENT LIABILITIES		
Workers' Compensation	465,252	519,923
Compensated Absences	17,135,273	16,389,025
Postretirement Benefit Obligations	255,517,887	280,524,078
Bonds Payable, Net	105,647,935	103,924,724
Capital Lease Obligation	120,579	45,362
Unearned Revenue	67,718	161,926
Net Pension Liability	105,682,046	117,194,353
Other Noncurrent Liabilities	4,958,930	7,683,137
Total Noncurrent Liabilities	489,595,620	526,442,528
Total Liabilities	552,445,309	579,017,162
DEFERRED INFLOWS OF RESOURCES		
Unamortized Gain on Refunding of Debt	89,617	54,404
Split-Interest Agreement Deferred Inflows	9,387	9,840
Other Postretirement Benefits Related	93,621,024	75,711,760
Pension Related	10,390,278	2,848,737
Total Deferred Inflows of Resources	104,110,306	78,624,741
Total Liabilities and Deferred Inflows of Resources	656,555,615	657,641,903
NET POSITION		
Net Investment in Capital Assets	199,821,758	183,527,349
Restricted for:		
Nonexpendable:		
Scholarships and Fellowships	31,195,784	31,210,563
Other	2,057,286	2,057,286
Expendable:		
Scholarships and Fellowships	5,195,746	4,489,948
Capital Projects	3,247,001	2,792,957
Other	4,160,375	3,466,231
Unrestricted	(306,794,156)	(291,791,238)
Total Net Position	(61,116,206)	(64,246,904)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 595,439,409	$ 593,394,999

See accompanying Notes to Financial Statements.

WEST CHESTER UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY INSTITUTION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Tuition and Fees	$ 188,810,860	$ 190,748,643
Less: Scholarship Discounts and Allowances	(25,402,572)	(27,344,674)
Net Tuition and Fees	163,408,288	163,403,969
Governmental Grants and Contracts:		
Federal	3,777,908	3,266,733
State	11,412,010	12,281,371
Local	14,247	5,000
Nongovernmental Grants and Contracts	399,231	679,243
Sales and Services of Educational Departments	3,107,178	4,693,520
Auxiliary Enterprises	32,067,664	40,960,928
Other Revenues	1,541,354	4,799,687
Total Operating Revenues	215,727,880	230,090,451
OPERATING EXPENSES		
Instruction	119,319,337	123,600,454
Research	2,674,525	2,649,570
Public Service	1,380,922	2,253,965
Academic Support	39,917,797	42,492,300
Student Services	22,272,429	24,305,904
Institutional Support	42,956,485	41,777,935
Operations and Maintenance of Plant	16,422,932	20,219,579
Depreciation	17,175,082	16,947,018
Student Aid	17,033,087	10,735,186
Auxiliary Enterprises	29,190,858	33,447,315
Total Operating Expenses	308,343,454	318,429,226
NET OPERATING LOSS	(92,615,574)	(88,338,775)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations, General and Restricted	58,194,345	56,936,541
Federal Appropriations- CARES Act COVID Relief	2,402,988	-
Federal Grants - CARES Act COVID Relief	6,909,108	-
Commonwealth On-Behalf Contributions to PSERS	1,671,769	1,487,484
Pell Grants	17,647,445	17,685,854
Investment Income, Net of Investment Expense of $29,709 in 2020 and $20,487 in 2019	5,975,710	6,995,448
Unrealized Gain on Investments	636,745	2,136,805
Gifts for Other than Capital Purposes	3,029,079	4,277,536
Interest Expense	(3,045,320)	(3,244,608)
Loss on Disposal of Assets	(35,747)	(16,457)
Other Nonoperating Revenue	79,402	140,993
Nonoperating Revenues, Net	93,465,524	86,399,596
INCOME (LOSS) BEFORE OTHER REVENUES	849,950	(1,939,179)
OTHER REVENUES		
State Appropriations, Capital	2,096,413	2,187,255
Capital Gifts and Grants	184,335	386,588
Total Other Revenues	2,280,748	2,573,843
INCREASE IN NET POSITION	3,130,698	634,664
Net Position - Beginning of Year	(64,246,904)	(64,881,568)
NET POSITION - END OF YEAR	$ (61,116,206)	$ (64,246,904)

See accompanying Notes to Financial Statements.

WEST CHESTER UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
STATEMENTS OF CASH FLOWS – PRIMARY INSTITUTION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Tuition and Fees	$ 163,458,878	$ 163,283,706
Grants and Contracts	12,902,406	15,239,839
Payments to Suppliers for Goods and Services	(72,336,420)	(73,276,054)
Payments to Employees	(206,528,351)	(204,598,161)
Loans Issued to Students	-	(21,100)
Loans Collected from Students	1,233,271	1,370,346
Student Aid	(17,059,164)	(10,753,994)
Auxiliary Enterprise Charges	32,099,254	40,885,721
Sales and Services of Educational Departments	3,171,616	4,633,164
Other Operating Receipts	2,721,941	3,441,195
Net Cash Used by Operating Activities	(80,336,569)	(59,795,338)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	63,734,208	56,936,541
Gifts and Nonoperating Grants for Other than Capital Purposes	27,585,633	21,963,390
PLUS, Stafford, and Other Loans Receipts (Non-Perkins)	136,537,283	137,239,782
PLUS, Stafford, and Other Loans Disbursements (Non-Perkins)	(136,537,283)	(137,239,782)
Agency Transactions, Net	353,013	(133,148)
Other	79,402	140,993
Net Cash Provided by Noncapital Financing Activities	91,752,256	78,907,776
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital Appropriations	2,096,413	2,187,255
Capital Grants and Gifts Received	184,335	259,089
Proceeds from Capital Debt and Leases	15,778,594	72,655,249
Proceeds from Sales of Capital Assets	-	59,999
Purchases of Capital Assets	(36,300,176)	(28,941,392)
Principal Paid on Debt	(13,296,881)	(21,611,144)
Interest Paid on Debt	(3,939,019)	(3,777,439)
Net Cash Provided (Used) by Capital Financing Activities	(35,476,734)	20,831,617
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	809,079	744,938
Interest on Investments	6,237,458	6,968,100
Purchases of Investments	(170,400)	(189,997)
Net Cash Provided by Investing Activities	6,876,137	7,523,041
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,184,910)	47,467,096
Cash and Cash Equivalents - Beginning of Year	274,162,588	226,695,492
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 256,977,678	$ 274,162,588

See accompanying Notes to Financial Statements.

WEST CHESTER UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
STATEMENTS OF CASH FLOWS – PRIMARY INSTITUTION (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (92,615,574)	$ (88,338,775)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	17,175,082	16,947,018
Expenses Paid by Commonwealth or Donor	(6,014,540)	(2,053,855)
Changes in Assets and Liabilities:		
Receivables, Net	(5,684,011)	(984,895)
Inventories	(42,439)	39,412
Other Assets	1,456,376	(1,761,887)
Accounts Payable	4,442,604	234,704
Unearned Revenue	2,412,392	(561,470)
Students' Deposits	(101,474)	238,395
Compensated Absences	2,300,959	746,249
Loans to Students, Net	1,233,271	1,349,246
Postretirement Benefits Liability (OPEB)	(25,885,148)	(37,954,954)
Defined Benefit Pensions	(11,512,307)	21,785,230
Other Liabilities	(3,359,646)	270,281
Deferred Outflows of Resources Related to Pensions	10,451,386	(8,583,802)
Deferred Outflows of Resources Related to OPEB	(44,306)	(5,014,371)
Deferred Inflows of Resources Related to Pensions	7,541,542	(4,033,827)
Deferred Inflows of Resources Related to OPEB	17,909,264	47,881,963
Net Cash Used by Operating Activities	$ (80,336,569)	$ (59,795,338)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL FINANCING ACTIVITIES		
Capital Assets Received Via Gift	$ -	$ 127,499
Equipment Acquired Via Capital Lease	$ 165,466	$ 5,061
Capital Assets Included in Payables	$ 7,686,309	$ 3,541,339
Commonwealth On-Behalf Contributions to PSERS	$ 1,671,769	$ 1,487,484

See accompanying Notes to Financial Statements.

WEST CHESTER UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF FINANCIAL POSITION – COMPONENT UNITS
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 19,688,043	$ 8,746,572
Accounts Receivable	1,280,416	14,847,945
Pledges Receivable, Net	3,207,573	3,312,138
Inventory	800,382	982,712
Due from the University	186,134	340,704
Prepaid Expenses	131,822	75,552
Total Current Assets	25,294,370	28,305,623
NONCURRENT ASSETS		
Restricted Cash	30,829,722	33,595,226
Capital Assets, Net	146,914,994	148,474,541
Investments	33,394,439	38,357,813
Other Assets	2,530,758	2,781,011
Total Noncurrent Assets	213,669,913	223,208,591
Total Assets	$ 238,964,283	$ 251,514,214
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 8,844,073	$ 5,522,986
Current Portion of Bonds Payable	5,832,297	5,166,296
Other Deposit Liabilities	333,806	271,459
Due to the University	1,492,688	1,546,538
Total Current Liabilities	16,502,864	12,507,279
BONDS PAYABLE	190,509,274	190,543,312
OTHER LIABILITIES	39,353,033	43,173,352
Total Liabilities	246,365,171	246,223,943
NET ASSETS (DEFICIT)		
Without Donor Restrictions	(39,897,245)	(25,178,552)
With Donor Restrictions	32,496,357	30,468,823
Total Net Assets (Deficit)	(7,400,888)	5,290,271
Total Liabilities and Net Assets (Deficit)	$ 238,964,283	$ 251,514,214

See accompanying Notes to Financial Statements.

WEST CHESTER UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF ACTIVITIES – COMPONENT UNITS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and Gains		
Contributions	$ 593,563	$ 835,411
Sales and Services	1,468,909	1,788,277
Student Fees	3,442,116	4,552,474
Grants and Contracts	1,769,638	2,141,819
Rental Income	23,654,379	30,099,161
Investment Return, Net	643,423	1,029,509
Other Revenues and Gains	2,861,895	3,416,037
Change in Interest Rate Swap Agreement	(11,336,020)	(6,580,672)
Net Assets Released from Restriction	3,658,076	4,383,040
Total Revenues and Other Additions	26,755,979	41,665,056
Expenses and Other Deductions		
Program Expenses:		
Scholarship and Grants	2,270,019	1,432,070
Student Activities and Programs	2,383,118	3,001,976
University Stores	1,043,690	1,021,461
Housing	23,572,959	25,553,050
Other Programs	5,839,628	7,557,848
Management and General	4,412,934	3,838,187
Fundraising	1,952,324	1,673,311
Total Expenses and Other Deductions	41,474,672	44,077,903
Change in Net Assets Without Donor Restrictions	(14,718,693)	(2,412,847)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Revenues and Gains		
Contributions	4,574,753	7,173,974
Investment Return, Net	1,030,698	1,423,666
Other Revenue and Gains	73,604	50,948
Net Assets Released from Restrictions	(3,658,076)	(4,383,040)
Total Revenues and Other Additions	2,020,979	4,265,548
Expenses and Other Deductions		
Distributions to University	(6,555)	-
Total Expenses and Other Deductions	(6,555)	-
Change in Net Assets With Donor Restrictions	2,027,534	4,265,548
CHANGE IN TOTAL NET ASSETS (DEFICIT)	(12,691,159)	1,852,701
Net Assets (Deficit) - Beginning of Year	5,290,271	3,437,570
NET ASSETS (DEFICIT)- END OF YEAR	$ (7,400,888)	$ 5,290,271

See accompanying Notes to Financial Statements.

WEST CHESTER UNIVERSITY OF PENNSYLVANIA
OF THE STATE SYSTEM OF HIGHER EDUCATION
EXPENSES BY NATURE AND FUNCTION – COMPONENT UNITS
YEARS ENDED JUNE 30, 2020 AND 2019

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	$ -	$ 1,390,950	$ 730,890	$ 1,758,059	$ 1,240,341	$ 5,120,240	$ 2,047,004	$ 1,485,190	$ 3,532,194	$ 8,652,434
Gifts and Grants	2,270,019	-	516	93,860	2,264,590	4,628,985	803,764	8,789	812,553	5,441,538
Supplies and Travel	-	607,276	30,615	559,127	909,607	2,106,625	243,277	248,760	492,037	2,598,662
Services and Professional Fees	-	287,207	146,385	121,779	550,463	1,105,834	401,748	-	401,748	1,507,582
Office and Occupancy	-	41,078	80,000	7,964,876	632,792	8,718,746	201,150	209,585	410,735	9,129,481
Depreciation	-	-	1,392	5,668,940	47,423	5,717,755	287,025	-	287,025	6,004,780
Interest	-	-	-	6,997,860	8,974	7,006,834	115,612	-	115,612	7,122,446
Other	-	56,607	53,892	408,458	185,438	704,395	313,354	-	313,354	1,017,749
Total Expenses	$ 2,270,019	$ 2,383,118	$ 1,043,690	$ 23,572,959	$ 5,839,628	$ 35,109,414	$ 4,412,934	$ 1,952,324	$ 6,365,258	$ 41,474,672

2019	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	$ -	$ 1,864,626	$ 744,472	$ 1,864,423	$ 1,703,452	$ 6,176,973	$ 2,026,037	$ 1,230,675	$ 3,256,712	$ 9,433,685
Gifts and Grants	1,432,070	-	-	745,175	2,838,979	5,016,224	379,040	6,716	385,756	5,401,980
Supplies and Travel	-	610,797	3,292	567,507	1,305,282	2,486,878	244,469	358,860	603,329	3,090,207
Services and Professional Fees	-	113,403	149,226	26,291	907,522	1,196,442	367,373	-	367,373	1,563,815
Office and Occupancy	-	48,766	80,000	8,818,368	433,928	9,381,062	275,351	77,060	352,411	9,733,473
Depreciation	-	-	1,392	5,897,205	121,048	6,019,645	286,343	-	286,343	6,305,988
Interest	-	-	-	7,185,996	74,113	7,260,109	109,437	-	109,437	7,369,546
Other	-	364,384	43,079	448,085	173,524	1,029,072	150,137	-	150,137	1,179,209
Total Expenses	$ 1,432,070	$ 3,001,976	$ 1,021,461	$ 25,553,050	$ 7,557,848	$ 38,566,405	$ 3,838,187	$ 1,673,311	$ 5,511,498	$ 44,077,903

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

West Chester University of Pennsylvania of the State System of Higher Education (the University), a public four-year institution located in West Chester, Pennsylvania, was founded in 1871. The University is one of fourteen universities of the Pennsylvania State System of Higher Education (State System). The State System was created by the State System of Higher Education Act of November 12, 1982, P.L. 660, No. 188, as amended (Act 188). The State System is a component unit of the Commonwealth of Pennsylvania (the Commonwealth).

Reporting Entity

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

The University has determined that Student Services, Inc. (SSI), the West Chester University Foundation and Subsidiary (the Foundation), and West Chester University Alumni Association (the Association) are separate legal entities for which the University has oversight responsibility and should be included in the University's financial statements as aggregate, discretely presented component units. A component unit is a legally separate organization for which the primary institution is financially accountable or closely related.

SSI operates the campus bookstore and manages various student activities. The Foundation promotes the charitable, scientific, and educational interests of the University by soliciting funds and other property. The Foundation also includes the operations of University Student Housing, LLC, which was formed to construct, operate, and manage student housing facilities for the benefit of the University. The Association was formed to promote the interests of the University in all areas of academic, cultural, and social needs and to increase alumni awareness of the University's needs.

Complete financial statements for SSI, the Foundation, and the Association 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 (GAAP), as prescribed by GASB. The economic resources measurement focus reports all inflows, outflows, and balances that affect an entity's net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The accompanying financial statements of the component units, which are all private nonprofit organizations, are reported in accordance with Financial Accounting Standards Board (FASB) requirements, including Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, an amendment of FASB Codification Topic 958, *Not-for-Profit-Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component units' financial information presented herein.

Operating Revenues and Expenses

The University records tuition, all academic, instructional, and other student fees, student financial aid, auxiliary activity, and corporate partnerships as operating revenue. In addition, governmental and private grants and contracts in which the grantor receives equal value for the funds given to the university are recorded as operating revenue. All expenses, with the exception of interest expense and extraordinary expenses, are recorded as operating expenses. Appropriations, gifts, investment income, parking and library fines, capital grants, gains and losses on investments, gains and losses on the acquisition and disposal of assets, 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.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets and liabilities, the balance sheet reports separate sections for *Deferred Outflows of Resources* and *Deferred Inflows of Resources*.

Deferred Outflow of Resources, reported after *Total Assets*, is defined by GASB as a consumption of net position that applies to future periods. The expense is recognized in the applicable future period(s). *Deferred Inflows of Resources*, reported after *Total Liabilities*, is defined by GASB as an acquisition of net position that applies to future periods. The revenue is recognized in the applicable future period(s).

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

The University is required to report the following as Deferred Outflows of Resources or Deferred Inflows of Resources.

- Deferred gain or loss on bond refundings, which results when the carrying value of a refunded bond is greater or less than its reacquisition price. The difference is deferred and amortized over the remaining life of the old bond or the life of the new bond, whichever is shorter.

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

Deferred Outflows and Deferred Inflows of Resources (Continued)

- For defined benefit pension plans and other postemployment benefit (OPEB) plans: the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension and OPEB plan investments, changes in the University's proportion of expenses and liabilities to the pension and OPEB as a whole, differences between the University's pension and OPEB contributions and its proportionate share of contributions, and University pension and OPEB contributions subsequent to the pension and OPEB valuation measurement date.

Net Position

Net position is the residual of Assets, plus Deferred Outflows of Resources, less Liabilities, less Deferred Inflows of Resources. The University maintains the following classifications.

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 the University maintain them 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 assets are available for expenditure, the decision as to which assets are used first is left to the discretion of the University.

Cash Equivalents and Investments

The University considers all demand and time deposits and money market funds to be cash equivalents. Investments purchased are stated at fair value. Investments received as gifts are recorded at their fair value or appraised value as of the date of the gift. The University classifies investments as short-term when they are readily marketable and intended to be converted to cash within one year.

Accounts and Loans Receivable

Accounts and loans receivable consist of tuition and fees charged to current and former students, amounts due from federal and state governments in connection with reimbursements of allowable expenditures made pursuant to grants and contracts and other miscellaneous sources.

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

Accounts and Loans Receivable (Continued)

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

Accounts receivable are reported net of an allowance for doubtful accounts of approximately $500,000 in 2020 and $709,000 in 2019. Loans receivable are reported net of an allowance for doubtful accounts of approximately $13,000 in both 2020 and 2019.

Inventory

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

Capital Assets

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

All assets with a purchase cost, or fair 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 after June 30, 1983, through the expenditure of University funds or the incurring of debt are stated at cost less accumulated depreciation.

Equipment and furnishings are stated at cost less accumulated depreciation. Library books are capitalized on a composite basis in the year of purchase. Assets under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The University provides for depreciation on the straight-line method over the estimated useful lives of the related assets. Buildings and improvements are depreciated over useful lives ranging from 10 to 40 years. Equipment and furnishings are depreciated over useful lives ranging from 3 to 10 years. Library books are depreciated over 10 years. Amortization of assets 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.

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

Impairment of Capital Assets

Management reviews capital assets for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly. Any write-downs due to impairment are charged to operations at the time impairment is identified. No write-down of capital assets was required for the years ended June 30, 2020 or 2019.

Unearned Revenue

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

Compensated Absences

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

Pension Plans and OPEB Plans

Eligible employees of the University enroll in one of three available pension plans immediately upon employment. The University also offers healthcare and tuition benefits to eligible employees upon employment, which vary depending upon the employee’s labor group.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Employees’ Retirement System (SERS) and Public School Employees’ Retirement System (PSERS) and additions to/deductions from SERS and PSERS fiduciary net position have been determined on the same basis as they are reported by SERS and PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net Other Postemployment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the System Plan, Retired Employees Health Program (REHP) and Premium Assistance Program (Premium Assistance) and additions to/deductions from the System Plan, REHP and Premium Assistance plans’ fiduciary net position have been determined on the same basis as they are reported by the System Plan, REHP and Premium Assistance plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Scholarships and Waivers

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

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, net assets, or changes therein.

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 May 2020, GASB issued Statement No. 95, *Postponement of Effective Dates*, which is effective immediately. Statement 95 provides relief to governments and other stakeholders in light of the COVID-19 pandemic. It postpones the following standards, which are evaluated below, by one year from the original effective date: Statements 84, 89, 92, and 93. It postpones the effective date of Statement 87 by 18 months. Statement 94 and those issued after were not affected by Statement 95.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments to determine whether an activity should be reported in a fiduciary fund in the financial statements. The University is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 84 are effective for reporting periods beginning after December 15, 2019.

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

New Accounting Standards (Continued)

In June 2017, GASB issued Statement No. 87, *Leases*. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In other words, most leases currently classified as operating leases will be accounted for and reported in a similar manner as capital leases, with assets and liabilities recorded at lease inception The University has determined that the effect on net position and results of operations will be immaterial. The provisions in Statement No. 87 are effective for reporting periods beginning after June 15, 2021.

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

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

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

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

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

New Accounting Standards (Continued)

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

NOTE 2 CONDENSED COMPONENT UNITS INFORMATION

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

	2020			
	SSI	The Foundation	The Association	Total
Due from University	$ 42,982	$ 143,152	$ -	$ 186,134
Capital Assets, Net	350,828	146,123,975	440,191	146,914,994
Other Assets	12,772,324	76,937,684	2,153,147	91,863,155
Total Assets	$ 13,166,134	$ 223,204,811	$ 2,593,338	$ 238,964,283
Due to University	$ -	$ 1,492,688	$ -	$ 1,492,688
Long-Term Debt	405,465	195,936,106	-	196,341,571
Other Liabilities	2,354,633	46,101,192	75,087	48,530,912
Total Liabilities	2,760,098	243,529,986	75,087	246,365,171
Net Assets (Deficit):				
Without Donor Restrictions	10,406,036	(52,821,322)	2,518,041	(39,897,245)
With Donor Restrictions	-	32,496,147	210	32,496,357
Total Net Assets (Deficit)	10,406,036	(20,325,175)	2,518,251	(7,400,888)
Total Liabilities and Net Assets (Deficit)	$ 13,166,134	$ 223,204,811	$ 2,593,338	$ 238,964,283

NOTE 2 CONDENSED COMPONENT UNITS INFORMATION (CONTINUED)

The following represents combined condensed statement of financial position information for the discretely presented component units as of June 30, 2019:

	2019			
	SSI	The Foundation	The Association	Total
Due from University	$ 145,444	$ 195,260	$ -	$ 340,704
Capital Assets, Net	318,870	147,702,895	452,776	148,474,541
Other Assets	12,316,972	88,319,061	2,062,936	102,698,969
Total Assets	$ 12,781,286	$ 236,217,216	$ 2,515,712	$ 251,514,214
Due to University	$ 86,061	$ 1,460,477	$ -	$ 1,546,538
Long-Term Debt	-	195,709,608	-	195,709,608
Other Liabilities	1,931,306	46,922,577	113,914	48,967,797
Total Liabilities	2,017,367	244,092,662	113,914	246,223,943
Net Assets (Deficit):				
Without Donor Restrictions	10,763,919	(38,325,973)	2,383,502	(25,178,552)
With Donor Restrictions	-	30,450,527	18,296	30,468,823
Total Net Assets (Deficit)	10,763,919	(7,875,446)	2,401,798	5,290,271
Total Liabilities and Net Assets (Deficit)	$ 12,781,286	$ 236,217,216	$ 2,515,712	$ 251,514,214

NOTE 2 CONDENSED COMPONENT UNITS INFORMATION (CONTINUED)

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

	2020			
	SSI	The Foundation	The Association	Total
Changes in Net Assets Without Donor Restrictions:				
Revenues and Other Additions:				
Contributions	$ -	$ 145,310	$ 448,253	$ 593,563
Investment Income	125,179	411,189	107,055	643,423
University Store	1,446,801	-	22,108	1,468,909
Student Activity Fees	3,442,116	-	-	3,442,116
Rental Income	-	23,632,879	21,500	23,654,379
Other Revenues	1,529,047	2,934,748	167,738	4,631,533
Change in Interest Rate Swap Agreement	-	(11,336,020)	-	(11,336,020)
Net Assets Released from Restrictions	-	3,639,990	18,086	3,658,076
Total Revenues and Other Additions	6,543,143	19,428,096	784,740	26,755,979
Expenses and Other Deductions:				
Program Expenses	3,165,436	29,139,980	456,673	32,762,089
University Store	1,043,690	-	-	1,043,690
Management and General	1,941,900	2,277,506	193,528	4,412,934
Distributions to University	750,000	2,505,959	-	3,255,959
Total Expenses and Other Deductions	6,901,026	33,923,445	650,201	41,474,672
Change in Net Assets Without Donor Restrictions	(357,883)	(14,495,349)	134,539	(14,718,693)
Changes in Net Assets With Donor Restrictions:				
Revenues and Other Additions:				
Contributions	-	4,574,753	-	4,574,753
Investment Gains	-	1,030,698	-	1,030,698
Other Revenue	-	60,307	-	60,307
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	-	(3,639,990)	(18,086)	(3,658,076)
Change in Split-Interest Agreements	-	13,297	-	13,297
Total Revenues and Other Additions	-	2,039,065	(18,086)	2,020,979
Expenses and Other Deductions:				
Distributions to University	-	(6,555)	-	(6,555)
Total Expenses and Other Deductions	-	(6,555)	-	(6,555)
Change in Net Assets With Donor Restrictions	-	2,045,620	(18,086)	2,027,534
CHANGE IN NET ASSETS (DEFICIT)	(357,883)	(12,449,729)	116,453	(12,691,159)
Net Assets (Deficit) - Beginning of Year	10,763,919	(7,875,446)	2,401,798	5,290,271
NET ASSETS (DEFICIT) - END OF YEAR	$ 10,406,036	$ (20,325,175)	$ 2,518,251	$ (7,400,888)

NOTE 2 CONDENSED COMPONENT UNITS INFORMATION (CONTINUED)

The following represents combined statement of activities for the discretely presented component units for the year ended June 30, 2019:

	2019			
	SSI	The Foundation	The Association	Total
Changes in Net Assets Without Donor Restrictions:				
Revenues and Other Additions:				
Contributions	$ -	$ 393,722	$ 441,689	$ 835,411
Investment Income	255,519	666,008	107,982	1,029,509
University Store	1,788,277	-	-	1,788,277
Student Activity Fees	4,552,474	-	-	4,552,474
Rental Income	-	30,083,161	16,000	30,099,161
Other Revenues	1,645,770	3,699,309	212,777	5,557,856
Change in Interest Rate Swap Agreement	-	(6,580,672)	-	(6,580,672)
Net Assets Released from Restrictions	-	4,380,040	3,000	4,383,040
Total Revenues and Other Additions	8,242,040	32,641,568	781,448	41,665,056
Expenses and Other Deductions:				
Program Expenses	4,975,663	30,497,380	430,271	35,903,314
University Store	1,021,461	-	-	1,021,461
Management and General	1,235,299	2,419,559	183,329	3,838,187
Distributions to University	325,000	2,989,941	-	3,314,941
Total Expenses and Other Deductions	7,557,423	35,906,880	613,600	44,077,903
Change In Net Assets Without Donor Restrictions	684,617	(3,265,312)	167,848	(2,412,847)
Changes in Net Assets With Donor Restrictions:				
Revenues and Other Additions:				
Contributions	-	7,173,974	-	7,173,974
Investment Gains	-	1,423,666	-	1,423,666
Other Revenue	-	27,727	-	27,727
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	-	(4,380,040)	(3,000)	(4,383,040)
Change in Split-Interest Agreements	-	23,221	-	23,221
Total Revenues and Other Additions	-	4,268,548	(3,000)	4,265,548
Change in Net Assets With Donor Restrictions	-	4,268,548	(3,000)	4,265,548
CHANGE IN NET ASSETS (DEFICIT)	684,617	1,003,236	164,848	1,852,701
Net Assets (Deficit) - Beginning of Year	10,079,302	(8,878,682)	2,236,950	3,437,570
NET ASSETS (DEFICIT) - END OF YEAR	$ 10,763,919	$ (7,875,446)	$ 2,401,798	$ 5,290,271

NOTE 3 DEPOSITS AND INVESTMENTS

The University predominantly maintains its cash balances on deposit with the State System. The State System maintains these and other State System funds on a pooled basis. Although the State System pools its funds in a manner similar to an internal investment pool, individual State System entities do not hold title to any assets in the fund. The State System as a whole owns title to all assets. The University does not participate in the unrealized gains or losses of the investment pool; instead, the University holds shares equal to its cash balance. Each share has a constant value of $1, and income is allocated based on the number of shares owned. Revenue realized at the State System level is calculated on a daily basis and posted monthly to each entity's account as interest income. The University's portion of pooled funds was $256,683,895 at June 30, 2020 and $273,921,421 at June 30, 2019.

Board of Governors Policy 1986-02-A, *Investment*, authorizes the State System to invest in obligations of the U.S. Treasury, repurchase agreements, commercial paper, certificates of deposit, banker's acceptances, U.S. money market funds, municipal bonds, corporate bonds, collateralized mortgage obligations (CMOs), asset-backed securities, and internal loan funds. Restricted nonexpendable funds and amounts designated by the board or University trustees may be invested in the investments described above, as well as 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 University may accept gifts of investments from donors as long as risk is limited to the investment itself. Restricted gifts of investments fall outside the scope of the investment policy.

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

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

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.

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.

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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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

At June 30, 2020 and 2019, the carrying amount of the University's demand and time deposits held at local financial institutions was $293,783 and $241,167, respectively, as compared to bank balances of $290,768 and $238,221, respectively. The differences are primarily caused by items in-transit and outstanding checks. Of the bank balances at June 30, 2020 and 2019, $290,768 and $238,221, respectively, were covered by federal government depository insurance. All bank balances were covered by federal depository insurance or were collateralized by a pledge of U.S. Treasury obligations held by Federal Reserve Banks in the name of the banking institutions, or uninsured but covered under the collateralization provisions of the Commonwealth's Act 72 of 1971 (Act 72), as amended. Act 72 allows banking institutions to satisfy the collateralization requirements by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The carrying value (fair value) of investments for the University's investments including split interest agreements at June 30, 2020 is presented below:

	Fair Value Hierarchy Level	Moody's Rating (if Applicable)	Modified Duration (Range) (if Applicable)	Fair Value
Deposits:				
Demand and Time Deposits				$256,977,678
Investments:				
U.S. Government and Agency Obligations	2		1.50	15,089
Bond Mutual Funds	NAV		4.90	7,737,811
Debt Securities	2	Aaa	7.34	98,436
	2	Aaa	7.34	175,825
	2	Aaa	7.34	117,118
	2	Aaa	7.06	17,451
	2	Aaa	6.22	22,343
	2	Aa1	6.33	22,220
	2	Aa1	1.55	20,830
	2	Aa3	4.46	16,265
	2	Aa2	5.45	17,142
Equity/Balanced Mutual Funds	NAV			16,635,577
	2			1,587,291
Common Stock	1			312,160
Total Investments				26,795,558
Total Deposits and Investments				$283,773,236

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The carrying value (fair value) of investments for the University's investments including split interest agreements at June 30, 2019 is presented below:

	Fair Value Hierarchy Level	Moody's Rating (If Applicable)	Modified Duration (Range) (If Applicable)	Fair Value
Deposits:				
Demand and Time Deposits				$ 274,162,588
Investments:				
U.S. Government and Agency Obligations	2		1.50	41,593
Bond Mutual Funds	NAV		4.6	7,224,700
Debt Securities	2	Aaa	5.50	75,590
	2	Aaa	2.73	150,902
	2	Aaa	9.50	92,623
	2	Aaa	6.90	21,067
	2	Aa2	6.30	16,019
	2	Aa1	2.60	20,384
	2	Aa3	5.40	15,917
	2	Aa1	7.70	15,857
	2	Aa1	7.10	20,735
Equity/Balanced Mutual Funds	NAV			17,257,959
	2			395,325
Common Stock	1			1,368,651
Total Investments				26,717,322
Total Deposits and Investments				$ 300,879,910

The University has no exposure to foreign currency risk.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	2020			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commonfund Multi-Strategy Bond Fund [1]	$ 7,737,811	$ -	Monthly	5 days
Commonfund Multi-Strategy Equity Fund [2]	16,635,577	-	Monthly	5 days
	$ 24,373,388	$ -		

	2019			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commonfund Multi-Strategy Bond Fund [1]	$ 7,224,700	$ -	Monthly	5 days
Commonfund Multi-Strategy Equity Fund [2]	17,257,959	-	Monthly	5 days
	$ 24,482,659	$ -		

1. *Multi-strategy bond fund*. The investment objective of the fund is to offer an actively managed, multi-manager investment program that will provide, in a single fund, broad exposure to global debt markets. The fund seeks to add value above the return of the broad U.S. bond market over a full market cycle, as measured by the Barclays Capital U.S. Aggregate Bond Index and, due to its strategy and manager diversification, to reduce volatility in comparison to that of investing in the index.

2. *Multi-strategy equity fund*. The investment objective of the fund is to offer an investment program that will provide, in a single fund, all of the strategy and manager diversification that an endowment would normally require for its equity allocation. The fund seeks to add value over long periods of time, above the return of the U.S. equity market as measured by the S&P 500 index and, due to its strategy and manager diversification, to reduce volatility in comparison to that of investing in the index.

NOTE 4 BENEFICIAL INTERESTS

At June 30, 2020, the fair value of beneficial interest totaled $4,403,348, compared to $4,483,971 at June 30, 2019. Of these amounts, $4,399,792 at June 30 2020 and $4,478,716 at June 30 2019 represent gifts that donors placed in trust in perpetuity with third parties, with the University receiving a restricted revenue stream in accordance with the donors' wishes; and $3,556 at June 30, 2020, and $5,255 at June 30, 2019, represent a split-interest agreement that a donor placed in trust with a third party, and to which the University will take title upon the death of the donor.

NOTE 5 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:

	Estimated Lives in Years	Beginning Balance June 30, 2019	Additions	Retirements	Reclassifications	Ending Balance June 30, 2020
Capital Assets Not Being Deprecated:						
Construction in Progress		$ 21,111,152	$ 42,012,619	$ -	$ (6,867,029)	$ 56,256,742
Land		6,285,282	-	-	600,880	6,886,162
Total Capital Assets Not Depreciated		27,396,434	42,012,619	-	(6,266,149)	63,142,904
Capital Assets Being Depreciated, Cost:						
Buildings and Improvements	10-40	329,283,227	98,990	-	4,866,266	334,248,483
Furnishings and Equipment	3-40	107,989,184	1,987,305	(710,902)	1,399,883	110,665,470
Library Books	10	7,468,248	53,030	(43,750)	-	7,477,528
Total Capital Assets Being Depreciated		444,740,659	2,139,325	(754,652)	6,266,149	452,391,481
Less: Accumulated Depreciation:						
Buildings and Improvements		(145,167,830)	(11,902,846)	-	-	(157,070,676)
Furnishings and Equipment		(88,178,476)	(5,081,225)	675,154	-	(92,584,547)
Library Books		(6,621,357)	(191,011)	43,750	-	(6,768,618)
Total Accumulated Depreciation		(239,967,663)	(17,175,082)	718,904	-	(256,423,841)
Total Capital Assets Being Depreciated, Net		204,772,996	(15,035,757)	(35,748)	6,266,149	195,967,640
Capital Assets, Net		$ 232,169,430	$ 26,976,862	$ (35,748)	$ -	$ 259,110,544

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Estimated Lives in Years	Beginning Balance July 1, 2018	Additions	Retirements	Reclassifications	Ending Balance June 30, 2019
Capital Assets Not Being Depreciated:						
Construction in Progress		$ 19,675,045	$ 29,093,734	$ (9,161)	$ (27,648,466)	$ 21,111,152
Land		6,145,178	-	-	140,104	6,285,282
Total Capital Assets Not Depreciated		25,820,223	29,093,734	(9,161)	(27,508,362)	27,396,434
Capital Assets Being Depreciated, Cost:						
Buildings and Improvements	10-40	302,578,433	392,190	-	26,312,604	329,283,227
Furnishings and Equipment	3-40	104,201,611	3,012,428	(420,613)	1,195,758	107,989,184
Library Books	10	7,827,429	116,939	(476,120)	-	7,468,248
Total Capital Assets Being Depreciated		414,607,473	3,521,557	(896,733)	27,508,362	444,740,659
Less: Accumulated Depreciation:						
Buildings and Improvements		(133,504,050)	(11,663,780)	-	-	(145,167,830)
Furnishings and Equipment		(83,463,118)	(5,068,676)	353,318	-	(88,178,476)
Library Books		(6,882,915)	(214,562)	476,120	-	(6,621,357)
Total Accumulated Depreciation		(223,850,083)	(16,947,018)	829,438	-	(239,967,663)
Total Capital Assets Being Depreciated, Net		190,757,390	(13,425,461)	(67,295)	27,508,362	204,772,996
Capital Assets, Net		$ 216,577,613	$ 15,668,273	$ (76,456)	$ -	$ 232,169,430

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2020	2019
Employees	$ 17,403,018	$ 17,406,076
Suppliers and Services	5,606,244	5,053,173
Other	9,543,092	5,805,070
Interest	180,633	183,899
Total	$ 32,732,987	$ 28,448,218

NOTE 7 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.

NOTE 7 BONDS PAYABLE (CONTINUED)

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

	2020				
	Weighted Average Interest Rate	Balance July 1, 2019	Bonds Issued	Bonds Redeemed	Balance June 30, 2020
Series AJ used to Build a Recreation Center	4.85%	$ 2,745,000	$ -	$ (2,745,000)	$ -
Series AK used to Current Refund Series S (Harvey Green and Philips)	4.00%	161,712	-	(161,712)	-
Series AL used to Current Refund Series T and New Financing of Purchasing College Arms, and Building Parking Garage and Recreation Center	5.00%	6,775,071	-	(5,254,431)	1,520,640
Series AM used to Build a Recreation Center	4.61%	12,911,248	-	(512,655)	12,398,593
Series AN used to Current Refund Series U, W, X (Lawrence Dining Renovation, LAN, Residence Halls, and Sykes Union)	5.00%	1,740,572	-	(409,349)	1,331,223
Series AQ used to current refund Series AC, AE (Lawrence Dining, ESCO)	4.56%	2,151,445	-	(991,694)	1,159,751
Series AS used to current refund Series AF (ESCO, Rec Center)	4.13%	2,968,008	-	(728,306)	2,239,702
Series AU used to build a parking structure on North Campus Drive (Commons Parking Garage)	3.52%	8,295,000	-	(220,000)	8,075,000
Series AV used to build a parking structure on North Campus Drive (Commons Parking Garage), to build a mixed-use dining and academic facility (SECC), and refund Series AI (Sprinkler)	4.22%	67,565,410	-	(1,990,000)	65,575,410
Series AW used to purchase three parking structures from the Borough of West Chester (Sharpless, Matlack, New Street); also to refund Series AJ (Rec Center)	3.11%	-	14,035,000	(210,000)	13,825,000
Total Bonds Payable		$ 105,313,466	$ 14,035,000	$ (13,223,147)	106,125,319
Plus Unamortized Bond Premium Costs, Net					5,620,649
Outstanding - End of Year					$ 111,745,968

NOTE 7 BONDS PAYABLE (CONTINUED)

The various bond series allocated to the University for the year ended June 30, 2019 are as follows:

	2019				
	Weighted Average Interest Rate	Balance July 1, 2018	Bonds Issued	Bonds Redeemed	Balance June 30, 2019
Series AI used to Current Refund Series V, Y, AB, and AD (Sprinklers)	4.36%	$ 3,259,910	$ -	$ (3,259,910)	$ -
Series AJ used to Build a Recreation Center	4.85%	2,955,000	-	(210,000)	2,745,000
Series AK used to Current Refund Series S (Harvey Green and Philips)	4.00%	317,712	-	(156,000)	161,712
Series AL used to Current Refund Series T and New Financing of Purchasing College Arms, and Building Parking Garage and Recreation Center	5.00%	7,204,071	-	(429,000)	6,775,071
Series AM used to Build a Recreation Center	4.64%	13,400,241	-	(488,993)	12,911,248
Series AN used to Current Refund Series U, W, X (Lawrence Dining Renovation, LAN, Residence Halls, and Sykes Union)	5.00%	2,133,984	-	(393,412)	1,740,572
Series AQ used to current refund Series AC, AE (Lawrence Dining, ESCO)	4.61%	3,096,915	-	(945,470)	2,151,445
Series AS used to current refund Series AF (ESCO, Rec Center)	3.97%	3,683,750	-	(715,742)	2,968,008
Series AU used to build a parking structure on North Campus Drive (Commons Parking Garage)	3.51%	8,505,000	-	(210,000)	8,295,000
Series AV used to build a parking structure on North Campus Drive (Commons Parking Garage), to build a mixed-use dining and academic facility (SECC), and refund Series AI (Sprinkler)	4.22%	-	69,185,620	(1,620,210)	67,565,410
Total Bonds Payable		$ 44,556,583	$ 69,185,620	$ (8,428,737)	105,313,466
Plus Unamortized Bond Premium Costs, Net					4,880,083
Outstanding - End of Year					$ 110,193,549

NOTE 7 BONDS PAYABLE (CONTINUED)

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

Series		2021	2022	2023	2024	2025	2026-2030	2031-2035	2035-2040	2041-2045	Total
AL	Principal	$ 120,894	$ 126,951	$ 133,261	$ 140,076	$ 146,890	$ 852,568	$ -	$ -	$ -	$ 1,520,640
	Interest	76,032	69,987	63,640	56,977	49,973	132,050	-	-	-	448,659
	Total	196,926	196,938	196,901	197,053	196,863	984,618	-	-	-	1,969,299
AM	Principal	540,260	563,921	595,469	627,017	658,565	3,718,721	4,637,556	1,057,084	-	12,398,593
	Interest	565,163	538,150	509,954	478,692	445,772	1,802,101	876,270	47,559	-	5,263,661
	Total	1,105,423	1,102,071	1,105,423	1,105,709	1,104,337	5,520,822	5,513,826	1,104,643	-	17,662,254
AN	Principal	425,706	443,741	461,776	-	-	-	-	-	-	1,331,223
	Interest	35,038	13,641	2,443	-	-	-	-	-	-	51,122
	Total	460,744	457,382	464,219	-	-	-	-	-	-	1,382,345
AQ	Principal	1,043,320	26,987	28,367	29,798	31,279	-	-	-	-	1,159,751
	Interest	57,988	5,822	4,472	3,054	1,564	-	-	-	-	72,900
	Total	1,101,308	32,809	32,839	32,852	32,843	-	-	-	-	1,232,651
AS	Principal	742,940	758,314	133,624	140,287	147,320	317,217	-	-	-	2,239,702
	Interest	89,697	74,838	36,922	30,241	23,227	23,986	-	-	-	278,911
	Total	832,637	833,152	170,546	170,528	170,547	341,203	-	-	-	2,518,613
AU	Principal	230,000	240,000	255,000	265,000	280,000	1,615,000	1,935,000	2,255,000	1,000,000	8,075,000
	Interest	294,025	282,525	270,525	257,775	244,525	1,007,725	686,725	374,688	48,463	3,466,976
	Total	524,025	522,525	525,525	522,775	524,525	2,622,725	2,621,725	2,629,688	1,048,463	11,541,976
AV	Principal	2,092,793	2,366,799	2,213,637	2,224,198	2,177,983	11,420,000	14,150,000	17,045,000	11,885,000	65,575,410
	Interest	2,749,314	2,644,675	2,526,335	2,415,653	2,304,443	9,891,469	7,160,419	4,270,469	902,438	34,865,215
	Total	4,842,107	5,011,474	4,739,972	4,639,851	4,482,426	21,311,469	21,310,419	21,315,469	12,787,438	100,440,625
AW	Principal	280,000	530,000	560,000	585,000	620,000	3,235,000	2,485,000	2,890,000	2,640,000	13,825,000
	Interest	540,200	526,200	499,700	471,700	442,450	1,715,500	1,057,100	651,713	201,000	6,105,563
	Total	820,200	1,056,200	1,059,700	1,056,700	1,062,450	4,950,500	3,542,100	3,541,713	2,841,000	19,930,563
Total	Principal	5,475,913	5,056,713	4,381,134	4,011,376	4,062,037	21,158,506	23,207,556	23,247,084	15,525,000	106,125,319
	Interest	4,407,457	4,155,838	3,913,991	3,714,092	3,511,954	14,572,831	9,780,514	5,344,429	1,151,901	50,553,007
	Total	$ 9,883,370	$ 9,212,551	$ 8,295,125	$ 7,725,468	$ 7,573,991	$ 35,731,337	$ 32,988,070	$ 28,591,513	$ 16,676,901	$ 156,678,326

NOTE 8 CAPITAL LEASE OBLIGATION

On September 21, 2018, the University purchased the Sharpless, Matlack, and New Street parking structures from the Borough of West Chester (Borough) that had previously been recorded by the University as capital leases with the Borough. The capital leases were terminated and title of the parking structures and associated land were passed to the University as a result of the purchase. Currently, the University has various equipment under capital leases consisting primarily of copier machines. Changes in capital lease obligations are as follows:

	2020	2019
Balance - July 1	$ 99,945	$ 13,277,291
Increases	165,465	5,061
Repayments	(73,734)	(13,182,407)
Balance - June 30	$ 191,676	$ 99,945

Capital assets include equipment under capital lease of $205,417 at June 30, 2020 and $277,085 at June 30, 2019 which are reported net of accumulated depreciation of $190,301 at June 30, 2020 and $168,083 at June 30, 2019.

The following is a summary of future minimum lease payments along with the present value of the net minimum lease payments as of June 30, 2020:

Year Ending June 30,	Amount
2021	$ 73,648
2022	44,992
2023	42,903
2024	28,366
2025	7,243
Total Minimum Lease Payments	197,152
Less: Amount Representing Interest	(5,476)
Net Present Value of Minimum Lease Payments	191,676
Less: Current Portion	71,097
Long-Term Capital Lease Obligations	$ 120,579

NOTE 9 UNEARNED REVENUE

Unearned revenue consists of the following components at June 30:

	2020		2019	
	Current	Noncurrent	Current	Noncurrent
Student Tuition and Fees	$ 5,351,605	$ -	$ 4,617,636	$ -
Grants	2,879,494	-	198,107	-
Sales and Services	6,472	-	190,715	-
Federal Appropriation	3,136,875	-	-	-
Other	16,930	67,718	741,442	161,926
Total	$ 11,391,376	$ 67,718	$ 5,747,900	$ 161,926

NOTE 10 COMPENSATED ABSENCES

Compensated absences are absences, such as vacation and sick leave, for which employees will be paid in cash at termination or retirement. Compensated absences consist of the following components at June 30:

	2020		2019	
	Current	Noncurrent	Current	Noncurrent
Compensated Absences	$ 2,300,959	$ 17,135,273	$ 746,248	$ 16,389,025

The changes in compensated absences are as follows:

	2020	2019
Balance - July 1	$ 17,135,273	$ 16,389,024
Current Changes in Estimate	3,963,763	2,178,094
Payouts	(1,662,804)	(1,431,845)
Balance - June 30	$ 19,436,232	$ 17,135,273

NOTE 11 OTHER POSTRETIREMENT 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, 2020, and 2019.

	System Plan		REHP		Premium Assistance		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Net OPEB Liabilities	$ 206,416,046	$ 207,081,792	$ 56,817,940	$ 82,072,127	$ 616,753	$ 581,968	$ 263,850,739	$ 289,735,887
Deferred Outflows of Resources:								
Difference Between Expected and Actual Experience	-	-	-	-	3,537	3,649	3,537	3,649
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	N/A	N/A	-	-	1,076	912	1,076	912
Changes in Assumptions	-	-	1,817,811	-	20,297	9,122	1,838,108	9,122
Changes in Proportion	-	-	3,464,577	4,385,317	19,836	6,993	3,484,413	4,392,310
Contributions After the Measurement Date	5,868,104	5,992,315	2,464,747	3,219,491	35,557	33,437	8,368,408	9,245,243
Total Deferred Outflows of Resources	$ 5,868,104	$ 5,992,315	$ 7,747,135	$ 7,604,808	$ 80,303	$ 54,113	$ 13,695,542	$ 13,651,236
Deferred Inflows of Resources:								
Difference Between Expected and Actual Experience	18,913,247	23,079,713	42,257,852	25,136,829	-	-	61,171,099	48,216,542
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	N/A	N/A	100,629	125,437	-	-	100,629	125,437
Changes in Assumptions	22,029,499	16,553,467	7,869,896	10,789,101	18,298	22,044	29,917,693	27,364,612
Changes in Proportion	N/A	N/A	2,427,451	-	4,152	5,169	2,431,603	5,169
Total Deferred Inflows of Resources	$ 40,942,746	$ 39,633,180	$ 52,655,828	$ 36,051,367	$ 22,450	$ 27,213	$ 93,621,024	$ 75,711,760
OPEB Expense	$ 6,636,137	$ 10,926,065	$ (6,327,306)	$ 3,175,102	$ 72,142	$ 83,779	$ 380,973	$ 14,184,946
Contributions Recognized by OPEB Plans	N/A	N/A	$ 2,464,747	$ 3,219,491	$ 35,557	$ 33,437	$ 2,500,304	$ 3,252,928

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

The University will recognize the deferred outflows of resources resulting from contributions after the measurement date, totaling $5,868,104 for the System Plan, $2,464,747 for the REHP plan, and $35,557 for the PSERS OPEB plan, as reductions of the respective net OPEB liabilities in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

	Amortization		
Fiscal Year Ended	System Plan	REHP	Premium Assistance
June 30, 2021	$ (10,736,735)	$ (11,910,155)	$ 2,614
June 30, 2022	(10,736,735)	(11,910,155)	2,614
June 30, 2023	(10,736,735)	(11,283,909)	2,460
June 30, 2024	(6,885,629)	(8,547,580)	2,306
June 30, 2025	(1,846,912)	(3,703,539)	7,842
Thereafter	-	(18,102)	4,460
Total	$ (40,942,746)	$ (47,373,440)	$ 22,296

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

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

System Plan (Continued)

Plan Description (Continued)

A total of 12,122 individuals are covered by the benefit terms (down from 12,511 in the prior year), including 7,235 active employees that may be entitled to receive benefit payments upon retirement, 47 retired participants entitled to but not yet receiving benefits, and 4,840 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 hire 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, 2020.

- 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.

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

System Plan (Continued)

Actuarial Assumptions and Other Inputs

The System performs actuarial valuations every two years for the System Plan and utilizes a measurement date that is the first day of its current fiscal year-end. The actuarial valuation on which the total OPEB liability as of June 30, 2020 is based is dated July 1, 2018, which was rolled forward to the measurement date of July 1, 2019. 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 6.0% in 2018 and 5.5% in 2019 through 2021, with rates gradually decreasing from 5.4% in 2022 to 3.8% in 2075 and later, based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Annual salary increase of 4%.
- 90% of employees eligible for a subsidy and 15% of employees are 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.
- The cost due to the excise tax under the Patient Protection and Affordable Care Act beginning in 2022 is 40% of the projected premiums in excess of the annual limits, calculated using an inflation rate of 2%.
- The annual cost of living increase beginning in 2018 is assumed to be 2.2% per year.
- Retiree premium cost sharing is assumed to remain at 18% and increase at the same rate as the Healthcare Cost Trend Rate.
- Mortality rates based on the PubG-2010 Mortality Table, including rates for contingent survivors, and which incorporate rates based on a generational projection using Scale MP-2018 to reflect mortality improvement.
- The discount rate decreased from 2.98% to 3.36%, based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2019.
- Participant data is based on census information as of July 1, 2018.
- Experience assumptions for withdrawal and retirement, expected vs. actual, and election percentages were reviewed in 2019, and it was determined that the results were reasonable and did not warrant a further formal study.
- Costs have been loaded by 0.7% to account for tuition waiver benefits, which are offered to all retirees, regardless of employee bargaining unit when active and including those not represented when active, who meet years of service and/or age criteria.

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

System Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The following presents the System Plan's net OPEB liability at June 30, 2020, 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 2.8%) or one percentage point higher (6.5% decreasing to 4.8%) than the current healthcare cost trend rates (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	$ 172,162,405	$ 206,416,046	$ 250,774,166

The following presents the System Plan's net OPEB liability at June 30, 2019, 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 2.8%) or one percentage point higher (6.5% decreasing to 4.8%) than the current healthcare cost trend rates (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%)
2019	$ 173,371,526	$ 207,081,792	$ 250,705,054

The following presents the University'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	$ 240,956,373	$ 206,416,046	$ 178,887,807

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

System Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The following presents the University's net OPEB liability at June 30, 2019, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (1.98%) or one percentage point higher (3.98%) than the current discount rate (2.98%).

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

	1% Decrease 1.98%	Current Rate 2.98%	1% Increase 3.98%
2019	$ 243,049,122	$ 207,081,792	$ 178,549,000

OPEB Liability

The University's proportionate share of the System Plan's total OPEB liability of $206,416,046 as of June 30, 2020 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. The University's proportionate share of the System Plan's OPEB liability of $207,081,792 as of June 30, 2019 was measured as of July 1, 2018, and was determined by an actuarial valuation as of July 1, 2018.

Changes in the System Plan Total OPEB Liability

	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019
Balance - Beginning of Year	$ 207,081,792	$ 223,456,885
Service Cost	5,609,676	6,483,772
Interest	6,231,752	7,078,627
Changes of Benefit Terms	-	(155,864)
Differences Between Expected and Actual Experience	-	(26,908,772)
Changes in Assumptions	(10,818,130)	(1,766,501)
Benefit Payments	(1,689,044)	(1,106,355)
Net Changes	(665,746)	(16,375,093)
Balance - End of Year	$ 206,416,046	$ 207,081,792

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

REHP

Plan Description

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

The REHP provides eligible retirees and their eligible dependents with subsidized healthcare for the retiree's lifetime. Benefits include healthcare, including hospital, medical/surgical, prescription drugs, and major medical coverage, as well as a Medicare supplement for individuals over age 65. Retirees receive varying coverages based on the plan they choose, and benefits may continue for the retiree's lifetime. Spouse benefits cease upon the retiree's death, but the surviving spouse may continue coverage at full cost. Non-spouse dependents may be covered until age 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, 2020.

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

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

REHP (Continued)

Plan Description (Continued)

Employer contribution requirements are established by the Commonwealth as provided by pertinent statutory authority. With the exception of certain employing agencies, employers contributed to the REHP Trust a retiree health assessment rate of $300 for each current REHP eligible active employee during the fiscal years ended June 30, 2019 and 2018.

Actuarial Assumptions and Other Inputs

The State System records its REHP pension liability annually utilizing a measurement date one year prior to its fiscal year-end. The Commonwealth's State Employees' Retirement System (SERS) performs experience studies periodically to determine reasonable and appropriate economic and demographic assumptions for purposes of valuing the defined benefit pension plan. The most recent SERS experience study covered the years 2011 through 2015 and was presented to the SERS Board in March 2016. 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 an April 2017 meeting based on a review of actual plan experience and the prevalent economic outlook.

The total OPEB liability in the June 30, 2019 and 2018, actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method is Entry Age Normal, which requires an estimate of the projected benefit payable at retirement to determine costs and liabilities.
- Inflation of 2.60%.
- 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 2019 b.
- 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, 2018, for the June 30, 2019, measurement date; and as of December 31, 2017, for the June 30, 2018, measurement date.

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

REHP (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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

- Discount rate of 3.50% as of June 30, 2019, and 3.87% as of June 30, 2018.
- Since the REHP has insufficient assets to meet next year's projected benefit payments, the discount rate is based on the rate for the 20-year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher as of the measurement date. The Commonwealth elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	47.0 %	5.6 %
International Equity	20.0	5.8 %
Fixed Income	25.0	1.7 %
Real Estate	8.0	4.6 %
Cash and Cash Equivalents	-	0.9 %
Total	100.0 %	

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, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	47.0 %	6.6 %
International Equity	20.0	8.6 %
Fixed Income	25.0	3.0 %
Real Estate	8.0	6.9 %
Cash and Cash Equivalents	-	1.0 %
Total	100.0 %	

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

REHP (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The Commonwealth calculated an allocated share of the REHP OPEB liability for each participating employer based upon their actual contributions made to the REHP. The State System's proportion of the collective net OPEB liability was 4.37% for the measurement date of June 30, 2019 and 4.57% for the measurement date of June 30, 2018.

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	$ 49,356,802	$ 56,817,940	$ 65,995,636

The following presents the University's share of the REHP net OPEB liability at June 30, 2019, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.2% decreasing to 3.1%) or one percentage point higher (7.2% decreasing to 5.1%) than the current healthcare cost trend rates (6.2% decreasing to 4.1%).

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

	1% Decrease (5.2% Decreasing to 3.1%)	Healthcare Cost Trend Rates (6.2% Decreasing to 4.1%)	1% Increase (7.2% Decreasing to 5.1%)
2019	$ 70,452,223	$ 82,072,127	$ 96,515,492

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%).

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

REHP (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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	$ 64,463,107	$ 56,817,940	$ 50,418,648

The following presents the University's share of the REHP net OPEB liability at June 30, 2019 as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current discount rate (3.87%).

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

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
2019	$ 94,026,822	$ 82,072,127	$ 72,222,933

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

Premium Assistance

Plan Description

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

NOTE 11 OTHER POSTRETIREMENT 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, 2019, 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 0.83% of covered payroll for the fiscal years ended June 30, 2020 and 2019. 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 0.415% 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 June 30, 2019, was determined by rolling forward the PSERS total OPEB liability as of June 30, 2018, to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – June 30, 2018
- 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%.

NOTE 11 OTHER POSTRETIREMENT BENEFITS (OPEB) (CONTINUED)

Premium Assistance (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2017, determined the employer contribution rate for fiscal year 2018/19.
- 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 2.79% at June 30, 2019, and 2.98% at June 30, 2018.
- 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 2.79%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, 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.

NOTE 11 OTHER POSTRETIREMENT 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 %
US Core Fixed Income	83.1	1.0 %
Non-US Developed Fixed	3.7	- %
Total	100.0 %	

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, 2018.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.9 %	0.3 %
US Core Fixed Income	92.8	1.2 %
Non-US Developed Fixed	1.3	0.4 %
Total	100.0 %	

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the total OPEB liability as of June 30, 2018, to June 30, 2019. 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 0.1886% and 0.1836% for the measurement dates of June 30, 2019 and 2018, respectively.

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	$ 616,753	$ 616,753	$ 616,907

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, 2019, 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 6.75%) or one percentage point higher (between 6% and 8.75%) than the current healthcare cost trend rates (between 5% and 7.75%).

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

	Healthcare Cost Trend Rates (Between 4% and 6.75%)	Healthcare Cost Trend Rates (Between 5% and 7.75%)	Healthcare Cost Trend Rates (Between 6% and 8.75)%
2019	$ 581,816	$ 581,968	$ 582,120

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	$ 702,708	$ 616,753	$ 545,560

The following presents the University's share of the Premium Assistance net OPEB liability at June 30, 2019, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (1.98%) or one percentage point higher (3.98%) than the current discount rate (2.98%).

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

	1% Decrease 1.98%	Current Rate 2.98%	1% Increase 3.98%
2019	$ 661,783	$ 581,968	$ 515,683

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 inflows of resources related to pensions, and the pension expense for the fiscal years ended June 30, 2020 and 2019.

	SERS		PSERS		ARP		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Net Pension Liabilities	$ 92,052,101	$ 103,931,367	$ 13,629,945	$ 13,262,986	$ -	$ -	$ 105,682,046	$ 117,194,353
Deferred Outflows of Resources:								
Difference Between Expected and Actual Experience	1,147,753	1,559,653	75,077	106,691	-	-	1,222,830	1,666,344
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	10,111,910	-	65,008	-	-	-	10,176,918
Changes in Assumptions	3,547,216	2,768,986	130,225	247,241	-	-	3,677,441	3,016,227
Difference Between Employer Contributions and Proportionate Share of Contributions	-	-	39,594	52,359	-	-	39,594	52,359
Changes in Proportion	952,888	1,490,656	363,797	226,324	-	-	1,316,685	1,716,980
Contributions After the Measurement Date	5,879,538	6,053,674	1,418,090	1,323,062	-	-	7,297,628	7,376,736
Total Deferred Outflows of Resources	$ 11,527,395	$ 21,984,879	$ 2,026,783	$ 2,020,685	$ -	$ -	$ 13,554,178	$ 24,005,564
Deferred Inflows of Resources:								
Difference Between Expected and Actual Experience	$ 623,485	$ 1,126,201	$ 451,695	$ 205,257	$ -	$ -	$ 1,075,180	$ 1,331,458
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	6,565,051	-	39,083	-	-	-	6,604,134	-
Difference Between Employer Contributions and Proportionate Share of Contributions	481,322	555,161	-	-	-	-	481,322	555,161
Changes in Proportion	2,142,362	822,020	87,280	140,098	-	-	2,229,642	962,118
Total Deferred Inflows of Resources	$ 9,812,220	$ 2,503,382	$ 578,058	$ 345,355	$ -	$ -	$ 10,390,278	$ 2,848,737
Pension Expense	$ 16,062,795	$ 18,807,242	$ 3,650,673	$ 3,484,327	$ 8,492,773	$ 8,264,497	$ 28,206,241	$ 30,556,066
Contributions Recognized by Pension Plans	$ 10,175,739	$ 10,340,482	$ 1,418,090	$ 1,323,062	N/A	N/A	$ 11,593,829	$ 11,663,544

NOTE 12 PENSION BENEFITS (CONTINUED)

The University will recognize the $5,879,538 reported as 2020 SERS deferred outflows of resources resulting from pension contributions after the measurement date, and the $1,418,090 reported as 2020 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

	Amortization	
Fiscal Year Ending June 30,	SERS	PSERS
2021	$ (301,997)	$ 162,594
2022	(1,285,072)	(120,408)
2023	541,693	(39,320)
2024	(3,155,757)	27,769
2025	36,770	-
Total	$ (4,164,363)	$ 30,635

SERS

Plan Description

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

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

Benefits Provided

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

NOTE 12 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Benefits Provided (Continued)

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

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

Contributions

The contribution rate for both active members and the 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.

NOTE 12 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Contributions (Continued)

For the SERS defined benefit plan, the University's actuarially determined contribution rate for most active members was 36.04% of active members' annual covered payroll at June 30, 2020, with less common rates ranging between 24.92% and 28.84%, depending upon the defined benefit plan chosen by the employee. For the SERS defined benefit/defined contribution hybrid plan, the University's actuarially determined contribution rate was either 16.93% or 17.18% 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, 2020, 2019, and 2018, were approximately $10,176,000, $10,340,000, and $9,651,000, respectively, equal to the required contractual contribution.

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

For the SERS defined contribution plan, the University contributed at actuarially determined rates of between 2.0% and 3.5% of active members' annual covered payroll at June 30, 2020, depending upon the plan chosen by the employee. The University recognized $13,930 in SERS defined contribution pension expense for the year ended June 30, 2020 and $748 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 401(a) defined contribution plan and those who participate in one of the defined benefit/defined contribution hybrid plans, is three years. Once money is contributed to the plan, it cannot be removed from the plan, except for making distribution payments to participants. Forfeitures of unvested employer contributions and earnings are invested in the PA Treasury short-term investment fund. The funds are forfeited to the employee's most recent employer and used to offset future contributions to the plan and correct funding discrepancies. Forfeitures seized under the Pension Forfeiture Act are used for administrative expenses of the plan.

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

NOTE 12 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Actuarial Methods and Assumptions

Actuarial valuations are performed annually using a December 31 measurement date. Every five years, SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The *18th Investigation of Actuarial Experience* study for the period 2011–2015 was released in March 2016. The actuary, under oversight of the SERS Board, reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates). Some assumption adjustments increased projected cost and some decreased it, but the overall result was a slight increase to the net pension liability. The SERS Board adopted the actuarial assumptions set forth in the *18th Investigation of Actuarial Experience* at its March 2016 meeting. In addition, SERS reviews its investment return assumption in light of economic conditions every year. At its June 2019 meeting, the SERS Board approved a reduction in the assumed investment rate of return from 7.25% to 7.125%. The next SERS review occurred in summer 2020 and will be used for its 2020 annual valuation.

The following methods and assumptions were used in the actuarial valuation for the December 31, 2019, 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 that are provided benefits.

- Inflation of 2.60%.

- Investment return of 7.125%, net of manager fees and including inflation.

- Salary increases based on an effective average of 5.60%, with a range of 3.70% to 8.90%, including inflation.

- Asset valuation using fair (market) value.

- Mortality rates based on the projected RP-2000 Mortality Tables, adjusted for actual plan experience and future improvement.

- No cost of living adjustments.

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 both December 31, 2019 and 2018, is summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private Equity	16.00 %	7.25 %
Global Public Equity	48.00	5.15
Real Estate	12.00	5.26
Multi-Strategy	10.00	4.44
Fixed Income	11.00	1.26
Cash	3.00	-
Total	100.00 %	

The discount rate used to measure the total SERS pension liability was 7.125%. 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. Therefore, the long-term expected rate of return on SERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the 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 current rate.

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

	1% Decrease 6.125%	Current Rate 7.125%	1% Increase 8.125%
2020	$ 116,967,267	$ 92,052,101	$ 70,721,775

NOTE 12 PENSION BENEFITS (CONTINUED)

SERS (Continued)

Actuarial Methods and Assumptions (Continued)

The following presents the University's proportionate share of the SERS net pension liability at June 30, 2019, calculated using the discount rate of 7.25%, 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 (6.25%) or one percentage point higher (8.25%) than the current rate.

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

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
2019	$ 127,619,236	$ 103,931,367	$ 83,632,162

Proportionate Share

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 $92,052,101. At June 30, 2019, the amount recognized as the University's proportionate share of the SERS net pension liability, measured at December 31, 2018, was $103,931,367.

The allocation percentage assigned to each participating employer is based on a projected-contribution method. For the allocation of the December 2019 amounts, this methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 2020-21, from the December 31, 2019, funding valuation to the expected funding payroll. For the allocation of the December 2018 amounts, this methodology applies the most recently calculated contribution rates for fiscal year 2019-20, from the December 31, 2018 funding valuation to the expected funding payroll. At the December 31, 2019 measurement date, the University's proportion was 4.773%, a decrease of .124% from its proportion calculated as of the December 31, 2018 measurement date.

NOTE 12 PENSION BENEFITS (CONTINUED)

PSERS

Plan Description

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

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

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

Benefits Provided

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

NOTE 12 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Benefits Provided (Continued)

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

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

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

Member Contributions

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

NOTE 12 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Employer Contributions

The University's contractually required contribution rate for PSERS for fiscal year ended June 30, 2020, was 33.36% 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 16.68% of covered payroll. The University's contribution to PSERS for the year ending June 30, 2020, June 30, 2019, and June 30, 2018 was approximately $1,418,000, $1,323,000, and $1,186,000, respectively, equal to the required contractual contribution.

Actuarial Assumptions

The University records the 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, 2019 measurement date, was determined by rolling forward PSERS' total pension liability as of the June 30, 2018 actuarial valuation to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

- Valuation date – June 30, 2018
- 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 and seniority increases.
- Mortality rates based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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.

NOTE 12 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Actuarial Assumptions (Continued)

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, 2019 and June 30, 2018.

	2019	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	20.0 %	5.6 %
Fixed Income	36.0	1.9
Commodities	8.0	2.7
Absolute Return	10.0	3.4
Risk Parity	10.0	4.1
Infrastructure/MLPs	8.0	5.5
Real Estate	10.0	4.1
Alternative Investments	15.0	7.4
Cash	3.0	0.3
Financing (LIBOR)	(20.0)	0.7
Total	100.0 %	

	2018	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	20.0 %	5.2 %
Fixed Income	36.0	2.2
Commodities	8.0	3.2
Absolute Return	10.0	3.5
Risk Parity	10.0	3.9
Infrastructure/MLPs	8.0	5.2
Real Estate	10.0	4.2
Alternative Investments	15.0	6.7
Cash	3.0	0.4
Financing (LIBOR)	(20.0)	0.9
Total	100.0 %	

NOTE 12 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Actuarial Assumptions (Continued)

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

The following presents the University's proportionate share of the PSERS net pension liability calculated using the discount rate of 7.25% as of June 30, 2020 and 2019, 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 West Chester University's Proportionate Share
of the PSERS Net Pension Liability to Change in the Discount Rate

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
2020	$ 16,977,648	$ 13,629,945	$ 10,795,265
	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
2019	$ 16,440,402	$ 13,262,986	$ 10,576,289

Proportionate Share

At June 30, 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.

	2020	2019
Total PSERS Net Pension Liability Associated with the University	$ 27,259,890	$ 26,525,972
Commonwealth's Proportionate Share of the PSERS Net Pension Liability Associated with the University	(13,629,945)	(13,262,986)
University's Proportionate Share of the PSERS Net Pension Liability	$ 13,629,945	$ 13,262,986

NOTE 12 PENSION BENEFITS (CONTINUED)

PSERS (Continued)

Proportionate Share (Continued)

PSERS measured the 2020 and 2019 net pension liabilities as of June 30, 2019 and June 30, 2018, 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, 2019, the University's proportion was .1886%, an increase of .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 benefit provisions. The State Employees' Retirement Code establishes the employer contribution rate for the ARP, while the board establishes the employee contribution rates. Active members contribute at a rate of 5% of their qualifying compensation. The University recognizes annual pension expenditures equal to its contractually required contribution to the plan. The University contribution rate on June 30, 2020 and 2019 was 9.29% of qualifying compensation. The contributions to the ARP for the years ended June 30, 2020 and 2019 were $8,492,773 and $8,264,497, respectively, from the University and $4,570,922 and $4,448,061, respectively, from active members. No liability is recognized for the ARP.

NOTE 13 WORKERS' COMPENSATION

The University participates in the State System's self-insured workers' compensation plan. 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 all universities of the State System contribute amounts as determined by an independent actuarial study. Based on updated actuarial studies, the University received refunds of $49,190 and $44,666 to the Reserve Fund in 2020 and 2019, respectively.

For the years ended June 30, 2020 and 2019, the aggregate liability for claims under the self-insurance limit was $1,039,944 and $1,183,704, respectively. Changes in the workers' compensation claims liability amount in fiscal years 2020 and 2019 follow:

	2020	2019
Balance - July 1	$ 1,183,704	$ 1,103,227
Current Year Claims and Changes in Estimates	(94,570)	125,143
Payments	(49,190)	(44,666)
Balance - June 30	$ 1,039,944	$ 1,183,704

NOTE 14 COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS

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 receives support from federal and Commonwealth grant programs, primarily for student financial assistance, including federal CARES funding in 2019-20. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. As of June 30, 2020, the University estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the accompanying financial statements.

Covid-19 Pandemic

Covid-19 may impact various parts of operations and financial results of the University and component units, including method of educational delivery, athletics, housing and food service. Management believes that the University and component units are taking appropriate actions to mitigate the negative impact. The full impact of COVID-19 is unknown and cannot be reasonably estimated at June 30, 2020.

Construction Commitments

Authorized expenditures for ongoing construction projects at June 30, 2020 and 2019 were approximately $75,348,534 and $104,428,965, respectively. The large balances in both fiscal year 2019-20 and fiscal year 2018-19 are due to the construction of The Sciences & Engineering Center and The Commons (SECC) project.

Insurance

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

NOTE 14 COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS (CONTINUED)

Labor Negotiations

Approximately 86% of PASSHE's employees are covered by nine collective bargaining agreements. Seven of the agreements were renegotiated during the past fiscal year; most of which are effective through fiscal year 2022/23. The only exceptions are two minor unions: the agreement for police supervisors and security officers with the International Union, Security, Police, and Fire Professionals of America (SPFPA), which expired on August 31, 2020, and the Professional Doctors Association (PDA). A tentative agreement was reached with SPFPA in September 2020. The terms of the prior contracts remain in effect until a successor agreement is achieved.

NOTE 15 RATINGS ACTIONS

In June 2020, Moody's Investors Service, Inc. maintained the State System's bond rating of Aa3, with an outlook of stable. In June 2020, Fitch Ratings affirmed the State System's rating of A+ with an outlook of stable. These rates were reaffirmed September 11, 2020. Both rating agencies acknowledged the coronavirus pandemic and related mitigation measures have created an uncertain environment for the U.S. public higher education sector, constraining enrollment and revenue and contracting operating performance.

NOTE 16 DEBT REFUNDING

In September 2019, Series AW tax-exempt revenue bonds were issued in the amount of $84,980,000. The University participated in the issuance receiving net proceeds of $14,035,000 used to current refund a portion of the Series AJ bonds as well as to purchase the Sharpless, Matlack, and New Street Parking Garages. The refunding was performed to reduce debt service by approximately $490,000, resulting in an economic gain (difference between the present values of the old and new debt service payments) of approximately $481,000. 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 September 2018, Series AV-1 tax-exempt revenue bonds were issued in the amount of $102,345,000. The University participated in the issuance receiving net proceeds of approximately $69,186,000 used to current refund a portion of Series AI bonds as well as new financing for The Commons Project. The refunding was performed to reduce debt service by approximately $197,000, resulting in an economic gain (difference between the present values of the old and new debt service payments) of approximately $175,000. 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.

NOTE 17 GROUND LEASE

The University has ground lease agreements with University Student Housing, LLC (USH) for each of the student housing facilities constructed by USH. Payments due to the University by USH under the ground leases are 1) a base rent amount, 2) a Pennsylvania State System of Higher Education (PASSHE) system fee payment based on revenues, and 3) a rent payment due to the University based on a percentage of net available cash flow for each year.

The University has subordinated its rights to base and percentage rent payments to any payments due on the bonds. Any unpaid amounts accrue interest at prevailing prime rates.

Building	Agreement Date	Lease Expiration	Base Rent
University Hall and The Village	August 2003, amended February 2017	August 2045 or 2035 if Series 2013 bonds are satisfied at that time	$50,000 per year with annual 3% increases
Allegheny and Brandywine	March 2008	July 2053 or 2043 if Series 2003 bonds (now Series 2008 A-1 and A-2) are satisfied at that time	$7,058 per year with annual 3% increases
East Village	July 2012	June 2047 or earlier if the Series 2012 bonds are satisfied	$30,650 per year with annual 1% increases through 2019, 2% through 2023, and 3% thereafter
Commonwealth	February 2013	June 2063 or earlier if the Series 2013 bonds are satisfied	$10,000 per year with annual 1% increases through 2020, 2% through 2025, and 3% thereafter

At June 30, 2020, future minimum lease payments due under the ground leases are as follows:

Year Ending June 30,	2003 Lease	2008 Lease	2013 Lease	2014 Lease
2021	$ 80,235	$ 9,770	$ 33,515	$ 10,720
2022	82,642	10,063	34,185	10,935
2023	85,122	10,365	34,869	11,153
2024	87,675	10,676	35,915	11,376
2025	90,306	10,996	36,992	11,604
Thereafter	1,076,727	265,192	1,163,518	826,603

USH subleases 27,740 square feet of ground floor space in Allegheny and Brandywine to the University for $20 per year. The University reports fair value rent expense of $1,348,551 and $1,292,564 for the years ended June 30, 2020 and 2019, respectively. The University is responsible for leasehold improvements. The lease term is 29.5 years.

The University also subleases space in the clubhouse of the East Village apartments for dining services. Payments for this sublease were $11,034 and $10,713 in 2020 and 2019, respectively.

NOTE 18 SUBSEQUENT EVENTS

In July 2020, PHEFA issued Series AX tax-exempt revenue bonds in the amount of $94,985,000. The University participated in the issuance of the Series AX revenue bonds receiving net proceeds of $1.3 million to current refund of the Parking Garage Series AL revenue bonds. The refunding was performed to reduce debt service and resulted in an economic gain (difference between the present values of the old and new debt service payments). In connection with the bond issuance, the State System entered into a loan agreement with PHEFA under which the State System pledged its full faith and credit for repayment of the bonds.

In September 2020, PHEFA accepted bids for Series AY taxable revenue bonds, in the amount of $78,925,000, which will close on October 1, 2020. The purpose of this issue is to advance refund a portion of Series AM revenue bonds and will result in a reduction of debt service of approximately $11.2 million and an economic gain of $10.2 million. West Chester's Recreation Center project was financed in the Series AM bond issue. As a result of the refinancing, the University realized total present value savings of $1,927,968. The State System will enter into a loan agreement with PHEFA under which the State System will pledge its full faith and credit for repayment of the bonds.

On October 7, 2020, the President announced that after considering various instructional scenarios for the spring 2021 semester and the latest scientific forecasts with regard to the pandemic, the University has decided to continue remote learning with some hybrid classes through the spring.

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State System Plan OPEB Liability
Determined as of June 30 measurement dates

	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018
Changes in the System Plan Total OPEB Liability			
Total OPEB Liability-Beginning Balance	$ 207,081,792	$ 223,456,885	$ 228,535,418
Service Cost	5,609,676	6,483,772	2,492,638
Interest	6,231,752	7,078,627	2,021,354
Changes of Benefit Terms	-	(155,864)	-
Differences Between Expected and Actual Experience	-	(26,908,772)	-
Changes of Assumptions	(10,818,130)	(1,766,501)	(7,339,152)
Benefit Payments	(1,689,044)	(1,106,355)	(2,253,373)
Net Changes	(665,746)	(16,375,093)	(5,078,533)
Total OPEB Liability-Ending Balance	$ 206,416,046	$ 207,081,792	$ 223,456,885
Covered Employee Payroll	$ 94,046,407	$ 91,811,380	$ 90,642,026
OPEB Liability as a Percent of Covered Payroll	219.48 %	225.55 %	246.53 %

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

Schedule of Proportionate Share of REHP Net OPEB Liability
Determined as of June 30 REHP measurement dates

Fiscal Year	University's Proportion	University's Proportionate Share	University's Covered-Employee Payroll	University's Proportionate Share of Net OPEB Liability as a Percentage of Covered-Employee Payroll	REHP's Fiduciary Net Position as a Percentage of Total OPEB Liability
2017/18	4.374%	$103,701,326	$14,137,854	733.5%	1.4%
2018/19	4.483%	$82,072,127	$14,638,503	560.7%	2.2%
2019/20	4.370%	$56,817,940	$14,589,552	389.4%	3.8%

REHP Schedule of Contributions
Determined as of June 30 fiscal year end dates

Fiscal Year	Contractually Required Contributions	Contributions Recognized by REHP	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2017/18	$2,673,466	$2,673,466	$0	$17,661,800	15.14%
2018/19	$3,219,492	$3,219,492	$0	$18,083,629	17.80%
2019/20	$2,464,747	$2,464,747	$0	$17,923,745	13.75%

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Schedule of Proportionate Share of PSERS Net OPEB Liability

Determined as of June 30 PSERS Measurement Date

Fiscal Year	University's Proportion	University's Proportionate Share	Commonwealth's Proportionate Share	Total	University's Covered-Employee Payroll	University's Proportionate Share of Net OPEB Liability as a Percentage of Covered-Employee Payroll	PSERS Fiduciary Net Position as a Percentage of Total OPEB Liability
2017/18	0.1811%	$532,630	$532,630	$1,065,260	$6,962,607	7.65%	5.73%
2018/19	0.1836%	$581,968	$581,968	$1,163,936	$7,515,805	7.74%	5.56%
2019/20	0.1886%	$616,753	$616,753	$1,233,506	$7,998,839	7.71%	5.56%

PSERS OPEB Schedule of Contributions

Determined as of June 30 fiscal year end dates

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2017/18	$31,010	$31,010	$0	$7,523,157	0.41%
2018/19	$33,438	$33,438	$0	$8,145,404	0.41%
2019/20	$35,559	$35,559	$0	$8,523,237	0.42%

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

Fiscal Year	University's Proportion	University's Proportionate Share	University's Covered-Employee Payroll	University's Proportionate Share of NPL as a Percentage of Covered-Employee Payroll	SERS Fiduciary Net Position as a Percentage of Total Pension Liability
2014/15	4.901 %	$ 63,069,996	$ 25,724,299	245 %	64.8 %
2015/16	4.721	76,758,240	26,621,048	288	58.9
2016/17	4.837	85,901,891	27,736,138	310	57.8
2017/18	4.906	82,513,710	30,063,932	275	63.0
2018/19	4.897	103,931,367	32,449,328	320	56.4
2019/20	4.773	92,052,101	33,418,767	276	63.1

SERS Schedule of Contributions
Determined as of the University's June 30 fiscal year end dates

Fiscal Year	Contractually Required Contributions	Contributions Recognized by SERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014/15	$ 5,065,638	$ 5,065,638	$ -	$ 25,724,299	19.7 %
2015/16	6,364,224	6,364,224	-	28,129,203	22.6
2016/17	8,146,695	8,146,695	-	31,108,146	26.2
2017/18	9,650,919	9,650,919	-	33,320,941	29.0
2018/19	10,340,482	10,340,482	-	35,545,740	29.1
2019/20	10,175,739	10,175,739	-	34,009,076	29.9

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PSERS Schedule of Contributions
Determined as of the University's June 30 fiscal year end dates

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014/15	$ 664,810	$ 664,810	$ -	$ 2,866,773	23.0 %
2015/16	815,609	815,609	-	6,511,084	12.5
2016/17	1,024,730	1,024,730	-	7,069,915	14.5
2017/18	1,185,735	1,185,735	-	7,523,157	15.8
2018/19	1,323,062	1,323,062	-	8,145,404	16.2
2019/20	1,418,092	1,418,092	-	8,523,237	16.6

Schedule of Proportionate Share of PSERS Net Pension Liability
Determined as of June 30 PSERS Measurement Date

Fiscal Year	University's Proportion	University's Proportionate Share	Commonwealth's Proportionate Share	Total	University's Covered-Employee Payroll	University's Proportionate Share of NPL as a Percentage of Covered-Employee Payroll	PSERS Fiduciary Net Position as a Percentage of Total Pension Liability
2014/15	0.17850 %	$ 8,892,586	$ 8,892,586	$ 17,785,172	$ 5,733,546	310 %	57.2 %
2015/16	0.18520	10,184,925	10,184,925	20,369,850	6,052,296	200	54.4
2016/17	0.18330	12,323,574	12,323,574	24,647,148	6,442,137	200	50.1
2017/18	0.18110	12,895,413	12,895,413	25,790,826	6,954,508	200	51.8
2018/19	0.18360	13,262,986	13,262,986	26,525,972	7,439,287	200	54.0
2019/20	0.18360	13,629,945	13,629,945	27,259,890	8,035,934	200	55.7