

**Edinboro University of
Pennsylvania of the State
System of Higher Education**

Financial Statements and
Supplementary Information

June 30, 2010 and 2009

Edinboro University of Pennsylvania of the State System of Higher Education

Table of Contents

June 30, 2010 and 2009

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Balance Sheet - Primary Institution	3
Statement of Revenues, Expenses, and Changes in Net Assets - Primary Institution	5
Statement of Cash Flows - Primary Institution	6
Combined Balance Sheet - Component Units	7
Combined Statement of Revenues, Expenses, and Changes in Net Assets - Component Units	8
Notes to Financial Statements	9
Supplementary Information	
Schedule of Funding Progress for the System Plan and REHP (OPEB)	36

Independent Auditors' Report

Council of Trustees
Edinboro University of Pennsylvania
of the State System of Higher Education

We have audited the accompanying basic financial statements of Edinboro University of Pennsylvania of the State System of Higher Education (the "University") and its aggregate discretely presented component units as of and for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Edinboro University of Pennsylvania Alumni Association, Edinboro University of Pennsylvania Student Government Association, or Edinboro University Services, Inc., which collectively represent 5%, 44% and 49% of the assets, net assets and revenues of the discretely presented component units for 2010, and 9%, 44%, and 69%, respectively, of the assets, net assets and revenues of the discretely presented component units for 2009. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Edinboro University of Pennsylvania Alumni Association, Edinboro University of Pennsylvania Student Government Association, and Edinboro University Services, Inc., is based on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

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 University and its aggregate discretely presented component units as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows, where applicable, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The University has not presented Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Schedule of Funding Progress for the System Plan and REHP (OPEB) on page 36 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Parente Beard LLC

Williamsport, Pennsylvania
December 6, 2010

None

Edinboro University of Pennsylvania of the State System of Higher Education

Balance Sheet - Primary Institution
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash and cash equivalents:		
Unrestricted cash and cash equivalents	\$ 46,785,758	\$ 45,265,546
Restricted cash and cash equivalents	<u>1,824,634</u>	<u>2,039,946</u>
Total cash and cash equivalents	48,610,392	47,305,492
Accounts receivable:		
Governmental grants and contracts	3,981,039	1,054,477
Students, net of allowance for doubtful accounts of \$2,684,716 in 2010 and \$2,513,675 in 2009	2,059,475	1,667,602
Other	766,767	558,887
Investment income receivable	31,904	67,861
Inventory	56,758	60,025
Prepaid expenses	175,865	80,504
Loans receivable, net of allowance for doubtful accounts of \$507,560 in 2010 and \$495,993 in 2009	238,582	289,430
Other current assets	<u>1,483,645</u>	<u>567,337</u>
Total current assets	<u>57,404,427</u>	<u>51,651,615</u>
Noncurrent Assets		
Endowment investments	4,754,326	4,443,706
Loans receivable	1,363,790	1,370,988
Capital assets, net	67,531,534	71,452,866
Other assets	<u>459,702</u>	<u>504,176</u>
Total noncurrent assets	<u>74,109,352</u>	<u>77,771,736</u>
Total assets	<u>\$ 131,513,779</u>	<u>\$ 129,423,351</u>

See notes to financial statements

Edinboro University of Pennsylvania of the State System of Higher Education

Balance Sheet - Primary Institution
June 30, 2010 and 2009

	2010	2009
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 13,412,489	\$ 9,294,248
Deferred revenue	2,665,209	2,622,419
Students' deposits	277,972	255,116
Workers' compensation	297,196	266,451
Compensated absences and postretirement benefit obligations	3,986,515	3,841,297
Current portion of bonds payable, net	2,495,127	2,682,327
Due to component units	231,264	154,646
Due to PASSHE, Academic Facilities Renovation Bond Program (AFRP)	275,297	238,010
Other current liabilities	441,894	445,270
	24,082,963	19,799,784
Noncurrent Liabilities		
Deferred revenue	78,068	106,760
Workers' compensation	391,495	266,469
Compensated absences and postretirement benefits obligations	56,687,368	52,794,808
Bonds payable	32,053,439	34,548,972
Due to PASSHE, AFRP	3,705,024	3,861,125
Other noncurrent liabilities	1,905,763	1,943,008
	94,821,157	93,521,142
	118,904,120	113,320,926
Net Assets		
Invested in capital assets, net of related debt	29,646,446	30,909,154
Restricted for:		
Nonexpendable,		
Scholarships and fellowships	3,004,180	2,974,468
Expendable:		
Scholarships and fellowships	2,402,323	2,301,774
Student loans	313,616	342,449
Unrestricted	(22,756,906)	(20,425,420)
	12,609,659	16,102,425
	\$ 131,513,779	\$ 129,423,351

See notes to financial statements

Edinboro University of Pennsylvania of the State System of Higher Education

Statement of Revenues, Expenses, and Changes in Net Assets - Primary Institution
Years Ended June 30, 2010 and 2009

	2010	2009
Operating Revenues		
Tuition and fees	\$ 56,623,612	\$ 49,314,491
Less scholarship discounts and allowances	<u>22,723,742</u>	<u>17,003,907</u>
Net tuition and fees	33,899,870	32,310,584
Governmental grants and contracts:		
Federal	13,997,375	9,476,402
State	8,207,171	8,251,756
Nongovernmental grants and contracts	279,915	201,607
Sales and services of educational departments, net	1,113,683	1,119,179
Auxiliary enterprises	16,013,178	16,636,713
Other revenues	<u>1,206,169</u>	<u>807,640</u>
Total operating revenues	<u>74,717,361</u>	<u>68,803,881</u>
Operating Expenses		
Instruction	45,473,227	42,640,278
Research	72,994	94,676
Public service	205,238	377,183
Academic support	11,413,218	11,772,430
Student services	10,336,104	10,007,741
Institutional support	12,623,386	12,605,078
Operations and maintenance of plant	8,463,641	8,466,429
Depreciation	8,496,914	8,018,753
Student aid	958,503	1,024,763
Auxiliary enterprises	<u>12,420,754</u>	<u>12,955,076</u>
Total operating expenses	<u>110,463,979</u>	<u>107,962,407</u>
Operating loss	<u>(35,746,618)</u>	<u>(39,158,526)</u>
Nonoperating Revenues (Expenses)		
State appropriations, general and restricted	25,812,507	28,550,436
ARRA state fiscal stabilization funds	4,014,462	-
Gifts for other than capital purposes	2,084,131	1,764,556
Interest expense on capital asset-related debt	(1,620,663)	(1,794,930)
Investment income, net of related investment expense of \$142,360 in 2010 and \$156,476 in 2009	1,508,220	965,023
Other nonoperating revenue	151,740	172,978
Loss on disposal of assets	<u>(57,848)</u>	<u>(710,944)</u>
Nonoperating revenues, net	<u>31,892,549</u>	<u>28,947,119</u>
Loss before other revenues	<u>(3,854,069)</u>	<u>(10,211,407)</u>
Other Revenues		
Capital gifts and grants	250,110	66,775
State appropriations, capital	<u>111,193</u>	<u>747,340</u>
Total other revenues	<u>361,303</u>	<u>814,115</u>
Decrease in net assets	(3,492,766)	(9,397,292)
Net Assets, Beginning	<u>16,102,425</u>	<u>25,499,717</u>
Net Assets, Ending	<u>\$ 12,609,659</u>	<u>\$ 16,102,425</u>

See notes to financial statements

Edinboro University of Pennsylvania of the State System of Higher Education

Statement of Cash Flows - Primary Institution Years Ended June 30, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Net tuition and fees	\$ 33,869,784	\$ 32,674,326
Grants and contracts	19,337,486	18,033,582
Payments to suppliers for goods and services	(20,749,818)	(25,727,592)
Payments to employees	(72,046,818)	(71,018,866)
Loans issued to students	(317,709)	(701,843)
Loans collected from students	375,755	429,313
Student aid	(958,503)	(1,024,763)
Auxiliary enterprise charges	16,005,632	16,710,407
Sales and services of educational departments	747,752	1,377,566
Other operating receipts	433,542	601,756
	<u>(23,302,897)</u>	<u>(28,646,114)</u>
Net cash used in operating activities		
Cash Flows from Noncapital Financing Activities		
State appropriations	29,826,969	28,550,436
Gifts for other than capital purposes	2,084,131	1,764,556
PLUS, Stafford, and other loans receipts (non-Perkins)	46,233,487	49,108,077
PLUS, Stafford, and other loans disbursements (non-Perkins)	(46,233,487)	(49,108,077)
Agency transactions, net	1,710	(20,480)
Other	151,740	172,978
	<u>32,064,550</u>	<u>30,467,490</u>
Net cash provided by noncapital financing activities		
Cash Flows from Capital Financing Activities		
Proceeds from issuance of bonds	186,010	3,999,518
Capital appropriations	111,193	747,340
Costs associated with abandonment of building	-	(542,947)
Capital gifts and grants received	250,110	66,775
Proceeds from sales of capital assets	-	204,495
Purchases of capital assets	(4,633,430)	(10,709,222)
Principal paid on debt including AFRP	(2,833,439)	(5,146,187)
Interest paid on debt	(1,770,754)	(1,929,520)
	<u>(8,690,310)</u>	<u>(13,309,748)</u>
Net cash used in capital financing activities		
Cash Flows from Investing Activities		
Proceeds from sales of investments	2,237,073	876,130
Interest income	1,143,580	1,675,579
Purchase of investments	(2,147,096)	(699,108)
	<u>1,233,557</u>	<u>1,852,601</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	<u>1,304,900</u>	<u>(9,635,771)</u>
Cash and Cash Equivalents, Beginning	<u>47,305,492</u>	<u>56,941,263</u>
Cash and Cash Equivalents, Ending	<u>\$ 48,610,392</u>	<u>\$ 47,305,492</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (35,746,618)	\$ (39,158,526)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	8,496,914	8,018,753
Changes in assets and liabilities:		
Receivables, net	(3,546,573)	714,344
Inventories	3,267	36,712
Other assets	(879,259)	(25,928)
Accounts payable and accrued expenses	4,123,154	(1,651,186)
Deferred revenue	14,098	(87,307)
Students' deposits	22,856	23,621
Compensated absences	276,159	155,401
Loans to students	58,046	(272,530)
Other liabilities including workers' compensation	3,875,059	3,600,532
	<u>\$ (23,302,897)</u>	<u>\$ (28,646,114)</u>
Net cash used in operating activities		

See notes to financial statements

Edinboro University of Pennsylvania of the State System of Higher Education

Combined Balance Sheet - Component Units
 Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,333,841	\$ 5,472,544
Trustee held funds	3,089,755	3,811,031
Accounts receivable	58,570	68,211
Inventory	774,979	729,827
Prepaid expenses	30,557	44,965
Due from University	231,244	154,646
Other current assets	<u>2,873,114</u>	<u>2,388,546</u>
Total current assets	<u>12,392,060</u>	<u>12,669,770</u>
Noncurrent Assets		
Endowment investments	11,094,782	9,035,326
Trustee held funds	64,610,273	12,499,552
Capital assets, net	54,781,525	47,185,108
Deferred financing costs	875,862	496,824
Other assets	<u>1,127,368</u>	<u>1,877,328</u>
Total noncurrent assets	<u>132,489,810</u>	<u>71,094,138</u>
Total assets	<u>\$ 144,881,870</u>	<u>\$ 83,763,908</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 5,554,476	\$ 5,687,967
Other current liabilities	<u>1,362,538</u>	<u>456,697</u>
Total current liabilities	<u>6,917,014</u>	<u>6,144,664</u>
Noncurrent Liabilities		
Funds under investment management for Edinboro University of Pennsylvania	4,755,146	4,438,706
Other noncurrent liabilities	<u>117,648,152</u>	<u>57,391,416</u>
Total noncurrent liabilities	<u>122,403,298</u>	<u>61,830,122</u>
Total liabilities	<u>129,320,312</u>	<u>67,974,786</u>
Net Assets		
Unrestricted	6,750,106	6,892,538
Temporarily restricted	2,585,400	3,124,415
Permanently restricted	<u>6,226,052</u>	<u>5,772,169</u>
Total net assets	<u>15,561,558</u>	<u>15,789,122</u>
Total liabilities and net assets	<u>\$ 144,881,870</u>	<u>\$ 83,763,908</u>

See notes to financial statements

Edinboro University of Pennsylvania of the State System of Higher Education

Combined Statement of Revenues, Expenses, and Changes in Net Assets - Component Units
Years Ended June 30, 2010 and 2009

	2010	2009
Changes in Unrestricted Net Assets		
Revenues and other additions:		
Rental income	\$ 5,646,981	\$ 1,264,125
University store and services	4,898,743	4,731,109
Net assets released from restrictions	1,439,420	1,441,098
Student activity fees	1,164,797	1,034,366
Other revenues	516,465	511,682
Contributions	322,640	217,754
Special activities	173,028	55,352
Unrealized gain on investments	132,800	-
Investment income	97,392	683,774
	14,392,266	9,939,260
Expenses and other deductions:		
Program expenses	8,687,828	3,701,281
University store	3,421,219	3,260,793
Supporting services expenses	1,573,485	1,153,897
Management and general	537,847	489,808
Special activities	85,301	70,395
Scholarships	153,962	88,399
Other expenses	75,056	51,751
Unrealized loss on investments	-	647,767
	14,534,698	9,464,091
	(142,432)	475,169
Changes in Temporarily Restricted Net Assets		
Contributions and support	563,599	472,470
Investment income	291,941	28,613
Unrealized gain (loss) on investments	105,555	(71,005)
Other reductions, net	(64,484)	(66,493)
Satisfaction of donor restrictions	(1,435,626)	(1,447,248)
	(539,015)	(1,083,663)
Changes in Permanently Restricted Net Assets		
Contributions	493,976	421,119
Other changes, net	(36,299)	(100,004)
Satisfaction of donor restrictions	(3,794)	6,150
	453,883	327,265
	(227,564)	(281,229)
Net Assets, Beginning	15,789,122	16,070,351
Net Assets, Ending	\$ 15,561,558	\$ 15,789,122

See notes to financial statements

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

1. Nature of Operations and Summary of Significant Accounting Policies

Organization

Edinboro University of Pennsylvania of the State System of Higher Education (the "University"), a public four-year institution located in Edinboro, Pennsylvania, was founded in 1857. The University is one of fourteen universities of the State System of Higher Education ("PASSHE"). PASSHE was created by the State System of Higher Education Act of November 12, 1982, P.L. 660, No. 188, as amended ("Act 188"). PASSHE is a component unit of the Commonwealth of Pennsylvania (the "Commonwealth").

Reporting Entity

In accordance with Government Accounting Standards Board ('GASB') Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB 14, *The Financial Reporting Entity*, it has been determined that Edinboro University Foundation (the "Foundation"), Edinboro University of Pennsylvania Student Government Association (the "Association"), Edinboro University Services, Inc. ("USI") and Edinboro University of Pennsylvania Alumni Association ("Alumni") should be included in the University's financial statements as discretely presented component units. A component unit is a legally separate organization for which the primary institution is financially accountable or closely related.

The Foundation is a legally separate, tax-exempt entity that acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or incomes thereon that the Foundation holds are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is included within the University's financial reporting entity. The financial activity of the Foundation is presented as of June 30, 2010 and 2009.

During the years ended June 30, 2010 and 2009, the Foundation contributed \$575,000 and \$427,800, respectively, to the University for both restricted and unrestricted purposes.

The Association is a legally separate, tax-exempt entity responsible for the planning and sponsoring of University social and cultural events and providing budget oversight to all student organizations. Although the University does not control the resources of the Association, the activities of the Association are solely for the benefit of the University and its students. Because these resources are held by the Association and can only be used to benefit the University and its students, the Association is considered a component unit of the University and is included within the University's financial reporting entity. The financial activity of the Association is presented as of June 30, 2010 and 2009.

During the year ended June 30, 2010, the Association contributed \$125,100 to the University for both restricted and unrestricted purposes. No contributions were made to the University during the year ended June 30, 2009.

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

USI is a legally separate, tax-exempt entity that is responsible for the University bookstore as well as the provision of a variety of other services such as recreation, vending, cable and internet, which supplement services provided by the University. Although the University does not control the resources of USI, the activities of USI are solely for the benefit of the University and its students. Because these resources are held by USI and can only be used to benefit the University and its students, USI is considered a component unit of the University and is included within the University's financial reporting entity. The financial activity of USI is presented as of June 30, 2010 and 2009.

During the years ended June 30, 2010 and 2009, USI contributed \$589,800 and \$156,400, respectively, to the University for both restricted and unrestricted purposes.

Alumni is a legally separate, tax-exempt entity that serves to promote the general interests and welfare of the University by making gifts, scholarships, grants and other financial assistance available for the advancement of higher education. Although the University does not control the resources of Alumni, the activities of Alumni are solely for the benefit of the University. Because these resources are held by Alumni and can only be used to benefit the University, Alumni is considered a component unit of the University and is included within the University's financial reporting entity. The financial activity of Alumni is presented as of June 30, 2010 and 2009.

During the years ended June 30, 2010 and 2009, the Alumni contributed \$84,600 and \$85,500, respectively, to the University for both restricted and unrestricted purposes.

Complete financial statements for the component units may be obtained at the University's administrative office.

Measurement Focus, Basis of Accounting and Basis of Presentation

The University functions as a business-type activity, as defined by GASB.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The University applies only the Financial Accounting Standards Board pronouncements issued before November 30, 1989, except for those that conflict with GASB pronouncements.

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Operating Revenues

Operating revenues of the University consist of tuition, all academic, instructional, and other student fees, grants and contracts, sales and services of educational activities and auxiliary enterprise revenues. In addition, governmental and private grants and contracts in which the grantor receives equal value for the funds given to the University are recorded as operating revenue. All expenses, with the exception of interest expense, loss on the sale of investments, loss on the disposal of assets, and extraordinary expenses are recorded as operating expenses. Appropriations, gifts, interest income, capital grants, gains on the sale of investments, gains on the disposal of assets, parking and library fines, and governmental and private research grants and contracts in which the grantor does not receive equal value for the funds given to the University are reported as nonoperating revenue.

Scholarship Discounts and Allowance

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

Net Assets

The University maintains the following net asset classifications:

Invested in capital assets, net of related debt: 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 assets subject to externally imposed conditions requiring that they be maintained by the University in perpetuity.

Restricted - expendable: Net assets 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 assets. Unrestricted net assets may be designated for specific purposes by the University's Council of Trustees.

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

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 as of the date of the gift.

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

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.

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

Inventory

Inventory of the University consists mainly of housekeeping, maintenance, and office 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 PASSHE 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 10, 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 by the University after June 30, 1983, through the expenditure of University funds or the incurring of debt are stated at cost less accumulated depreciation.

Equipment and furnishings are stated at cost less accumulated depreciation. All library books are capitalized and depreciated. 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. Normal repair and maintenance expenditures are not capitalized because they neither add to the value of the property nor materially prolong its useful life.

Where applicable, intangible assets (i.e., assets lacking physical substance, which are non-financial in nature and having an initial useful life extending beyond a single reporting period) are stated at cost less accumulated amortization. The University provides for amortization on the straight line method over the estimated useful lives of the related intangible assets. Intangible capital assets considered to have indefinite useful lives are not amortized. Intangible assets considered to have indefinite useful lives which existed as of July 1, 2009 are not reported.

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Trustee Held Funds (Foundation)

Trustee held funds include cash equivalents held by a trustee under the terms of a loan agreement the Foundation has entered into with the Pennsylvania Higher Educational Facilities Authority ("PHEFA") (Note 6).

Deferred Revenue

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

Compensated Absences

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

Pension Plans

Employees of the University are required to enroll in one of three available cost-sharing multiple-employer retirement plans immediately upon employment. The University recognizes annual pension expenditures equal to its contractually required contributions to the Plan.

Income Taxes

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

Use of Estimates

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

Reclassifications

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

New Accounting Standards

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Statement No. 51 establishes accounting and financial reporting requirements for intangible assets, specifically with regard to whether and when intangible assets should be considered capital assets for financial reporting purposes. Statement No. 51 is effective for the fiscal year ending June 30, 2010.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Statement No. 53 provides a comprehensive framework for the measurement, recognition and disclosure of derivative instrument transactions. Statement No. 53 is effective for the fiscal year ending June 30, 2010.

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement No. 54 establishes fund balance classifications for governmental funds. The University is required to adopt Statement No. 54 for the fiscal year ending June 30, 2011.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement No. 57 amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The University is required to adopt Statement No. 57 for the fiscal year ending June 30, 2012.

In December 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing bankruptcy under Chapter 9 of the United States Bankruptcy Code. The University is required to adopt Statement No. 58 for the fiscal year ending June 30, 2011.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. Statement No. 59 updates existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. The University is required to adopt Statement No. 59 for the fiscal year ending June 30, 2011.

The University has determined that Statements No. 51, 53, 54, 57, 58, and 59 have no effect on its balance sheet or statement of revenues, expenses, and changes in net assets.

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements

June 30, 2010 and 2009

2. Condensed Component Unit Information

The following represents combining condensed statement of net asset information for the component units as of June 30:

	2010			2009		
	Foundation	Non-Major Component Units	Total	Foundation	Non-Major Component Units	Total
Due from the University	\$ 68,567	\$ 162,677	\$ 231,244	\$ 34,697	\$ 119,949	\$ 154,646
Capital assets, net	52,992,200	1,789,325	54,781,525	45,392,139	1,792,969	47,185,108
Other assets	83,895,596	5,973,505	89,869,101	30,381,535	6,042,619	36,424,154
Total assets	\$ 136,956,363	\$ 7,925,507	\$ 144,881,870	\$ 75,808,371	\$ 7,955,537	\$ 83,763,908
Funds under investment management for Edinboro University of Pennsylvania	\$ 4,755,146	\$ -	\$ 4,755,146	\$ 4,438,706	\$ -	\$ 4,438,706
Long-term debt	115,876,300	186,470	116,062,770	55,627,416	218,966	55,846,382
Other liabilities	7,637,643	864,753	8,502,396	6,909,657	780,041	7,689,698
Total liabilities	\$ 128,269,089	\$ 1,051,223	\$ 129,320,312	\$ 66,975,779	\$ 999,007	\$ 67,974,786
Net assets:						
Unrestricted	\$ 1,254,433	\$ 5,495,673	\$ 6,750,106	\$ 1,243,790	\$ 5,648,748	\$ 6,892,538
Temporarily restricted	2,123,553	461,847	2,585,400	2,708,871	415,544	3,124,415
Permanently restricted	5,309,288	916,764	6,226,052	4,879,931	892,238	5,772,169
Total net assets	\$ 8,687,274	\$ 6,874,284	\$ 15,561,558	\$ 8,832,592	\$ 6,956,530	\$ 15,789,122

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

2. Condensed Component Unit Information (Continued)

The following represents combining statement of revenues, expenses, and changes in net assets for the component units for the years ended June 30:

	2010			2009		
	Foundation	Non-Major Component Unit	Total	Foundation	Non-Major Component Units	Total
Changes in Unrestricted Net Assets						
Revenues and other additions:						
Rental income	\$ 5,646,981	\$ -	\$ 5,646,981	\$ 1,264,125	\$ -	\$ 1,264,125
University store and services	-	4,898,743	4,898,743	-	4,731,109	4,731,109
Net assets released from restrictions	1,186,773	252,647	1,439,420	1,213,537	227,561	1,441,098
Student activity fees	-	1,164,797	1,164,797	-	1,034,366	1,034,366
Other revenues	129,844	386,621	516,465	169,706	341,976	511,682
Contributions	130,956	191,684	322,640	53,292	164,462	217,754
Special activities	142,277	30,751	173,028	30,647	24,705	55,352
Unrealized gain on investments	122,695	10,105	132,800	-	-	-
Investment income	56,738	40,654	97,392	636,519	47,255	683,774
Total revenues and other additions	7,416,264	6,976,002	14,392,266	3,367,826	6,571,434	9,939,260
Expenses and other deductions:						
University store	7,162,151	1,525,677	8,687,828	2,308,221	1,393,060	3,701,281
Program expenses	-	3,421,219	3,421,219	-	3,260,793	3,260,793
Supporting services expenses	-	1,573,485	1,573,485	-	1,153,897	1,153,897
Management and general	219,470	318,377	537,847	222,650	267,158	489,808
Special activities	-	153,962	153,962	-	70,395	70,395
Scholarships	-	85,301	85,301	-	88,399	88,399
Other expenses	24,000	51,056	75,056	-	51,751	51,751
Unrealized loss on investments	-	-	-	623,110	24,657	647,767
Total expenses and other deductions	7,405,621	7,129,077	14,534,698	3,153,981	6,310,110	9,464,091
Increase (decrease) in unrestricted net assets	10,643	(153,075)	(142,432)	213,845	261,324	475,189
Changes in Temporarily Restricted Net Assets						
Contributions and support	338,629	224,970	563,599	266,501	205,969	472,470
Investment income	231,896	60,045	291,941	134,017	(105,404)	28,613
Unrealized gain (loss) on investments	87,876	17,679	105,555	(10,431)	(60,574)	(71,005)
Other reductions, net	(60,740)	(3,744)	(64,484)	(48,780)	(17,713)	(66,493)
Satisfaction of donor restrictions	(1,182,979)	(252,647)	(1,435,626)	(1,219,687)	(227,561)	(1,447,248)
(Decrease) increase in temporarily restricted net assets	(585,318)	46,303	(539,015)	(878,380)	(205,283)	(1,083,663)
Changes in Permanently Restricted Net Assets						
Contributions	469,450	24,526	493,976	392,831	28,288	421,119
Other reductions, net	(36,299)	-	(36,299)	(100,004)	-	(100,004)
Satisfaction of donor restrictions	(3,794)	-	(3,794)	6,150	-	6,150
Increase in permanently restricted net assets	429,357	24,526	453,883	298,977	28,288	327,265
(Decrease) increase in net assets	(145,318)	(82,246)	(227,564)	(365,558)	84,329	(281,229)
Net Assets, Beginning	8,832,592	6,956,530	15,789,122	9,198,150	6,872,201	16,070,351
Net Assets, Ending	\$ 8,687,274	\$ 6,874,284	\$ 15,561,558	\$ 8,832,592	\$ 6,956,530	\$ 15,789,122

3. Deposits and Investments

Primary Government

The University predominantly maintains its cash balances on deposit with PASSHE. PASSHE maintains these and other PASSHE funds on a pooled basis. Although PASSHE pools its funds in a manner similar to an internal investment pool, individual PASSHE entities do not hold title to any assets in the fund. PASSHE as a whole owns title to all assets. The University does not participate in the unrealized gains or losses on the investment pool; instead, the University holds shares equal to its cash balance. Each share has a constant value of \$1, and income is allocated based on the number of shares owned. Revenue realized at the PASSHE level is calculated on a daily basis and posted monthly to each entity's account as interest income. The University's portion of pooled funds totals \$46,716,444 and \$44,972,892 at June 30, 2010 and 2009, respectively.

PASSHE invests its funds in accordance with the Board of Governor's Investment Policy, which authorizes PASSHE to invest in repurchase agreements, commercial paper, obligations of the United States Treasury, agencies and sponsored entities, certificates of deposit, municipal bonds, mortgage-backed securities, asset-backed securities, banker's acceptances, and corporate bonds. Restricted nonexpendable funds and amounts designated by the Board of Governors or University trustees may be invested in the investments described above, as well as in corporate equities and approved pooled common funds. For purposes of convenience and expedience, the University uses local financial institutions for activities such as cash deposits. 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, PASSHE recognizes a fiduciary responsibility to invest all funds prudently in accordance with ethical and prevailing legal standards. In addition, PASSHE recognizes that the funds in its custody can be classified according to purpose, time frame for use, source, and other similar classifications. Differential investment guidelines and objectives are required to manage various funds classifications appropriately and optimally.

Regardless of funds classifications, certain general tenets apply. Investments in all classifications seek to minimize exogenous risks while maintaining or expanding purchasing power. Adequate liquidity is maintained so assets are held to maturity. In all classifications, 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 are made in U.S.-based corporations. Investment performance in all classifications is monitored on a frequent and regular basis to ensure that objectives are attained and guidelines are followed. A portfolio duration target of 1.8 years is maintained with an upper limit of 2.2 years.

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

3. Deposits and Investments (Continued)

Safety of principal and liquidity are the top priorities for the investment of PASSHE'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. Collateralized mortgage obligations (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 PASSHE's portfolio do not have IO or PO structures; however, they are subject to extension or contraction risk based on movements in interest rates. PASSHE's operating funds are invested and reinvested in the following types of instruments with qualifications as provided.

Investment Categories	Limit (% of Market Value)	Single Issuer (maximum)	Rating Limit (Moody's)
Government securities/repurchase agreements	Greater than 20%	5% Repurchase	N/A
Commercial paper/certificates of deposit/banker's acceptances	Less than 30%	5% of each type	P-1
Municipal bonds	Less than 20%	5%	Aa or higher
Corporate bonds	Less than 20%	NA	Aa or higher
Collateralized mortgage obligations (CMO's)	Less than 20%	NA	Aaa
Asset-backed securities	Less than 20%	NA	Aaa
System notes	Less than 20%	5%	N/A

At June 30, 2010 and 2009, the carrying amount of the University's demand and time deposits were \$1,893,948 and \$2,332,598, respectively, as compared to bank balances of \$2,027,304 and \$2,921,788, respectively. The differences are primarily caused by items in-transit and outstanding checks. All bank balances were covered by federal depository insurance or were collateralized by a pledge of United States Treasury obligations held by Federal Reserve banks in the name of the banking institutions, or uninsured and uncollateralized, but covered under the collateralization provisions of the Commonwealth of Pennsylvania Act 72 of 1971 ("Act 72"), as amended. Act 72 allows banking institutions to satisfy the collateralization required by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments. At June 30, 2010, none of the University's demand and time deposits are exposed to foreign currency risk.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

3. Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Modified duration of a security is a measure of interest rate risk and expresses the amount of time in years until principal is returned. This calculation takes into account the coupon rate, interest and principal payment frequency, call options and sensitivity to price changes in interest rates. Duration will also change as the level of interest rates in the economy rise and fall.

The carrying value (fair value) of investments for the University at June 30 is as follows:

	Modified Duration	2010	2009
Investments:			
Equity-based mutual funds	N/A	\$ 2,192,565	\$ 1,386,591
Common stocks	N/A	833,000	1,262,747
Fixed income mutual funds	2.74	1,460,011	1,397,688
U.S. government and agency obligations	1.57	268,750	396,680
Total investments		<u>\$ 4,754,326</u>	<u>\$ 4,443,706</u>

Major Component Unit

The fair value of investments for the Foundation at June 30 is as follows:

	2010	2009
Investments:		
Cash and cash equivalents	\$ 226,933	\$ 358,130
Equity-based mutual funds	4,816,512	3,271,844
Governmental securities	543,069	786,746
Corporate bonds	85,955	125,754
Debt-based mutual funds	3,299,226	2,480,891
Common stock	2,123,087	2,011,961
Total	<u>\$ 11,094,782</u>	<u>\$ 9,035,326</u>

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

4. Capital Assets

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

For the year ended June 30, 2010:

	Estimated Lives (in years)	Beginning Balance July 1, 2009	Additions	Retirements	Reclassifications	Ending Balance June 30, 2010
Land		\$ 511,567	\$ -	\$ -	\$ -	\$ 511,567
Construction in progress		6,451,661	2,815,061	-	(7,845,192)	1,421,530
Total capital assets not being depreciated		6,963,228	2,815,061	-	(7,845,192)	1,933,097
Buildings, including improvements	10-40	77,155,680	-	(1,108,764)	7,625,077	83,671,993
Furnishings and equipment (including cost of capital leases)	3-10	39,376,762	1,689,902	(469,199)	220,115	40,817,580
Library books	10	7,376,912	128,467	(11,766)	-	7,493,613
Total capital assets being depreciated		123,909,354	1,818,369	(1,589,729)	7,845,192	131,983,186
Less accumulated depreciation:						
Buildings, including Improvements		(28,678,665)	(4,156,038)	1,065,284	-	(31,769,419)
Furnishings and equipment		(24,113,811)	(4,207,854)	454,831	-	(27,866,834)
Library books		(6,627,240)	(133,022)	11,766	-	(6,748,496)
Total accumulated depreciation		(59,419,716)	(8,496,914)	1,531,881	-	(66,384,749)
Total capital assets being depreciated, net		64,489,638	(6,678,545)	(57,848)	7,845,192	65,598,437
Capital assets, net		\$ 71,452,866	\$ (3,863,484)	\$ (57,848)	\$ -	\$ 67,531,534

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

4. Capital Assets (Continued)

For the year ended June 30, 2009:

	Estimated Lives (in years)	Beginning Balance July 1, 2008	Additions	Retirements	Reclassifica- tions	Ending Balance June 30, 2009
Land		\$ 511,567	\$ -	\$ -	\$ -	\$ 511,567
Construction in progress		3,843,996	8,941,493	-	(6,333,828)	6,451,661
Total capital assets not being depreciated		4,355,563	8,941,493	-	(6,333,828)	6,963,228
Buildings, including improvements	10-40	79,259,524	663,773	(2,767,617)	-	77,155,680
Furnishings and equipment (including cost of capital leases)	3-10	34,779,057	947,524	(2,683,647)	6,333,828	39,376,762
Library books	10	7,348,858	156,433	(128,379)	-	7,376,912
Total capital assets being depreciated		121,387,439	1,767,730	(5,579,643)	6,333,828	123,909,354
Less accumulated depreciation:						
Buildings, including Improvements		(27,137,280)	(3,943,041)	2,401,656	-	(28,678,665)
Furnishings and equipment		(22,839,550)	(3,951,376)	2,677,115	-	(24,113,811)
Library books		(6,631,283)	(124,336)	128,379	-	(6,627,240)
Total accumulated depreciation		(56,608,113)	(8,018,753)	5,207,150	-	(59,419,716)
Total capital assets being depreciated, net		64,779,326	(6,251,023)	(372,493)	6,333,828	64,489,638
Capital assets, net		\$ 69,134,889	\$ 2,690,470	\$ (372,493)	\$ -	\$ 71,452,866

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

4. Capital Assets (Continued)

Major Component Unit

Fixed asset of the Foundation at June 30, 2010 and 2009 are summarized as follows:

	<u>2010</u>	<u>2009</u>
Buildings	\$ 46,870,091	\$ 22,892,173
Construction in progress - Student Housing Facility	5,151,747	21,784,751
Furniture and fixtures	1,648,883	739,284
Equipment	909,447	328,204
Land improvements	161,366	-
Vehicles	81,214	51,614
	<u>54,822,748</u>	<u>45,796,026</u>
Less accumulated depreciation	<u>(1,830,548)</u>	<u>(403,887)</u>
Total fixed assets, net	<u>\$ 52,992,200</u>	<u>\$ 45,392,139</u>

5. Accounts Payable and Accrued Expenses

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

	<u>2010</u>	<u>2009</u>
Employees	\$ 7,960,478	\$ 6,491,338
Suppliers and services	5,386,029	2,732,015
Accrued interest payable	65,982	70,895
Total	<u>\$ 13,412,489</u>	<u>\$ 9,294,248</u>

6. Bonds Payable

Bonds payable consist of several outstanding tax-exempt revenue bonds issued by the PASSHE through the Pennsylvania Higher Educational Facilities Authority ("PHEFA"). In connection with the bond issuances, the PASSHE entered into a loan agreement with PHEFA on behalf of the University under which PASSHE has pledged its full faith and credit for the repayment of the bonds. The loans constitute an unsecured general obligation of the PASSHE. The PASSHE'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.

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

6. Bonds Payable (Continued)

The various bond series allocated to the University for the year ended June 30, 2010 are as follows:

	Weighted Average Interest Rate	Balance July 1, 2009	Bonds Issued	Bonds Redeemed	Balance June 30, 2010
Series S used for inside wiring and PBX	5.52%	\$ 180,584	\$ -	\$ 180,584	\$ -
Series T used for inside wiring, PBX, data equipment, and in-ground wiring	4.87%	969,941	-	235,441	734,500
Series U used for Residence Hall renovations	4.38%	994,559	-	60,136	934,423
Series W used for renovations to the Student Union	4.74%	296,415	-	55,990	240,425
Series X used for renovations to Student Union and Residence Halls	4.37%	3,417,241	-	269,818	3,147,423
Series Z used for renovations to the Student Union	3.96%	368,047	-	180,731	187,316
Series AC used for renovations to Residence Halls and the University Center	4.91%	7,615,491	-	322,177	7,293,314
Series AE used for Energy Savings projects and renovations to the University Center	4.99%	17,626,647	-	877,434	16,749,213
Series AG used for renovations to the Student Union	4.53%	697,795	-	166,519	531,276
Series AH used for renovations to the University Center	4.69%	1,409,555	-	47,311	1,362,244
Series AI used for Sprinkler System	3.98%	2,438,837	-	132,474	2,306,363
Series AK used for inside wiring and PBX	3.68%	-	186,010	186,010	-
Total bonds payable		36,015,112	\$ 186,010	\$ 2,714,625	33,486,497
Plus premium/issuance costs		1,216,187			1,062,069
Outstanding at end of year		\$ 37,231,299			\$ 34,548,566

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

6. Bonds Payable (Continued)

The various bond series allocated to the University for the year ended June 30, 2009 are as follows:

	Weighted Average Interest Rate	Balance July 1, 2008	Bonds Issued	Bonds Redeemed	Balance June 30, 2009
Series S used for inside wiring and PBX	5.52%	\$ 351,093	\$ -	\$ 170,509	\$ 180,584
Series T used for inside wiring, PBX, data equipment, and in-ground wiring	4.88%	1,193,815	-	223,874	969,941
Series U used for Residence Hall renovations	4.32%	1,052,845	-	58,286	994,559
Series V used for Sprinkler Installation	var %	391,715		391,715	-
Series W used for renovations to the Student Union	4.72%	350,475	-	54,060	296,415
Series X used for renovations to Student Union and Residence Halls	4.48%	3,674,140	-	256,899	3,417,241
Series Y used for Sprinkler Installation	var %	934,165		934,165	-
Series Z used for renovations to the Student Union	3.96%	542,852	-	174,805	368,047
Series AB used for Sprinkler Installation	var %	1,085,501		1,085,501	-
Series AC used for renovations to Residence Halls and the University Center	4.91%	7,922,532	-	307,041	7,615,491
Series AD used for Sprinkler Installation	var %	102,749		102,749	-
Series AE used for Energy Savings projects and renovations to the University Center	4.99%	18,461,624	-	834,977	17,626,647
Series AG used for renovations to the Student Union	4.48%	855,252	-	157,457	697,795
Series AH used for renovations to the University Center	4.70%	-	1,450,788	41,233	1,409,555
Series AI used for Sprinkler System	3.95%	-	2,548,730	109,893	2,438,837
Total bonds payable		36,918,758	<u>\$ 3,999,518</u>	<u>\$ 4,903,164</u>	36,015,112
Plus premium/issuance costs		<u>1,336,143</u>			<u>1,216,187</u>
Outstanding at end of year		<u>\$ 38,254,901</u>			<u>\$ 37,231,299</u>

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

6. Bonds Payable (Continued)

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

		2011	2012	2013	2014	2015	2016 2020	2021 2025	2026 2030	Total
Series										
T	Principal	\$ 247,490	\$ 39,298	\$ 40,745	\$ 42,794	\$ 45,085	\$ 259,297	\$ 59,791	\$ -	\$ 734,500
	Interest	36,130	23,755	21,791	19,957	17,978	54,942	2,990	-	177,543
	Total	283,620	63,053	62,536	62,751	63,063	314,239	62,781	-	912,043
U	Principal	61,061	62,912	66,612	68,463	72,163	409,851	193,361	-	934,423
	Interest	41,258	38,968	36,609	33,944	30,692	103,671	13,887	-	299,029
	Total	102,319	101,880	103,221	102,407	102,855	513,522	207,248	-	1,233,452
W	Principal	57,872	58,812	60,694	63,047	-	-	-	-	240,425
	Interest	11,133	8,556	5,878	3,032	-	-	-	-	28,599
	Total	69,005	67,368	66,572	66,079	-	-	-	-	269,024
X	Principal	184,635	193,933	203,231	213,857	221,827	1,251,265	878,675	-	3,147,423
	Interest	133,194	123,963	114,266	104,104	95,550	337,189	74,620	-	982,886
	Total	317,829	317,896	317,497	317,961	317,377	1,588,454	953,295	-	4,130,309
Z	Principal	187,316	-	-	-	-	-	-	-	187,316
	Interest	7,493	-	-	-	-	-	-	-	7,493
	Total	194,809	-	-	-	-	-	-	-	194,809
AC	Principal	338,394	354,611	372,990	391,370	410,830	2,383,895	3,041,224	-	7,293,314
	Interest	356,517	339,597	321,867	303,217	283,648	1,088,767	433,858	-	3,127,471
	Total	694,911	694,208	694,857	694,587	694,478	3,472,662	3,475,082	-	10,420,785
AE	Principal	921,639	965,844	1,016,497	1,068,024	1,123,649	6,560,373	4,306,603	786,584	16,749,213
	Interest	851,556	805,473	757,181	703,815	647,744	2,299,128	768,998	39,329	6,873,224
	Total	1,773,195	1,771,317	1,773,678	1,771,839	1,771,393	8,859,501	5,075,601	825,913	23,622,437
AG	Principal	172,183	176,715	182,378	-	-	-	-	-	531,276
	Interest	17,494	11,899	6,155	-	-	-	-	-	35,548
	Total	189,677	188,614	188,533	-	-	-	-	-	566,824
AH	Principal	49,690	51,672	54,183	56,958	59,734	346,904	432,012	311,091	1,362,244
	Interest	63,877	61,889	59,306	56,597	53,749	220,804	135,855	29,572	681,649
	Total	113,567	113,561	113,489	113,555	113,483	567,708	567,867	340,663	2,043,893
AI	Principal	136,957	141,648	146,843	152,038	157,234	881,974	689,669	-	2,306,363
	Interest	91,317	86,524	81,566	76,794	71,472	260,077	69,485	-	737,235
	Total	228,274	228,172	228,409	228,832	228,706	1,142,051	759,154	-	3,043,598
Total	Principal	2,357,237	2,045,445	2,144,173	2,056,551	2,090,522	12,093,559	9,601,335	1,097,675	33,486,497
	Interest	1,609,969	1,500,624	1,404,619	1,301,460	1,200,833	4,364,578	1,499,693	68,901	12,950,677
	Total	\$ 3,967,206	\$ 3,546,069	\$ 3,548,792	\$ 3,358,011	\$ 3,291,355	\$ 16,458,137	\$ 11,101,028	\$ 1,166,576	\$ 46,437,174

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

6. Bonds Payable (Continued)

In addition, the University participates in the PASSHE's Academic Facilities Renovation Bond Program (AFRP), which was established for the purpose of renovating the academic facilities across the PASSHE. This program will provide \$100,000,000 in funding over the next several years. PASSHE will issue bonds to provide a pool for funding for AFRP (\$47,857,567 and \$49,354,148 was outstanding as of June 30, 2010 and 2009). Universities can request funds for AFRP projects in accordance with their pre-approved amount of funding from the pool. Repayments to the pool are made annually based on the University's proportionate share of the total allocation of funds under the program. As of June 30, 2010 and 2009, the balance owed by the University to PASSHE's AFRP pool of funding was \$3,980,321 and \$4,099,135, respectively.

Major Component Unit

Long-term debt of the Foundation consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Note payable (Series 2008 Bonds). Wells Fargo Bank, N.A., as more fully described below, due in varying annual installments through July 1, 2042, interest rates of 4.95% to 5.95%	\$ 56,125,000	\$ 56,125,000
Note payable (Series 2010 Bonds), Wells Fargo Bank N.A., as more fully described below, due in varying annual installments through July 1, 2043 interest rates of 3.63% to 6.00%	<u>60,820,000</u>	<u>-</u>
Long-term debt	116,945,000	56,125,000
Less unamortized discount	<u>(1,068,700)</u>	<u>(497,584)</u>
Long-term debt, net of discount	115,876,300	55,627,416
Less current portion	<u>-</u>	<u>-</u>
Long-term debt, non-current portion	<u>\$ 115,876,300</u>	<u>\$ 55,627,416</u>

In February 2008, PHEFA issued its Edinboro University Foundation Student Housing Project At Edinboro University of Pennsylvania Revenue Bonds - Series 2008 (the "Series 2008 Bonds"), the proceeds of which were loaned to the Foundation pursuant to a Loan Agreement between PHEFA and the Foundation dated February 1, 2008 (the "Loan Agreement"). The proceeds of the Series 2008 Bonds were used by the Foundation to provide funds to: finance the cost of acquiring, constructing, furnishing and equipping a 796-bed student housing facility ("Student Housing Facility"), including the buildings, furniture, fixtures and equipment therefore and the certain demolition activities related thereto to be located on the main campus of the University on land leased by the Foundation from the University; to fund a portion of the interest payments on the Series of 2008 Bonds during construction of the Student Housing Facility and for a period of up to six months thereafter; to fund a debt service reserve fund for the Series 2008 Bonds, and; to pay the costs of issuing the Series 2008 Bonds.

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

6. Bonds Payable (Continued)

Following the issuance of the Series 2008 Bonds, PHEFA assigned the Loan Agreement to Wells Fargo Bank, N.A. ("Trustee"), as trustee, under a Trust Indenture dated February 1, 2008, as security for the Series 2008 Bonds.

Contemporaneously with the assignment of the Loan Agreement to the Trustee, the Trustee and the Foundation entered into an open-ended leasehold mortgage and security agreement as additional security for the Series 2008 Bonds, granting the Trustee a security interest in the premises, buildings, machinery and equipment, all rents, royalties and income, and the Ground Lease Agreement between the University (as lessor) and the Foundation (as lessee).

Under the terms of the Loan Agreement, the Foundation is required to remit interest payments to the Trustee on or before the 25th day of each calendar month in an amount equal to one-sixth of the interest due on the next succeeding interest payment date. Principal payments are due on or before the 25th day of each calendar month in amounts equal to one-twelfth of the principal amount maturing on the next succeeding July 1 (if any) commencing July 25, 2017. Payments required to effect mandatory redemption of principal amounts are due in amounts equal to one-twelfth of the Series 2008 Bonds subject to mandatory redemption on the next succeeding July 1 (if any) beginning July 25, 2010.

In May 2010, PHEFA issued its Edinboro University Foundation Student Housing Project At Edinboro University of Pennsylvania Revenue Bonds - Series 2010 (the "Series 2010 Bonds"), the proceeds of which were loaned to the Foundation pursuant to a Loan Agreement between PHEFA and the Foundation dated May 1, 2010 (the "Loan Agreement"). The proceeds of the Series 2010 Bonds are being used by the Foundation to provide funds to: finance the cost of acquiring, demolishing, constructing, equipping and furnishing of student housing on the campus of Edinboro University of Pennsylvania consisting of 856 beds; to fund a portion of the interest payments on the Series of 2010 Bonds during construction of the Student Housing Facility and for a period of up to six months thereafter; to fund a Debt Service Reserve Fund for the Series 2010 Bonds, and; to pay the costs of issuing the Series 2010 Bonds.

Following the issuance of the Series 2010 Bonds, PHEFA assigned the Loan Agreement to Wells Fargo Bank, N.A. ("Trustee"), as trustee, under a Trust Indenture dated May 1, 2010, as security for the Series 2010 Bonds.

Contemporaneously with the assignment of the Loan Agreement to the Trustee, the Trustee and the Foundation entered into an open-ended leasehold mortgage and security agreement as additional security for the Series 2010 Bonds, granting the Trustee a security interest in the premises, buildings, machinery and equipment, all rents, royalties and income, and the Ground Lease Agreement between the University (as lessor) and the Foundation (as lessee).

Under the terms of the Loan Agreement, the Foundation is required to remit interest payments to the Trustee on or before the 1st day of each semi-annual period in an amount equal to the interest due from the last interest payment date through to the current interest payment date. Principal payments are due annually commencing July 1, 2013. Payments required to effect mandatory redemption of principal amounts are due annually beginning July 1, 2021.

Interest expense on the Foundation's notes was \$3,554,795 in 2010 and \$3,261,875 in 2009 of which \$546,574 in 2010 and \$2,478,120 in 2009 was capitalized to construction in progress.

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

6. Bonds Payable (Continued)

The aggregate future principal payments on long-term debt at June 30, 2010 are as follows:

Years ending June 30:	
2011	\$ -
2012	100,000
2013	200,000
2014	850,000
2015	1,125,000
Thereafter	<u>114,670,000</u>
Total	<u>\$ 116,945,000</u>

7. Deferred Revenue

Deferred revenue consisted of the following at June 30:

	2010	2009
Student tuition and fees	\$ 2,424,919	\$ 2,049,668
Dining improvements	137,500	269,298
Grant revenue	40,834	238,441
Sponsorship fees	<u>140,024</u>	<u>171,772</u>
Total	<u>\$ 2,743,277</u>	<u>\$ 2,729,179</u>

8. Compensated Absences and Postretirement Benefits

Compensated absences and postretirement benefits consisted of the following at June 30:

	2010		2009	
	Current	Noncurrent	Current	Noncurrent
Compensated absences	\$ 725,515	\$ 5,889,712	\$ 565,297	\$ 5,773,771
Post-retirement benefit obligations	<u>3,261,000</u>	<u>50,797,656</u>	<u>3,276,000</u>	<u>47,021,037</u>
Total	<u>\$ 3,986,515</u>	<u>\$ 56,687,368</u>	<u>\$ 3,841,297</u>	<u>\$ 52,794,808</u>

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

8. Compensated Absences and Postretirement Benefits (Continued)

Compensated Absences

Compensated absences activity for the year ended June 30, is as follows:

	<u>2010</u>	<u>2009</u>
Balance July 1	\$ 6,339,068	\$ 6,183,667
Current changes in estimate	801,387	522,187
Payouts	<u>(525,228)</u>	<u>(366,786)</u>
Balance June 30	<u>\$ 6,615,227</u>	<u>\$ 6,339,068</u>

Postretirement Benefits

University employees who retire after meeting specified service and age requirements become eligible for participation in one of two defined healthcare benefits plans. These plans include hospital, medical/surgical, and major medical coverage, and provide a Medicare supplement for individuals over age 65.

System Plan

Plan Description

Employee members of the Association of Pennsylvania State College and University Faculties, the State College and University Professional Association, Security Police and Fire Professionals of America, Pennsylvania Nurses Association, and nonrepresented employees participate in a single-employer defined benefit healthcare plan administered by PASSHE (System Plan). The System Plan provides eligible retirees and their eligible dependents with healthcare benefits as well as tuition waivers at any of PASSHE's universities. The State System of Higher Education Act of November 12, 1982, P.L. 660, No. 188, as amended (Act 188) empowers the Board to establish and amend benefit provisions. The System Plan is unfunded and no financial report is prepared.

8. Compensated Absences and Postretirement Benefits (Continued)

Funding Policy

The contribution requirements of plan members and PASSHE are established and may be amended by the Board. The System Plan is funded on a pay-as-you-go basis; i.e., premiums are paid to an insurance company and various health maintenance organizations to fund the healthcare benefits provided to current retirees. Tuition waivers are provided by the retiree's sponsoring University as they are granted. PASSHE paid premiums of \$31,830,000 and \$43,847,000 for the fiscal years ended June 30, 2010 and 2009, respectively. Plan members receiving benefits who retired prior to July 1, 2005, are not required to make contributions. Plan members receiving benefits who retire after July 1, 2005, 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, the contribution rate for active employees, and applicable collective bargaining agreements. As of June 30, 2010, the maximum rate being contributed by the plan members was 10% of the premium currently paid by active employees. Total contributions made by plan members for fiscal years ended June 30, 2010 and 2009, were \$2,080,000 and \$1,951,000, respectively, or approximately 6.1% and 4.3%, respectively, of the total premiums.

Annual OPEB Cost and Net OPEB Obligation

The University's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following shows the components of the University's annual OPEB cost for the year, the amounts actually contributed to the plan, and changes in the University's net OPEB obligation:

Annual required contribution	\$ 6,244,000
Interest on net OPEB obligation	2,389,000
Adjustment to annual required contribution	<u>(2,482,000)</u>
Annual OPEB cost (expense)	6,151,000
Contributions made	<u>(2,389,381)</u>
Increase in net OPEB obligation	3,761,619
Net OPEB obligation at July 1, 2009	<u>50,297,037</u>
Net OPEB obligation at June 30, 2010	<u>\$ 54,058,656</u>

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

8. Compensated Absences and Postretirement Benefits (Continued)

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2010, and the two preceding years were as follows:

Year Ended June 30	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 6,151,000	38.8%	\$ 54,058,656
2009	5,735,000	38.1%	50,297,037
2008	5,977,000	27.5%	46,744,871

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2009, the most recent actuarial valuation date, was as follows (in thousands):

Actuarial accrued liability ("AAL")	\$ 75,697,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability ("UAAL")	<u>\$ 75,697,000</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.0%</u>
Covered payroll (active plan members)	<u>\$ 35,442,000</u>
UAAL as a percentage of covered payroll	<u>\$ 213.6%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

8. Compensated Absences and Postretirement Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.75% investment rate of return, which is the expected rate to be earned on PASSHE's operating portfolio, and an annual healthcare cost trend rate of 8.50% initially, reduced by decrements to an ultimate rate of 4.8% by 2020. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at July 1, 2009, was 26 years.

Retired Employees Health Program

Plan Description

Employee members of the American Federation of State, County and Municipal Employees; Pennsylvania Doctors Alliance; and Pennsylvania Social Services Union participate in the Retired Employees Health Program (REHP), which is sponsored by the Commonwealth and administered by the Pennsylvania Employee Benefits Trust Fund (PEBTF). The REHP provides eligible retirees and their eligible dependents with health care benefits. Benefit provisions are established and may be amended under pertinent statutory authority. The REHP neither issues a stand-alone financial report nor is it included in the report of a public employee retirement system or other entity.

Funding Policy

The contribution requirements of plan members covered under collective bargaining agreements are established by the collective bargaining agreements. The contribution requirements of nonrepresented plan members and contributing entities are established and may be amended by the Commonwealth's Office of Administration and the Governor's Budget Office. Plan members who enrolled prior to July 1, 2004 are not required to make contributions. Plan members who enrolled after July 1, 2004, contribute a percentage of their final salary, the rate of which varies based on the plan member's retirement date. Agency member (employer) contributions are established primarily on a pay-as-you-go basis. In 2009/10, PASSHE contributed \$248.68 for each current active employee per biweekly pay period. PASSHE made contributions of \$25,318,000, \$26,131,000 and \$24,858,000, for the fiscal years ended June 30, 2010, 2009, and 2008, respectively, which equaled the required contributions for the year. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

9. Pension Benefits

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

PSERS provides retirement and disability benefits, legislative-mandated ad hoc cost-of-living adjustments, and health care insurance premium assistance to qualifying annuitants. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa.C.S.8101-8535) is the authority by which PSERS benefits provisions are established and may be amended. The contribution policy for PSERS is established in the Public School Employees' Retirement Code and requires contributions by active members, the employer (the University), and the Commonwealth of Pennsylvania. Active members contribute at a rate of between 5.25% and 7.50% of their qualifying compensation, depending upon when the active member was hired and what benefit class was selected. The contribution rate for the University is an actuarially determined rate. The rate was 2.39% and 2.38% of annual covered payroll at June 30, 2010 and 2009. The University's contributions to PSERS for the years ended June 30, 2010, 2009, and 2008 were approximately \$29,000, \$21,000, and \$22,000, respectively, equal to the required contractual contribution. PSERS issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania 17108-0125.

SERS also provides retirement, death, and disability benefits, and legislative-mandated ad hoc cost-of-living adjustments. Article II of the Commonwealth of Pennsylvania's Constitution assigns the authority to establish and amend the benefit provisions of the plan to the General Assembly. The contribution policy for SERS, as established by the State Employees' Retirement Code, requires contributions by active members and the employer (the University). The contribution rate for both active members and the University depends upon when the active member was hired and what benefits class is selected. Active members contribute at a rate of either 5.0% or 6.25% of their qualifying compensation. The University contributed at an actuarially determined rate of either 2.52% or 3.15% of an active member's annual covered payroll at June 30, 2010. The University's contributions to SERS for the years ended June 30, 2010, 2009, and 2008 were \$777,000, \$715,000, and \$719,000, respectively, equal to the required contractual contribution. 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 by writing to Commonwealth of Pennsylvania, State Employees' Retirement System, P.O. Box 1147, Harrisburg, Pennsylvania 17108-0125.

Because the ARP is a defined contribution plan, benefits depend on 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's contribution rate for June 30, 2010 and 2009 was 9.29% of qualifying compensation. The contributions to the ARP for the years ended June 30, 2010 and 2009 were approximately \$2,450,000 and \$2,379,000, respectively, from the University, and \$1,284,000 and \$1,269,000, respectively, from active members.

Edinboro University of Pennsylvania of the State System of Higher Education

Notes to Financial Statements
June 30, 2010 and 2009

10. Termination Benefits

In March 2010, PASSHE's Board of Governors approved a Voluntary Retirement Incentive Program for both union and nonrepresented employees meeting certain age and service requirements. Eligible employees who, by May 28, 2010, indicated their intent to retire between June 18, 2010 and August 27, 2010, qualify for a cash incentive payout of between \$6,000 and \$30,000, depending on base salary and years of service. As of June 30, 2010, 14 eligible University employees accepted the offer by signing a release and settlement agreement releasing the University from all legal claims related to their employment and retirement. For the year ended June 30, 2010, the University recorded an expense of \$200,100 for the cash incentive and \$15,300 for associated Social Security and Medicare taxes, for a total expense of \$215,400. The cash incentive is not eligible for retirement benefits. The Association of Pennsylvania State college and University Faculties declined to participate in this program.

11. Workers' Compensation

The University is self-insured for workers' compensation losses. For claims occurring prior to July 1, 1995, the University is responsible for claims less than \$100,000; for claims occurring on or after July 1, 1995, the University is responsible for claims less than \$200,000. Claims in excess of the self-insurance limits are funded through the Workers' Compensation Collective Reserve Fund (the "Reserve Fund"), to which all PASSHE universities contribute in the amount as determined by an independent actuarial study. Based on updated actuarial studies, the University contributed \$101,559 to the Reserve Fund during the year ended June 30, 2010 and \$46,431 to the Reserve Fund during the year ended June 30, 2009.

For the years ended June 30, 2010 and 2009, the aggregate liability for claims under the self-insurance limit was \$688,691 and \$532,920, respectively. Changes in the University's workers' compensation claims liability were as follows:

Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2010	\$ 532,920	\$ 307,728	\$ (151,957)	\$ 688,691
2009	601,160	159,697	(227,937)	532,920

12. Commitments and Contingencies

General

The nature of the education industry is such that, from time to time, the Universities of PASSHE are exposed to various risks of loss related to torts; alleged negligence; acts of discrimination; breach of contract; labor disputes; disagreements arising from the interpretation of laws or regulations; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. The University is self-insured for workers' compensation up to stated limits (see Note 11). 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.

Additionally, 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.

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

Construction Commitments

Authorized expenditures for construction projects unexpended as of June 30, 2010 and 2009 were approximately \$22,486,000 and \$49,404,000, respectively.

13. Subsequent Event

In July 2010, the University was allocated a portion of the proceeds from the Series AL tax-exempt bonds issued by the System through PHEFA totaling approximately \$6,720,000. The Series AL revenue bonds were used to advance refund the Series T revenue bonds, as well as finance renovations to McNerney Hall, the Campus Police & Welcome Center, Compton Hall Gymnasium, and the Porreco Center.

Edinboro University of Pennsylvania of the State System of Higher Education

Required Supplementary Information
 Years Ended June 30, 2010 and 2009
 (Unaudited)

Schedule of Funding Progress for the System Plan (OPEB)
 (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-c)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ -	\$ 73,683	\$ 73,683	0%	\$ 33,188	222.0%
July 1, 2008	-	70,449	70,449	0%	34,410	204.7%
July 1, 2009	-	75,697	75,697	0%	35,442	213.6%

The information below relates to the Commonwealth's REHP as a whole, i.e., it is inclusive of all participating Commonwealth agencies and instrumentalities. Nearly all Commonwealth agencies and instrumentalities participate in the REHP.

Schedule of Funding Progress for the REHP (OPEB)
 (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-c)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ 38,500	\$ 7,297,500	\$ 7,259,000	.52%	\$ 3,559,000	203%
July 1, 2008	60,000	12,863,270	12,803,270	.47%	3,559,000	360%
July 1, 2009	47,920	13,257,570	13,209,650	.36%	4,093,000	323%