CENTRAL STATE UNIVERSITY
Wilberforce, Ohio

FINANCIAL STATEMENTS
June 30, 2021 and 2020

CENTRAL STATE UNIVERSITY
Wilberforce, Ohio

FINANCIAL STATEMENTS
June 30, 2021 and 2020

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Management and Board of Trustees
Central State University
Wilberforce, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Central State University (the "University"), a component unit of the State of Ohio, and its aggregate discretely presented component units as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 auditor's 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.

Summary of Opinions

Opinion Unit	**Type of Opinion**
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Qualified

(Continued)

Basis for Qualified Opinion on Aggregate Discretely Presented Component Units

We were unable to obtain supporting documentation related to the restrictions on the use of the Central State University Foundation endowments and were unable to satisfy ourselves by other auditing procedures concerning the net assets with donor restrictions at June 30, 2021 and 2020, which are stated in the consolidated statements of net position as $4,755,028 and $3,951,991, respectively. As a result of this matter, we were unable to determine whether any adjustments might have been necessary with respect to the classification of net assets on the consolidated statements of financial position, the releases from restrictions and classification of contributions in the consolidated statements of changes in activities and changes in net assets. The Central State University Foundation financial activities are included in the University's basic financial statements as a discretely presented component unit and represent 95 percent, 89 percent and 81 percent of the assets, net position, and revenues, respectively of the University's aggregate discretely presented component units.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion on Aggregate Discretely Presented Component Units paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the Central State University as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Central State University, as of June 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We previously audited the accompanying financial statements of Central State University, and issued a report dated August 19, 2022 which included unmodified opinions. Subsequent to August 19, 2022, management informed us that through correspondence with other parties they became aware of missing documentation related to donor restricted endowments for the Central State University Foundation. In spite of efforts to search for records, contact donors, and inquiries with personnel, sufficient supporting documentation could not be found. As a result, we are reissuing our report which contains a qualified opinion on the aggregate discretely presented component units.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 4 to 11, the Schedules of the University's Proportionate Share of the Net Pension Liability, the Schedules of the University's Pension Contributions, the Schedules of the University's Proportionate Share of the Net OPEB Liability, and the Schedules of the University's OPEB Contributions, collectively on pages 63 to 66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated the same date as this report on our consideration of Central State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central State University's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Columbus, Ohio
November 28, 2022

This section of Central State University's (the "University") annual financial report presents management's discussion and analysis of the financial performance of the University during the fiscal years ended June 30, 2021, 2020, and 2019. This discussion should be read in conjunction with the accompanying financial statements and notes. Management has prepared the financial statements and the related note disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the University's administration.

Using this Report

The University's annual report consists of a series of financial statements prepared in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* as amended by Governmental Accounting Standards Board Statement *No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures.*

The financial statements prescribed by GASB Statement No. 35 (the statement of net position, statement of revenue, expenses, and changes in net position, and the statement of cash flows) are prepared under the accrual basis of accounting, whereby revenue and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. The financial statements focus on the financial condition, the results of operations, and the impact on cash flows of the University as a whole.

One of the most important questions asked about the University's finances is whether the University as a whole is better off, or worse off, as a result of the current year's activities. The keys to understanding this question are the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These statements present financial information in a form similar to that used by corporations. The University's net position is one indicator of its financial health.

The statement of net position includes all assets, deferred outflows, liabilities and deferred inflows of the University. Changes in net position are an indicator of the improvement or erosion of the University's financial health when considered with nonfinancial facts, such as enrollment levels, changes in state funding and facility changes.

The statement of revenue, expenses, and changes in net position presents the revenue earned and the expenses incurred during the year. Activities are reported either as operating or nonoperating. The financial reporting model reflects treatment of state and local appropriations, as well as gifts, as nonoperating revenue. Since dependency on State of Ohio and certain federal grants is recognized as nonoperating under accounting principles generally accepted in the United States of America, a public university normally presents operating results as a deficit. The utilization of long-lived assets, primarily capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating the University's financial viability is its ability to meet financial obligations as they mature. One measure of this factor is the University's working capital, or the relationship of its current assets less its current liabilities.

The statement of cash flows presents the information related to cash inflows and outflows. These cash inflows and outflows are summarized by operating, noncapital financing, capital and related financing, and related investing activities. This statement illustrates the University's sources and uses of cash and helps measure the ability to meet financial obligations as they mature.

(Continued)

The University follows GASB Statement No. 61, *The Financial Reporting Entity: Omnibus.* As such, Central State University Foundation's (the "Foundation") financial statements and notes have been discretely incorporated into the University's financial statements.

During fiscal year 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The provisions of this Statement were effective for periods ending June 30, 2015. These changes were not reflected retroactively due to the unavailability of the information form the pension plans.

Analysis of Results of Operations

Total revenue for the years ended June 30, 2021 and 2020 was $94.3 million and $73.9 million, respectively, of which operating revenue totaled $41.8 million and $40.3 million, respectively. Operating revenue in fiscal year 2021 increased $1.5 million, or 3.7 percent, when compared with fiscal year 2020.

Total revenue for the years ended June 30, 2020 and 2019 was $73.9 million and $69.1 million, respectively, of which operating revenue totaled $40.3 million and $41.6 million, respectively. Operating revenue in fiscal year 2020 decreased $1.3 million, or 3.1 percent, when compared with fiscal year 2019.

Total operating expenses for the years ended June 30, 2021 and 2020 were $68.8 million and $74.0 million, respectively. Operating expenses decreased $5.2 million, or 7.0 percent, when compared with fiscal year 2020.

Total operating expenses for the years ended June 30, 2020 and 2019 were $74.0 million and $65.0 million, respectively. Operating expenses increased $9.0 million, or 13.9 percent, when compared with fiscal year 2019.

The University's operating loss totaled $27.0 million during 2021 compared to $33.7 million in 2020, which represented a favorable decrease in the operating loss of $6.7 million, or 19.9 percent.

The University's operating loss totaled $33.7 million during 2020 compared to $23.4 million in 2019, which represented a unfavorable increase in the operating loss of $10.3 million, or 44.0 percent.

The University's total net position increased $24.9 million during 2021 compared to a decreased $0.8 million during 2020, which represents a difference of $25.7 million.

The University's total net position decreased $0.8 million during 2020 compared to an increase of $4.2 million during 2019, which represents a difference of $(5.0) million.

The $1.5 million increase in operating revenue was related to increases of $4.8 million in tuition and fees, $2.6 million in Federal grants and contracts, $2.5 million in State, local and private grants and contracts, $0.1 million in other sources and $0.5 million in indirect cost recovery, offset by decreases of $8.1 million in auxiliary activities and $0.9 million from contribution.

Traditional student enrollment decreased 7.5 percent in fall fiscal year 2021 compared to fall fiscal year 2020 and decreased 10.5 percent in spring fiscal year 2021 compared with spring fiscal year 2020.

Online student enrollment increased 7,639.3 percent in fall fiscal year 2021 compared to fall fiscal year 2020 and increased 1,336.0 percent in spring fiscal year 2021 compared with spring fiscal year 2020.

The $1.3 million decrease in operating revenue in 2020 was related to increases of $0.5 million in tuition and fees, $1.3 million in Federal grants and contracts and $0.6 million in State, local and private grants and contracts, offset by decreases of $0.2 million in auxiliary activities, $2.8 million from contributions, $0.6 million in other sources and $0.1 million in indirect cost recovery.

(Continued)

Student enrollment decreased 3.4 percent in fall fiscal year 2020 compared to fall fiscal year 2019 and increased 9.4 percent in spring fiscal year 2020 compared with spring fiscal year 2019.

A breakdown and comparison of operating revenues are provided below:

	2021	2020	2019
Operating Revenue (in millions)			
Tuition and fees - Net	$ 12.1	$ 7.4	$ 6.8
Federal grants and contracts	14.0	11.4	10.1
State, local, and private grants and contracts	6.6	4.1	3.5
Indirect cost recovery	0.8	0.3	0.4
Auxiliary activities - Net	4.8	12.8	13.0
Contributions	1.3	2.2	5.0
Other sources	2.2	2.1	2.8
Total	$ 41.8	$ 40.3	$ 41.6

A breakdown and comparison of non-operating revenue are as follows:

	2021	2020	2019
Non-operating Revenue (Expenses) (in millions)			
Federal Pell grant appropriations	$ 9.9	$ 8.6	$ 8.3
Federal Covid-related funding	14.7	6.3	-
State appropriations	14.7	14.7	15.5
Debt forgiveness	11.7	-	-
Interest expense	(0.6)	(0.7)	(0.7)
Other income	0.5	0.3	0.3
Total	$ 50.9	$ 29.2	$ 23.4

State appropriations include core funding sources composed of the State's Share of Instructional Support (SSIS) and the Central State University Supplement.

A breakdown and comparison of state appropriation revenues are as follows:

	2021	2020	2019
State Appropriations (in millions)			
State Share of Instructional Support	$ 3.5	$ 3.5	$ 3.8
Central State supplement	11.2	11.2	11.7
Total	$ 14.7	$ 14.7	$ 15.5

There was no movement in State of Ohio funding from 2020 to 2021.

The decrease in State of Ohio funding from 2019 to 2020 was primarily due to State Share of Instructional Support decrease of $0.3 million, or 7.9 percent, and decrease Central State supplement of $0.5 million or 4.3 percent.

(Continued)

Operating expenses include educational and general, auxiliary enterprises, restricted funding from grants and contracts, and depreciation. A breakdown and comparison of these expenses are as follows:

	2021	2020	2019
Expenses (in millions)			
Instruction	$ 12.5	$ 10.1	$ 10.4
Research	5.5	3.7	3.2
Student services	4.4	4.0	3.9
Academic support	5.6	6.1	5.5
Public services	7.8	5.3	4.8
Pension and OPEB administration	(8.0)	2.2	2.0
Institutional administration	9.8	7.9	5.4
Operation and maintenance of plant	6.9	7.3	6.9
Auxiliary enterprises	12.9	14.7	12.8
Student aid	4.0	5.6	3.6
Depreciation	7.4	7.1	6.5
Total	$ 68.8	$ 74.0	$ 65.0

Central State University's operating expenses during 2021 reflected a $5.2 million decrease in operating expenses, totaling $68.8 million in 2021 as compared to $74.0 million in 2020. The decrease in expenses was primarily related to a decrease in academic support ($0.5 million), pension and OPEB administration ($10.2 million), operation and maintenance of plant ($0.4 million), auxiliary enterprises ($1.8 million) and student aid ($1.6 million), offset by increases in instruction ($2.4 million), research ($1.8 million), student services ($0.4 million), public services ($2.5 million), institutional administration ($1.9 million) and depreciation ($0.3 million).

Central State University's operating expenses during 2020 reflected a $9.0 million increase in operating expenses, totaling $74.0 million in 2020 as compared to $65.0 million in 2019. The increase in expenses was primarily related to an increase in research ($0.5 million), student services ($0.1 million), academic support ($0.6 million) public services ($0.5 million), institutional administration ($2.5 million), pension and OPEB administration ($0.2 million), operation of plant ($0.4 million), auxiliary enterprises ($1.9 million), student aid ($2.0 million) and depreciation ($0.6 million) and offset by a decrease in instruction ($0.3 million).

Analysis of Overall Financial Position

At June 30, 2021, current assets totaled $27.9 million, as compared to $20.9 million at June 30, 2020, an increase of $7.0 million. The increase in current assets was primarily attributable to an increase in cash and cash equivalents of $3.0 million, $2.1 million increase in accounts receivable, $0.1 million in contributions receivable, $1.1 million in prepaid assets, $0.6 million due from CSU Foundation and $0.1 million from Central State Innovation and Development Foundation. Current liabilities at June 30, 2021, totaled $20.2 million, as compared to $18.4 million at June 30, 2020 an increase of $1.8 million. Movement within current liabilities was attributable to an increase of $1.0 million in accounts payable, $2.0 million in unearned student fee revenue, $0.9 million in the current portion of long-term lease, $0.4 million due to CSU Innovation and Development Foundation and $0.4 million in other unearned revenue offset by a decrease of $0.4 million in accrued salaries, wages and benefits, $0.4 million in the current portion of long-term debt and $2.2 million in other liabilities.

(Continued)

At June 30, 2020, current assets totaled $20.9 million, as compared to $12.1 million at June 30, 2019, an increase of $8.8 million. The increase in current assets was primarily attributable to an increase in cash and cash equivalents of $2.4 million, $6.7 million increase in accounts receivable and $0.4 million in prepaid assets, offset by a decrease of $0.3 million in contributions receivable and $0.4 million due from CSU Foundation. Current liabilities at June 30, 2020, totaled $18.4 million, as compared to $9.9 million at June 30, 2019 an increase of $8.5 million. Movement within current liabilities was attributable to an increase of $0.4 million in accounts payable, $0.9 million in accrued salaries, wages and benefits, $0.7 million in unearned student fee revenue, $2.4 million in other liabilities and $4.0 million in other unearned revenue.

Noncurrent assets are comprised of capital assets, investments, contributions receivable, net OPEB asset and restricted cash and cash equivalents. The $2.7 million increase in the University's noncurrent assets, which total $139.2 million at June 30, 2021 and $136.5 million at June 30, 2020, is associated with an $0.8 million decrease in restricted cash and cash equivalents, a decrease in capital assets of $0.4 million, offset by an increase of $1.2 million in investments, $0.4 million in contributions receivable and $2.4 million in net OPEB asset.

The prior year $0.3 million decrease in the University's noncurrent assets, which total $136.5 million at June 30, 2020 and $136.8 million at June 30, 2019, is associated with an $1.0 million decrease in restricted cash and cash equivalents, offset by an increase in capital assets of $0.6 and an increase of $0.2 million in investments.

The University's noncurrent liabilities at June 30, 2021 total $35.6 million, as compared to $56.5 million at June 30, 2020. The $20.9 million decrease is primarily attributed to a decrease of $1.3 million in net pension liability, decrease of $8.3 million in net OPEB liability and a decrease in long-term debt of $12.3 million offset by an increase in long-term lease of $0.9 million and $0.1 million increase in long-term liabilities.

The University's noncurrent liabilities at June 30, 2020 total $56.5 million, as compared to $63.0 million at June 30, 2019. The $6.5 million decrease is primarily attributed to a decrease of $5.3 million in net pension liability, decrease in long-term debt of $1.4 million offset by an increase of $0.2 million in net OPEB liability.

The University's net position was $107.2 million at June 30, 2021 and $82.3 million at June 30, 2020. The University's net position was $82.3 million at June 30, 2020 and $83.1 million at June 30, 2019.

Net OPEB Liability

During fiscal year 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. These statements significantly revise accounting for OPEB costs and liabilities. As a result of implementing GASB 75, the University is reporting a net OPEB asset and deferred outflows and deferred inflows of resources related to OPEB on the accrual basis of accounting.

Capital Assets and Long-term Debt Activity

The University utilizes state capital appropriations for capital asset expenditures. State capital appropriations are on a biennium basis, and individual institutions' capital funding allocations are based largely on enrollment as well as appropriations for new facilities. During 2021, the University utilized $1.1 million in state capital appropriations. During 2020, the University utilized $3.7 million in state capital appropriations.

(Continued)

The University's long-term debt is comprised of notes payable to the Department of Education and bonds issued during 2013 under the State of Ohio Air Quality Development Authority Tax Exempt Revenue Bond program for $16.6 million.

The loan payable obtained during fiscal year 2016 from The Bank of New York Mellon Trust of $13.1 million, transferred in 2017 to Regions Bank, was forgiven during fiscal year 2021. The University is in compliance with all of its contractual long-term debt requirements and covenants.

A breakdown and comparison of the University's balance sheet as of June 30, 2021, 2020, and 2019 are provided below:

	2021	2020	2019
Balance Sheet (in millions)			
Assets:			
Current assets	$ 28.0	$ 20.9	$ 12.1
Noncurrent assets:			
Restricted cash and equivalents	-	0.8	1.8
Investments	2.4	1.2	1.0
Contributions receivable	1.9	1.5	1.5
Net OPEB asset	2.3	-	-
Capital assets - net	132.6	133.0	132.5
Total assets	167.2	157.4	148.9
Deferred outflows of resources	6.1	6.7	10.7
Liabilities:			
Current	20.2	18.4	9.9
Noncurrent	35.6	56.5	63.0
Total liabilities	55.8	74.9	72.9
Deferred inflows of resources	10.3	6.9	3.6
Net position:			
Net investment in capital assets	121.3	110.9	109.2
Restricted – expendable	2.9	2.9	3.0
Restricted non-expendable	0.3	0.3	0.4
Unrestricted	(17.3)	(31.8)	(29.5)
Total net position	$ 107.2	$ 82.3	$ 83.1

Statement of Cash Flows

Net cash used in operating activities was $26.9 million, $22.5 million, and $17.3 million in 2021, 2020, and 2019, respectively. In 2021, cash flows from operating activities were primarily comprised of tuition and fees ($40.0 million), grants and contracts ($11.4 million), auxiliary enterprise charges ($1.6 million) and other receipts of ($2.8 million), which were offset by payments to suppliers and employees of $82.7 million.

Cash flows from noncapital financing activities were $35.7 million, $29.8 million, and $24.0 million in 2021, 2020, and 2019, respectively. In 2021, these were comprised of State of Ohio appropriations of $14.7 million, Federal Pell Grants of $9.9 million, Federal Covid-related funding of $10.9 million and other income of $0.2 million, and offsetting federal loan receipts and disbursements. In 2020, these were comprised of State of Ohio appropriations of $14.7 million, Federal Pell Grants of $8.6 million, Federal Covid-related funding of $6.3 million and other income of $0.2 million, and offsetting federal loan receipts and disbursements.

(Continued)

Cash used in capital and related financing activities were $5.6 million, $5.7 million and $6.0 in 2021, 2020, and 2019, respectively. In 2021, cash flows from capital grants and gifts were $1.1 million and principal of capital lease $2.2 million. This was offset by purchase of capital assets and construction of $7.0 million, principal payment on capital debt $1.0 million, principal payment of capital lease of $0.4 million, and interest on capital debt $0.6 million. In 2020, cash flows from capital grants and gifts was $3.7 million and principal of capital debt $0.3 million. This was offset by purchase of capital assets and construction of $7.6 million, principal payment on capital debt $1.5 million, and interest on capital debt $0.7 million.

Cash used in investing activities were $0.899 million in 2021. In 2021 cash used in the purchase of investments was $0.9 million. In 2020 cash used in the purchase of investments was $0.2 million.

The net change in cash and cash equivalents was an increase of $2.2 million in 2021, an increase of $1.4 million in 2020, and a decrease of $0.2 million in 2019. Year-end cash and cash equivalents for 2021, 2020, and 2019 were $8.4 million, $6.3 million, and $4.9 million, respectively.

A breakdown and comparison of the University's statement of cash flows for the years ended 2021, 2020, and 2019 are provided below:

	2021	2020	2019
Cash Flows Activities (in millions)			
Cash flows from operating activities	$ (26.9)	$ (22.5)	$ (17.3)
Cash flows from noncapital financing activities	35.5	29.8	24.0
Cash flows from capital and related financing activities	(5.6)	(5.8)	(6.0)
Cash flows from investing activities	(0.9)	(0.1)	(0.8)
Net increase (decrease) in cash and cash equivalents	2.1	1.4	(0.1)
Cash and cash equivalents - Beginning of year	6.3	4.9	5.0
Cash and cash equivalents - End of year	$ 8.4	$ 6.3	$ 4.9

Factors Impacting Future Periods

Central State University (CSU) a Historically Black University (HBCU) and an 1890 Land-Grant Institution aspires to be a premier institution of excellence in teaching and learning in Ohio. Central State University is Ohio's only state –assisted HBCU. CSU has a 134-year history of developing, nurturing, cultivating and graduating underprepared, underrepresented, and low income students going into diverse careers. The University's future includes growth in undergraduate research opportunities; new undergraduate and graduate degree programs in STEM-Ag and business; global exchange opportunities for students and faculty with international partner institutions; an expanding footprint both physically and online; extension services and training to local farmers; and working with local businesses to offer professional development services to meet the needs of an ever-changing workforce. It is these strategic initiatives that are opening the door to new collaborations, research opportunities, and career options for our students.

The University's strategic goals are led by President Thomas' nine priorities. These priorities build the foundation for growing the University in three key areas: Land Grant, academic programs, and capital and corporate partnerships. These three categories are the framework of the strategic plan and the priorities. We have also begun development of the next strategic plan that will take the University from 2021-2030. We are ready for tomorrow and ready to thrive in a changing environment.

(Continued)

The University ended FY2021 in a better financial position than in FY2020. The impact of the pandemic created several challenges both operationally and financially. The Federal Stimulus funds and the Federal debt reduction of $11.4 million bolstered the University's health and cash flow position. In addition, new revenue opportunities, increased Land Grant funding, an exponential increase in online enrollment and external fundraising strengthened our capacity. The expanding partnership with the AFL-CIO and the Union Plus online program increased the University revenue by approximately $26 million dollars in FY2021. This new revenue stream and growing partnership is building the infrastructure for the online enterprise. These expanding opportunities and initiatives continue to drive improvement in the University's fiscal health and shows our commitment to sustainability.

The University is expanding and growing through three main drivers; enrollment, academic programs and capital investment in facilities. The fall 2020 class had the highest academic profile of any class in the last ten years. This class of 473 new first-time students continued our solid enrollment trend and led to a 50% occupancy rate in our on-campus residency. The pandemic protocols impacted this rate, however the University was able to offset this reduction. In addition, the University's total enrollment exceeded 1,850 students, which is a key goal in reaching and meeting the University budget. This solid enrollment and on-campus residency continues to generate strong and predictable revenues and improved financial capacity for the University. The University's sustainable financial health is based on enrollment above 2000, high on-campus residency, expansion in online programs and strong retention in order to continue the path forward.

The second key driver is the expansion in academic programs and metrics. The University has continued the systematic increase in the academic profile. The entering class has now reached a GPA of 2.8, up from 2.4 five years ago. This increase favorably impacts course completion and degree completion, which directly impact our state support. In addition, the University has signed a major partnership agreement that will expand online enrollment beyond the face to face enrollment. In fact, fall 2020 has done just that-- exceeding the traditional enrollment with over 2,000 100% online students. This new initiative is critical to the sustainability of CSU and the future. The new normal for higher education is a blending of the traditional and non-traditional delivery of education. The pandemic has hastened this new reality, and the move into the online space has been met with increased enthusiasm.

Finally, CSU is preparing to invest over $65 million in major capital projects over the next three years. Projects such as a $15 million new Honors Housing complex (public/private partnership) already under construction, a $10 million recreation and wellness center, a new $6.5 million College of Health and Human Services, additional off-campus housing valued at $29 million, and a new $3.0 million facility building. These capital investments and major projects are building new capacity for CSU and preparing the campus for expanding research opportunities and a new normal of higher education. The University has established a goal for the future to have 3,000 traditional students, $5 million in external funding and $5 million in state capital. This goal of 3-5-5 is the target for sustainability and growth for CSU over the next 5 years.

The University is building new strategic partnerships and preparing for a Capital Campaign of $30 million. This initiative will fuel the anticipated growth of the University and support the strategic plan goals.

The University is ready for the future. The new normal for higher education means you must be flexible, creative and responsive. The future for CSU is bright and we have created a theme for this movement,"Innovation is in our DNA."

CENTRAL STATE UNIVERSITY
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

	2021	2020
Current assets		
Cash and cash equivalents	$ 8,423,175	$ 5,437,599
Accounts receivable - Net of allowance of approximately $16.6 million at June 30, 2021 and $15.7 million at June 30, 2020	15,663,160	13,568,294
Contribution's receivable, net of allowance of $143,467 at June 30, 2021 and $111,996 at June 30, 2020	1,243,372	1,137,615
Due from CSU Foundation	657,009	35,844
Due from CSUID Foundation	89,678	-
Prepaid assets	1,862,776	763,713
Total current assets	27,939,170	20,943,065
Noncurrent assets		
Restricted cash and cash equivalents	-	811,162
Investments	2,373,736	1,200,185
Contribution's receivable	1,882,346	1,485,684
Net OPEB asset	2,352,111	-
Depreciable capital assets – net	128,690,963	130,448,432
Non-depreciable capital assets	3,919,577	2,565,048
Total noncurrent assets	139,218,733	136,510,511
Total assets	167,157,903	157,453,576
Deferred outflows of resources		
Pension	4,958,188	4,939,488
OPEB	1,177,195	1,770,761
Total deferred outflows of resources	6,135,383	6,710,249
Current liabilities		
Accounts payable	1,814,190	783,402
Accrued salaries, wages, and benefits	3,173,128	3,590,053
Unearned student fee revenue	3,022,931	1,049,799
Due to CSUID Foundation	418,279	-
Current portion of long-term debt	1,440,903	1,795,319
Current portion of long-term lease	922,165	-
Other liabilities	768,650	3,039,322
Other unearned revenue	8,594,544	8,172,470
Total current liabilities	20,154,790	18,430,365
Noncurrent liabilities		
Long-term debt	8,036,414	20,315,003
Long-term lease	922,165	-
Long-term liabilities	926,849	843,594
Net pension liability	25,759,250	27,082,013
Net OPEB liability	-	8,249,645
Total noncurrent liabilities	35,644,678	56,490,255
Total liabilities	55,799,468	74,920,620
Deferred inflows of resources		
Pension	5,079,659	4,256,735
OPEB	5,186,659	2,692,372
Total deferred inflows of resources	10,266,318	6,949,107
Net position		
Net investment in capital assets	121,288,897	110,903,158
Restricted expendable	2,937,433	2,887,433
Restricted non-expendable	300,000	300,000
Unrestricted	(17,298,830)	(31,796,493)
Total net position	107,227,500	$ 82,294,098

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended June 30, 2021 and 2020

	2021	2020
Operating revenue		
Tuition and fees	$ 36,330,241	$ 12,670,354
Less grants and scholarships	(24,199,154)	(5,356,551)
Tuition and fees, net	12,131,087	7,313,803
Federal grants and contracts	13,980,042	11,433,896
State, local, and private grants and contracts	6,605,549	4,131,875
Indirect cost recovery	777,314	287,437
Auxiliary activities	14,436,869	19,749,519
Less grants and scholarships	(9,681,829)	(6,916,354)
Auxiliary activities, net	4,755,040	12,833,165
Contributions	1,296,138	2,201,264
Other sources	2,280,209	2,124,677
Total operating revenue	41,825,379	40,326,117
Operating expenses		
Instruction	12,549,328	10,137,643
Research	5,539,199	3,738,878
Student services	4,408,899	3,949,321
Academic support	5,590,735	6,132,945
Public services	7,808,654	5,291,598
Pension and OPEB administration	(8,032,442)	2,242,194
Institutional administration	9,845,126	7,886,091
Operation and maintenance of plant	6,870,172	7,296,571
Auxiliary enterprises	12,860,317	14,710,405
Student aid	4,005,228	5,560,385
Depreciation	7,377,676	7,096,854
Total operating expenses	68,822,892	74,042,885
Operating loss	(26,997,513)	(33,716,768)
Nonoperating revenue (expenses)		
Federal Pell Grant appropriations	9,846,662	8,613,134
Federal COVID-related funding	14,745,631	6,293,084
State appropriations	14,738,209	14,699,183
Investment income	274,517	83,860
Interest expense	(587,659)	(665,742)
Other restricted nonoperating revenue	195,805	195,867
Debt forgiveness	11,650,807	-
Net nonoperating revenue	50,863,972	29,219,386
Income (Loss) - before other revenue	23,866,459	(4,497,382)
Other revenue - State capital appropriations	1,066,943	3,718,548
Increase (decrease) in net position	24,933,402	(778,834)
Net position - beginning of year	82,294,098	83,072,932
Net position - end of year	$ 107,227,500	$ 82,294,098

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Tuition and fees	$ 40,003,952	$ 12,316,542
Grants and contracts	11,373,092	6,880,038
Payments to suppliers and employees	(82,711,798)	(51,813,974)
Auxiliary enterprise charges	1,576,553	5,039,115
Other	2,814,636	5,055,241
Net cash used in operating activities	(26,943,565)	(22,523,038)
Cash flows from noncapital financing activities		
Federal Pell grant	9,846,662	8,613,135
Federal Covid-related funding	10,869,662	6,293,084
State appropriations	14,738,209	14,699,183
Other	195,805	195,867
Federal loan receipts	10,208,705	15,940,325
Federal loan disbursements	(10,208,705)	(15,940,325)
Net cash from noncapital financing activities	35,650,338	29,801,269
Cash flows from capital and related financing activities		
Capital grants and gifts received	1,066,943	3,718,548
Purchase of capital assets and construction in progress	(6,974,736)	(7,552,683)
Capital lease	2,244,329	-
Principal of capital debt	-	250,000
Principal paid on capital debt	(982,198)	(1,498,502)
Principal paid on capital lease	(400,000)	-
Interest paid on capital debt	(587,659)	(665,742)
Net cash used in capital and related financing activities	(5,633,321)	(5,748,379)
Cash flows from investing activities		
Interest on investments	14,412	56,293
Purchase of investments	(913,450)	(200,000)
Net cash used in investing activities	(899,038)	(143,707)
Net change in cash and cash equivalents	2,174,414	1,386,145
Cash and cash equivalents - beginning of year	6,248,761	4,862,616
Cash and cash equivalents - end of year	$ 8,423,175	$ 6,248,761
Reconciliation of net operating loss to net cash from operating activities		
Operating loss	$ (26,997,513)	$ (33,716,768)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	7,377,676	7,096,854
Changes in operating assets and liabilities which (used) provided cash:		
Accounts receivable	1,023,006	(6,323,876)
Contributions receivable	(502,419)	247,253
Prepaids, and other assets	(1,099,062)	(399,423)
Accounts payable	1,449,069	365,368
Accrued salaries, wages, and benefits	(416,925)	858,542
Deferred outflows – Pension and OPEB	574,866	4,029,450
Deferred inflows – Pension and OPEB	3,317,211	3,346,552
Net liabilities – Pension and OPEB	(11,924,519)	(5,133,798)
Other liabilities	(2,187,417)	2,424,075
Unearned revenue and student deposits	2,442,462	4,682,733
Net cash used in operating activities	$ (26,943,565)	$ (22,523,038)

	2021	2020
Non-cash transactions:		
Debt Forgiveness	$ 11,373,460	$ -
Capital Lease	2,244,328	-

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 1,327,085	$ 1,067,261
Receivable from Central State University	-	964,156
Contributions receivable, net	283,800	15,842
Other receivables	-	28,450
Prepaid expenses	6,892	2,025
Total current assets	1,617,777	2,077,734
Investments	4,061,687	3,532,818
Restricted cash and cash equivalents	3,487,602	3,035,824
Capital assets, net	9,450,170	9,874,285
Total assets	$ 18,617,236	$ 18,520,661
Liabilities		
Accounts payable	$ 35,914	$ 38,823
Accrued interest payable	287,787	308,928
Payable to Central State University	657,009	1,000,000
Current portion of long-term debt	695,000	660,000
Total current liabilities	1,675,710	2,007,751
Long-term debt, net of unamortized financing costs of $556,903 and $650,301 for 2021 and 2020, respectively	9,745,779	10,477,238
Total liabilities	11,421,489	12,484,989
Net Assets (Deficit)		
Without donor restrictions	(269,656)	(256,219)
With donor restrictions	7,465,403	6,291,891
Total net assets	7,195,747	6,035,672
Total liabilities and net assets	$ 18,617,236	$ 18,520,661

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2021 with comparative totals for 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue				
Rental revenue	$ 2,617,110	$ -	$ 2,617,110	$ 3,142,200
Contributions	91,686	357,456	449,142	859,400
Other	322,106	40,087	362,193	291,392
Gift from University	53,292	-	53,292	-
Investment income	-	827,001	827,001	225,154
Net assets released from restrictions	51,032	(51,032)	-	-
Total revenue	3,135,226	1,173,512	4,308,738	4,518,146
Expenses				
Programs:				
Scholarship programs	50,659	-	50,659	115,341
Athletic programs	-	-	-	12,719
Academic programs	208	-	208	129,536
Institution programs	9,746	-	9,746	88,042
Student support programs	165	-	165	42,324
Housing programs	2,649,240	-	2,649,240	2,690,181
Gift to Central State University	-	-	-	1,000,000
Operating expenses	328,442	-	328,442	323,211
Fundraising expenses	110,203	-	110,203	87,927
Total expenses	3,148,663	-	3,148,663	4,489,281
Operating Gain (Loss)	(13,437)	1,173,512	1,160,075	28,865
Non-operating expenses				
Transfer out of endowment	-	-	-	-
Increase (Decrease) in net assets	(13,437)	1,173,512	1,160,075	28,865
Net Assets - beginning of year	(256,219)	6,291,891	6,035,672	6,006,807
Net Assets - end of year	$ (269,656)	$ 7,465,403	$ 7,195,747	$ 6,035,672

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Rental revenue	$ 3,142,200	$ -	$ 3,142,200
Contributions	327,013	532,387	859,400
Other	132,586	158,805	291,391
Investment income	-	225,154	225,154
Net assets released from restrictions	222,410	(222,410)	-
Total revenue	3,824,210	693,936	4,518,146
Expenses			
Programs:			
Scholarship programs	115,341	-	115,341
Athletic programs	12,719	-	12,719
Academic programs	129,536	-	129,536
Institution programs	88,042	-	88,042
Student support programs	42,324	-	42,324
Housing programs	2,690,181	-	2,690,181
Gift to Central State University	1,000,000	-	1,000,000
Operating expenses	323,211	-	323,211
Fundraising expenses	87,927	-	87,927
Total expenses	4,489,281	-	4,489,281
Operating Gain (Loss)	(665,071)	693,936	28,865
Non-operating expenses			
Transfer out of endowment	-	-	-
Increase (Decrease) in net assets	(665,071)	693,936	28,865
Net Assets - beginning of year	408,852	5,597,955	6,006,807
Net Assets - end of year	$ (256,219)	$ 6,291,891	$ 6,035,672

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 1,160,075	$ 28,865
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	424,115	424,115
Amortization of issuance costs	93,398	96,198
Amortization of bond discount	15,143	15,644
Contributions restricted for long-term investment	(8,783)	(5,195)
Unrealized and realized gain on investments	(741,081)	(84,702)
Transfer out of endowment	-	-
Changes in operating assets and liabilities:		
Contributions receivable	(267,958)	32,563
Prepaid expenses	(4,867)	4,905
Accounts payable/receivable	646,706	92,347
Accrued interest payable	(21,141)	131,151
Net cash from operating activities	1,295,607	735,891
Cash flows from investing activities		
Purchases of investments	(913,372)	(1,268,184)
Sale of investments	1,125,584	1,202,709
Net cash from investing activities	212,212	(65,475)
Cash flows from financing activities		
Principal payment on bonds payable	(805,000)	(625,000)
Contributions restricted for long-term investment	8,783	5,195
Net cash used in financing activities	(796,217)	(619,805)
Net change in cash and cash equivalents	711,602	50,610
Cash and cash equivalents - beginning of year	4,103,085	4,052,475
Cash and cash equivalents - end of year	$ 4,814,687	$ 4,103,085
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	$ 594,796	$ 633,501

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY
INNOVATION AND DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2021

Assets		
Cash and cash equivalents	$	573,975
Other receivables		272
Due from Central State University		418,279
Total assets		**992,526**
Liabilities		
Payable to Central State University		89,678
Total liabilities		**89,678**
Net Assets		
Without donor restrictions		236,622
With donor restrictions		666,226
Total net assets		**902,848**
Total liabilities and net assets	**$**	**992,526**

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY
INNOVATION AND DEVELOPMENT FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the period from April 1, 2020 to June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	$ 222,385	$ 672,718	$ 895,103
Other	45,168	49,446	94,614
Net assets released from restrictions	55,938	(55,938)	-
Total revenue	323,491	666,226	989,717
Expenses			
Programs:			
Scholarship programs	23,084	-	23,084
Academic programs	12,680	-	12,680
Institution programs	14,644	-	14,644
Student support programs	33,569	-	33,569
Operating expenses	2,892	-	2,892
Total expenses	86,869	-	86,869
Change in net assets	236,622	666,226	902,848
Net assets - beginning of year	-	-	-
Net assets - end of year	**$ 236,622**	**$ 666,226**	**$ 902,848**

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY
INNOVATION AND DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOWS
For the period from April 1, 2020 to June 30, 2021

Cash flows from operating activities	
Change in net assets	$ 902,848
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(418,279)
Other receivable	(272)
Accounts payable	89,678
Net cash from operating activities	573,974
Net change in cash and cash equivalents	573,974
Cash and cash equivalents - beginning of year	-
Cash and cash equivalents - end of year	**$ 573,974**

See accompanying notes to consolidated financial statements.

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Central State University (the "University") is a co-educational, degree-granting university located in Wilberforce, Ohio. The University was originally established in 1887 by the General Assembly of the State of Ohio and is considered a component unit of the State of Ohio. The University continued to expand degree programs, which resulted in a granting of university status in 1965 by Statutory Act under Chapter 3343 of the Ohio Revised Code. The University is governed by a board of trustees appointed by the governor with the advice and consent of the State Senate. The University offers undergraduate degrees in arts and science, business, teacher education, and technology. The University also has a branch facility, CSU-Dayton, located in Dayton, Ohio.

In early 2014, the University was designated as an 1890 land-grant institution which will enable the University to receive the benefits of the Morrill Act of 1890, legislation that provides support for agricultural and scientific research and education.

The Central State University Foundation (the "CSU Foundation") is included as a discretely presented as part of the University reporting entity (although it is a legally separate entity and governed by its own board of directors) because its sole purpose is to provide support for the University in accordance with GASB Statement No. 39. Separate statements for the CSU Foundation may be obtained through the state of Ohio auditor's web site. The CSU Foundation is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from those under the GASB. No modifications have been made to the CSU Foundation financial information included in the University's financial report to account for these differences.

The CSU Foundation is an Ohio nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The CSU Foundation was formed to receive contributions, which are to be used to support the educational undertakings of Central State University. The CSU Foundation established and owns Marauder Development, LLC, ("Marauder"), an Ohio limited liability corporation, that was formed to develop property for the use of Central State University. The financial operations of Marauder, which maintains a fiscal year end of August 31, have been consolidated within these financial statements. The CSU Foundation also established Marauder West, LLC an Ohio limited liability corporation, which was formed to purchase property in Dayton for the location of the CSU - Dayton campus. Central State University Foundation and its wholly owned subsidiaries, Marauder and Marauder West, LLC, have been consolidated within these financial statements. All significant intercompany accounts and transactions have been eliminated. The CSU Foundation operates exclusively for the benefit of the University. The University provides certain administrative and accounting services for the Foundation.

The Central State University Innovation and Development Foundation (the "CSU Innovation and Development Foundation") is included as a discretely presented as part of the University reporting entity (although it is a legally separate entity and governed by its own board of directors) because its sole purpose is to provide support for the University in accordance with GASB Statement No. 39. Separate statements for the CSU Innovation and Development Foundation may be obtained through the state of Ohio auditor's web site. The CSU Innovation and Development Foundation is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from those under the GASB. No modifications have been made to the CSU Innovation and Development Foundation financial information included in the University's financial report to account for these differences.

The University performs accounting services for the CSU Innovation and Development Foundation. Cash receipts for the CSU Innovation and Development Foundation are deposited directly to the CSU Innovation and Development Foundation bank account; however, disbursements are made by the University on behalf of the CSU Innovation and Development Foundation with a monthly cash settlement process.

(Continued)

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation: The accompanying financial statements have been prepared using the total economic resource measurement focus and the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America for publicly owned colleges and universities, and are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, as amended by GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures,* GASB Statement No. 63*, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No 65, *Items Previously Reported as Assets and Liabilities*. The College follows the "business-type" activities requirements of GASB Statement No. 34. This approach requires the following components of the University's financial statements:

- Management's discussion and analysis (unaudited)
- Basic financial statements, including a statement of net position, statement of revenue, expenses, and changes in net position, and a statement of cash flows for the University as a whole
- Notes to the financial statements

Net Position is classified into three major categories:

- Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows of resources related to the acquisition, construction, or improvement of those assets.
- Restricted: Owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted net position category is subdivided further into expendable and nonexpendable.
    - Restricted Nonexpendable: Endowment funds whose principal may be invested; however, only interest, dividends, and capital gains may be spent.
    - Restricted Expendable: May be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. This category includes the unspent balance in grant funds, loan funds, debt service funds, bond funded capital projects and outstanding balances of pledged contributions.
- Unrestricted: Resources derived primarily from student tuition, fees, state appropriations, and auxiliary enterprises. They are used for the general obligations of the University and may be used at the discretion of the board of trustees for any purpose furthering the University's mission.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the University's policy is to first apply restricted resources.

Cash and Cash Equivalents: Cash and cash equivalents include cash and money market funds, stated at cost (which approximates market).

Allowance for Student Accounts Receivable: The University uses a systematic method based on applying percentages to the student accounts receivable aging to determine the allowance for student accounts receivable.

(Continued)

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are recorded at cost or, if acquired by gift, at acquisition value at the date of the gift. The University capitalizes all assets with a useful life greater than one year and a value in excess of $5,000. When capital assets are disposed of, the net carrying value of such assets is removed from the accounts and the invested in capital assets component of net position is adjusted as appropriate. Capital assets, with the exception of land, are depreciated on the straight-line method over the following estimated lives:

Buildings	40 years
Building improvements	20 years
Automobiles, machinery, and equipment	3-15 years

Unearned Student Fee Income: Unearned student fee income consists of the unearned portion of student tuition and fees for the summer sessions and prepaid tuition and fees for the upcoming fall semester. The amounts which are unearned are recognized as revenue in the following fiscal year.

Pensions: For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net positions of the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS) and additions to/deductions from OPERS and STRS' fiduciary net position have been determined on the same basis as they are reported by these pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Other Postemployment Benefit Costs: For purposes of measuring the net other postemployment benefit (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 OPERS and STRS pension plan and additions to/deductions from OPERS and STRS' fiduciary net position have been determined on the same basis as they are reported by these OPEB systems. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The OPEB systems report investments at fair value.

Operating Versus Nonoperating Revenue and Expenses: The University defines operating activities as reported on the statement of revenue, expenses, and changes in net position as those that generally result from exchange transactions such as payments received for providing goods or services. Nearly all of the University's expenses are a result of exchange transactions, and therefore classified as operating expenses. Federal grants, except for Pell grants and COVID-funded grants, are considered to be operating revenue. The major recurring nonoperating expense is interest expense on capital asset related debt.

Certain significant revenue streams relied on for operations are reported as nonoperating revenue as required by GASB Statement No. 35, including state appropriations, investment income, and state capital grants.

Grants and Scholarships: Student tuition and fees and auxiliary revenue are presented net of grants and scholarships applied directly to students' accounts. Grants and scholarships consist primarily of awards to students from the Federal Supplemental Educational Opportunity Grant Program and the Ohio Instructional Grant Program. Payments made directly to students from grants and scholarships are presented as student aid.

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 amounts reported in the financial statements and disclosure in the footnotes. Actual results could differ from the estimates.

Income Taxes: The Foundations are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. The Foundations would be subject to taxes on unrelated business income; however, any taxable income would be minimal.

Recently Adopted Accounting Pronouncements: During the year ended June 30, 2021, the University adopted the following statements issued by the GASB:

- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The University evaluated the impact of this standard and determined there was no material impact on the financial statements or notes.

Newly Issued Accounting Pronouncements: As of the report date, the GASB issued the following statements not yet implemented by the College:

- GASB Statement No. 87, *Leases*, issued June 2017. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* issued June 2018. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The objective of this Statement is to simplify accounting for interest cost incurred before the end of construction, requiring them to be expensed as incurred.

- GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019. It clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The provisions of this statement are effective for the University's basic financial statements for the year ending June 30, 2023.

- GASB Statement No. 92, *Omnibus 2020,* issued January 2020. This statement addressed unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates,* issued March 2020. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging and derivative instruments and leases. The standard is effective for the University's basic financial statements for the year ending June 30, 2022.

(Continued)

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020. This statement improves accounting and financial reporting for arrangements where a governmental entity contracts with an operator to provide public services by conveying control of the right to operate or use nonfinancial assets, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. It requires the College to report assets and liabilities related to public-private and public-partner partnerships (PPP's) consistently and disclose important information about PPP transactions. The provisions of this statement are effective for the University's basic financial statements for fiscal year ending June 30, 2023.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* issued May 2020. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this standard, end users in SBITAs are required to recognize a right-to-use subscription asset and a corresponding subscription liability. The provisions of this statement are effective for the University's basic financial statements for fiscal year ending June 30, 2023.

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* issued June 2020. This statement clarifies guidance provided in GASB 84. The standard is effective for the University's basic financial statements for the June 30, 2022 fiscal year.

- GASB Statement No. 98, *The Annual Comprehensive Financial Report*, issued October 2021. This statement establishes the term *annual comprehensive financial report* and its acronym *ACFR* to replace instances of *comprehensive annual financial report* and its acronym. The standard is effective for the University's basic financial statements for the June 30, 2022 fiscal year.

The University has not yet determined the effect these Statements will have on the University's financial statements and disclosures.

<u>Reclassifications</u>: Certain prior year amounts have been reclassified for both the University and the CSU Foundation to conform to the current year presentation. These reclassifications had no effect on previously reported changes in net position or total net position or previously reported changes in net position or total net position.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The classification of cash, cash equivalents and investments in the financial statements is based on criteria set forth by GASB. Cash equivalents are defined to include investments with original maturities of three months or less. Consistent with this definition, University funds on deposit with the State Treasury Reserve of Ohio are classified as (restricted) cash equivalents in the Statement of Net Position. However, for GASB Statement No. 3 disclosure purposes, the funds in the State Treasury Reserve of Ohio are classified as investments.

<u>Deposits</u>

In accordance with the State of Ohio's and the University's policy, the University is authorized to invest in obligations of the U.S. Treasury, agencies and instrumentalities, municipal and state bonds, certificates of deposit collateralized at market value, repurchase agreements, reverse repurchase agreements, and forward commitments.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Statutes also authorize the University to invest endowment funds in the above investments, as well as commercial paper rated A-1 by Standard & Poor's bonds, common and preferred stock, mutual funds, and real estate upon specific authorization by the board of trustees. Depository funds held in the name of the University are secured by a pool of securities with a value of at least 105% of the total value of monies on deposit at the depository bank. All collateral, both specific and pooled, is held by the Federal Reserve Bank or by a designated trustee as agent for the public depositories used by the University.

Custodial Credit Risk of Bank Deposits: Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a policy restricting custodial credit risk. At June 30, 2021 and 2020, University bank balances of $2,366,991 and $2,991,556 respectively, were held in excess of FDIC limits. The Foundations had amounts held in financial institutions that exceeded insured limits by approximately $2,233,000 and $1,950,000 at June 30, 2021 and 2020, respectively.

As of June 30, 2021 and 2020, the University's bank balances are $8,921,911 and $6,510,076 respectively. The difference in the carrying amount and bank balances is caused by items in-transit (primarily outstanding checks) and by cash on hand.

At June 30, the carrying amount of deposits (book balances) is as follows:

	2021	2020
Petty Cash	$ 2,510	$ 2,510
State Treasury Asset Reserve of Ohio	6,208,995	1,605,317
Demand deposit	1,531,505	3,234,669
Money market funds	680,165	1,406,265
	$ 8,423,175	$ 6,248,761

Credit Risk: Credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. As discussed above, state law limits investments to U.S., state, and municipal government obligations. The University has no investment policy that would further limit its investment choices. The University had $680,165 and $1,406,265 invested in money market mutual funds at June 30, 2021 and 2020, respectively; these funds are not rated by a national rating agency due to the short-term nature of their holdings.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2021 and 2020, the University had no material exposure to foreign currency risk. The University does not address foreign currency risk in its investment policy and asset allocation guidelines.

Restricted Cash and Cash Equivalents: The University's restricted cash and cash equivalents consisted of money market accounts restricted for debt reserve payments and other obligations at June 30, 2020. There were no restricted cash and cash equivalents held by the University at June 30, 2021.

(Continued)

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

As required by the bond indenture, the Foundation, through Marauder, maintains restricted cash balances in the following accounts as of August 31, 2021 and 2020.

	2021	2020
Debt interest account	$ 307,538	$ 308,961
Debt principal account	807,791	768,037
Redemption fund	695,018	660,190
Repair and replacement fund	389,740	10,152
Debt reserve fund	1,287,515	1,288,484
Total restricted cash	$ 3,487,602	$ 3,035,824

Investments - Fair Value

The University utilizes a discretionary model in which a fiduciary manager is responsible for investing the University's portfolio utilizing a fund of funds approach. This Investment Policy provides for the prudent investment of the University's assets in a manner which will meet two main objectives, firstly to achieve a risk adjusted return with investments which are oriented to safety of principle, liquidity, and a stable level of current income and secondly to achieve Portfolio growth by investing in vehicles which provide such opportunities. The Investment Policy parallels state law which requires an amount equal to at least twenty-five percent of the University's investment portfolio be invested in securities of the United States government or one of its agencies or instrumentalities, the treasurer of the State of Ohio's pooled investment program, obligations of the State of Ohio, or any political subdivision of the State of Ohio, certificates of deposit of any national bank located in the State of Ohio, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds or bankers' acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system.

The CSU Foundation's investments are managed by a professional investment manager. The investment manager is subject to the Foundation's investment policies, which contain objectives, guidelines, and restrictions designed to provide for preservation of capital with emphasis on providing current income and achieving long-term growth of the funds.

The University and CSU Foundation report investments at estimated fair value, in accordance with the fair value hierarchy prescribed by Generally Accepted Accounting Principles, which requires certain assets and liabilities to be reported at fair value in the financial statements and provides a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value. The following three-tier fair value hierarchy prioritizes the inputs used in measuring fair value:

Level 1 *Observable* inputs such as quoted prices in active markets

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly

Level 3 - Unobservable inputs for which there is little or no market data that requires the Foundation to develop assumptions

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The CSU Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investments of the CSU Foundation include cash equivalents, equity mutual funds, and bond mutual funds. The Foundation records these investments at their current fair values based on quoted market prices in active markets for identical assets, which is consistent with Level 1 in the hierarchy.

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

	Fair Value Measurement as of June 30, 2021 Using				
	Totals	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment in securities:					
State Treasury Asset Reserve of Ohio	$ 6,208,995	$ 6,208,995	$ -	$ -	$ -
Mutual funds					
Equities	973,739	973,739	-	-	-
Real estate funds	249,793	249,793	-	-	-
Fixed income	1,084,840	1,084,840	-	-	-
	8,517,367	$ 8,517,367	$ -	$ -	$ -
Cash	65,364				
Total investments	$ 8,582,731				

	Fair Value Measurement as of June 30, 2020 Using				
	Totals	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment in securities:					
State Treasury Asset Reserve of Ohio	$ 1,605,317	$ 1,605,317	$ -	$ -	$ -
Mutual funds					
Equities	467,457	467,457	-	-	-
Real estate funds	103,110	103,110	-	-	-
Fixed income	616,362	616,362	-	-	-
	2,792,246	$ 2,792,246	$ -	$ -	$ -
Cash – reconciling item	13,256				
Total investments	$ 2,805,502				

(Continued)

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The balance of deposits and investments reported above are included in the Statements of Net Position as follows:

	2021	2020
Cash and cash equivalents	$ 6,208,995	$ 1,605,317
Investments	2,373,736	1,200,185
Total	$ 8,582,731	$ 2,805,502

Balances held in the State of Treasury Asset Reserve of Ohio (STAROhio) are included in the total fair value of investments for disclosure purposes. However, these balances are considered cash and cash equivalents and restricted cash for reporting on the Statements of Net Position.

The University's credit risk is reduced as State Treasury Asset Reserve of Ohio funds carry a credit rating of AAA. All other investments are in funds traded on a daily exchange and do not have credit ratings or pose a significant credit risk.

Investment Income

The composition of investment income is as follows:

	2021	2020
Net interest and dividend income	$ 51,582	$ 77,028
Unrealized gains	222,935	6,832
	$ 274,517	$ 83,860

The fair value of Foundation investments at June 30, 2021 and 2020 are as follows:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021			
Assets	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balance
Cash/money market accounts:				
Money market accounts	$ 103,749	$ -	$ -	$ 103,749
Subtotal	103,749	-	-	103,749
Equity investments:				
Equity mutual funds	2,793,951	-	-	2,793,951
Subtotal	2,793,951	-	-	2,793,951
Fixed-income investments:				
Bond mutual funds	1,163,987	-	-	1,163,987
Subtotal	1,163,987	-	-	1,163,987
Total investments	$ 4,061,687	$ -	$ -	$ 4,061,687

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			
Assets	Quoted prices in Active markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balance
Cash/money market accounts:				
Money market accounts	$ 137,167	$ -	$ -	$ 137,167
Subtotal	137,167	-	-	137,167
Equity investments:				
Equity mutual funds	2,359,650	-	-	2,359,650
Subtotal	2,359,650	-	-	2,359,650
Fixed-income investments:				
Bond mutual funds	1,036,001	-	-	1,036,001
Subtotal	1,036,001	-	-	1,036,001
Total investments	$ 3,532,818	$ -	$ -	$ 3,532,818

The CSU Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the year ended June 30, 2021 and 2020, there were no transfers between levels of the fair value hierarchy.

NOTE 3 – RECEIVABLES

At June 30, 2021 and 2020, receivables consist of the following:

	2021	2020
Student accounts receivable	$ 25,638,880	$ 20,569,258
Grant and contract receivables	5,795,570	6,793,636
Other	807,449	1,892,026
Total	32,241,899	29,254,920
Less allowance for doubtful accounts	(16,578,739)	(15,686,626)
Net receivables	$ 15,663,160	$ 13,568,294

Student note receivables represented outstanding loans from the Federal Perkins Loan Program. These loans have been liquidated and assigned to the Department of Education during fiscal year 2020. The outstanding balance at June 30, 2019 was reserved in full and was included in the allowance for doubtful accounts. As of June 30, 2020, a settlement has been reached with the Department of Education in the amount of $445,495 as part of the Perkins liquidation process. The outstanding balance at June 30, 2021, of $271,951, is recorded in other current liabilities.

(Continued)

NOTE 4 – CONTRIBUTIONS RECEIVABLE

At June 30, 2021 and 2020, contributions receivable consists of the following:

	2021	2020
Gross amounts due in:		
Less than one year	$ 1,386,839	$ 1,137,615
One to five years	1,897,000	1,612,224
	3,283,839	2,749,839
Reduction for contributions due in excess of one year, at a 0.25% deduction rate	(14,654)	(14,544)
Allowance for doubtful accounts	(143,467)	(111,996)
Net contributions receivable	$ 3,125,718	$ 2,623,299

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NOTE 5 - CAPITAL ASSETS

Capital assets activity for the University for the year ended June 30, 2021 is summarized as follows:

June 30, 2021	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Depreciable assets:					
Buildings and improvements	$ 207,831,869	$ 93,208	$ -	$ 1,774,777	$ 209,699,854
Automobiles, machinery, and equipment	40,400,458	3,014,905	-	737,317	44,152,680
Assets under capital lease	626,933	-	-	-	626,933
Total depreciable assets	248,859,260	3,108,113	-	2,512,094	254,479,467
Nondepreciable assets:					
Land improvements	533,920	-	-	-	533,920
Construction in progress – capital lease	-	2,244,328	-	-	2,244,328
Construction in progress	2,031,128	1,622,295	-	(2,512,094)	1,141,329
Total nondepreciable assets	2,565,048	3,866,623	-	(2,512,094)	3,919,577
Total capital assets	251,424,308	6,974,736	-	-	258,399,044
Less accumulated depreciation:					
Buildings and improvements	(90,850,597)	(4,781,636)	-	-	(95,633,233)
Automobiles, machinery, and equipment	(26,963,047)	(2,591,940)	-	-	(29,554,987)
Assets under capital lease	(596,184)	(4,100)	-	-	(600,284)
Total accumulated depreciation	(118,410,828)	$ (7,377,676)	$ -	$ -	(125,788,504)
Capital assets - Net	$ 133,013,480				$ 132,610,540

(Continued)

NOTE 5 - CAPITAL ASSETS (Continued)

Capital assets activity for the University for the year ended June 30, 2020 is summarized as follows:

June 30, 2020	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Depreciable assets:					
Buildings and improvements	$ 200,396,501	$ 2,836,971	$ -	$ 4,598,397	$ 207,831,869
Automobiles, machinery, and equipment	37,639,915	2,760,543	-	-	40,400,458
Assets under capital lease	626,933	--	-	-	626,933
Total depreciable assets	238,663,349	5,597,514		4,598,397	248,859,260
Nondepreciable assets:					
Land improvements	533,920		-	-	533,920
Construction in progress	4,674,356	1,955,169	-	(4,598,397)	2,031,128
Total nondepreciable assets	5,208,276	1,955,169	-	(4,598,397)	2,565,048
Total capital assets	243,871,625	7,552,683	-	-	251,424,308
Less accumulated depreciation:					
Buildings and improvements	(86,080,378)	(4,770,219)	-	-	(90,850,597)
Automobiles, machinery, and equipment	(24,641,512)	(2,321,535)	-	-	(26,963,047)
Assets under capital lease	(592,084)	(4,100)	-	-	(596,184)
Total accumulated depreciation	(111,313,974)	$ (7,096,854)	$ -	$ -	(118,410,828)
Capital assets - Net	$ 132,557,651				$ 133,013,480

The State of Ohio Air Quality Development Authority Tax Exempt Revenue Bonds authorized up to $16.5 million to be spent on a variety of energy conservation construction projects over fiscal years 2014 and 2015 to include replacing the existing centralized boiler system. These projects were financed from the proceeds of the bond issuance which are maintained with The Huntington National Bank as bond trustee.

(Continued)

NOTE 5 - CAPITAL ASSETS (Continued)

Capital assets activity for the CSU Foundation for the years ended June 30, 2021 and 2020 is summarized as follows:

	2021	2020
Land	$ 140,800	$ 140,800
Building	16,519,103	16,519,103
Furniture and fixtures	896,603	896,603
Total capital assets	17,556,506	17,556,506
Less accumulated depreciation	8,106,336	7,682,221
Net capital assets	$ 9,450,170	$ 9,874,285

NOTE 6 - LONG-TERM LIABILITIES

Long-term liability (other than long-term debt and capital lease) activity for the years ended June 30, 2021 and 2020 is summarized as follows:

	Beginning Balance	Additions	Reduction	Ending Balance	Current Portion
June 30, 2021					
Compensated absences	$ 1,685,574	$ 835,570	$ (708,940)	$ 1,812,204	$ 972,838
Other liabilities	87,546	-	(63)	87,483	-
Net pension liability	27,082,013	-	(1,322,763)	25,759,250	-
OPEB liability (asset)	8,249,645	-	(10,601,756)	(2,352,111)	-
Total	$ 37,104,778	$ 835,570	$ (12,633,522)	$ 25,306,826	$ 972,838
June 30, 2020					
Compensated absences	$ 1,528,823	$ 1,034,947	$ (878,196)	$ 1,685,574	$ 929,526
Other liabilities	72,462	15,084	-	87,546	-
Net pension liability	32,385,797	-	(5,303,784)	27,082,013	-
OPEB	8,079,659	169,986	-	8,249,645	-
Total	$ 42,066,741	$ 1,219,837	$ (6,181,980)	$ 37,104,778	$ 929,526

(Continued)

NOTE 7 - LONG-TERM DEBT

Long-term debt for the University consists of the following for the years ended June 30, 2021 and 2020:

June 30, 2021	Beginning Balance	Additions	Reduction	Ending Balance	Current Portion
Direct Placement:					
Notes payable:					
Bond payable to 1st Niagara, 1.594 percent, payable in varying installments through December 1, 2022	$ 3,214,430	$ -	$ (1,080,397)	$ 2,134,033	$ 1,097,618
Bond payable to 1st Niagara, 3.7 percent, payable in varying installments through December 1, 2028	7,000,000	-	-	7,000,000	
Loan payable to Regions Bank, 2.426 percent, payable in varying installments through 2043	11,373,460	-	(11,373,460)	-	
Direct Borrowing:					
Note payable to the Department of Education, 5.5 percent, payable in varying installments through November 1, 2021	272,431	-	(179,146)	93,285	93,285
Loan payable to Union Savings Bank	250,000	-	-	250,000	250,000
-					
Total	$ 22,110,322	$	$ (12,633,003)	$ 9,477,318	$ 1,440,903

June 30, 2020	Beginning Balance	Additions	Reduction	Ending Balance	Current Portion
Direct Placement:					
Notes payable:					
Bond payable to 1st Niagara, 1.594 percent, payable in varying installments through December 1, 2022	$ 4,277,876	$ -	$ 1,063,446	$ 3,214,430	$ 1,080,397
Bond payable to 1st Niagara, 3.7 percent, payable in varying installments through December 1, 2028	7,000,000	-	-	7,000,000	-
Loan payable to Regions Bank, 2.426 percent, payable in varying installments through 2043	11,638,831	-	265,371	11,373,460	285,775
Direct Borrowing:					
Note payable to the Department of Education, 5.5 percent, payable in varying installments through November 1, 2021	442,117	-	169,686	272,431	179,147
Loan payable to Union Savings Bank	-	250,000	-	250,000	250,000
-					
Total	$ 23,358,824	$ 250,000	$ 1,498,503	$ 22,110,322	$ 1,795,319

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

Principal and interest payments on long-term debt are as follows:

	Direct Borrowing Note - P142A80004		Direct Placement Bond Series A		Direct Placement Bond Series B		Direct Borrowing Union Savings Bank		Payment
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022	93,285	98,416	1,097,619	25,268	-	259,000	250,000		1,823,588
2023	-	-	1,036,414	8,260	78,701	257,544			1,380,919
2024	-	-	-	-	1,132,223	235,142			1,367,365
2025	-	-	-	-	1,140,669	193,093			1,333,762
2026	-	-	-	-	1,149,179	150,731			1,299,910
2027-2029	-	-	-	-	3,499,228	194,849			3,694,077
	93,285	**98,416**	**2,134,033**	**33,528**	**7,000,000**	**1,290,359**	**250,000**	**-**	**10,899,621**

Revenue from student housing and dining facilities is pledged for the redemption of the DOE notes.

The University is required to maintain a debt service payment account and a debt service reserve account under the Department of Education note. The debt service account has been paid in full as of June 30, 2008 and the reserve is no longer required. The University is also required to deposit $28,010 annually into a repair and replacement reserve account until $280,100 has been accumulated in that account, which occurred by June 30, 2013.

<u>Pledges of Future Revenues</u>: The University has pledged revenues from student housing and dining facilities to repay the DOE notes. The DOE note was issued to the University and is payable through November 1, 2021. If the pledged revenues from this source are insufficient to provide for the principal and interest payments on the bonds, available operating funds would be used to make the payments. The total principal and interest remaining to be paid on the note is $191,701 Principal and interest paid for the current year was $191,701 and the revenues from student housing and dining facilities was $7,584,436

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

The Series A bonds were dated May 3, 2013 and issued at par therefore no bond discount was recorded. The bonds mature on December 1 in various amounts ranging from $200,000 on December 1, 2013 to $1,036,414 on December 1, 2022. Interest, at 1.594%, is payable semiannually on December 1 and June 1. Interest expense related to the Series A bonds during the years ended June 30, 2021 and 2020 was $42,627 and $59,714, respectively.

The Series B bonds were dated May 3, 2013 and issued at par therefore no bond discount was recorded. The Series B bonds mature after the Series A bonds are fully redeemed. The Series B bonds mature on December 1 in various amounts ranging from $78,701 on December 1, 2022 to $1,175,089 on December 1, 2028. Interest, at 3.7%, is payable semiannually on December 1 and June 1, beginning December 1, 2013. Interest expense related to the Series B bonds during the years ended June 30, 2021 and 2020 was $259,000 in each year.

The Series A and Series B bonds were issued by the Ohio Air Quality Development Authority and directly placed with the University.

On September 24, 2013 The Series A 2013-9 Bond were issued through the Historically Black College and University Capital Loan Financing Program, via the Federal Financing Bank (FFB) for the Central State University Project. A modification of the loan agreement was necessary due to directives from the Department of Education and the Last Day of Advance were modified on October 21, 2015 which permitted the funding of the loan. Funding by FFB occurred on October 23, 2015, totaling $13,126,315 and two wires were sent to The Bank of New York Mellon Trust Company, N.A. for this amount. On October 12, 2016 the loan was assigned from The Bank of New York Mellon Trust Company, N.A to Regions Bank, N.A.

On March 19. 2021 the University was released from the promissory note by the FFB and the debt was forgiven and acknowledged by the FBB as being satisfied.

In addition to the debt forgiveness of $11,373,460, the University also received reimbursement of interest paid on the debt of $277,347, for the period from April 1, 2020 to December 31, 2020.

On July 1, 2019, the University took out an interest only loan of $250,000 through Union Savings Bank. Interest at 5% is payable monthly, from September 1, 2019 until August 1, 2021, the maturity date of the loan.

At June 30, 2021 and 2020, the University was in compliance with all required covenants.

NOTE 7 - LONG-TERM DEBT (Continued)

Central State University Foundation

Marauder Development, LLC has the following debt related to the financing of student dormitories. Information is for the subsidiary's year ended August 31, 2021 and 2020:

	Interest Rate	Maturity	Balance August 31, 2020	Additions	Payments	Balance August 31, 2021
Revenue Bonds Series 2002	3.0%-5.625%	2030	$ 3,369,093	$ 5,464	$ (445,000)	$ 2,929,557
Revenue Bonds Series 2004	3.3%-5.1%	2035	8,418,446	9,679	$ (360,000)	8,068,125
Total			$ 11,787,539	$ 15,143	$ (805,000)	10,997,682
Less current portion						695,000
Less unamortized financing costs						556,903
Long-term portion						$ 9,745,779

	Interest Rate	Maturity	Balance August 31, 2019	Additions	Payments	Balance August 31, 2020
Revenue Bonds Series 2002	3.0%-5.625%	2030	$ 3,648,549	$ 5,544	$ (285,000)	$ 3,369,093
Revenue Bonds Series 2004	3.3%-5.1%	2035	8,748,346	10,100	$ (340,000)	8,418,446
Total			$ 12,396,895	$ 15,644	$ (625,000)	11,787,539
Less current portion						660,000
Less unamortized financing costs						650,301
Long-term portion						$ 10,477,238

Principal and interest payments on Marauder's long-term debt are as follows:

	Series 2002 Bonds		Series 2004 Bonds		
	Principal	Interest	Principal	Interest	Total
Year ending August 31,					
2022	$ 320,000	$ 153,200	$ 375,000	$ 404,400	$ 1,252,600
2023	335,000	135,597	395,000	385,150	1,250,747
2024	360,000	116,694	415,000	364,900	1,256,594
2025	380,000	96,344	435,000	343,650	1,254,994
2026	400,000	74,893	455,000	321,173	1,251,066
2027 - 2031	1,155,000	89,334	2,660,000	1,222,215	5,126,549
2032 – 2036	-	-	3,410,000	451,860	3,861,860
Total	$ 2,950,000	$ 666,062	$ 8,145,000	$ 3,493,348	$ 15,254,410

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

During 2002, Marauder issued $8,870,000 of Student Housing Revenue Bonds, Series 2002, dated December 1, 2002, to retire commercial loans used to finance the construction of the 2002 University Housing Project. The unamortized bond discount is $20,443 and $25,907 at August 31, 2021 and 2020, respectively, and is being amortized to interest expense on the interest method over the life of the bonds. The bonds mature on September 1 in various amounts ranging from $280,000 on September 1, 2019, to $440,000 on September 1, 2028, subject to prior mandatory sinking fund redemptions. During the year ending August 31, 2021 $145,000 of bonds due on September 1, 2028 were called and retired on March 1, 2021 in addition to the $300,000 scheduled to be retired on September 1, 2020.

During 2004, Marauder issued $12,150,000 in University Housing Revenue Bonds, Series 2004, to finance construction of the 2004 University Housing Project. The unamortized bond discount is $76,875 and $86,554 at August 31, 2021 and 2020, respectively, and is being amortized to interest expense on the interest method over the life of the bonds. The bonds mature on September 1 in various amounts ranging from $340,000 on September 1, 2019, to $750,000 on September 1, 2035, subject to prior mandatory sinking fund redemptions. Interest, at rates varying from 3.3 to 5.1 percent per annum, is payable semiannually on March 1 and September 1. The bonds are collateralized by the building.

Bond Legislation provides that Marauder Development, LLC, will charge rates sufficient for the excess of revenues over expenditures to equal not less than 120 percent of the aggregate amount of principal and interest requirements on the bonds payable during the year (coverage ratio). As of August 31, 2021, and 2020, Marauder Development, LLC was in compliance with these requirements.

NOTE 8 - CAPITAL LEASE OBLIGATIONS

The University entered into various non-cancellable equipment lease agreements during 2012 and 2013 which have been fully repaid. During the year ended June 30, 2021 the University entered into a non-cancellable capital lease agreement for the purchase of a field turf package with an upfront payment of $400,000 and financing of $1,844,328. An annual payment of $922,164 is due in August 2021 and 2022.

The cost of the leased assets was $2,871,262 and $626,933 at June 30, 2021 and 2020, respectively. Accumulated depreciation totaled $600,284 and $596,184 at June 30, 2021 and 2020, respectively.

NOTE 9 - COMPENSATED ABSENCES FOR VACATION AND SICK LEAVE

The University has three classifications of employees: classified, contract, and faculty.

Classified employees are nonacademic, permanent, full-time employees. Classified employees are entitled to vacation leave based upon length of service. The employees may accumulate up to a maximum of 30 to 75 days of vacation leave, depending on number of years of service. Vacation leave becomes payable upon termination or retirement. Employees may accumulate an unlimited amount of sick leave. One-third of accumulated sick leave is payable to classified employees with 10 years or more of service upon termination or retirement.

(Continued)

NOTE 9 - COMPENSATED ABSENCES FOR VACATION AND SICK LEAVE (Continued)

Contract employees are nonacademic, contracted, full-time employees. Contract employees are entitled to vacation leave based upon length of service and/or classification. The employee may accumulate up to a maximum of 30 days of vacation leave. Vacation leave not to exceed 240 hours becomes payable upon termination or retirement. Contract employees accrue sick leave at a rate of 15 days per year. One-third of accumulated sick leave, not to exceed one-third of 120 days, is payable to contract employees with 10 years or more of service upon retirement.

Faculty employees are full-time, academic employees. Faculty employees accrue sick leave at a rate of 15 days per year. One-third of accumulated sick leave, not to exceed one-third of 120 days, is payable to faculty employees with 10 years or more of service upon retirement.

NOTE 10 - RETIREMENT PLANS

Plan Descriptions: University faculty are provided with pensions through the State Teachers Retirement System of Ohio (STRS). Substantially all other University employees are provided with pensions through the Ohio Public Employees Retirement System (OPERS). Both OPERS and STRS are statewide cost- sharing multiple employer defined benefit pension plans. Authority to establish and amend benefits for OPERS and STRS are authorized [by Chapters 145 and 3307, respectively, of] the Ohio Revised Code. Both OPERS and STRS issue publicly available financial reports. The OPERS report can be obtained at https://www.opers.org/investments/cafr.shtml. The STRS report can be obtained at https://www.strsoh.org/publications/annualreports/cafrs.html.

OPERS and STRS Ohio each offer three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

OPERS and STRS Defined Benefit Plans pay service retirement benefits using a fixed formula based on age, years of service and salary. In addition to service retirement, participants are eligible for disability and survivor benefits.

OPERS Member-Directed Plan and STRS Defined Contribution Plan are optional alternative retirement plans available to new members. Participants allocate both member and employer contributions in investment choices provided by STRS Ohio. Benefits are based on the member's account value.

OPERS and STRS Combined Plans offer features of both a defined benefit plan and a member-directed or defined contribution plan. In the combined plans, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit along with disability and survivor benefits.

Benefits Provided: OPERS and STRS provide retirement, disability, annual cost-of-living adjustments, and survivor benefits for plan members and beneficiaries. The benefit provisions stated in the following paragraphs are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

OPERS Benefits

Under OPERS, retirement benefits are specific to each plan and members must meet the eligibility requirements based on their age and years of service within the plan. Retirement eligibility also varies by division and transition group.

(Continued)

NOTE 10 - RETIREMENT PLANS (Continued)

Members who were eligible to retire under law in effect prior to SB 343 before January 7, 2023 are included in transition Groups A and B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

State and Local members in transition groups A and B are eligible for retirement benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service.

Under the Traditional Plan, for Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. Final average salary represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Under the Combined Plan, the benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's final average salary for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's final average salary and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Member-Directed participants must have attained the age of 55, have money on deposit in the Defined Contribution Plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts.

The OPERS law enforcement program consists of two separate divisions: Law Enforcement and Public Safety. Both groups of members are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed or Combined plans. Public Safety Group members may file an application for full retirement benefits at age 48 or older with 25 or more years of credited service or 52 or older with 15 or more years of credited service for Groups A and B. Public Safety Group C is eligible for benefits at age 52 or older with 25 years or at age 56 or older with 15 years. Those members classified as Law Enforcement officers are eligible for full retirement at age 52 or older with 15 or more years of credited service for Group A. Law Enforcement Group B is eligible at age 48 or older with 25 years or at age 52 or older with 15 years of service. Law Enforcement Group C is eligible at age 48 or older with 25 years of service or at age 56 with 15 years of service. Annual benefits under both divisions are calculated by multiplying 2.5% of final average salary by the actual years of service for the first 25 years of service credit, and 2.1% of final average salary for each year of service over 25 years. In the Combined Plan, the benefit formula for the defined benefit component of the plan for state and local members in transition Groups A and B applies a factor of 1.0% to the member's FAS and the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. These options also permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

(Continued)

NOTE 10 - RETIREMENT PLANS (Continued)

OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect coverage under either the original plan or the revised plan. All members who entered the System after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. Law Enforcement officers are immediately eligible for disability benefits if disabled by an on-duty illness or injury. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. Law Enforcement and Public Safety personnel are eligible for survivor benefits immediately upon employment.

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit.

<u>STRS Benefits</u>

Under the Defined Benefit Plan, on or before July 1, 2015, benefits are based on 2.2% of final average salary for the three highest years of earnings, multiplied by years of total Ohio service credit. The percentages increase if the member has 35 or more years of contributing service credit. Effective August 1, 2015, benefits are based on an annual amount equal to 2.2% of final average salary for the five highest years of earnings, multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 and five years of service on August 1, 2026.

Under the Combined Plan, member contributions are allocated among investment choices by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular Defined Benefit Plan. Benefits are based on the balance in the member's defined contribution account plus an annual amount equal to 1% of final average salary for the three highest paid years multiplied by years of total Ohio service credit. Effective Aug. 1, 2015, final average salary will be average of the member's five highest salary years. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the Combined Plan may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

The Defined Contribution Plan allows members to place all their member and 9.5% of employer contributions into an investment account. Investment allocation decisions are determined by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

(Continued)

NOTE 10 - RETIREMENT PLANS (Continued)

A Defined Benefit Plan or Combined Plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Disability benefits are determined in the same manner as retirement benefits. Members in the Defined Contribution Plan who become disabled are entitled only to their account balance. If a member of the Defined Contribution Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Under the Defined Benefit Plan, members will receive a 2% annual cost of living adjustment beginning on the fifth anniversary of retirement. Under the Combined Plan, a cost of living adjustment is not available on the service retirement benefit. For disability and survivor benefits, the basic benefit is increased each year by 2% of the original base benefit.

Contributions

OPERS Contributions

Employer and member contribution rates are established by the OPERS Board subject to limits per Chapter 145 of the Ohio Revised Code. Under the OPERS plans, the employee contribution rate for the years ended June 30, 2021 and 2020 is 10% for all employees with the exception of law enforcement. The law enforcement employee contribution for the years ended June 30, 2021 and 2020 rate was 13.0%. The employer contribution rate is 14% for all employees with the exception of law enforcement whose rate is 18.1%. For Member-Directed Plans, for the years ended June 30, 2021 and 2020, 13.23% was paid into the member's member-directed account and the remaining .77% was paid to OPERS, as required by state legislation, to cover unfunded liabilities.

The University's contributions to OPERS were $1,719,775, and $1,416,839 for the fiscal years ended June 30, 2021 and 2020, respectively. The University's contributions were equal to the required contributions for each year as set by state statute.

STRS Contributions

Employer and member contribution rates are established by the STRS Board and limited by Chapter 3307 of the Ohio Revised Code. Under the STRS plans, the employee contribution rate is 14%, for years ended June 30, 2021 and 2020. Under the Combined Plan, 1% of the employee contribution is to fund the defined benefit. The employer contribution rate is 14%. Under the Defined Contribution Plan, 4.5 percent of the employer contribution is used to amortize the unfunded actuarial accrued liability of the defined benefit plan.

The University's contributions to STRS for the years ended June 30, 2021 and 2020, respectively, were $1,208,221 and $972,776. The University's contributions were equal to the required contributions as set by state statute.

(Continued)

NOTE 10 - RETIREMENT PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

OPERS Pension Costs

At June 30, 2021 and 2020, the University reported a liability of $10,834,701 and $13,695,552, respectively for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of December 31, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's long-term share of contributions to OPERS relative to the total projected long-term employer contributions received from all of OPERS' participating employers. At December 31, 2021 and 2020, the University's proportion was 0.0738% and 0.0697%, respectively, representing a 0.0041% increase in proportionate share. At December 31, 2020 and 2019, the University's proportion was 0.0697% and 0.0718%, respectively, representing a 0.0021% decrease in proportionate share.

The net pension liability and asset for the Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2021 and 2020, and the total pension liabilities were determined by an actuarial valuation as of that date.

For the years ended June 30, 2021 and 2020, the University recognized pension expense of $(1,147,497) and $1,169,111, respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2021		
Differences between expected and actual experience	$ 5,221	$ 472,482
Changes of assumptions	5,349	-
Net difference between projected and actual earnings on pension plan investments	-	4,271,091
Changes in proportion and differences between the difference between actual and proportionate share of contributions	586,180	106,941
University contributions subsequent to the measurement date	938,448	-
Total	$ 1,535,198	$ 4,850,514
June 30, 2020		
Differences between expected and actual experience	$ 3,480	$ 191,276
Changes of assumptions	743,179	-
Net difference between projected and actual earnings on pension plan investments	-	2,756,575
Changes in proportion and differences between the difference between actual and proportionate share of contributions	147,140	287,416
University contributions subsequent to the measurement date	739,505	-
Total	$ 1,633,304	$ 3,235,267

(Continued)

NOTE 10 - RETIREMENT PLANS (Continued)

At June 30, 2021, the University reported $938,448 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPERS pensions will be recognized in pension expense as follows for the year ended June 30, 2021:

2022	$(1,526,231)
2023	(411,333)
2024	(1,739,542)
2025	(580,896)
2026	1,307
Thereafter	2,931

STRS Pension Costs

At June 30, 2021 and 2020, the University reported a liability of $14,924,549 and $13,386,461, respectively, for its proportionate share of the STRS net pension liability. The net pension liability was measured as of June 30, 2020 and June 30, 2019 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's long-term share of contributions to the pension plan relative to the total employer contributions from all participating STRS employers. At June 30, 2021 and 2020, the University's proportion was 0.0617% and 0.0605%, respectively, representing a 0.0012% change in proportionate share. At June 30, 2020 and 2019, the University's proportion was 0.0605% and 0.0581%, respectively, representing a 0.0024% change in proportionate share.

For the years ended June 30, 2021 and 2020, the University recognized pension expense of $628,958 and $324,533, respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2021		
Differences between expected and actual experience	$ 33,487	$ 95,432
Change in assumptions	801,160	-
Net difference between projected and actual earnings on pension plan investments	725,491	-
Changes in proportion and differences between the difference between actual and proportionate share of contributions	654,631	133,713
University contributions subsequent to the measurement date	1,208,221	-
Total	$ 3,422,990	$ 229,145

NOTE 10 - RETIREMENT PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2020		
Differences between expected and actual experience	$ 108,988	$ 57,947
Change in assumptions	1,572,498	-
Net difference between projected and actual earnings on pension plan investments	-	654,258
Changes in proportion and differences between the difference between actual and proportionate share of contributions	651,922	309,263
University contributions subsequent to the measurement date	972,776	-
Total	$ 3,306,184	$ 1,021,468

At June 30, 2021, the University reported $1,208,221 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to STRS pensions will be recognized in pension expense as follows for the year ended June 30, 2021:

2022	$ 589,821
2023	467,565
2024	551,550
2025	376,688

Actuarial Assumptions

OPERS Actuarial Assumptions

The total pension liability in the December 31, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2020	2019
Inflation	3.25%	3.25%
Salary increases (average, including inflation)	3.25% - 10.75%	3.25%-10.75%
Investment rate of return	7.20%	7.20%
Cost of living adjustment (simple)	3.00%	3.00%

Mortality rates are based on the RP-2014 Healthy Annuitant Mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

(Continued)

NOTE 10 - RETIREMENT PLANS (Continued)

The actuarial assumptions used in the December 31, 2019 and 2018 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2012 and 2011, respectively.

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board as outlined in the annual investment plan. The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return 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, adjusted for inflation. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2020 and 2018 and the long-term expected real rates of return:

Asset Class Return	2020 Target Allocation	2020 Long-Term Expected Real Rate of Return
Fixed income	25%	1.32%
Domestic equities	21	5.64
Real estate	10	5.39
Private equities	12	10.42
International equities	23	7.36
Other investments	9	4.75
Total	100%	

Asset Class Return	2019 Target Allocation	2019 Long-Term Expected Real Rate of Return
Fixed income	25%	1.83%
Domestic equities	19	5.75
Real estate	10	5.20
Private equities	12	10.70
International equities	21	7.66
Other investments	13	4.98
Total	100%	

STRS Actuarial Assumptions

The total pension liability in the June 30, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2020	2019
Inflation	2.50%	2.50%
Salary increases (average, including inflation)	12.50 at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%	7.45%
Cost of living adjustment (simple)	none	none

(Continued)

NOTE 10 - RETIREMENT PLANS (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2020 and 2019 valuation are based on the results of an actuarial experience study, effective July 1, 2011.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The table below is representative of estimates for both the 2020 and 2019 valuation years. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class Return	2020 Target Allocation	2020 Long-Term Expected Real Rate of Return
Fixed income	21.00%	3.35%
Domestic equities	28.00	7.60
Real estate	10.00	7.00
Private equity	7.00	8.15
Opportunistic Equities	10.00	6.35
International equities	23.00	8.55
Other investments	1.00	2.25
Total	100.00%	

Discount Rate: The discount rate used to measure OPERS total pension liability was 7.20% as of December 31, 2020 and December 31, 2019. The projection of cash flows used to determine the discount rates assumed that employee and University contributions will be made at the statutory contribution rates. Based on those assumptions, the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure STRS total pension liability was 7.45% as of June 30, 2020 and June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020 and 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020 and 2019.

NOTE 10 - RETIREMENT PLANS (Continued)

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate: The following presents the University's proportionate share of the OPERS pension plans net pension liability calculated using the discount rate of 7.20% at December 31, 2020 and December 31, 2019 respectively, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
December 31, 2021			
University's proportionate share of the net pension liability	$ 20,774,601	$ 10,834,701	$ 2,571,877

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
December 31, 2020			
University's proportionate share of the net pension liability	$ 22,666,028	$ 13,695,552	$ 5,636,622

The following presents the University's proportionate share of the STRS pension plans net pension liability calculated using the discount rate of 7.45% at June 30, 2020 and June 30, 2019, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
June 30, 2021			
University's proportionate share of the net pension liability	$ 21,249,960	$ 14,924,549	$ 9,564,291

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
June 30, 2020			
University's proportionate share of the net pension liability	$ 19,562,821	$ 13,386,461	$ 8,157,855

Pension Plan Fiduciary Net Position: Detailed information about OPERS and STRS fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS may be obtained at strsoh.org or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS

Ohio Public Employees Retirement System (OPERS): OPERS provides access to post-retirement health care coverage to age and service retirees with 20 or more years of qualifying Ohio service credit. Access to health care coverage for disability recipients and primary survivor recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries. Authority to establish and amend benefits is provided per the Ohio Revised Code.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 0% in 2020 and 0% in 2019. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The portion of the University's fiscal year 2020, 2019 and 2018 contributions required and made to OPERS used to fund post-retirement benefits was $0 in all three years.

State Teachers Retirement System (STRS Ohio): STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio Law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of the covered payroll was allocated to post-employment health care for the year ended June 30, 2014. Effective July 1, 2014, 0% of covered payroll was allocated to post-employment health care. The portion of the University's fiscal years 2020, 2019 and 2018 contributions required and made to STRS Ohio used to fund post-employment benefits was $0 in all three years.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPERS OPEB Costs

At June 30, 2021 and June 30, 2020, the University reported an asset of $1,268,111 and a liability of $9,252,645 respectively for its proportionate share of the OPERS net OPEB liability. The net OPEB liability (asset) was measured as of December 31, 2020 and December 31, 2019 respectively, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The University's proportion of the net OPEB liability (asset) was based on the University's long-term share of contributions to OPERS relative to the total projected long-term employer contributions received from all of OPERS' participating employers. At December 31, 2020 and December 31, 2019, the University's proportion was 0.0712% and 0.0670% respectively, representing an increase of 0.0042%. At December 31, 2019 and December 31, 2018, the University's proportion was 0.0670% and 0.0691% respectively, representing a decrease of 0.0021%.

The net OPEB liability and asset for the Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2020 and December 31, 2019, and the total OPEB liabilities (assets) were determined by an actuarial valuation as of that date.

(Continued)

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)

For the years ended June 30, 2021 and June 30, 2020, the University recognized OPEB expense of $(7,468,335) and $1,040,090 respectively. At June 30, 2021 and June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2021		
Differences between expected and actual experience	$ -	$ 1,144,463
Changes of assumptions	623,418	2,054,719
Net difference between projected and actual earnings on OPEB plan investments	-	675,413
Changes in proportion and differences between the difference between actual and proportionate share of contributions	356,661	66,064
Total	$ 980,079	$ 3,940,659
June 30, 2020		
Differences between expected and actual experience	$ 248	$ 846,197
Changes of assumptions	1,464,595	-
Net difference between projected and actual earnings on OPEB plan investments	-	471,142
Changes in proportion and differences between the difference between actual and proportionate share of contributions	106,370	162,033
Total	$ 1,571,213	$ 1,479,372

Amounts reported as deferred outflows and inflows of resources related to OPERS OPEB will be recognized in OPEB expense as follows for the year ended June 30, 2021:

2022	$ (1,554,074)
2023	(1,043,415)
2024	(293,507)
2025	(79,585)
2026	10,000
Thereafter	1

STRS OPEB Costs

At June 30, 2021 and June 30, 2020, the University reported an asset of $1,084,000 and $1,003,000 respectively for its proportionate share of the STRS net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2020 and 2019 respectively, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The University's proportion of the net OPEB liability (asset) was based on the University's share of contributions to the respective retirement systems relative to the contributions of all participating entities. At June 30, 2021 and June 30, 2020 the University's proportion was 0.0617% and 0.0606% respectively, representing a 0.0011% increase in proportionate share. At June 30, 2020 and June 30, 2019 the University's proportion was 0.0606% and 0.0580% respectively, representing a 0.026% increase in proportionate share.

(Continued)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

For the year ended June 30, 2021 and June 30, 2020, the University recognized OPEB expense of $628,958 and $(291,540) respectively. At June 30, 2021 and June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2021		
Differences between expected and actual experience	$ 69,000	$ 216,000
Changes of assumptions	18,000	1,030,000
Net difference between projected and actual earnings on OPEB plan investments	38,000	-
Changes in proportion and differences between the difference between actual and proportionate share of contributions	72,116	-
Total	$ 197,116	$ 1,246,000
June 30, 2020		
Differences between expected and actual experience	$ 91,000	$ 51,000
Changes of assumptions	21,000	1,099,000
Net difference between projected and actual earnings on OPEB plan investments	-	63,000
Changes in proportion and differences between the difference between actual and proportionate share of contributions	87,548	-
Total	$ 199,548	$ 1,213,000

Amounts reported as deferred outflows and inflows of resources related to STRS OPEB will be recognized in OPEB expense as follows for the year ended June 30, 2021:

2022	$ (262,489)
2023	(236,774)
2024	(227,753)
2025	(222,177)
2026	(46,809)
Thereafter	(52,882)

(Continued)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions

OPERS Actuarial Assumptions

The total OPEB liability (asset) in the December 31, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2020
Single Discount Rate	6.00%
Investment rate of return	6.00%
Wages inflation	3.25%
Municipal Bond Rate	2.00%
Projected Salary increases	3.25% to 10.75% (includes wage inflation at 0.00%)
Health Care Cost Trends	8.50% initial, 3.50% ultimate in 2030

	2019
Single Discount Rate	3.16%
Investment rate of return	6.00%
Wages inflation	3.25%
Municipal Bond Rate	2.75%
Projected Salary increases	3.25% to 10.75% (includes wage inflation at 3.25%)
Health Care Cost Trends	10.50% initial, 3.50% ultimate in 2030

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The actuarial assumptions used in the December 31, 2020 and 2019 valuations were based on the results of an actuarial experience study for the 2-year periods ending December 31, 2017. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

The long-term expected rate of return is arithmetic and determined using a building block method in which best estimate ranges of expected future real rates of returns are developed for each major asset class. These ranges are combined to produce the long-term expected best estimates of arithmetical rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

(Continued)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Asset Class Return	2020 Target Allocation	2020 Long-Term Expected Real Rate of Return
Fixed income	34.00%	1.07%
Domestic equities	25.00	5.64
Real estate	7.00	6.48
International equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00%	

Asset Class Return	2019 Target Allocation	2019 Long-Term Expected Real Rate of Return
Fixed income	36%	1.53%
Domestic equities	21	5.75
Real estate	6	5.69
International equities	23	7.66
Other investments	14	4.90
Total	100%	

STRS Actuarial Assumptions

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020 and June 30, 2019, actuarial valuation are presented below:

	2020
Inflation	3.00%
Salary increases (average, including inflation)	varies by age from 2.50% to 12.50%
Investment rate of return	7.45%, net of investment expenses, including inflation
Cost of living adjustment (simple)	0%
Blended discount rate of return	7.45%
Health Care Cost Trends	(6.7) to 11.9% initial, 4% ultimate

	2019
Inflation	3.00
Salary increases (average, including inflation)	varies by age from 2.5% to 12.5%
Investment rate of return	7.45%, net of investment expenses, including inflation
Cost of living adjustment (simple)	0.00%
Blended discount rate of return	7.45%
Health Care Cost Trends	5.87 to 7.73% initial, 4.00% ultimate

(Continued)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2020 and 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The long-term expected rate of return is geometric and determined using a building block method in which best estimate ranges of expected future real rates of returns are developed for each major asset class. These ranges are combined to produce the long-term expected best estimates of geometric rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

In the prior year, the discount range was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Valuation year per capita health care costs were also updated.

The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class for both the 2020 and 2019 valuation years are summarized as follows:

Asset Class Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	28%	7.60%
International equity	23	8.55
Fixed income	21	3.35
Alternatives	17	7.09
Real estate	10	7.00
Liquidity Reserves	1	2.25
Total	100%	7.24

(Continued)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Discount Rate

OPERS discount rate

A single discount rate of 6.00% and 3.16% was used to measure the OPEB liability (asset) on the measurement date of December 31, 2020 and 2019, respectively. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate at December 31, 2020 was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

STRS discount rate

The discount rate used to measure the total OPEB liability (asset) was 7.45% as of the measurement date of June 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care fund investments of 7.45% was applied to all periods of projected health care costs to determine the total OPEB liability.

Sensitivity of the University's proportionate share of the OPERS net OPEB liability (asset) to changes in the discount rate and health care trend rates: The following table presents the OPEB liability (asset) calculated using the single discount rate of 6.00% at December 31, 2020 and 3.16% at December 31, 2019, and the expected net OPEB liability (asset) if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate. Also shown is the net OPEB liability (asset) as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
June 30,2021			
Sensitivity of University's proportionate share of the net OPEB liability (asset) to changes in discount rate	$ (315,323)	$ (1,268,111)	$ (2,051,379)

	1% Decrease	Current Rate	1% Increase
Sensitivity of University's proportionate share of the net OPEB liability (asset) to changes in the health care cost trend rate	$ (1,299,017)	$ (1,268,111)	$ (1,233,532)

(Continued)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
June 30,2020			
Sensitivity of University's proportionate share of the net OPEB liability to changes in discount rate	$ 12,108,570	$ 9,252,645	$ 6,965,278

	1% Decrease	Current Rate	1% Increase
Sensitivity of University's proportionate share of the net OPEB liability to changes in the health care cost trend rate	$ 8,979,607	$ 9,252,645	$ 9,522,202

The following table represents the University's share of the STRS net OPEB liability (asset) as of June 30, 2021 and June 30, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability (asset) as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
June 30,2021			
Sensitivity of University's proportionate share of the net OPEB liability (asset) to changes in discount rate	$ (943,184)	$ (1,084,000)	$ (1,203,548)

	1% Decrease	Current Rate	1% Increase
Sensitivity of University's proportionate share of the net OPEB liability (asset) to changes in the health care cost trend rate	$ (1,196,130)	$ (1,084,000)	$ (947,494)

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
June 30,2020			
Sensitivity of University's proportionate share of the net OPEB liability (asset) to changes in discount rate	$ (855,492)	$ (1,003,000)	$ (1,126,224)

	1% Decrease	Current Rate	1% Increase
Sensitivity of University's proportionate share of the net OPEB liability (asset) to changes in the health care cost trend rate	$ (1,136,866)	$ (1,003,000)	$ (838,085)

(Continued)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Pension Plan Fiduciary Net Position: Detailed information about OPERS and STRS fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS may be obtained at strsoh.org or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

NOTE 12 - GRANTS AND CONTRACTS

The University receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. The costs, both direct and indirect, that have been charged to their grants or contracts are subject to examination and approval by the granting agency. It is the opinion of the University administration that any potential disallowance or adjustment of such costs would not have a material effect on the accompanying financial statements.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Commitments: The University has encumbered $1,580,279 and $865,987 of funds as of June 30, 2021 and 2020, respectively. These encumbrances represent purchase orders and other commitments for materials or services not received as of fiscal year end. These are not included as liabilities in the statement of net position.

Litigation: The University is involved in various litigation and regulatory matters. Based upon management’s review, the ultimate disposition of these matters may have an unfavorable outcome; therefore, appropriate financial reserves have been made to the financial statements relative to these matters. The University’s administration believes that the ultimate disposition of these matters have been properly reflected in the financial statements of the University.

An audit finding for the period July 1, 2015 through June 30, 2016 for programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. 1070 et seq. (Title IV, HEA programs) was settled for $736,304. During the years ended June 30, 2021 and 2020 the University has paid $116,631 and $115,476 respectively and accrued the remaining balance of $356,937.

NOTE 14 - RELATED ORGANIZATIONS

The University is the sole beneficiary of the Central State University Foundation (the “CSU Foundation”), a separate, not-for-profit entity governed by a separate board of trustees, organized for the purpose of promoting educational and research activities. Amounts received by the University from the CSU Foundation in the form of private gifts, grants, and contracts amounted to $0 and $1,050,967 for the years ended June 30, 2021 and 2020, respectively.

The CSU Foundation established and owns Marauder Development, LLC, which owns two residence halls (Foundation I and Foundation II) located on the University’s campus. The University receives an annual management fee and the reimbursement of operating expenses from Marauder Development, LLC. These fees and reimbursement amounted to $657,009 and $651,734 for the years ended June 30, 2021 and 2020, respectively. The University paid Marauder Development, LLC $2,617,110 and $2,379,000 for the years ended June 30, 2021 and 2020, respectively. These payments were primarily student residence hall fees. A portion of funds collected by the University were not paid to Marauder LLC as of June 30, 2021 and is included as part of the receivable balance.

(Continued)

NOTE 14 - RELATED ORGANIZATION (Continued)

The net amount of these transactions resulted in the CSU Foundation owing the University $657,009 and $35,844 at June 30, 2021 and 2020 respectively

Details of the CSU Foundation's restricted net assets at June 30, 2021 and 2020 are as follows:

	With Donor Restrictions
June 30, 2021	
Academic	$ 1,905,532
Scholarship	2,311,295
Other general funds	3,248,576
Total net assets	$ 7,465,403

	With Donor Restrictions
June 30, 2020	
Academic	$ 1,800,720
Scholarship	1,571,796
Other general funds	2,919,375
Total net assets	$ 6,291,891

Net assets released from restriction totaled $51,032 and $222,410 at June 30, 2021 and 2020, respectively.

The University is the sole beneficiary of the Central State University Innovation and Development Foundation (the "CSU Innovation and Development Foundation"), a separate, not-for-profit entity governed by a separate board of trustees, organized for the purpose of promoting educational and research activities.

Details of the CSU Innovation and Development Foundation's restricted net assets at June 30, 2021 are as follows:

	With Donor Restrictions
June 30, 2021	
Academic	$ 95,214
Scholarship	236,319
Other general funds	334,693
Total net assets	$ 666,226

The University provides certain administrative, accounting, accounts payable, and payroll services on behalf of the CSU Innovation and Development Foundation. The CSU Innovation and Development Foundation operates exclusively for the benefit of the University and reimburses the University for costs incurred. The Foundation owed the University $89,678 related to these expenses at June 30, 2021.

(Continued)

NOTE 14 - RELATED ORGANIZATION (Continued)

The University collected donations on behalf of the CSU Innovation and Development Foundation that were not transferred over to the CSU Innovation and Development Foundation cash accounts during the year. As of June 30, 2021 the University owed the Foundation $418,279 for these revenues.

NOTE 15 – RISK MANAGEMENT

The University participates in a state plan that pays workers' compensation benefits to beneficiaries who have been injured on the job with any of certain state agencies and state universities. The Ohio Bureau of Workers' Compensation (the "Bureau") calculates the estimated amount of cash needed in the subsequent fiscal year to pay the claims for these workers and sets rates to collect this estimated amount from these participating state agencies and universities in that subsequent one-year period. As these already-injured workers' claims will be paid out over a period of time, the Bureau also actuarially calculates estimated amounts that will be paid in future periods for the entire pool of state agencies and state universities. Settled claims have not exceeded this coverage for any of the preceding three years.

The University is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors or omissions; employee injuries and illnesses; national disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage for any of the preceding three years.

NOTE 16 – COVID-19 IMPACT

During March of 2020, the University made significant adjustments to its operations and academic activities due to the spread of COVID-19 throughout the United States and State of Ohio. Employees and faculty were asked to work remotely from home unless they were deemed essential personnel. Classes and academic programs quickly pivoted to a remote learning model and the University adjusted to this new delivery system.

In addition, the University created an Institutional Response Team (IRT) to monitor operations and develop a plan with various phases to bring faculty, staff, and students back for the fall 2020 semester. The University COVID-19 plan was based on CDC guidelines and the State of Ohio directives, which included gathering sizes on campus, students living on campus, travel restrictions, facility protocols, testing protocols, office environment and other key activities. Through this pandemic period the University has put into practice several safety measures to protect students and employees as we navigate this rapidly changing environment.

The University reopened Fall 2020 with reduced capacity in residential halls and all university facilities. The impact of the pandemic effected the financial reserves and the operational efficiencies. The University reduced spending on travel, non-emergency projects and other spending associated with normal University operations due to the operational changes resulting from COVID-19. In addition, the University imposed salary reductions on all employees to reduce expenses and to maintain a sustainable financial state.

(Continued)

NOTE 16 – COVID-19 IMPACT (Continued)

The financial impact of COVID-19 on the University's fiscal year 2021 financial statements was significant. The University has been awarded as of June 2021 $36.0 million in Federal Stimulus funds. These funds were used in a variety of ways such as to cover lost revenue related to drop in enrollment, sanitizing protocols, capacity changes and health related support systems. The University also disbursed federal stimulus funds directly to students to offset their cost of attendance. In addition, the University received a one-time debt write-off of its HBCU Loan for two of its residential halls. This resulted in a $11.7 million debt forgiveness.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL STATE UNIVERSITY
SCHEDULES OF UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year ended June 30, 2021

OPERS

	2021	2020	2019	2018	2017	2016	2015
College's proportion of the collective net pension liability (asset) - Traditional	0.07377%	0.06966%	0.07181%	0.06933%	0.06209%	0.06153%	0.06570%
College's proportion of the collective net pension liability (asset) - Combined	0.02867%	0.03509%	0.04385%	0.03965%	0.04439%	0.05127%	0.04948%
College's proportionate share of the collective net pension liability (asset)	$ 10,834,701	$ 13,695,552	$ 19,618,242	$ 10,822,136	$ 14,074,575	$ 10,633,211	$ 7,905,345
College's covered payroll	12,183,267	10,298,616	12,350,529	9,743,188	8,946,079	7,925,689	8,232,618
College's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	88.93%	132.98%	158.85%	111.07%	157.33%	134.16%	96.02%
Plan fiduciary net position as a percentage of the total pension liability	112.45%	82.44%	74.70%	84.66%	77.38%	81.19%	84.00%

Note: The University implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The schedule is intended to show information for 10 years. The amounts presented for each fiscal year were determined as of December 31 that occurred prior.

STRS Ohio

	2021	2020	2019	2018	2017	2016	2015
College's proportion of the collective net pension liability (asset)	0.06168%	0.06053%	0.05807%	0.05560%	0.05790%	0.05861%	0.06772%
College's proportionate share of the collective net pension liability (asset)	$ 14,924,549	$ 13,386,461	$ 12,767,555	$ 13,207,184	$ 19,372,697	$ 16,198,930	$ 16,471,015
College's covered payroll	8,651,751	6,978,995	9,124,956	6,046,086	5,757,345	5,668,086	5,700,090
College's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	172.50%	191.81%	139.92%	218.44%	297.19%	285.79%	288.96%
Plan fiduciary net position as a percentage of the total pension liability	57.97%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%

Note: The University implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The schedule is intended to show information for 10 years. The amounts presented for each fiscal year were determined as of June 30 that occurred prior.

OPERS

	2021	2020	2019	2018
College's proportion of the collective OPEB liability (asset) - Traditional	0.06688%	0.06260%	0.06520%	0.06623%
College's proportion of the collective OPEB liability (asset) - Combined	0.00430%	0.00439%	0.00392%	0.00402%
College's proportionate share of the collective OPEB liability (asset)	$ (1,268,111)	$ 9,252,645	$ 9,012,659	$ 7,194,282
College's covered payroll	12,183,267	10,298,616	12,350,529	9,743,188
College's proportionate share of the collective OPEB liability as a percentage of the employer's covered payroll	-10.41%	89.84%	72.97%	68.68%
Plan fiduciary net position as a percentage of the total OPEB liability	96.07%	47.80%	74.91%	84.85%

STRS Ohio

	2021	2020	2019	2018
College's proportion of the collective OPEB liability (asset)	0.06168%	0.06056%	0.05808%	0.05560%
College's proportionate share of the collective OPEB liability (asset)	$ (1,084,000)	$ (1,003,000)	$ (933,000)	$ 2,169,189
College's covered payroll	8,651,751	6,978,995	9,124,956	6,046,086
College's proportionate share of the collective OPEB liability as a percentage of the employer's covered payroll	-12.53%	-15.02%	-10.22%	35.88%
Plan fiduciary net position as a percentage of the total OPEB liability	7.98%	174.70%	176.00%	47.11%

Note: The University implemented GASB No. 75 in fiscal year 2019. The information above is presented for as many years as available. The schedule is intended to show information for 10 years. The amounts presented for STRS Ohio each fiscal year were determined as of June 30 that occurred prior. The amounts presented for OPERS each fiscal year were determined as of December 31 that occurred prior.

CENTRAL STATE UNIVERSITY
SCHEDULES OF UNIVERSITY PENSION CONTRIBUTIONS
Year ended June 30, 2021

OPERS

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,719,775	$ 1,416,839	$ 1,403,744	$ 1,313,611	$ 1,273,018	$ 1,132,212	$ 1,174,454
Contributions in relation to the statutorily required contribution	1,719,775	1,416,839	1,403,744	1,313,611	1,273,018	1,132,212	1,174,454
Annual contribution deficiency	-	-	-	-	-	-	-
College's covered payroll	12,183,267	10,298,616	12,350,529	9,743,188	8,946,079	7,925,689	8,232,618
Contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll	14.12%	13.76%	8.80%	13.48%	14.23%	14.29%	14.26%

Notes to required supplemental information:

The University implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The schedule is intended to show information for 10 years.

During the plan year ended June 30, 2017 there were changes to several assumptions for STRS. The cost-of-living adjustment dropped from 2% to 0%, the wage inflation dropped from 2.75% to 2.50%, the investment rate of return decreased from 7.75% to 7.45% and the mortality tables used changed from RP-2000 to RP-2014. There were no changes in benefit terms.

During the plan year ended, December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75% to 3.25%, the projected salary increase range changed from 4.25-10.05% to 3.25-10.75% and the mortality tables used changed from RP-2000 to RP-2014. There were no changes in benefit terms.

STRS Ohio

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,208,221	$ 972,776	$ 928,228	$ 855,709	$ 852,547	$ 794,080	$ 799,062
Contributions in relation to the statutorily required contribution	1,208,221	972,776	928,228	855,709	852,547	794,080	799,062
Annual contribution deficiency	-	-	-	-	-	-	-
College's covered payroll	8,651,751	6,978,995	9,124,956	6,046,086	5,757,345	5,668,086	5,700,090
Contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll	13.97%	14.90%	10.17%	14.15%	14.81%	4.01%	14.02%

Note: The University implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The schedule is intended to show information for 10 years.

CENTRAL STATE UNIVERSITY
SCHEDULES OF UNIVERSITY OPEB CONTRIBUTIONS
Year ended June 30, 2021

OPERS

	2021	2020	2019	2018
Statutorily required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the statutorily required contribution	-	-	-	-
Annual contribution deficiency	-	-	-	-
College's covered payroll	12,183,267	10,298,616	12,350,529	9,743,188
Contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll	N/A	N/A	N/A	0.0049%

STRS Ohio

	2021	2020	2019	2018
Statutorily required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the statutorily required contribution	-	-	-	-
Annual contribution deficiency	-	-	-	-
College's covered payroll	8,651,751	6,678,995	9,124,956	6,046,086
Contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll	N/A	N/A	N/A	N/A

Notes to required supplemental information:

The University implemented GASB No. 75 in fiscal year 2018. The information above is presented for as many years as is available. The schedule is intended to show information for 10 years.

There were no changes in benefit terms or changes of assumptions affecting the STRS and OPERS plans for the years ended June 30, 2017 and December 31, 2017 respectively

During the plan year ended June 30, 2020 there was a significant change in the discount rate impacting the OPERS plan. The discount rate increased from 3.16% to 6.00%, resulting in an asset being recorded by the University as opposed to a liability.

SUPPLEMENTARY INFORMATION

CENTRAL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

Federal Grant/Pass-through Grant Program Title	AL Number	Pass Through Agency	Award No.	Federal Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER:				
U.S. Department of Education Direct Programs:				
SEOG 16-17	84.007			$ 762
SEOG 17-18	84.007			946,904
SEOG 19-20	84.007			(88,330)
SEOG 2020-2021	84.007			508,903
Total ALN 84.007				1,368,239
FWS 19-20	84.033			58
FWS 2020-2021	84.033			124,326
Total ALN 84.033				124,384
Pell 2018-2019	84.063			(1,524)
Pell 19-20	84.063			151,785
Pell 2020-2021	84.063			9,846,662
Total ALN 84.063				9,996,923
Direct Loan Subsidized 18-19	84.268			(14,634)
Direct Loan Subsidized 19-20	84.268			544
Direct Loan Unsusidized 19-20	84.268			11,913
Direct Loan Plus 19-20	84.268			28,643
Direct Loan Subsidized 2020-2021	84.268			4,425,909
Direct Loan Unsubsidized 2020-2021	84.268			4,108,966
Direct Loan Plus 2020-2021	84.268			1,681,431
Total ALN 84.268				10,242,772
TEACH 2020-2021	84.379			9,410
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				**21,741,728**
RESEARCH AND DEVELOPMENT CLUSTER:				
National Aeronautics and Space Administration:				
Ohio Space Grant	43.001			16,497
Total National Aeronautics and Space Administration				**16,497**
National Science Foundation:				
Improving Pathways for STEM	47.076			136,515
Northern Ohio AGEP-T	47.076	Case Western University	HRD-1432950	16,790
Multi-Phase porous Media Flows	47.076			34,491
USE4WRM	47.076			99,193
LSAMP 2018-2023	47.076	Ohio State University	HRD-1817314	27,758
Search for the Epigenomic Mechanism	47.076			105,356
Spectra of Composition Operators	47.076			34,631
Total ALN 47.076				454,734
ERI: Yakubovsky Calculations for Six Nucleon Bound States	47.049			49,686
Total National Science Foundation				**504,420**

See notes to schedule of expenditures of federal awards.

CENTRAL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

Federal Grant/Pass-through Grant Program Title	AL Number	Pass Through Agency	Award No.	Federal Expenditures
U.S. Department of Agriculture				
McIntire Sennis Forestry Research 2018-2020	10.202			$ 56,340
McIntire Sennis Forestry Research 2019-2021	10.202			13,998
McIntire Sennis Forestry Research 2020-2022	10.202			3,672
Total ALN 10.202				74,010
Evans Allen Administration 2018-2020	10.205			159,963
Evans Allen Research 2018-2020	10.205			384,216
Optimal Agronomic Prac 2018-2020	10.205			179,898
Enhanced Crop Production 2018-2020	10.205			115,934
Enchance Farm Productivity 2018-2020	10.205			686,493
Food, Nutrition & Health 2018-2020	10.205			86,321
Evans Allen Administration 2019-2021	10.205			445,681
CESTA Communications 2019-2021	10.205			86,474
Evans Allen Research 2019-2021	10.205			115,672
Natural Resources and Environmental 2019-2021	10.205			136,679
Plant Systems and Ecology 2019-2021	10.205			319,256
Advanced Agriculutural Technology 2019-2021	10.205			83,163
Food, Nutrition & Health 2019-2021	10.205			162,019
Total ALN 10.205				2,961,769
Improving the Honeybee Queen Qualitiies and Genetic Diversity by Transferring Selected Queen Cells	10.215	Regents of the University of Minnesota	2018-38640-28416	7,183
Developing an Electronic Platform	10.216	Kentucky State University	2019-38821-29032	3,089
Strengthening Agricultural Geospatial Education and Research	10.216			101,696
Role of Water Quality	10.216			173,392
All In One Organic Weed and Crop Disease Management Using Directed Energy and Convolutional Neural Networks	10.216			118,888
Investigate the Biotic and Abiotic Stresses in Honey Bees and Pollinators	10.216			8,137
Growing Communities: Establishing incubator farms and farmer`s markets to increase health and economic viability for socially disadvantaged populations	10.216			8,093
Total ALN 10.216				413,295
Genetics and Breeding of Mite Biting	10.310			43,642
Soil Monolith	10.UNK			292
Total U.S. Department of Agriculture				**3,500,191**
TOTAL RESEARCH AND DEVLEOPMENT CLUSTER				**4,021,108**
TRIO CLUSTER:				
U.S. Department of Education Direct Programs:				
TRIO: Student Support Services	84.042			101,822
TRIO: Student Support Services 2020-2025	84.042			236,214
Total ALN 84.042				338,036
TRIO: Upward Bound Program 2017-2022	84.047			278,675
TOTAL TRIO CLUSTER				**616,711**

See notes to schedule of expenditures of federal awards.

CENTRAL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

Federal Grant/Pass-through Grant Program Title	AL Number	Pass Through Agency	Award No.	Federal Expenditures
OTHER FEDERAL PROGRAMS:				
U.S. Department of Education Programs:				
HIGHER EDUCATION - INSTITUTIONAL AID - Direct Program:				
Title III: Counseling Center 2018-2019	84.031B			$ 3,672
Title III: Professional Development for Health 2018-2019	84.031B			(67)
SAFRA: Enhanced Online Learning 2018-2019	84.031B			21,718
Title III: Program Administration 2019-2020	84.031B			65,617
Title III: University Student Success 2019-2020	84.031B			90,935
Title III: Counseling Center 2019-2020	84.031B			64,673
Title III: Academic Planning and Assessment 2019-2020	84.031B			22,709
Title III: Professional Development for Health 2019-2020	84.031B			37,231
Title III: TEAP-C 2019-2020	84.031B			72,400
Title III: Cynthia Jackson Hammond Endowment	84.031B			100,000
Title III: Maintenance Plan 2019-2020	84.031B			121,015
SAFRA: Center for Global Education 2019-2020	84.031B			44,363
SAFRA: Enhancement of Online Learning 2019-2020	84.031B			125,380
SAFRA: Theatre Arts 2019-2020	84.031B			25,734
Title III: Honors Program	84.031B			142,510
Title III: Program Administration 2020-2021	84.031B			165,844
Title III: University Student Success 2020-2021	84.031B			277,349
Title III: Counseling Center 2020-2021	84.031B			170,134
Title III: Academic Planning and Assessment 2020-2021	84.031B			217,015
Title III: Professional Development for Health 2020-2021	84.031B			160,503
Title III: TEAP-C 2020-2021	84.031B			197,791
Title III: Cynthia Jackson Hammond Endowment 2020-2021	84.031B			100,000
Title III: Maintenance Plan 2020-2021	84.031B			209,072
SAFRA: Center for Global Education 2020-2021	84.031B			135,272
SAFRA: Enhancement of Online Learning 2020-2021	84.031B			273,772
SAFRA: Theatre Arts 2020-2021	84.031B			64,840
SAFRA: Library Enhancements 2020-2021	84.031B			92,355
TOTAL HIGHER EDUCATION - INSTITUTIONAL AID				**3,001,837**
MINORITY SCIENCE IMPROVEMENT GRANT:				
STEM Success Center	84.120			124,123
Improving Mathematics Instruction for STEAM Students	84.120			133,087
TOTAL MINORITY SCIENCE IMPROVEMENT GRANT				**257,210**

See notes to schedule of expenditures of federal awards.

CENTRAL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

Federal Grant/Pass-through Grant Program Title	AL Number	Pass Through Agency	Award No.	Federal Expenditures
COVID 19 - EDUCATION STABILIZATION FUND				
COVID 19 - CARES Act Student Funding	84.425E			$ 870,175
COVID 19 - CSU HBCU CARES ACT	84.425J			7,284,970
COVID 19 - CCRRSAA Marauder Momentum Summer Bridge Program	84.425F			5,912
COVID 19 - CRSSA (HEERF II) HBCU	84.425J			1,020,738
COVID 19 - CSU Institutional CARES ACT	84.425F			1,303,368
COVID 19 - ARP (HEERF III) HBCU	84.425J			1,787,980
COVID 19 - CARES Act - Governor’s Emergency Education Relief (GEER) Fund for Ohio Higher Ed Mental Health Support	84.425C	Ohio Department of Education	S425C200040	24,753
TOTAL COVID 19 - EDUCATION STABILIZATION FUND				**12,297,896**
FINANCIAL AID ADMINISTRATION:				
Pell Administration	84.063			625
TOTAL FINANCIAL AID ADMINISTRATION				**625**
OTHER:				
Emergency Aid Programs	84.UNK	Ascendium		2,447
Paid Internships	84.UNK	Ascendium		54,634
Total Other				**57,081**
Total U.S. Department of Education Programs				**15,614,649**
U.S. Department of Transportation:				
USDOT Center for Connected Automated Transportation (CCAT) - Region 5 UTC	20.701	Ohio Department of Transportation	69A3551747105	95,318
Total U.S. Department of Transportation				**95,318**
U.S. Department of Treasury:				
COVID 19 - Coronavirus Relief Fund	21.019	Ohio Department of Education		2,447,735
COVID 19 - Dormitory Wastewater Monitoring of SARS-COV2	21.019	Ohio State University		4,257
Total U.S. Department of Treasury				2,451,992
U.S. Department of Agriculture:				
USDA/1890 National Scholars Program	10.001			10,450
USDA/NRCS National Scholars Program	10.001			17,782
Total ALN 10.001				28,232
Sweet Potato Production in Northern Climates	10.216			16,529
1890 Capacity Building Grants: A Potential for Building and Strengthening Capacity and Advancing the Quality of Teaching and Extension	10.216			(534)
Increase Student Enrollment in College of Science and Engineering	10.216			4,680
Total ALN 10.216				20,675

See notes to schedule of expenditures of federal awards.

CENTRAL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

Federal Grant/Pass-through Grant Program Title	AL Number	Pass Through Agency	Award No.	Federal Expenditures
Pathways to a BA in Agriculture	10.217	Ohio State University	2016-70003-24835	$ 7,197
Outrreach & Technical Assist (OETA)	10.443			8,003
2014-2017 Facilities Grant	10.500			393,122
CESTA Faciltities Grant	10.500			358,831
Smith Lever Act, Expanded Food and Nutrition Education Program (EFNEP) 2016-2021	10.500			1,760
Smith Lever Act, Expanded Food and Nutrition Education Program (EFNEP) 2017-2022	10.500			11,544
Central State University Seed to Bloom 4-H STEAM Afterschool Sustaintable Comr	10.500			103,423
Total ALN 10.500				868,680
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Cooperative Extension	10.512			159,638
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Cooperative Extension Program Admin	10.512			940,188
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - 4H Youth Development	10.512			132,812
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Agriculture & Natural Resources	10.512			164,035
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Community and Economic Development	10.512			104,310
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Family and Consumer Science	10.512			182,310
Section 1444 Extension Programs for 1890 Land Grant Colleges 2019-2021 - Cooperative Extension	10.512			195,113
Section 1444 Extension Programs for 1890 Land Grant Colleges 2019-2021 - LG Communications	10.512			100,117
Section 1444 Extension Programs for 1890 Land Grant Colleges 2019-2021 - Cooperative Extension Administration	10.512			304,243
Section 1444 Extension Programs for 1890 Land Grant Colleges 2019-2021 - 4H Youth Development	10.512			163,009
Section 1444 Extension Programs for 1890 Land Grant Colleges 2019-2021 - Agriculture & Natural Resources	10.512			242,929
Section 1444 Extension Programs for 1890 Land Grant Colleges 2019-2021 - Community and Economic Development	10.512			140,745
Section 1444 Extension Programs for 1890 Land Grant Colleges 2019-2021 - Family and Consumer Science	10.512			224,625
Section 1444 Extension Programs for 1890 Land Grant Colleges 2019-2021 - Seed to Bloom	10.512			2,176
Total ALN 10.512				3,056,250

See notes to schedule of expenditures of federal awards.

CENTRAL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

Federal Grant/Pass-through Grant Program Title	AL Number	Pass Through Agency	Award No.	Federal Expenditures
Smith Lever Act, Expanded Food and Nutrition Education Program (EFNEP) 2018-2023	10.514			$ 93,639
Smith Lever Act, Expanded Food and Nutrition Education Program (EFNEP) 2019-2024	10.514			8,649
Total ALN 10.514				102,288
Renewable Resources Extension 2018-2020	10.515			1,952
Scholarships to Increase Graduates in Agriculture	10.524			411,379
Agriculture Innovations Plus (AI+)	10.902			174,859
CREW	10.902			107,324
Total ALN 10.902				282,183
Assessing Soil Health Water Quality and Yield Benefits of Applying Dairy Manure to Hemp	10.912			11,894
Total U.S. Department of Agriculture				**4,798,733**
U.S. Department of Health and Human Services:				
Characterization of Chemical Constituents from Smokable Hemp Flower and E-cigarette	93.UNK			350,924
Total U.S. Department of Health and Human Services				**350,924**
U.S. Army:				
Retrogressive Approach to Determine Fungal Biodegradation Responses and Mechanisms to Polyurethane-based Coatings	12.UNK	University of Dayton	W912HQ-20-C-0010	15,152
Total U.S. Army				**15,152**
U.S. Department of Interior:				
Youth Stewardship and Engagement Program	15.954			7,983
Total U.S. Department of Interior				**7,983**
U.S. Department of Justice:				
#KNOWMEANSNO	16.525			58,470
Total U.S. Department of Justice				**58,470**
The Institute of Museum and Library Services:				
Library CARES Act	45.310			2,973
Total Institute of Museum and Library Services				**2,973**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 49,775,741**

See notes to schedule of expenditures of federal awards.

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the University under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Central State University.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The University has elected not to use the 10% deminimus indirect cost rate allowed under the Uniform Guidance and instead uses indirect cost rates as follows per the respective grant agreements:

Federal Grant/Pass-through Grant Program Title	AL Number	Indirect Cost Rate
Improving Pathways for STEM	47.076	45% Modified Total Direct Costs
Northern Ohio AGEP-T	47.076	45% Modified Total Direct Costs
Multi-Phase porous Media Flows	47.076	45% Modified Total Direct Costs
USE4WRM	47.076	45% Modified Total Direct Costs
Search for the Epigenomic Mechanism	47.076	45% Modified Total Direct Costs
Spectra of Composition Operators	47.076	45% Modified Total Direct Costs
ERI: Yakubovsky Calculations for Six Nucleon Bound States	47.049	45% Modified Total Direct Costs
Improving the Honeybee Queen Qualitiies and Genetic Diversity by Transferring Selected Queen Cells	10.215	11.11% Total Direct Costs
Developing an Electronic Platform	10.216	30% Total Direct Costs
Strengthening Agricultural Geospatial Education and Research	10.216	42.857% Modified Total Direct Costs
Role of Water Quality	10.216	42.857% Modified Total Direct Costs
All In One Organic Weed and Crop Disease Management Using Directed Energy and Convolutional Neural Networks	10.216	42.857% Total Direct Costs
Investigate the Biotic and Abiotic Stresses in Honey Bees and Pollinators	10.216	42.857% Total Direct Costs
Growing Communities: Establishing incubator farms and farmer`s markets to increase health and economic viability for socially disadvantaged populations	10.216	45% Modified Total Direct Costs
Genetics and Breeding of Mite Biting	10.310	45% Modified Total Direct Costs
TRIO: Student Support Services	84.042	8% Total Direct Costs minus Scholarships
TRIO: Student Support Services 2020-2025	84.042	8% Total Direct Costs minus Scholarships
TRIO: Upward Bound Program 2017-2022	84.047	8% Total Direct Costs minus Stipends and Room and Board
STEM Success Center	84.120	8% Modified Total Direct Costs
Improving Mathematics Instruction for STEAM Students	84.120	8% Total Direct Costs
CCRRSAA Marauder Momentum Summer Bridge Program	84.425F	45% Modified Total Direct Costs
CSU Institutional CARES ACT	84.425F	45% Modified Total Direct Costs
USDOT Center for Connected Automated Transportation (CCAT) - Region 5 UTC	20.701	45% of Modified Total Direct Costs
Dormitory Wastewater Monitoring of SARS-COV2	21.019	25% of Salaries and Wages
Sweet Potato Production in Northern Climates	10.216	45% of Modified Total Direct Costs
1890 Capacity Building Grants: A Potential for Building and Strengthening Capacity and Advancing the Quality of Teaching and Extension	10.216	42.857% of Modified Total Direct Costs
Increase Student Enrollment in College of Science and Engineering	10.216	30% of Total Direct Costs
Pathways to a BA in Agriculture	10.217	30% of Total Direct Costs
Outrreach & Technical Assist (OETA)	10.443	45% of Modified Total Direct Costs
Agriculture Innovations Plus (AI+)	10.902	45% of Modified Total Direct Costs
CREW	10.902	45% of Modified Total Direct Costs
Assessing Soil Health Water Quality and Yield Benefits of Applying Dairy Manure to Hemp	10.912	45% of Modified Total Direct Costs
Characterization of Chemical Constituents from Smokable Hemp Flower and E-	93.UNK	45% of Modified Total Direct Costs
Retrogressive Approach to Determine Fungal Biodegradation Responses and Mechanisms to Polyurethane-based Coatings	12.UNK	45% of Modified Total Direct Costs
Youth Stewardship and Engagement Program	15.954	45% of Modified Total Direct Costs
#KNOWMEANSNO	16.525	10% of Modified Total Direct Costs

(Continued)

NOTE 2 – HBCU CARES ACT EXPENSES

For the current fiscal year, the total HBCU Cares Act expenditure was $7,982,408. This was comprised of $328,067 for additional payroll costs, $661,681 for other costs resulting from the pandemic and $6,992,660 to compensate for revenue lost due to the impact of COVID-19. There was a credit of $697,438 against the current year expenditure amount for an amount that was expensed in the prior year ended June 30, 2020, was subsequently reclassified to another federal grant for which it was also determined to be allowable under. This results in the $7,284,970 show on the June 30, 2021 schedule of expenditures of federal awards.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Management and Board of Trustees
Central State University
Wilberforce, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of Central State University, a component unit of the State of Ohio, as of June 30, 2021, and the related notes to the financial statements which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 28, 2022. We previously audited financial statements of the business-type activities and the discretely presented component units of Central State University, and issued a report dated August 19, 2022 which included an unmodified opinion. Subsequent to August 19, 2022, management informed us that through correspondence with the other parties they became aware of missing documentation related to donor restricted endowments for the Central State University Foundation. In spite of efforts to search for records, contact donors, and inquiries with personnel, sufficient supporting documentation could not be found. As a result, we are reissuing our report which contains a qualified opinion on the aggregate discretely presented component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central State University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing opinion on the effectiveness of Central State University's internal control. Accordingly, we do not express opinion on the effectiveness of Central State University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

(Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001, 2021-002 and 2021-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central State University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

University's Response to Findings

The University's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Columbus, Ohio
November 28, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Management and Board of Trustees
Central State University
Wilberforce, Ohio

Report on Compliance for Each Major Federal Program

We have audited the Central State University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Central State University's major federal programs for the year ended June 30, 2021. Central State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central State University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Central State University's compliance.

(Continued)

Basis for Qualified Opinion on Student Financial Aid Cluster and Title III

As described in the accompanying schedule of findings and questioned costs, Central State University did not comply with requirements regarding the Student Financial Aid Cluster as described in finding number 2021-004 for Special Tests and Provisions; and ALN #84.031B Title III as described in finding 2021-005 for Matching, Level of Effort and Earmarking. Compliance with such requirements is necessary, in our opinion, for Central State University to comply with the requirements applicable to that program.

Qualified Opinion on Student Financial Aid Cluster and Title III

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Central State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Aid Cluster and Title III for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Central State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-006. Our opinion on each major federal program is not modified with respect to these matters.

Central State University's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Central State University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Central State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central State University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central State University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

(Continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-004 and 2021-005 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-006 and 2021-007 to be significant deficiencies.

Central State University's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Central State University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Central State University as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Central State University's basic financial statements. We issued our report thereon dated November 28, 2022, which contained an unmodified opinion on the business-type activities and a qualified opinion on the aggregate discretely presented component units. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Columbus, Ohio
November 28, 2022

PART I: SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:	*Unmodified – Business-Type Activities* *Qualified – Aggregate Discretely Presented Component Units*	
Internal control over financial reporting:		
Material weakness(es) identified?	__X__ Yes	______ No
Significant deficiency(ies) identified ?	______ Yes	__X__ None Reported
Noncompliance material to financial statements noted?	______ Yes	__X__ No

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	__X__ Yes	______ No
Significant deficiency(ies) identified?	__X__ Yes	______ None Reported
Type of auditor's report issued on compliance for major federal programs:	*Qualified – Student Financial Aid Cluster* *Qualified – Title III* *Unmodified – Coronavirus Relief Fund* *Unmodified – Coronavirus Aid, Relief and Economic Security Act*	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	__X__ Yes	______ No

Identification of major federal program:

Name of Major Program Identified	CFDA Number
Student Financial Aid Cluster:	
Federal Pell Grant Program	84.063
Federal Work-Study Program	84.033
Federal Supplemental Educational Opportunity Grants	84.007
Federal Direct Loan Program	84.268
TEACH Grant	84.379
Title III	84.031B
COVID 19 - Coronavirus Relief Fund	21.019
COVID 19 – Education Stabilization Fund	84.425E, 84.425J, 84.425F, 84.425C

Dollar threshold used to distinguish between Type A and Type B programs: $1,493,272

Auditee qualified as low-risk auditee? ______ Yes __X__ No

(Continued)

PART II: FINANCIAL STATEMENT FINDINGS

FINDING 2021-001 – FINANCIAL STATEMENT REPORTING CONTROLS

Criteria:	The University should have internal controls over the financial reporting process designed to ensure that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America. In addition, the University's reporting and closing process should include timely reconciliations, and schedules that support the amounts recorded in the financial statements and the schedule of expenditures of federal awards.
Condition:	Material journal entries were made during the audit and the financial statements were not independently reviewed during the financial reporting process. Also, a documented review of the financial statements and the schedule of expenditures of federal awards did not occur.
Context:	Adjusting journal entries were made during the course of the audit that considered in the aggregate represented an amount determined to be material.
Effect:	The condition noted above has the potential to lead to misstatements, errors, or misclassifications in the financial statements or the schedule of expenditures of federal awards.
Cause:	The main factor was the University's lack of a formalized closing process.
Repeat Finding:	Yes
Recommendation:	We recommend the University review its internal control procedures over its reporting and closing process to include timely and accurate completion and review of reconciliations that support amounts recorded in the financial statements and the schedule of expenditures of federal awards.
Views of responsible officials and planned corrective actions:	The University concurs with the finding. Management has realigned the accounting area with additional personnel and trained staff to ensure accountability in the closing and reporting process. Periodic reviews and monthly reconciliations will be performed and verified by upper management. Management will improve documentation of the year-end closing process to make sure all adjustments have been processed in a timely matter. This documentation is being developed and will be incorporated into the weekly financial statement reviews. These weekly financial process review meetings will strengthen the financial and reporting process and reduce the number of year-end adjusting entries and corrections to the financial ledger.

(Continued)

FINDING 2021-002 – CONTROLS OVER CASH RECONCILIATIONS

Criteria:	The University should have internal controls over financial reporting designed to ensure that the proper segregation of duties is in place through out the year for recording of bank accounts and transactions.
Condition:	Bank reconciliations, including the operating account, were not independently reviewed during the financial reporting process during the fiscal year.
Context:	Bank reconciliations were prepared by one individual but a subsequent review of the completed reconciliation was not completed by an individual independent of the process.
Effect:	The condition noted above has the potential to lead to misstatements or errors that were not identified or corrected timely.
Cause:	Personnel changes within the University.
Repeat Finding:	No.
Recommendation:	We recommend the University review its bank reconciliations monthly by an individual independent of the process.
Views of responsible officials and planned corrective actions:	The University concurs with the finding. Management has realigned the accounting area with additional personnel and trained staff to ensure the proper segregation of duties is in place throughout the year for recording of bank accounts and transactions. Bank reconciliations will be prepared by the Assistant Controller and will be reviewed by the Senior Financial Manager on a monthly basis.

(Continued)

FINDING 2021-003 – INTERNAL CONTROLS OVER FOUNDATION ENDOWMENTS

Criteria:	Upon creation, the donor restrictions for an endowment should be documented and maintained.
Condition:	Documentation related to the endowments was not available to support the restrictions within net assets.
Context:	When an endowment is created there is generally a document that outlines the donor restrictions for the endowment. This document would include the restrictions on the corpus as well as the annual investment income.
Effect:	Without supporting endowment documentation, the restriction for endowments was not supported and a qualified opinion for the financial statements was issued.
Cause:	The Foundation was unable to find the original documentation supporting the endowments.
Repeat Finding:	No
Recommendation:	We recommend that each endowment be fully investigated to identify the original restrictions of the donor through original documentation or by contacting the donors.
Response:	The Foundation acknowledges the auditor’s findings and is working diligently to provide the necessary documentation and updates to donors’ files that were previously maintained and controlled by the University, during the period in question.

(Continued)

PART III: FEDERAL AWARD FINDINGS

FINDING 2021-004 – RETURN OF TITLE IV FUNDS

Federal Program Information:	Federal Direct Loan Program, ALN #84.268, Federal Pell Grant Program, ALN #84.063, Federal Supplemental Educational Opportunity Grants, ALN #84.007
Criteria:	34 CFR 668.22 outlines when a recipient of the loan program withdraws during the year, the University must determine the amount of the loan that the student earned as of the student's withdrawal date for a Return of Title IV Funds.
Condition:	The University did not comply with all requirements associated with the calculation and return of Title IV funds for students who withdrew during an academic term.
Context:	a) The registrar did not maintain support for the withdraw slips for the individuals that had official withdrawals during the fiscal year. b) The University was unable to provide a complete population of those that had Return of Title IV funds returned during the fiscal year. c) Six students tested had calculations performed but the amount calculated for the school to return in the amount of $13,424 was not returned to the Department of Education within the 45 day requirement. d) Six students tested did not have full calculations performed and aid was not returned to the Department of Education.
Questioned Cost:	Unknown
Effect:	Errors were made during the calculations, support was not maintained and calculations were not performed.
Cause:	The Student Financial Aid office experienced turnover and the process to review the calculations was not completed during fiscal year 2021.
Repeat Finding:	Yes
Recommendation:	We recommend that the University review and update its policies and procedures in place over processing and review of Return of Title IV Aid Calculations.
Views of responsible officials and planned corrective actions:	See separate corrective action plan document.

(Continued)

FINDING 2021-005 – MATCHING FOR ENDOWMENTS FROM GRANTS

Federal Program Information:	Title III, ALN #84.031B
Criteria:	The Title III grant requires a match for endowment funding.
Condition:	The required match did not occur during the fiscal year.
Context:	During the year a contribution was recorded to the endowment for $200,000. This was an allowable expenditure under the grant agreement. However, a match of $200,000 was required, and the match was not made.
Questioned Cost:	None
Effect:	The University was not in compliance with the grant agreement.
Cause:	The University did not follow up and make the transfer from local funds.
Repeat Finding:	No
Recommendation:	We recommend that when the original grant expenditure is recorded, that the grant match occurs at the same time.
Views of responsible officials and planned corrective actions:	See separate corrective action plan document.

(Continued)

FINDING 2021-006 – STUDENT FINANCIAL AID DISBURSEMENTS

Federal Program Information:	Federal Direct Loan Program, ALN #84.268, Federal Pell Grant Program, ALN #84.063,
Criteria:	34 CFR 690.63, Calculation of a Federal Pell Grant for a Payment Period and 34 CFR 685.203, Loan Limits
Condition:	Federal Direct Loans and Federal Pell Grants were incorrectly awarded and disbursed to students.
Context:	a) Four students had Pell disbursement errors, both under award and over award, because Pell chart levels were not followed based on hours attended. Total amount of errors - $3,696. b) One student had a subsidized loan disbursement error due to the wrong class level utilized in awarding. Total under award of $1,000. c) One student had a subsidized loan disbursement error because the University understood aggregate levels had been met but the National Student Loan Database System showed it had not. Total $750 under award d) One student submitted a satisfactory academic progress policy appeal and gained approved during the semester, but the University did not award loans post approval of the appeal resulting in an under award of subsidized and unsubsidized loans of $2,250 and $2,000, respectively. e) One student had availability of subsidized loans that was below the annual loan limit. The University did not include that additional availability in the unsubsidized loans amount for a $163 under award. f) One student was awarded $6,000 in unsubsidized loans but as a a dependent student should have received $2,000. Additionally, the University incorrectly provided an additional $4,000 in unsubsidized loans instead of awarding a PLUS loan, for which the student had been approved for.
Questioned Cost:	$13,859
Effect:	Students were incorrectly awarded and disbursed student financial aid.
Cause:	Errors in management's packaging of the student financial aid resulted in inaccurate awards and disbursements to students.
Repeat Finding:	No
Recommendation:	We recommend implementing procedures that appropriately determines student financial aid to students and ensures the proper disbursements.
Views of responsible officials and planned corrective actions:	See separate corrective action plan document.

(Continued)

FINDING 2021-007 – DIRECT LOAN DISBURSEMENTS

Federal Program Information:	Federal Direct Loan Program, ALN #84.268
Criteria:	34 CFR 685.303(b)(5) requires that Direct Loans to a first-year, first-time borrower be delayed in disbursement for 30 days.
Condition:	First time direct loan borrowers received the first installment of their direct loans before the 30 day waiting period.
Context:	Five students had direct loan disbursements 15 days after the start of classes, one student had a direct loan disbursement 16 days after the start of classes and one student had a direct loan disbursement 29 days after the start of classes.
Questioned Cost:	None
Effect:	Students that were first time borrowers had direct loan first installment payments before the thirty day compliance requirement.
Cause:	The University's Banner system was set up with the original planned start date of classes, however the date was not updated in the system to the final start date of classes.
Repeat Finding:	No
Recommendation:	We recommend a review of internal packaging/disbursement information to ensure compliance.
Views of responsible officials and planned corrective actions:	See separate corrective action plan document.

SUMMARY OF PRIOR YEAR FINDINGS

Finding 2020-001

Condition: Material journal entries were made during the audit.

Status: Not corrected, see finding 2021-001.

Finding 2020-002

Condition: The University incorrectly awarded and disbursed subsidized loans to six students based on their class status or calculated eligibility.

Status: Not corrected, see finding 2021-006.

Finding 2020-003

Condition: The University did not comply with all requirements associated with the calculation and return of Title IV funds for students who withdrew during an academic term.

Status: Not corrected, see finding 2021-004.

Finding 2020-004

Condition: The University did not provide adequate support for some of the lost revenue amounts claimed under CFDA #84.425J.

Status: Corrected.

Finding 2020-005

Condition: The University did not identify the correct amounts to be presented on the SEFA for the Student Financial Aid Cluster.

Status: Corrected.

ADMINISTRATION AND FINANCE
PO BOX 1004 ◆ WILBERFORCE OH 45384 ◆ Office: 937-376-6289 ◆ Fax: 937-376-6291

CORRECTIVE ACTION PLAN FOR FY21 FINDINGS

Finding: 2021- 001 Material journal entries were made during audit

Corrective Action: The University concurs with the finding.
Management is continuing to realign the accounting area to ensure all staff are knowledgeable and trained in the closing and reporting process.

Periodic reviews and monthly reconciliations will be performed and verified by upper management.

Management will improve documentation of the year-end closing process to make sure all adjustments have been processed in a timely matter. This documentation is being developed and will be incorporated into the monthly financial statement and fiscal year end reviews.

These new monthly financial statement review meetings will strengthen and document the financial process and reduce the number of year-end adjusting entries and corrections to the financial ledger.

Responsible Person: Controller (Andy Thibeau)
Completion Date: April 2022 and ongoing

Finding: 2021- 002 Bank Reconciliations were not independently reviewed

Corrective Action: The University concurs with the finding.

Management has realigned the accounting area with additional personnel and trained staff to ensure the proper segregation of duties is in place throughout the year for recording of bank accounts and transactions.

Bank reconciliation will be prepared by the Assistant Controller and reviewed by the Senior Financial Manager on a monthly basis.

Responsible Person: Controller (Jun Zuo and Brandie Duncan)
Completion Date: April 2022

Finding: 2021- 003 Documentation related to the endowments was not available

Corrective Action: The University concurs with the finding.

The University acknowledges the auditor’s finding and is working diligently to provide the necessary documentation and updates to donors’ files that were not available during the audit.

Responsible Person: Vice President for Administration and Finance (Curtis Pettis)
Completion Date: November 2022

Finding: 2021-004 R2T4 Return of Funds:

Corrective Action: The University concurs with the findings.

The University is using a new data warehouse system, Argos, to house data and run reports. The new system is more reliable and allows the end user to create and run reports without relying on Information Technology staff. We are utilizing Argos and running reports weekly to streamline the R2T4 process for those that students have been withdrawn. We are working with Registrar to ensure withdraws are entered and coded in a timely manner to Banner. Additional training and communication between Registrar, Financial Aid and Student Affairs is needed to close the gap in reporting and capturing of information.

Responsible Person: Director of Financial Aid (Mitch Dedor)
Completion Date: December 2021

Finding: 2021- 005 The required endowment match did not occur

Corrective Action: The University concurs with the finding.

The University is improving the reporting process and has hired new staff with the responsibility for financial reporting and process improvement. The improvement in the closing process will assist in identifying these gaps and oversights. The project we have started on improving and documenting our processes will strengthen our financial systems.

Responsible Person: Vice President for Administration and Finance (Curtis Pettis)
Completion Date: December 2021

Finding: 2021-006 Incorrect award of Loan and Pell disbursements

Corrective Action: Due to staff changes and the training of new staff on the aid disbursement process, errors were made due to lack of knowledge of the rules. Training and verification of information at every level is a top priority. The staff now has a much better understanding of the process and rules concerning awards. In addition, the director is actively working on improvements to the ERP system, "Banner", so that errors that were due to human activities are reduced or eliminated. Already several processes, such as confirming attendance for aid posting is automatic. Now, more than one staff member is trained and responsible for processes and the team has weekly follow-up meetings on key actions in this area.

Responsible Person: Director of Financial Aid (Mitch Dedor)
Completion Date: December 2021

Finding: 2021- 007 First Time direct loan borrowers received first installment

Corrective Action: The University concurs with the finding.

The University experienced unusual challenges during the pandemic. Through this period we discovered processes and reviews that need to be established to prevent reporting problems. In this regard, the responsible areas initiated weekly meetings with all interconnected departments which will illuminate these communication issues before they become problematic. These process improvements will strengthen our communication and fix reporting gaps and provide the University with quality control in the process and ensure financial accountability improvement.

Responsible Person: Director of Financial Aid (Mitch Dedor)
Completion Date: December 2021