Central State University
Greene County
Regular and Single Audit
For the Year Ended June 30, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Central State University
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We have reviewed the *Independent Auditor's Report* of the Central State University, Greene County, prepared by Crowe LLP, for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Central State University is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 16, 2021

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Wilberforce, Ohio

FINANCIAL STATEMENTS
June 30, 2020 and 2019

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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 discretely presented component unit as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Central State University and its discretely presented component unit as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 3 to 10, 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 59 to 62, 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.

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
December 18, 2020

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, 2020, 2019, and 2018. 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 Disclosure*

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, 2020 and 2019 was $73.3 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 revenue for the years ended June 30, 2019 and 2018 was $69.1 million and $66.4 million, respectively, of which operating revenue totaled $41.6 million and $35.8 million, respectively. Operating revenue in fiscal year 2019 increased $5.8 million, or 16.2 percent, when compared with fiscal year 2018.

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.

Total operating expenses for the years ended June 30, 2019 and 2018 were $65.0 million and $54.7 million, respectively. Operating expenses increased $10.3 million, or 18.8 percent, when compared with fiscal year 2018.

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 operating loss totaled $23.4 million during 2019 compared to $18.8 million in 2018, which represented a unfavorable increase in the operating loss of $4.6 million, or 23.9 percent.

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 University's total net position increased $4.2 million during 2019 compared to an increase of $11.7 million during 2018, which represents a difference of $(7.5) million.

The $1.3 million decrease in operating revenue 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.

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.

The $5.8 million increase in operating revenue in 2019 was related to increases of $0.8 million in tuition and fees, $2.4 million in auxiliary activities, $3.4 million from contributions offset by decreases of $0.1 million in Federal grants and contracts, $0.3 million in State, local and private grants and contracts and $0.4 million in Other sources.

(Continued)

Student enrollment increased 15.0 percent in fall fiscal year 2019 compared to fall fiscal year 2018 and increased 9.2 percent in spring fiscal year 2019 compared with spring fiscal year 2018.

A breakdown and comparison of operating revenues are provided below:

	2020	2019	2018
Operating Revenue (in millions)			
Tuition and fees - Net	$ 7.4	$ 6.8	$ 6.0
Federal grants and contracts	11.4	10.1	10.2
State, local, and private grants and contracts	4.1	3.5	3.9
Indirect cost recovery	0.3	0.4	0.4
Auxiliary activities - Net	12.8	13.0	10.6
Contributions	2.2	5.0	1.6
Other sources	2.1	2.8	3.2
Total	$ 40.3	$ 41.6	$ 35.8

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

	2020	2019	2018
Non-operating Revenue (Expenses) (in millions)			
Federal Pell grant appropriations	$ 8.6	$ 8.3	$ 6.8
Federal COVID-related funding	6.3	0.0	0.0
State appropriations	14.7	15.5	16.0
Interest expense	(0.7)	(0.7)	(0.7)
Gain on disposal of capital assets, net	0.3	0.3	0.2
Total	$ 29.2	$ 23.4	$ 22.3

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:

	2020	2019	2018
State Appropriations (in millions)			
State Share of Instructional Support	$ 3.5	$ 3.8	$ 4.2
Central State supplement	11.2	11.7	11.8
Total	$ 14.7	$ 15.5	$ 16.0

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.

The decrease in State of Ohio funding from 2018 to 2019 was primarily due to State Share of Instructional Support decrease of $0.4 million, or 9.5 percent, and decrease Central State supplement of $0.1 million or 0.1 percent.

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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:

	2020	2019	2018
Expenses (in millions)			
Instruction	$ 10.1	$ 10.4	$ 10.0
Research	3.7	3.2	2.8
Student services	4.0	3.9	3.9
Academic support	6.1	5.5	5.8
Public services	5.3	4.8	4.5
Institutional administration	10.1	7.4	1.2
Operation and maintenance of plant	7.3	6.9	6.2
Auxiliary enterprises	14.7	12.8	11.5
Student aid	5.6	3.6	2.3
Depreciation	7.1	6.5	6.5
Total	$ 74.0	$ 65.0	$ 54.7

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, research ($0.5 million), student services ($0.1 million), academic support ($0.6 million) public services ($0.5 million), institutional administration ($2.7 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).

Central State University's operating expenses during 2019 reflected a $10.3 million increase in operating expenses, totaling $65.0 million in 2019 as compared to $54.7 million in 2018. The increase in expenses was primarily related to an increase in instruction ($0.4 million), research ($0.4 million), public services ($0.3 million), operation of plant ($0.7 million), auxiliary enterprises ($1.3 million) and student aid ($1.3 million) and offset by a decrease in academic support ($0.3 million).

Analysis of Overall Financial Position

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 $18.3 million, as compared to $9.9 million at June 30, 2019 an increase of $8.4 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.

At June 30, 2019, current assets totaled $13.6 million, as compared to $11.2 million at June 30, 2018, an increase of $2.4 million. The increase in current assets was primarily attributable to a $2.7 million increase in contributions receivable and $0.1 million in prepaid assets, offset by a decrease in cash and cash equivalents of $0.1 million and $0.3 million due from CSU Foundation. Current liabilities at June 30, 2019, as compared to June 30, 2018, remained at $9.9 million. Movement within current liabilities was attributable to an increase of $0.5 million in other unearned revenue, $1.4 million in other liabilities and $1 million in accounts payable, offset by a decrease of $0.1 million in accrued salaries, wages and benefits and $0.5 million in unearned student revenue.

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Noncurrent assets are comprised of capital assets, investments and restricted cash and cash equivalents. The $0.2 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 prior year $2.3 million increase in the University's noncurrent assets, which total $135.3 million at June 30, 2019 and $133.1 million at June 30, 2018, is associated with a $1.3 million increase in capital assets and an increase of $1.0 million in investments.

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 noncurrent liabilities at June 30, 2019 total $63.0 million, as compared to $57.5 million at June 30, 2018. The $5.5 million increase is primarily attributed to an increase of $8.4 million in net pension liability, offset by a decrease of $1.3 million in net OPEB liability and decrease in long-term debt of $1.6 million.

The University's net position was $82.3 million at June 30, 2020 and $83.1 million at June 30, 2019. The University's net position was $83.1 million at June 30, 2019 and $78.9 million at June 30, 2018

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 liability and deferred outflows and deferred inflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at July 1, 2018 from $76,818,769 to $67,201,156.

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 2020, the University utilized $3.7 million in state capital appropriations. During 2019, the University utilized $4.1 million in state capital appropriations.

The University's long-term debt is comprised of notes payable to the Department of Education, bonds issued during 2013 under the State of Ohio Air Quality Development Authority Tax Exempt Revenue Bond program for $16.6 million and a loan payable obtained during fiscal year 2016 from The Bank of New York Mellon Trust of $13.1 million. During 2017, this was transferred to Regions Bank. The University is in compliance with all of its contractual long-term debt requirements and covenants.

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A breakdown and comparison of the University's balance sheet as of June 30, 2020, 2019, and 2018 are provided below:

	2020	2019	2018
Balance Sheet (in millions)			
Assets:			
Current assets	$ 20.9	$ 12.1	$ 11.1
Noncurrent assets:			
Restricted cash and equivalents	0.8	1.8	1.8
Investments	1.2	1.0	-
Contributions Receivable	1.5	1.5	
Capital assets - Net	133.0	132.5	131.3
Total assets	157.4	148.9	144.2
Deferred outflows of resources	6.7	10.7	7.7
Liabilities:			
Current	18.4	9.9	9.8
Noncurrent	56.5	63.0	57.5
Total liabilities	74.9	72.9	67.3
Deferred Inflows of Resources	6.9	3.6	5.7
Net position:			
Invested in capital assets	110.9	109.2	106.3
Restricted – expendable	2.9	3.0	-
Restricted non-expendable	0.3	0.4	-
Unrestricted	(31.8)	(29.5)	(27.4)
Total net position	82.3	83.1	78.9

Statement of Cash Flows

Net cash used in operating activities was $19.9 million, $17.3 million, and $16.4 million in 2020, 2019, and 2018, respectively. In 2020, cash flows from operating activities were primarily comprised of tuition and fees ($12.3 million), grants and contracts ($13.2 million), auxiliary enterprise charges ($5.0 million) and other receipts of ($5.1 million), which were offset by payments to suppliers and employees of $55.5 million.

Cash flows from noncapital financing activities were $27.2 million, $24.0 million, and $23 million in 2020, 2019, and 2018, respectively. 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 $3.6 and other income of $0.2 million, and offsetting federal loan receipts and disbursements. In 2019, these were comprised of State of Ohio appropriations of $15.8 million, Federal Pell Grants of $8.3 million and other income of $0.2 million, and offsetting federal loan receipts and disbursements.

Cash used in capital and related financing activities were $5.7 million, $6.0 million and $8.5 in 2020, 2019, and 2018, respectively. 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 $7.5 million, principal payment on capital debt $1.5 million, and interest on capital debt $0.7 million. In 2019, cash flows from capital grants and gifts was $4.1 million. This was offset by purchase of capital assets and construction of $7.9 million, principal payment on capital debt $1.5 million, and interest on capital debt $0.7 million.

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Cash used in investing activities were $0.1 million in 2020. Cash flows from investing activities were $0.1 million. In 2020 cash used in the purchase of investments was $0.2 million. In 2019 cash used in the purchase of investments was $0.9 million, offset by income of $0.1 million.

The net change in cash and cash equivalents was an increase of $1.4 million in 2020, a decrease of $0.2 million in 2019, and a decrease of $1.0 million in 2018. Year-end cash and cash equivalents for 2020, 2019, and 2018 were $6.2 million, $4.9 million, and $5 million, respectively.

A breakdown and comparison of the University's statement of cash flows for the years ended 2020, 2019, and 2018 are provided below:

	2020	2019	2018
Cash Flows Activities (in millions)			
Cash flows from operating activities	$ (19.9)	$ (17.3)	$ (15.6)
Cash flows from noncapital financing activities	27.2	24.0	23.0
Cash flows from capital and related financing activities	(5.8)	(6.0)	(8.5)
Cash flows from investing activities	(0.1)	(0.8)	0.1
Net increase (decrease) in cash and cash equivalents	1.4	(0.1)	(1.0)
Cash and cash equivalents - Beginning of year	4.9	5.0	6.0
Cash and cash equivalents - End of year	$ 6.3	$ 4.9	$ 5.0

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 133-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 Plan 2014-2020, "Creating a Promising Tomorrow" has been our guide for this six-year period. We have made tremendous strides during this very tumultuous time but the University has continued to move forward. In addition to this very unprecedented time we have on July 1, 2020 welcomed a new president Dr. Jack Thomas. This new leadership team is taking the helm in the midst of a pandemic but a University ready to expand and grow. The new President has identified his 9 key priorities that will guide the University during his tenure. We have also begun development of the next strategic plan that will take the University from 2020-2030. The University is preparing for the next leg in this race and we are excited on where the future will take us. We are ready for tomorrow and ready to thrive in a changing environment.

The University ended FY2020 in a slightly worse financial position than FY2019. The impact of the pandemic did create several challenges both operationally and financially. The Federal Stimulus funds were able to sustain the University and allow us to navigate the significant upheaval and cash challenge it created. Up until that time of the global economy shutdown CSU was headed for a very successful year. In addition, new revenue opportunities, expansion in Land Grant funding, increasing operating efficiencies and state capital investment had continued to bolster our capacity and our ability to strengthen our financial position. The continued improvement in the University's fiscal health shows our commitment to sustainability and our plans for the future are on track.

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The University expands and grows through three key drivers; Enrollment, Academic Programs and Capital Investment in facilities. The fall 2020 class had the highest academic profile of any class in the last 10 years. This class of 625 new first time students continued our solid enrollment positive trend and led to an 80% occupancy rate in our on-campus residency. In addition, the University total enrollment exceeded 2000 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 financial health is based on enrollment above 2000, high on-campus residency and strong retention 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 2.7 from 2.4 five year ago. This increase favorably impacts course completion and degree completion which directly impacts our state support. In addition, the University has signed a major partnership agreement that will expand online enrollment beyond the in seat face to face enrollment. In fact, fall 2020 has done just that exceeding the traditional enrollment with over 2000 100% online students. This new partnership and enrollment opportunity we feel is the future sustainability for CSU and the wave of the future. The new normal for higher education is a blending of the traditional and non-traditional delivery of education. CSU is embracing this new reality and we have seen tremendous growth already.

Finally, University has invested over $50 million in small and large capital projects over the last three years. Projects such as, $25 million new housing/academic/wellness complex (public/private partnership) completed November 2019, $5.5 million in Library renovations and updates completed April 2019, $4.0 million in Information Technology and campus security upgrades, $3.8 million in road and sidewalk repairs July 2019, $1.5 million in campus security, $2.5 million in HVAC updates, Classroom without walls $1.2M (ongoing), $.5 million in Land and property purchases, athletic complex renovation and campus master plan $1.8 million (planned), $5.0 million in Land Grant projects (planned) and $8M in new residential halls construction (planned). These capital investments and major projects are building new capacity for CSU and preparing the campus for the expanding research opportunities and new normal of higher education.

The University is building new strategic partnerships with corporate and institutional partners. These partnerships include key stakeholders such as Sodexo Magic, University Housing Solutions (UHS), Fifth Third Bank, Union Savings Bank, Dominion Energy and Eastern Gateway Community College to name a few. These partnerships are leading to an expanding footprint and new revenue opportunities for CSU. New funding from Sodexo Magic is enabling the University to renovate its athletic complex, UHS is developing our campus master plan and new residential hall needs, corporate partners are providing internships and endowments to build the financial base and Eastern Gateway Community College (EGCC) and CSU have formalized an articulation agreement for online bachelor's degree program. This is a landmark partnership agreement between EGCC, CSU and AFL-CIO is the framework for what is now CSU Online. This partnership will expand our enrollment base and allow us to recruit students anywhere. We will now have a significant place in online delivery of classes which will expand our campus footprint both physically and virtually.

The University is ready for the future. The new normal for higher education means you must be flexible, creative and responsive. The University has embraced the goal of disruption, change and innovation in everything. This is the new roadmap of the future and the plan to grow and develop. 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, 2020 and 2019

	2020	2019
Current assets		
Cash and cash equivalents	5,437,599	$ 3,054,657
Accounts receivable - Net of allowance of approximately $15.7 million at June 30, 2020 and $15.6 million at June 30, 2019	13,568,294	6,808,538
Contributions receivable, net of allowance of $111,996 at June 30, 2020 and $130,681 at June 30, 2019	1,137,615	1,399,615
Due from CSU Foundation	35,844	490,409
Prepaid assets	763,713	364,290
Total current assets	20,943,025	12,117,509
Noncurrent assets		
Restricted cash and cash equivalents	811,162	1,807,959
Investments	1,200,185	972,618
Contributions receivable	1,485,684	1,452,252
Depreciable capital assets – net	130,448,432	127,349,375
Non-depreciable capital assets	2,565,048	5,208,276
Total noncurrent assets	136,510,511	136,790,480
Total assets	157,453,576	148,907,989
Deferred outflows of resources		
Pension	4,939,488	9,626,292
OPEB	1,770,761	1,113,407
	6,710,249	10,739,699
Current liabilities		
Accounts payable	783,401	418,033
Accrued salaries, wages, and benefits	3,590,053	2,731,511
Unearned student fee revenue	1,049,799	375,703
Current portion of long-term debt	1,795,319	1,596,413
Other liabilities	3,039,322	647,844
Other unearned revenue	8,172,470	4,163,833
Total current liabilities	18,430,364	9,933,337
Noncurrent liabilities		
Long-term debt	20,315,003	21,762,411
Long-term liabilities	843,594	810,997
Net pension liability	27,082,013	32,385,797
Net OPEB liability	8,249,645	8,079,659
Total noncurrent liabilities	56,490,255	63,038,864
Total liabilities	74,920,719	72,972,201
Deferred inflows of resources		
Pension	4,256,735	2,146,101
OPEB	2,692,372	1,456,454
	6,949,107	3,602,555
Net position		
Net investment in capital assets	110,903,158	109,198,827
Restricted expendable	2,887,433	2,982,548
Restricted non-expendable	300,000	439,152
Unrestricted	(31,796,493)	(29,547,595)
Total net position	$ 82,294,098	$ 83,072,932

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended June 30, 2020 and 2019

	2020	2019
Operating revenue		
Tuition and fees	$ 12,670,354	$ 11,253,537
Less grants and scholarships	(5,356,551)	(4,416,682)
Tuition and fees, net	7,313,803	6,836,855
Federal grants and contracts	11,433,896	10,084,489
State, local, and private grants and contracts	4,131,875	3,502,158
Indirect cost recovery	287,437	436,062
Auxiliary activities	19,749,519	19,558,094
Less grants and scholarships	(6,916,554)	(6,529,474)
Auxiliary activities, net	12,833,165	13,028,620
Contributions	2,201,264	5,021,260
Other sources	2,124,677	2,733,979
Total operating revenue	40,326,117	41,643,243
Operating expenses		
Instruction	10,137,643	10,384,169
Research	3,738,878	3,182,455
Student services	3,949,321	3,928,008
Academic support	6,132,945	5,545,162
Public services	5,291,598	4,767,999
Institutional administration	10,128,285	7,355,771
Operation and maintenance of plant	7,296,571	6,858,437
Auxiliary enterprises	14,710,404	12,761,132
Student aid	5,560,385	3,649,211
Depreciation	7,096,854	6,556,982
Total operating expenses	74,042,885	64,989,326
Operating loss	(33,716,768)	(23,345,903)
Nonoperating revenue (expenses)		
Federal Pell Grant appropriations	8,613,134	8,281,998
Federal COVID-related funding	6,293,084	-
State appropriations	14,699,183	15,487,549
Investment income	83,860	147,908
Interest expense	(665,742)	(704,472)
Other restricted nonoperating revenue	195,867	194,466
Net nonoperating revenue	29,219,386	23,407,449
Income - before other revenue	(4,497,382)	61,546
Other revenue - State capital appropriations	3,718,548	4,094,025
Increase (decrease) in net position	(778,834)	4,155,571
Net position - beginning of year	83,072,932	78,917,361
Net position - end of year	$ 82,294,098	$ 83,072,932

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Tuition and fees	$ 12,316,542	$ 11,347,347
Grants and contracts	13,173,122	7,057,173
Payments to suppliers and employees	(55,459,587)	(49,513,048)
Auxiliary enterprise charges	5,039,115	6,796,962
Other	5,055,241	7,017,380
Net cash used in operating activities	(19,875,567)	(17,294,186)
Cash flows from noncapital financing activities		
Federal Pell grant	8,613,134	8,281,998
Federal COVID-related funding	3,645,614	-
State appropriations	14,699,183	15,487,549
Other	195,867	194,466
Federal loan receipts	15,940,325	16,706,382
Federal loan disbursements	(15,940,325)	(16,706,382)
Net cash from noncapital financing activities	27,153,798	23,964,013
Cash flows from capital and related financing activities		
Capital grants and gifts received	3,718,548	4,094,025
Purchase of capital assets and construction in progress	(7,552,683)	(7,853,825)
Principal of capital debt	250,000	-
Principal paid on capital debt	(1,498,502)	(1,559,773)
Interest paid on capital debt	(665,742)	(704,472)
Net cash used in capital and related financing activities	(5,748,379)	(6,024,045)
Cash flows from investing activities - interest on investments		
Interest on investments	56,293	96,764
Purchase of investments	(200,000)	(921,474)
Net cash used in investing activities	(143,707)	(824,710)
Net change in cash and cash equivalents	1,386,145	(178,298)
Cash and cash equivalents - beginning of year	4,862,616	5,041,544
Cash and cash equivalents - end of year	$ 6,248,761	$ 4,862,616
Reconciliation of net operating loss to net cash from operating activities		
Operating loss	$ (33,716,768)	$ (23,345,903)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	7,096,854	6,556,982
Changes in operating assets and liabilities which (used) provided cash:		
Accounts receivable	(3,676,405)	277,230
Contributions receivable	247,253	(2,713,181)
Inventories, prepaids, and other assets	(399,423)	(153,681)
Accounts payable	365,368	(888,250)
Accrued salaries, wages, and benefits	858,542	(54,003)
Deferred outflows – Pension and OPEB	4,029,450	(3,026,463)
Deferred inflows – Pension and OPEB	3,346,552	(2,045,154)
Net liabilities – Pension and OPEB	(5,133,798)	7,072,685
Other liabilities	2,424,075	(766,350)
Unearned revenue and student deposits	4,682,733	1,791,902
Net cash used in operating activities	$ (19,875,567)	$ (17,294,186)

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 1,067,261	$ 1,478,924
Receivable from Central State University	964,156	215,339
Contributions receivable, net	15,842	48,405
Other receivables	28,450	1,917
Prepaid expenses	2,025	6,930
Total current assets	2,077,734	1,751,515
Investments	3,532,818	3,382,641
Restricted cash and cash equivalents	3,035,824	2,573,551
Capital assets, net	9,874,285	10,298,400
Total assets	$ 18,520,661	$ 18,006,107
Liabilities		
Accounts payable	$ 38,823	$ 23,815
Accrued interest payable	308,928	325,087
Payable to Central State University	1,000,000	-
Current portion of long-term debt	660,000	625,000
Total current liabilities	2,007,751	973,902
Long-term debt, net of unamortized financing costs of $650,301 and $746,499 for 2020 and 2019, respectively	10,477,238	11,025,398
Total liabilities	12,484,989	11,999,300
Net Assets (Deficit)		
Without donor restrictions	(256,219)	408,852
With donor restrictions	6,291,891	5,597,955
Total net assets	6,035,672	6,006,807
Total liabilities and net assets	$ 18,520,661	$ 18,006,107

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, 2020 with comparative totals for 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue				
Rental revenue	$ 3,142,200	$ -	$ 3,142,200	$ 3,498,453
Contributions	327,013	532,387	859,400	712,030
Other	132,586	158,805	291,391	172,081
Investment income	-	225,154	225,154	270,377
Net assets released from restrictions	222,410	(222,410)	-	-
Total revenue	3,824,210	693,936	4,518,146	4,652,941
Expenses				
Programs:				
Scholarship programs	115,341	-	115,341	101,210
Athletic programs	12,719	-	12,719	51,827
Academic programs	129,536	-	129,536	68,165
Institution programs	88,042	-	88,042	209,411
Student support programs	42,324	-	42,324	22,634
Housing programs	2,690,181	-	2,690,181	2,720,912
Gift to Central State University	1,000,000	-	1,000,000	-
Operating expenses	323,211	-	323,211	382,777
Fundraising expenses	87,927	-	87,927	132,361
Total expenses	4,489,281	-	4,489,281	3,689,298
Operating Gain (Loss)	(665,071)	693,936	28,865	963,643
Non-operating expenses				
Transfer out of endowment	-	-	-	425,906
Increase (Decrease) in net assets	(665,071)	693,936	28,865	537,737
Net Assets - beginning of year	408,852	5,597,955	6,006,807	5,469,070
Net Assets - end of year	$ (256,219)	$ 6,291,891	$ 6,035,672	$ 6,006,807

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Rental revenue	$ 3,498,453	$	$ 3,498,453
Contributions	416,530	295,500	712,030
Other	112,198	59,883	172,081
Investment income	-	270,377	270,377
Net assets released from restrictions	116,329	(116,329)	-
Total revenue	4,143,510	509,431	4,652,941
Expenses			
Programs:			
Scholarship programs	101,210	-	101,210
Athletic programs	51,827	-	51,827
Academic programs	68,165	-	68,165
Institution programs	209,411	-	209,411
Student support programs	22,634	-	22,634
Housing programs	2,720,912	-	2,720,912
Operating expenses	382,777	-	382,777
Fundraising expenses	132,361	-	132,361
Total expenses	3,689,298	-	3,689,298
Operating Gain	454,212	509,431	963,643
Non-operating expenses			
Transfer out of endowment	-	425,906	425,906
(Decrease)/Increase in net assets	454,212	83,525	537,737)
Net Assets - beginning of year	(45,360)	5,514,430	5,469,070
Net Assets - end of year	$ 408,852	$ 5,597,955	$ 6,006,807

See accompanying notes to consolidated financial statements.

CENTRAL STATE UNIVERSITY FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 28,865	$ 537,737
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	424,115	424,114
Amortization of issuance costs	96,198	108,310
Amortization of bond discount	15,644	17,294
Contributions restricted for long-term investment	-	(86,800)
Unrealized and realized gain on investments	(84,702)	(55,866)
Transfer out of endowment	-	425,906
Changes in operating assets and liabilities:		
Contributions receivable	32,563	(31,150)
Prepaid expenses	4,905	(230)
Accounts payable/receivable	92,347	121,143
Accrued interest payable	131,151	(41,446)
Net cash from operating activities	741,086	1,419,012
Cash flows from investing activities		
Purchases of investments	(1,268,184)	(1,280,288)
Transfer out of endowment	-	(425,906)
Sale of investments	1,202,709	1,379,614
Net cash from investing activities	(65,475)	(326,580)
Cash flows from financing activities		
Principal payment on bonds payable	(625,000)	(1,530,000)
Contributions restricted for long-term investment	-	86,800
Net cash from financing activities	(625,000)	(1,443,200)
Net change in cash and cash equivalents	50,610	(350,768)
Cash and cash equivalents - beginning of year	4,052,475	4,403,243
Cash and cash equivalents - end of year	$ 4,103,085	$ 4,052,475
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	$ 633,501	$ 693,972

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 "Foundation") is being 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 Foundation may be obtained through the state of Ohio auditor's web site. The 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 Foundation financial information included in the University's financial report to account for these differences.

The Foundation is an Ohio nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to receive contributions, which are to be used to support the educational undertakings of Central State University. The 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 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 Foundation operates exclusively for the benefit of the University. The University provides certain administrative and payroll services for the Foundation.

The University performs accounting services for the Foundation. Cash receipts for the Foundation are deposited directly to the Foundation bank account; however, disbursements are made by the University on behalf of the 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 Reporte*d *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 assets 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.

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 befit (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, 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. Federal Pell grant revenue is included in nonoperating revenue in accordance with GASB Statement No. 34.

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 Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation would be subject to taxes on unrelated business income; however, any taxable income would be minimal.

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

- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. 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.

- GASB Statement No. 87, *Leases*, issued June 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. 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. 90, *Majority Equity Interests,* issued August 2018. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

- GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers.

- GASB Statement No. 92, *Omnibus 2020*, issued January 2020. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation of certain GASB Statements.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates,* issued March 2020. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to address accounting and financial reporting implications resulting from the replacement of an IBOR rate.

(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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to improve financial reporting requirements for PPPs that meet the definition of a service concession arrangement or are not within the Scope of statement No. 87.

- GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, issued May 2020. This Statement provided temporary relief in light of the COVID-19 pandemic by postponing the dates of certain provisions. These have been reflected in the effective dates listed above.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to provide guidance for subscription based information technology arrangements.

- 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and mitigate costs associated with the reporting of certain retirement plans as fiduciary component units in fund financial statements.

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 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.

Deposits

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. 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, 2020 and 2019, University bank balances of $2,991,556 and $2,871,560 respectively, were held in excess of FDIC limits. The Foundation had amounts held in financial institutions that exceeded insured limits by approximately $1,950,000 and $2,110,000 at June 30, 2020 and 2019, respectively.

As of June 30, 2020 and 2019, the University's bank balances are $6,510,076 and $6,157,511 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:

	2020	2019
Petty Cash	$ 2,510	$ 2,510
State Treasury Asset Reserve of Ohio	1,605,317	2,356,087
Demand deposit	3,234,669	2,086,072
Money market funds	1,406,265	417,947
	$ 6,248,761	$ 4,862,616

(Continued)

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

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 $1,406,265 and $417,947 invested in money market mutual funds at June 30, 2020 and 2019, 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, 2020 and 2019, 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 consist of money market accounts restricted for debt reserve payments and other obligations.

As required by the bond indenture, the Foundation, through Marauder, maintains restricted cash balances in the following accounts as of August 31, 2020 and 2019.

	2020	2019
Debt interest account	$ 308,961	$ 341,720
Debt principal account	768,037	298,132
Redemption fund	660,190	630,476
Repair and replacement fund	10,152	10,064
Debt reserve fund	1,288,484	1,293,159
Total restricted cash	$ 3,035,824	$ 2,573,551

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 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.

(Continued)

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

The University and 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

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 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 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, 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)

	Fair Value Measurement as of June 30, 2019 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	$ 2,356,087	$ 2,356,087	$ -	$ -	$ -
Mutual funds					
Equities	386,487	386,487	-	-	-
Real estate funds	96,315	96,315	-	-	-
Fixed income	480,962	480,962	-	-	-
	3,319,851	$ 3,319,851	$ -	$ -	$ -
Cash – reconciling item	8,854				
Total investments	$ 3,328,705				

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

	2020	2019
Cash and cash equivalents	$ 1,605,317	$ 1,356,087
Restricted cash	-	1,000,000
Investments	1,200,185	972,618
Total	$ 2,805,502	$ 3,328,705

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:

	2020	2019
Net interest and dividend income	$ 77,028	$ 97,160
Realized gains	-	17,377
Unrealized gains	6,832	33,371
	$ 83,860	$ 147,908

(Continued)

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

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

	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

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019			
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	$ 190,735	$ -	$ -	$ 190,735
Subtotal	$ 190,735	-	-	190,735
Equity investments:				
Equity mutual funds	2,110,389	-	-	2,110,389
Subtotal	2,110,359	-	-	2,110,359
Fixed-income investments:				
Bond mutual funds	1,081,517	-	-	1,081,517
Subtotal	1,081,517	-	-	1,081,517
Total investments	$ 3,382,641	$ -	$ -	$ 3,382,641

The 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, 2020 and 2019, there were no transfers between levels of the fair value hierarchy.

(Continued)

NOTE 3 – RECEIVABLES

At June 30, 2020 and 2019, receivables consist of the following:

	2020	2019
Student accounts receivable	$ 20,569,258	$ 18,453,511
Student notes receivable	-	945,980
Grant and contract receivables	6,793,636	1,831,291
Other	1,892,026	1,103,835
Total	29,254,920	22,334,617
Less allowance for doubtful accounts	(15,686,626)	(15,526,079)
Net receivables	$ 13,568,294	$ 6,808,538

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. This amount is recorded in other current liabilities.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

At June 30, 2020 and 2019, contributions receivable consists of the following:

	2020	2019
Gross amounts due in:		
Less than one year	$ 1,137,615	$ 1,399,615
One to five years	1,612,224	1,669,319
	2,749,839	3,068,934
Reduction for contributions due in excess of one year, at a 0.25% (2.50% -2019) deduction rate	(14,544)	(86,386)
Allowance for doubtful accounts	(111,996)	(130,681)
Net contributions receivable	$ 2,623,299	2,851,867

(Continued)

NOTE 5 - CAPITAL ASSETS

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

(Continued)

NOTE 5 - CAPITAL ASSETS (Continued)

Capital assets activity for the University for the year ended June 30, 2019 is summarized as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
June 30, 2019					
Depreciable assets:					
Buildings and improvements	$ 189,547,892	$ 269,062	$ -	$ 10,579,547	$ 200,396,501
Automobiles, machinery, and equipment	35,684,447	1,955,468	-	-	37,639,915
Assets under capital lease	626,933	-	-	-	626,933
Total depreciable assets	225,859,272	2,224,530	-	10,579,547	238,663,349
Nondepreciable assets:					
Land improvements	483,650	50,270	-	-	533,920
Construction in progress	9,674,878	5,579,025	-	(10,579,547)	4,674,356
Total nondepreciable assets	10,158,528	5,629,295	-	(10,579,547)	5,208,276
Total capital assets	236,017,800	7,853,825	-	-	243,871,625
Less accumulated depreciation:					
Buildings and improvements	(81,458,824)	(4,621,554)	-	-	(86,080,378)
Automobiles, machinery, and equipment	(22,712,236)	(1,929,276)	-	-	(24,641,512)
Assets under capital lease	(585,932)	(6,152)	-	-	(592,084)
Total accumulated depreciation	(104,756,992)	$ (6,556,982)	$ -	$ -	(111,313,974)
Capital assets - Net	$ 131,260,808				$ 132,557,651

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 Foundation for the years ended June 30, 2020 and 2019 is summarized as follows:

	2020	2019
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	(7,682,221)	(7,258,106)
Net capital assets	$ 9,874,285	$ 10,298,400

NOTE 6 - LONG-TERM LIABILITIES

Long-term liability (other than long-term debt and capital lease) activity for the years ended June 30, 2020 and 2019 is summarized as follows:

	Beginning Balance	Additions	Reduction	Ending Balance	Current Portion
June 30, 2020					
Compensated absences	$ 1,528,823	$ 1,034,947	$ (878,196)	$ 1,685,574	$ 929,526
Other liabilities	72,462	14,904	-	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

	Beginning Balance	Additions	Reduction	Ending Balance	Current Portion
June 30, 2019					
Compensated absences	$ 1,467,535	$ 1,213,961	$ 1,152,673	$ 1,528,823	$ 790,288
Other liabilities	75,328	-	2,866	72,462	-
Net pension liability	24,029,320	8,356,477	-	32,385,797	-
OPEB	9,363,451	-	1,283,792	8,079,659	-
Total	$ 34,935,634	$ 9,570,438	$ 2,439,331	$ 42,066,741	$ 790,288

(Continued)

NOTE 7 - LONG-TERM DEBT

Long-term debt for the University consists of the following for the years ended June 30, 2020 and 2019:

	Beginning Balance	Additions	Reduction	Ending Balance	Current Portion
June 30, 2020					
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

	Beginning Balance	Additions	Reduction	Ending Balance	Current Portion
June 30, 2019					
Direct Placement:					
Notes payable:					
Bond payable to 1st Niagara, 1.594 percent, payable in varying installments through December 1, 2022	$ 5,324,637	$ -	$ 1,046,761	$ 4,277,876	$ 1,063,446
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	11,991,118	-	352,287	11,638,831	363,281
Direct Borrowing:					
Note payable to the Department of Education, 5.5 percent, payable in varying installments through November 1, 2021	602,842	-	160,725	442,117	169,686
Total	$ 24,918,597	$ -	$ 1,559,773	$ 23,358,824	$ 1,596,413

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

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

	Direct Placement Regions Bank		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	Principal	Interest	Total
2021	285,775	203,260	179,147	12,554	1,080,397	42,627		259,000	250,000	22,262	2,335,022
2022	380,429	262,253	93,285	98,416	1,097,619	25,268		259,000			2,216,269
2023	389,714	252,968			1,036,414	8,260	78,701	257,544			2,023,601
2024	397,244	245,437					1,132,223	235,142			2,010,046
2025	409,576	233,105					1,140,669	193,093			1,976,444
2026-2030	2,198,455	1,014,952					4,648,407	345,580			8,207,394
2031-2035	2,481,622	731,785									3,213,407
2036+	4,830,645	630,420									5,461,065
	11,373,460	3,574,180	272,431	110,969	3,214,430	76,156	7,000,000	1,549,359	250,000	22,262	27,443,248

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.

Pledges of Future Revenues: 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 $383,400. Principal and interest paid for the current year was $191,701 and the revenues from student housing and dining facilities was $12,193,273.

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, 2020 and 2019 was $59,714 and $76,532, 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, 2020 and 2019 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 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.

The bonds for this bond issuance mature on December 1 in various amounts ranging from $287,315 on December 1, 2015 to $317,500 on June 1, 2043. Interest, at 2.426%, is payable semiannually on December 1 and June 1. Interest expense related to the Series A 2013-9 bonds during the year ended June 30, 2020 and 2019 was $279,400 and $290,395, respectively.

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, 2020 and 2019, the University was in compliance with all required covenants.

(Continued)

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, 2020 and 2019:

	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

	Interest Rate	Maturity	Balance August 31, 2018	Additions	Payments	Balance August 31, 2019
Revenue Bonds Series 2002	3.0%-5.625%	2030	$ 4,846,753	$ 6,796	$ (1,205,000)	$ 3,648,549
Revenue Bonds Series 2004	3.3%-5.1%	2035	9,062,848	10,498	$ (325,000)	8,748,346
Total			$ 13,909,601	$ 17,294	$ (1,530,000)	12,396,895
Less current portion						625,000
Less unamortized financing costs						746,499
Long-term portion						$ 11,025,396

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,					
2021	300,000	178,019	360,000	422,775	1,260,794
2022	320,000	161,356	375,000	404,400	1,260,756
2023	335,000	143,753	395,000	385,150	1,258,903
2024	360,000	124,850	415,000	364,900	1,264,750
2025	380,000	104,500	435,000	343,650	1,264,750
2026 - 2030	1,700,000	192,775	2,530,000	1,354,560	6,242,460
2031 – 2035	-	-	3,245,000	621,562	3,873,105
2036	-	-	750,000	19,125	1,540,607
Total	$ 3,395,000	$ 905,923	$ 8,505,000	$ 3,916,122	$ 16,721,375

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

During 2002, Marauder issued $8,870,000 of Student Housing Revenue Bonds, Series 2002, to retire commercial loans used to finance the construction of the 2002 University Housing Project. The unamortized bond discount is $25,907 and $31,451 at August 31, 2020 and 2019, 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 $300,000 on September 1, 2020, to $440,000 on September 1, 2028, subject to prior mandatory sinking fund redemptions. During the year ending August 31, 2019, $415,000 of bonds due on September 1, 2030, $490,000 of bonds due on September 1, 2029 and $25,000 of bonds due on September 1, 2028 were called and retired in addition to $275,000 scheduled to be retired on September 1, 2018.

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 $86,554 and $96,654 at August 31, 2019 and 2018, 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 $360,000 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 June 30, 2020 and 2019, 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. These leases are accounted for as capital leases and the final principal payments of $120,817 were made under the agreements during the year ended June 30, 2016.

The cost of the assets was $626,933 and accumulated depreciation totaled $596,184 and $592,084 at June 30, 2020 and 2019, 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.

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.

STRS Benefits

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, 2020 and 2019 is 10% for all employees with the exception of law enforcement. The law enforcement employee contribution for the years ended June 30, 2020 and 2019 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, 2018 and 2017, 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 $1,416,839 and $1,403,744 for the fiscal years ended June 30, 2020 and 2019, 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, 2020 and 2019. 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, 2020 and 2019, respectively, were $972,776 and $928,228. The University's contributions were equal to the required contributions as set by state statute.

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, 2020 and 2019, the University reported a liability of $13,695,552 and $19,618,242, respectively for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of December 31, 2019 and 2018, 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, 2020 and 2019, the University's proportion was 0.0697% and 0.0718%, respectively, representing a 0.0021% decrease in proportionate share. At December 31, 2019 and 2018, the University's proportion was 0.0718% and 0.0693%, respectively, representing a 0.0025% increase in proportionate share.

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

For the years ended June 30, 2020 and 2019, the University recognized pension expense of $1,169,111 and $3,520,501, respectively. At June 30, 2020 and 2019, 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, 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
June 30, 2019		
Differences between expected and actual experience	$ 3,529	$ 278,179
Changes of assumptions	1,723,264	-
Net difference between projected and actual earnings on pension plan investments	2,680,230	-
Changes in proportion and differences between the difference between actual and proportionate share of contributions	660,672	4,834
University contributions subsequent to the measurement date	705,166	-
Total	$ 5,772,861	$ 283,013

NOTE 10 - RETIREMENT PLANS (Continued)

At June 30, 2020, the University reported $739,505 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, 2021. 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, 2019:

2021	$ (372,258)
2022	(990,940)
2023	113,641
2024	(1,094,341)
2025	740
Thereafter	1,690

STRS Pension Costs

At June 30, 2020 and 2019, the University reported a liability of $13,386,461 and $12,767,555, respectively, for its proportionate share of the STRS net pension liability. The net pension liability was measured as of July 1, 2019 and July 1, 2018 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, 2020 and 2019, the University's proportion was 0.0605% and 0.0581%, respectively, representing a 0.0024% change in proportionate share. At June 30, 2019 and 2018, the University's proportion was 0.0581% and 0.0556%, respectively, representing a 0.0025 % change in proportionate share.

For the years ended June 30, 2020 and 2019, the University recognized pension expense of $324,533 and $(429,955), respectively. At June 30, 2020 and 2019, 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, 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

(Continued)

NOTE 10 - RETIREMENT PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2019		
Differences between expected and actual experience	$ 294,714	$ 83,380
Change in assumptions	2,262,651	-
Net difference between projected and actual earnings on pension plan investments	-	774,210
Changes in proportion and differences between the difference between actual and proportionate share of contributions	367,838	1,005,498
University contributions subsequent to the measurement date	928,228	-
Total	$ 3,853,431	$ 1,863,088

At June 30, 2020, the University reported $972,776 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, 2021. 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, 2020:

2021	$ 835,799
2022	210,139
2023	92,646
2024	173,356

Actuarial Assumptions

OPERS Actuarial Assumptions

The total pension liability in the December 31, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2019	2018
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 2018 and 2017 and the long-term expected real rates of return:

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%	

Asset Class Return	2018 Target Allocation	2018 Long-Term Expected Real Rate of Return
Fixed income	23.00%	2.79%
Domestic equity	19.00	6.21
International equity	20.00	7.83
Real estate	10.00	4.90
Private equity	10.00	10.81
Other	18.00	5.50
Total	100.00%	

STRS Actuarial Assumptions

The total pension liability in the July 1, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2019	2018
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 July 1, 2019 and 2018 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 2019 and 2018 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	2019 Target Allocation	2019 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%	

Asset Class Return	2018 Target Allocation	2018 Long-Term Expected Real Rate of Return
Fixed income	25.00%	7.35%
Domestic equities	19.00	7.55
Real estate	10.00	3.00
Private equity	12.00	7.09
International equities	21.00	6.00
Other investments	13.00	2.25
Total	100.00%	

Discount Rate: The discount rate used to measure OPERS total pension liability was 7.2% as of December 31, 2019 and December 31, 2018. 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.

NOTE 10 - RETIREMENT PLANS (Continued)

The discount rate used to measure STRS total pension liability was 7.45% as of June 30, 2019 and June 30, 2018. 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, 2019 and 2018. 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, 2019 and 2018.

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 7.2% at December 31, 2019 and December 31, 2018 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, 2020			
University's proportionate share of the net pension liability	$22,666,028	$ 13,695,552	$ 5,636,622

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
December 31, 2019			
University's proportionate share of the net pension liability	$ 29,038,659	$ 19,618,242	$ 11,793,135

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, 2019 and June 30, 2018, 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, 2020			
University's proportionate share of the net pension liability	$ 19,562,821	$ 13,386,461	$ 8,157,855

NOTE 10 - RETIREMENT PLANS (Continued)

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
June 30, 2019			
University's proportionate share of the net pension liability	$ 18,645,333	$ 12,767,555	$ 7,792,813

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 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 2019 and 0% in 2018. 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 2019, 2018 and 2017 contributions required and made to OPERS used to fund post-retirement benefits was $0, $0 and $47,974, respectively.

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 2019, 2018 and 2017 contributions required and made to STRS Ohio used to fund post-employment benefits was $0 in all three years.

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)

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

OPERS OPEB Costs

At June 30, 2020 and June 30, 2019, the University reported a liability of $9,252,645 and $9,012,659 respectively for its proportionate share of the OPERS net OPEB liability. The net OPEB liability was measured as of December 31, 2019 and December 31, 2018 respectively, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The University's proportion of the net OPEB 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, 2019 and December 31, 2018, the University's proportion was 0.0670% and 0.0691% respectively, representing a decrease of 0.0021%. At December 31, 2018 and December 31, 2017, the University's proportion was 0.0691% and 0.0663% respectively, representing an increase of 0.0028%.

The net OPEB liability and asset for the Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2019 and December 31, 2018, and the total OPEB liabilities were determined by an actuarial valuation as of that date.

For the years ended June 30, 2020 and June 30, 2019, the University recognized OPEB expense of $1,040,090 and $919,951 respectively. At June 30, 2020 and June 30, 2019, 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, 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
June 30, 2019		
Differences between expected and actual experience	$ 3,052	$ 24,454
Changes of assumptions	290,579	-
Net difference between projected and actual earnings on OPEB plan investments	413,177	-
Changes in proportion and differences between the difference between actual and proportionate share of contributions	209,591	-
Total	$ 916,399	$ 24,454

(Continued)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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, 2020:

2021	$ 244,566
2022	48,224
2023	375
2024	(201,324)
2025	
Thereafter	

STRS OPEB Costs

At June 30, 2020 and June 30, 2019, the University reported an asset of $(1,003,000) and $(933,000) respectively for its proportionate share of the STRS net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and June 30, 2019 respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The University's proportion of the net OPEB liability 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, 2019 and June 30, 2018 the University's proportion was 0.0606% and 0.0580% respectively, representing a 0.026% increase in proportionate share. At June 30, 2019 and June 30, 2018 the University's proportion was 0.0580% and 0.0556% respectively, representing a 0.024% increase in proportionate share

For the year ended June 30, 2020 and June 30, 2019, the University recognized OPEB income of $(291,540) and $(2,009,429) respectively. At June 30, 2020 and June 30, 2019, 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, 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
June 30, 2019		
Differences between expected and actual experience	$ 109,000	$ 54,000
Changes of assumptions	-	1,271,000
Net difference between projected and actual earnings on OPEB plan investments	-	107,000
Changes in proportion and differences between the difference between actual and proportionate share of contributions	88,008	-
Total	$ 197,008	$ 1,432,000

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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, 2020:

2021	$ (223,560)
2022	(223,561)
2023	(198,324)
2024	(189,470)
2025	(183,999)
Thereafter	5,462

Actuarial Assumptions

OPERS Actuarial Assumptions

The total OPEB liability in the December 31, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	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

	2018
Single Discount Rate	3.96%
Investment rate of return	6.00%
Wages inflation	3.25%
Municipal Bond Rate	3.71%
Projected Salary increases	3.25% to 10.75% (includes wage inflation at 3.25%)
Health Care Cost Trends	10.00% initial, 3.25% ultimate in 2029

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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

The actuarial assumptions used in the December 31, 2019 and 2018 valuations were based on the results of an actuarial experience study for the 2-year periods ending December 31, 2016. 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.

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%	

Asset Class Return	2018 Target Allocation	2018 Long-Term Expected Real Rate of Return
Fixed income	34.0%	2.42%
Domestic equity	21.0	6.21
International equity	22.0	7.83
Real estate	6.0	5.98
Other	17.0	5.57
Total	100.00%	

STRS Actuarial Assumptions

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019 and June 30, 2018, actuarial valuation are presented below:

	2020
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)

	2019
Inflation	3.00%
Salary increases (average, including inflation)	12.50% at age 20 to 2.50% at age 65
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	6.00 to 8.00% initial, 4.00% ultimate

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, 2019 and 2018, 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 2019 and 2018 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

Discount Rate

OPERS discount rate

A single discount rate of 3.16% and 3.96% was used to measure the OPERS OPEB liability on the measurement date of December 31, 2019 and 2018. 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) 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 was based on an expected rate of return on the health care investment portfolio of 6.00% and 6.00% and a municipal bond rate of 2.75% and 3.71% based on an index of 20-year general obligation bonds with an average AA credit rating at December 31, 2019 and 2018, respectively. 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 2034 as of December 31, 2019 and through 2031 as of December 31, 2018. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2034 at December 31, 2019 and 2031 at December 31, 2018, and the municipal bond rate was applied to all health care costs after that date.

STRS discount rate

The discount rate used to measure the total STRS OPEB liability was 7.45% as of June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. At June 30, 2018, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on the OPEB plan investments was used as the discount rate.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the University's proportionate share of the OPERS net OPEB liability to changes in the discount rate and health care trend rates: The following table presents the OPEB liability calculated using the single discount rate of 3.16% at December 31, 2019 and 3.96% at December 31, 2018, and the expected net OPEB liability 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 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 (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

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
June 30,2019			
Sensitivity of University's proportionate share of the net OPEB liability to changes in discount rate	$ 11,530,550	$ 9,012,659	$ 7,010,270
	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	$ 8,663,121	$ 9,012,659	$ 9,415,234

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

The following table represents the University's share of the STRS net OPEB liability as of June 30, 2020 and June 30,2019, calculated using the current period discount rate assumption of 7.45% , as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (7.45 percent) than the current assumption. Also shown is the net OPEB liability 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 30,2020			
Sensitivity of University's proportionate share of the net OPEB liability 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 to changes in the health care cost trend rate	$(1,136,866)	$ (1,003,000)	$(838,085)

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
June 30,2019			
Sensitivity of University's proportionate share of the net OPEB liability to changes in discount rate	$ 11,530,550	$ (933,000)	$ 7,010,270
	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	$ 8,663,121	$ (933,000)	$ 9,415,234

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 $865,987 and $884,321 of funds as of June 30, 2020 and 2019, 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, 2020 and 2019 the University has paid $115,476 each year and accrued the remaining balance of $473,567. There was an accrual of $1,398,316 as of June 30, 2018 for the initial finding.

NOTE 14 - RELATED ORGANIZATION

The University is the sole beneficiary of the Central State University Foundation (the "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 Foundation in the form of private gifts, grants, and contracts amounted to $1,050,967 and $0 for the years ended June 30, 2020 and 2019, respectively.

The 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 $651,734 and $705,749 for the years ended June 30, 2020 and 2019, respectively. The University paid Marauder Development, LLC $2,379,000 and $3,498,453 for the years ended June 30, 2020 and 2019, 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, 2020 and is included as part of the receivable balance.

The net amount of these transactions resulted in the Foundation owing the University $35,844 and $490,409 at June 30, 2020 and 2019 respectively

Details of the Foundation's restricted net assets at June 30, 2020 and 2019 are as follows:

	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

(Continued)

NOTE 14 - RELATED ORGANIZATION (Continued)

	With Donor Restrictions
June 30, 2019	
Academic	$ 1,640,334
Scholarship	1,250,315
Other general funds	2,707,306
Total net assets	$ 5,597,955

Net assets released from restriction totaled $222,410 and $116,329 at June 30, 2020 and 2019, respectively.

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 offerings based on the spread of COVID-19 throughout the United States and State of Ohio. The University extended the spring break period an additional week and moved to Emergency Remote Learning (ERL) from March 23, 2020 through the end of the 2019-2020 academic year. Employees and faculty were asked to work remotely from home unless they were deemed essential personnel. The University continued to provide salary and benefits to all employees and faculty during this national emergency.

In support of this national action, the University created an Institutional Response Team (IRT) to put in place a re-engagement plan with various phases to bring faculty, staff and students back for the fall 2020 semester. The University COVID-19 plan is based on CDC guidelines and the State of Ohio requirements, which includes gathering sizes on campus, students living on campus, travel restrictions, facility protocols, testing protocols, office environment and other key directives. Throughout the pandemic the University has put into practice a number of safety measures to protect students and employees and revises them as needed.

(Continued)

NOTE 16 – COVID-19 IMPACT (Continued)

As a result, of this national emergency, the University made the decision to not allow students to return to campus after they left for Spring break. Because of this decision, the University provided cash refunds and/or credits on the student accounts for fall 2020 in the approximate amount of $2.4 million. The University has taken steps to reduce 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 conserve cash.

Regarding the financial impact of COVID-19 on the University's fiscal year 2020 financial statements, the University was awarded federal funds through the CARES Act. In April 2020, the University applied for and was eligible to receive $3.6 million in CARES Act funding, which is $1.8 million of institutional funds and $1.8 million of student support funds. Of the student support funds, the University distributed $ 1.7 million directly to students in fiscal year 2020 and also claimed $1.7M of institutional expenses, all of which were for the accommodation credits referenced above. The remaining funds were put into an emergency fund for students and the University plans to continue to distribute the remaining CARES Act student support in fiscal year 2021.

Additionally, the University was awarded CARES Act funding for HBCUs in the amount of $4.1 million, of which $0.7m was used for accommodation credits referenced above. $1.4 million was used to compensate for revenue lost due the impact of COVID-19, $0.6 million was used to fund additional payroll costs and $0.2 million to fund other costs resulting from the pandemic. The remaining $1.2 million will be used to compensate for lost revenue and fund additional expenditure incurred due to COVID-19 during fiscal year 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL STATE UNIVERSITY
SCHEDULES OF UNIVERSITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
Year ended June 30, 2020

OPERS

	2020	2019	2018	2017	2016	2015
College's proportion of the collective net pension liability (asset) - Traditional	0.06966%	0.07181%	0.06933%	0.06209%	0.06153%	0.06570%
College's proportion of the collective net pension liability (asset) - Combined	0.03509%	0.04385%	0.03965%	0.04439%	0.05127%	0.04948%
College's proportionate share of the collective net pension liability (asset)	$ 13,695,552	$ 19,618,242	$ 10,822,136	$ 14,074,575	$ 10,633,211	$ 7,905,345
College's covered payroll	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	132.98%	158.85%	111.07%	157.33%	134.16%	96.02%
Plan fiduciary net position as a percentage of the total pension liability	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

	2020	2019	2018	2017	2016	2015
College's proportion of the collective net pension liability (asset)	0.06053%	0.05807%	0.0556%	0.0579%	0.05861%	0.06772%
College's proportionate share of the collective net pension liability (asset)	$ 13,386,461	$ 12,767,555	$ 13,207,184	$ 19,372,697	$ 16,198,930	$ 16,471,015
College's covered payroll	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	191.81%	139.92%	218.44%	297.19%	285.79%	288.96%
Plan fiduciary net position as a percentage of the total pension liability	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.

(Continued)

CENTRAL STATE UNIVERSITY
SCHEDULES OF UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Year ended June 30, 2020

OPERS

	2020	2019	2018
College's proportion of the collective OPEB liability (asset) - Traditional	0.06260%	0.06520%	0.06223%
College's proportion of the collective OPEB liability (asset) - Combined	0.00439%	0.00392%	0.00402%
College's proportionate share of the collective OPEB liability (asset)	$ 9,252,645	$ 9,012,659	$ 7,194,282
College's covered payroll	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	89.84%	72.97%	68.68%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	74.91%	84.85%

STRS Ohio

	2020	2019	2018
College's proportion of the collective OPEB liability (asset)	0.06056%	0.05808%	0.0556%
College's proportionate share of the collective OPEB liability (asset)	$ (1,003,000)	$ (933,000)	$ 2,169,189
College's covered payroll	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	(15.02)%	(10.22)%	35.88%
Plan fiduciary net position as a percentage of the total OPEB liability	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.

OPERS

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$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	1,416,839	1,403,744	1,313,611	1,273,018	1,132,212	1,174,454
Annual contribution deficiency		-	-	-	-	-
College's covered payroll	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	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

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 972,776	$ 928,228	$ 855,709	$ 852,547	$ 794,080	$ 799,062
Contributions in relation to the statutorily required contribution	972,776	928,228	855,709	852,547	794,080	799,062
Annual contribution deficiency		-	-	-	-	-
College's covered payroll	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	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, 2020

OPERS

	2020	2019	2018
Statutorily required contribution	$ -	$ -	$ 47,974
Contributions in relation to the statutorily required contribution	-	-	47,974
Annual contribution deficiency	-	-	-
College's covered payroll	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	0.0049%

STRS Ohio

	2020	2019	2018
Statutorily required contribution	$ -	$ -	$ -
Contributions in relation to the statutorily required contribution	-	-	-
Annual contribution deficiency	-	-	-
College's covered payroll	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

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

SUPPLEMENTARY INFORMATION

CENTRAL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

Federal Grant/Pass-through Grant Program Title	CFDA Number	Pass Through Agency	Award No.	Federal Expenditures	Subrecipient Awards
STUDENT FINANCIAL ASSISTANCE CLUSTER:					
U.S. Department of Education Direct Programs:					
SEOG 18-19	84.007			$ 49,520	$ -
SEOG 19-20	84.007			468,268	-
Total CFDA 84.007				517,788	-
FWS 19-20	84.033			673,984	-
Pell 19-20	84.063			8,613,134	-
Direct Loan Subsidized 18-19	84.268			9,141	-
Direct Loan Subsidized 19-20	84.268			6,185,468	-
Direct Loan Unsusidized 19-20	84.268			6,159,994	-
Direct Loan Plus 19-20	84.268			3,594,863	-
Total CFDA 84.268				15,949,466	-
TEACH 19-20	84.379			23,300	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				**25,777,672**	**-**
RESEARCH AND DEVELOPMENT CLUSTER:					
National Aeronautics and Space Administration:					
Ohio Space Grant	43.001			1,000	-
Using AVIRIS Imagery	43.001			34,404	-
Total National Aeronautics and Space Administration				**35,404**	**-**
National Science Foundation:					
Global STEM Appropriate Tech in Development	47.041			11,135	-
Improving Pathways for STEM	47.076			305,083	-
Northern Ohio AGEP-T	47.076	Case Western University	HRD-1432950	6,654	-
Multi-Phase porous Media Flows	47.076			26,856	-
USE4WRM	47.076			154,346	-
LSAMP 2018-2023	47.076	Ohio State University	HRD-1817314	13,691	-
Search for the Epigenomic Mechanism	47.076			20,803	2,206
Spectra of Composition Operators	47.076			9,736	-
Total CFDA 47.076				537,169	2,206
Total National Science Foundation				**548,304**	**2,206**
U.S. Department of Agriculture:					
McIntire Sennis Forestry Research 2017-2019	10.202			60,636	-
McIntire Sennis Forestry Research 2018-2020	10.202			41,448	-
Total CFDA 10.202				102,084	-

(Continued)

Federal Grant/Pass-through Grant Program Title	CFDA Number	Pass Through Agency	Award No.	Federal Expenditures	Subrecipient Awards
Evans-Allen Research 2017-2019	10.205			$ 100,354	$ -
Enhanced Crop Production Efficiency 2017-2019	10.205			126,408	-
Optimal Agronomic Practices 2017-2019	10.205			91,238	22,912
Enhancement of Farm Productivity 2017-2019	10.205			88,281	-
Evans Allen Administration 2018-2020	10.205			364,431	-
Evans Allen Research 2018-2020	10.205			256,041	-
Optimal Agronomic Prac 2018-2020	10.205			153,112	-
Enhanced Crop Production 2018-2020	10.205			138,063	-
Enchance Farm Productivity 2018-2020	10.205			203,360	-
Food, Nutrition & Health 2018-2020	10.205			138,695	-
Total CFDA 10.205				1,659,983	22,912
Improving the Honeybee Queen Qualitiies and Genetic Diversity by Transferring Selected Queen Cells	10.215	Regents of the University of Minnesota	2018-38640-28416	26,011	-
Developing an Electronic Platform	10.216		2019-38821-29032	2,746	-
Strengthening Agricultural Geospatial Education and Research at Central State Univeristy	10.216			121,091	55,173
Role of Water Quality	10.216			191,792	88,282
All In One Organic Weed and Crop Disease Management Using Directed Energy and Convolutional Neural Networks	10.216			78,675	-
Total CFDA 10.216				394,304	143,455
Filling the Pipeline	10.217	Purdue University	2018-70003-27661	2,690	-
Consortium for Advanced Bioeconomy Leaders and Educators (CABLE)	10.310	Ohio State University	2017-67009-26770	11,234	-
Genetics and Breeding of Mite Biting	10.310			1,059	-
Total CFDA 10.310				12,293	-
Soil Monolith	10.UNK			1,741	-
Total U.S. Department of Agriculture				**2,199,106**	**166,367**
TOTAL RESEARCH AND DEVLEOPMENT CLUSTER				**2,782,814**	**168,573**
TRIO CLUSTER:					
U.S. Department of Education Direct Programs:					
TRIO: Student Support Services	84.042			353,679	-
TRIO: Upward Bound Program 2017-2022	84.047			283,496	-
TOTAL TRIO CLUSTER				**637,175**	**-**
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:					
U.S. Department of Transportation:					
FHWA Summer Transportation Institute 2019	20.205	Ohio Department of Transportation	32323	34,592	-
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				**34,592**	**-**

(Continued)

Federal Grant/Pass-through Grant Program Title	CFDA Number	Pass Through Agency	Award No.	Federal Expenditures	Subrecipient Awards
OTHER FEDERAL PROGRAMS:					
U.S. Department of Education Direct Programs:					
HIGHER EDUCATION - INSTITUTIONAL AID - Direct Program:					
SAFRA: Enhancement of Online Learning 16-17	84.031B			$ 167	$ -
Title III: Program Administration 17-18	84.031B			6,247	-
Title III: Program Administration 2018-2019	84.031B			79,291	-
Title III: Undergraduate Student Success Center	84.031B			104,713	-
Title III: Counseling Center 2018-2019	84.031B			46,532	-
Title III: Acadmic Planning and Assessment 2018-2019	84.031B			26,344	-
Title III: Professional Development for Health 2018-2019	84.031B			41,348	-
Title III: Music Mentors 2018-2019	84.031B			7,781	-
Title III: TEAP-C 2018-2019	84.031B			93,422	-
SAFRA: CEnter for Global Education 2018-2019	84.031B			45,444	-
SAFRA: Enhanced Online Learning 2018-2019	84.031B			107,665	-
SAFRA: Theatre Arts 2018-2019	84.031B			16,326	-
SAFRA: Library Enhancements 2018-2019	84.031B			4,714	-
Title III: Fiscal Stability 2018-2019	84.031B			100,000	-
Maintenance Plan for Fiscal Stability 2018-2019	84.031B			139,201	-
SAFRA: One to One iPad Initiative	84.031B			43,000	-
Title III: Hallie Q. Brown Library	84.031B			4,800	-
Title III: Program Administration 2019-2020	84.031B			148,778	-
Title III: University Student Success 2019-2020	84.031B			295,917	-
Title III: Counseling Center 2019-2020	84.031B			152,937	-
Title III: Academic Planning and Assessment 2019-2020	84.031B			167,672	-
Title III: Professional Development for Health 2019-2020	84.031B			127,424	-
Title III: TEAP-C 2019-2020	84.031B			191,893	-
Title III: Maintenance Plan 2019-2020	84.031B			134,215	-
SAFRA: Center for Global Education 2019-2020	84.031B			134,397	-
SAFRA: Enhancement of Online Learning 2019-2020	84.031B			317,761	-
SAFRA: Theatre Arts 2019-2020	84.031B			64,754	-
SAFRA: Library Enhancements 2019-2020	84.031B			72,826	-
TOTAL HIGHER EDUCATION - INSTITUTIONAL AID				**2,675,569**	**-**
MINORITY SCIENCE IMPROVEMENT GRANT:					
STEM Success Center	84.120			214,308	-
TOTAL MINORITY SCIENCE IMPROVEMENT GRANT				**214,308**	**-**
CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES Act)					
CARES Act Student Funding - Covid-19	84.425E			1,623,000	-
CSU HBCU CARES ACT - Covid-19	84.425J			2,924,319	-
CSU Institutional CARES ACT - Covid-19	84.425F			1,776,188	-
TOTAL CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES Act)				**6,323,507**	**-**

(Continued)

CENTRAL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

Federal Grant/Pass-through Grant Program Title	CFDA Number	Pass Through Agency	Award No.	Federal Expenditures	Subrecipient Awards
FINANCIAL AID ADMINISTRATION					
Pell Administration	84.063			$ 3,361	$ -
Financial Aid Administration Cost Allowance	84.063			(60,681)	-
TOTAL FINANCIAL AID ADMINISTRATION				**(57,320)**	**-**
Total U.S. Department of Education Direct Programs				**9,156,064**	**-**
U.S. Department of Transportation:					
USDOT Center for Connected Automated Transportation (CCAT) - Region 5 UTC	20.701	Ohio Department of Transportation	69A3551747105	27,704	-
Total U.S. Department of Transportation				**27,704**	**-**
U.S. Department of Agriculture					
USDA/NRCS National Scholars Program	10.001			8,726	-
1890 Capacity Building Grants: A Potential for Building and Strengthening Capacity and Advancing the Quality of Teaching and Extension	10.216			110,294	-
Increase Student Enrollment in College of Science and Engineering	10.216			23,256	-
Total CFDA 10.216				133,550	-
Pathways to a BA in Agriculture	10.217	Ohio State University	2016-70003-24835	54,634	-
Outreach & Technical Assist (OETA)	10.443			29,342	5,960
2014-2017 Facilities Grant	10.500			1,243,730	-
Smith Lever Act, Expanded Food and Nutrition Education Program (EFNEP)	10.500			2,874	-
Section 1444 Extension Programs for 1890 Land Grant Colleges 2017-2019	10.500			(150)	-
Section 1444 Extension Programs for Land Grant Colleges 2017-2019	10.500			106,293	-
Smith Lever Act, Expanded Food and Nutrition Education Program (EFNEP) 2016-2021	10.500			6,137	-
Smith Lever Act, Expanded Food and Nutrition Education Program (EFNEP) 2017-2022	10.500			119,217	-
Renewable Resources Extension 2017-2019	10.500			9,632	-
Central State University Seed to Bloom 4-H STEAM Afterschool Sustaintable Community Project	10.500			62,329	-
Total CFDA 10.500				1,550,062	-
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Cooperative Extension	10.512			214,929	-
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Cooperative Extension Program Admin	10.512			286,391	-
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - 4H Youth Development	10.512			148,394	-
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Agriculture & Natural Resources	10.512			137,278	-
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Community and Economic Development	10.512			72,467	-
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Family and Consumer Science	10.512			93,318	-
Section 1444 Extension Programs for 1890 Land Grant Colleges 2018-2020 - Seed to Bloom	10.512			697	-
Total CFDA 10.512				953,474	-
Smith Lever Act, Expanded Food and Nutrition Education Program (EFNEP) 2018-2023	10.514			57,366	-
Renewable Resources Extension 2018-2020	10.515			2,632	-
Agriculture Innovations Plus (AI+)	10.902			359,565	-
CREW	10.902			105,333	-
Total CFDA 10.902				464,898	-
Total U.S. Department of Agriculture				**3,254,684**	**5,960**

(Continued)

Federal Grant/Pass-through Grant Program Title	CFDA Number	Pass Through Agency	Award No.	Federal Expenditures	Subrecipient Awards
U.S. Department of Interior					
Youth Stewardship and Engagement Program	15.954			$ 3,649	$ -
Total U.S. Department of Interior				**3,649**	**-**
U.S. Department of Justice					
#KNOWMEANSNO	16.525			59,645	-
Yes Means Yes 2018-2019	16.575	Ohio Attorney General's Office	2019-VOCA-132284878	15,504	-
Total U.S. Department of Justice				**75,150**	**-**
U.S. Air Force					
Distinguished Visiting Professors	12.UNK			122,211	-
Total U.S. Air Force				**122,211**	**-**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 41,871,714**	**$ 174,533**

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, 2020. 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:

CFDA Number	Federal Grant/Pass-through Grant Program Title	Indirect Cost Rate
43.001	Using AVIRIS Imagery	45% Modified Total Direct Costs
47.076	Improving Pathways for STEM	45% Modified Total Direct Costs
47.076	Northern Ohio AGEP-T	45% Modified Total Direct Costs
47.076	Multi-Phase porous Media Flows	45% Modified Total Direct Costs
47.076	USE4WRM	45% Modified Total Direct Costs
47.076	Search for the Epigenomic Mechanism	45% Modified Total Direct Costs
47.041	Global STEM Appropriate Tech in Development	45% Modified Total Direct Costs
47.076	Spectra of Composition Operators	45% Modified Total Direct Costs
10.310	Consortium for Advanced Bioeconomy Leaders and Educators (CABLE)	45% Modified Total Direct Costs
10.216	Developing an Electronic Platform	30% Total Direct Costs
10.310	Genetics and Breeding of Mite Biting	45% Modified Total Direct Costs
10.216	Strengthening Agricultural Geospatial Education and Research at Central State Univeristy	42.857% Modified Total Direct Costs
10.216	Role of Water Quality	42.857% Modified Total Direct Costs
10.217	Filling the Pipeline	30% Total Direct Costs
10.215	Improving the Honeybee Queen Qualitiies and Genetic Diversity by Transferring Selected Queen Cells	11.11% Total Direct Costs
10.216	All In One Organic Weed and Crop Disease Management Using Directed Energy and Convolutional Neural Networks	42.857% Total Direct Costs
84.042	TRIO: Student Support Services	8% Total Direct Costs minus Scholarships
84.047	TRIO: Upward Bound Program 2017-2022	8% Total Direct Costs minus Stipends and Room and Board
84.120	STEM Success Center	8% Modified Total Direct Costs
20.701	USDOT Center for Connected Automated Transportation (CCAT) - Region 5 UTC	45% of Modified Total Direct Costs
20.205	FHWA Summer Transportation Institute 2019	15% of Total Direct Costs
10.443	Outreach & Technical Assist (OETA)	45% of Modified Total Direct Costs
10.216	1890 Capacity Building Grants: A Potential for Building and Strengthening Capacity and Advancing the Quality of Teaching and Extension	42.857% of Modified Total Direct Costs
10.902	Agriculture Innovations Plus (AI+)	45% of Modified Total Direct Costs
10.902	CREW	45% of Modified Total Direct Costs
10.217	Pathways to a BA in Agriculture	30% of Total Direct Costs
10.216	Increase Student Enrollment in College of Science and Engineering	30% of Total Direct Costs
15.954	Youth Stewardship and Engagement Program	45% of Modified Total Direct Costs
16.525	#KNOWMEANSNO	10% of Modified Total Direct Costs

NOTE 2 – HBCU CARES ACT EXPENSES

The HBCU Cares Act total expenses of $2,924,319 were comprised of $697,438 used for accommodation credits and/or cash refunds for students, $636,669 for additional payroll costs, $204,161 for other costs resulting from the pandemic and $1,386,051 for revenue lost due to the impact of COVID-19.

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 unit of Central State University, a component unit of the State of Ohio, as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 18, 2020.

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.

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 questioned costs as item 2020-001 that we consider to be a material weakness.

(Continued)

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 the 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 questioned costs. 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
December 18, 2020

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management and Board of Trustees
Central State University
Wilberforce, Ohio

Report on Compliance for Each Major Federal Program

We have audited 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 Central State University's major federal programs for the year ended June 30, 2020. 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 the 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 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.

Opinion on Each Major Federal Program

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 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, 2020.

(Continued)

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 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.

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 a 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. 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003, 2020-004 and 2020-005, that we consider to be significant deficiencies.

The 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. The 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 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 of Central State University (the "University"), a component unit of the State of Ohio, and its discretely presented component unit as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated December 18, 2020, which contained unmodified opinions on those financial statements. 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
August 14, 2021

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*	
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?	___ Yes	X No
Significant deficiency(ies) identified?	X Yes	___ None Reported
Type of auditor's report issued on compliance for major federal programs:	*Unmodified*	
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
Coronavirus Aid, Relief and Economic Security Act	84.425E, 84.425J, 84.425F
Cooperative Extension Service	10.500
Agriculture Extension at 1890 Land-Grant Institutions	10.512

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ___ Yes X No

(Continued)

PART II: FINANCIAL STATEMENT FINDINGS

Finding 2020-001

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.
Condition:	Material journal entries were made during the audit.
Context:	Multiple 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.
Cause:	The main factor was the University's lack of a formalized closing process.
Repeat Finding:	No
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.
Views of responsible officials and planned corrective actions:	The University concurs with the finding. Management is realigning 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 reviews. These new monthly financial statement review meetings will strengthen the financial process and reduce the number of year-end adjusting entries and corrections to the financial ledger.

(Continued)

PART III: FEDERAL AWARD FINDINGS

Finding 2020-002

Federal Program Information:	Federal Direct Loan Program, CFDA #84.268
Criteria:	Loan limits are defined for the Federal Direct Loan Program based on academic year of study within 34 CFR 685.203.
Condition:	The University incorrectly awarded and disbursed subsidized loans to six students based on their class status or calculated eligibility.
Context:	a) One student with freshman level transcript credits was awarded based on sophomore standing resulting in a $1,000 overaward. b) One student was awarded $98 in excess of their subsidized loan eligibility. c) Two students received unsubsidized loans collectively representing $1,153 that should have been awarded as subsidized loans. d) Two graduate students received subsidized loans of $5,400 that they were ineligible for, representing an overaward of $11,000.
Questioned Cost:	$12,098
Effect:	Students either did not receive the correct amount or type of Federal Direct Loans.
Cause:	Lack of controls during the packaging process to award the correct loan amounts or type based on the academic year of study.
Repeat Finding:	Yes
Recommendation:	We recommend the University implement procedures to ensure students are awarded loans based on the applicable eligibility requirements.
Views of responsible officials and planned corrective actions:	See separate correction action plan document.

Finding 2020-003

Federal Program Information:	Federal Direct Loan Program, CFDA #84.268, Federal Pell Grant Program, CFDA #84.063
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.

(Continued)

PART III: FEDERAL AWARD FINDINGS (Continued)

Finding 2020-003 (Continued)

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) Two students had loan amounts included as aid that could have been disbursed. Instead of calculated post-withdrawal disbursements (which were not made) the University should have returned $2,049 and $1,252 of the unsubsidized loans. b) One student's return of funds calculation used a withdrawal date one day later than the student's e-mail indicating their intent to withdraw and did not include the Pell amount of $1,549 as disbursed aid. The discrepancy impacted the calculation and an additional $22 in unsubsidized loans should have been returned. c) For three students, a $127 charge that was subsequently reversed from their account was used to determine the institutional charges. For two of these three students, the unsubsidized lon amounts returned by the University was collectively $172 too high d) The University did not perform calculations for unofficial withdrawals during Spring Term as all calculations were exempt from having funds returned due to the COVID-19 pandemic. However, the University was still required to perform the calculations in order to quantify the amount of funds that were not required to be sent back to the Department of Education.
Questioned Cost:	$3,323
Effect:	The University did not return the correct amounts of unsubsidized loans. Additionally, the University did not calculate the unofficial withdrawals.
Cause:	The Student Financial Aid office experienced turnover and the process to review the calculations was not completed during fiscal year 2020.
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)

PART III: FEDERAL AWARD FINDINGS (Continued)

Finding 2020-004

Federal Program Information:	Coronavirus Aid, Relief and Economic Security Act, CFDA #84.425
Criteria:	Lost revenue is an allowable use of funds under the Coronavirus Aid, Relief and Economic Security Act. The calculation of the lost revenue needs to be consistent with the cost principles of the Uniform Guidance (2 CFR part 200 subpart E).
Condition:	The University did not provide adequate support for some of the lost revenue amounts claimed under CFDA #84.425J.
Context:	The University utilized estimates to determine certain lost revenue amounts that were claimed as a result of spring and summer activities not taking place due to the COVID-19 pandemic. For some activities, no supporting documentation was provided and in other activities, the documentation that was provided was not consistent with the amounts recorded by the University. Other items claimed as lost revenue did have adequate supporting documentation.
Questioned Cost:	$289,277
Effect:	The University recorded unallowable lost revenue amounts against the federal grant and received reimbursement for these claims.
Cause:	The University recorded its lost revenue amounts associated with the program when guidance was in process of being released and in certain instances made estimates that were not able to be supported.
Repeat Finding:	No
Recommendation:	The University should formally review all guidance provided by the awarding agency to ensure that lost revenues being claimed are accurate and supported.
Views of responsible officials and planned corrective actions:	See separate corrective action plan document.

Finding 2020-005

Federal Program Information:	Student Financial Aid Cluster, CFDA #84.007, 84.033, 84.063, 84.268, and 84.379
Criteria:	The Uniform Guidance (2 CFR part 200 subpart F) defines the basis for Federal awards that should be included within the Schedule of Expenditures of Federal Awards (SEFA).
Condition:	The University did not identify the correct amounts to be presented on the SEFA for the Student Financial Aid Cluster.

PART III: FEDERAL AWARD FINDINGS (Continued)

<u>Finding 2020-005 (Continued)</u>

Context:	The University included amounts within the Student Financial Aid Cluster that did not relate to current year expenses.
Questioned Cost:	$0
Effect:	The SEFA contained incorrect amounts.
Cause:	The SEFA was not fully reviewed for completeness due to turnover in various departments.
Repeat Finding:	No
Recommendation:	The University should formally review the SEFA to ensure that all amounts presented are accurate and supported.
Views of responsible officials and planned corrective actions:	See separate corrective action plan document.

SUMMARY OF PRIOR YEAR FINDINGS

Finding 2019-001

Federal Program Information:
Federal Direct Loan Program, CFDA #84.268 and Federal Pell Grant Program, CFDA #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

Status:
Not corrected. See finding 2020-002.

Finding 2019-002

Federal Program Information:
Federal Direct Loan Program, CFDA #84.268

Criteria:
34 CFR 668.165, Notifications

Condition:
The University did not send loan notifications to recipients of Federal Direct Loans for all disbursements during Spring semester.

Status:
Corrected

Finding 2019-003

Federal Program Information:
Federal Direct Loan Program, CFDA #84.268, Federal Pell Grant Program, CFDA #84.063 and Federal Supplemental Opportunity Grant Program, CFDA #84.008

Criteria:
34 CFR 668.22, 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.

Status:
Not corrected. See finding 2020-003.

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

CORRECTIVE ACTION PLAN FOR FY20 FINDINGS

Finding: 2020- 001 Material journal entries were made during audit

Corrective Action: The University concurs with the finding.
Management is realigning 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 reviews.

These new monthly financial statement review meetings will strengthen the financial process and reduce the number of year-end adjusting entries and corrections to the financial ledger.
Responsible Person: Director of Financial Reporting
Completion Date: December 2020

Finding: 2020-02 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 process. Training and verification of information at every level is a top priority. The staff now has a much better understanding of the process. 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. 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
Completion Date: December 2020

Finding: 2020-003 R2T4 Return of Funds:

Corrective Action: The University concurs with the findings. The University has secured 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 IT. We are utilizing Argos and running reports weekly to conduct the R2T4 process for those that have been withdrawn. We are working with Registrar to ensure withdraws are entered and coded in a timely manner to provide timely processing of R2T4 to meet government guidelines. Cash Management conducted a fee table audit to ensure accurate billing and enabling timely R2T4 calculations. Additionally, training on the R2T4 process has continued with the staff member responsible for the process- Staff member continues to attend National Association of Student Financial Aid Administrators (NASFAA) trainings on the R2T4 process.

Responsible Person: Director of Financial Aid and FAO in charge of R2T4
Completion Date: November 2020

Finding: 2020- 004 Coronavirus Aid, and Economic Security Loss Revenue Support

Corrective Action: The University concurs with the finding. The University prepared estimates of activities that were either held in the prior year or were planned for the current year. The guidance was received late and the University used projections that were in alignment with the guidelines. The University has established a review process that includes a compliance review by the Office of Sponsored Programs and Research. In addition, the staff has been updated on the guidance and we are clear on the allowable activities under this legislation.
Responsible Person: Director of Financial Reporting
Completion Date: Implemented

Finding: 2020- 005 Student Financial Aid Cluster and SEFA Reporting

Corrective Action: The University concurs with the finding. The University will create a review process that includes the Director of Office of Sponsored Programs, Director of Financial Aid and Director of Financial Reporting to review this report. These three offices will oversee and report to the Internal auditing committee and the CFO on this report. This review will ensure that reconcilement and reporting of the information is accurate between all entities.
Responsible Person: Director of Financial Aid
Completion Date: Implemented

OHIO AUDITOR OF STATE
KEITH FABER

CENTRAL STATE UNIVERSITY

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 8/26/2021

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