Kent State University
(A Component Unit of the State of Ohio)

Financial Report
June 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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We have reviewed the *Independent Auditor's Report* of the Kent State University, Portage County, prepared by RSM US LLP, for the audit period July 1, 2021 through June 30, 2022. 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 Kent State University is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 16, 2022

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RSM US LLP

Independent Auditor's Report

President and Board of Trustees of Kent State University

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Kent State University (the University), a component unit of the State of Ohio, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Kent State University, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the University implemented GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 4-13 as well as required supplementary information for certain retirement plan data and other postemployment benefits (OPEB) related data on pages 50-52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022 on our consideration of the 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 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 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 the University 's internal control over financial reporting and compliance.

RSM US LLP

Cleveland, Ohio
October 20, 2022

This section of Kent State University's (the University) annual financial report presents management's discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2022. This discussion should be read in conjunction with the accompanying financial statements and notes. The financial statements, notes and this discussion are the responsibility of University management.

Using the Annual Financial Report

This annual report consists of financial statements prepared in accordance with accounting standards as promulgated by the Governmental Accounting Standards Board (GASB), and are prepared under the accrual basis of accounting, whereby revenues 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. Amounts required to be reported as deferred outflows of resources are reported separately after assets and amounts required to be reported as deferred inflows of resources are reported separately after liabilities. See Note 2 for further discussion of these financial statement categories.

The financial statements have also been prepared in accordance with GASB Codification Sections 2100, *Defining the Financial Reporting Entity* and 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, which require examination of significant operational or financial relationships with the University and establish criteria for identifying and presenting component units of the organization. Based on this examination and application of the criteria in these standards, the University has identified two component units: The Kent State University Foundation and the KSU Foot and Ankle Clinic. The Kent State University Foundation is discretely presented in the University's financial statements; however, it is excluded from Management's Discussion and Analysis. The KSU Foot and Ankle Clinic is a blended component unit and, therefore, is indirectly included in Management's Discussion and Analysis. See Note 13 for further discussion on component units.

Noteworthy Financial Activity

In fiscal year 2018, the University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), Similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), the University is required to recognize on the face of the financial statements its proportionate share of the net other postemployment retirement benefits (OPEB) asset/liability related to its participation in both the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System (STRS). The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI).

In fiscal year 2015, the University implemented GASB Statement No. 68 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (GASB 71). These Statements require governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. The statements also enhanced accountability and transparency through revised note disclosures and required supplementary information.

Pension and OPEB expense or (reduction) is presented as separate lines on the financial statements. Each year the impacts to the University's financial statements are based on the assumptions and decisions implemented by each plan. The deferred outflows/inflows and net pension and OPEB liabilities for the University are equal to the University's proportionate share of each of these plan components, therefore if there are significant fluctuations in these components for the plan, the University will recognize those fluctuations in its financial statements.

Noteworthy Financial Activity (Continued)

The impacts to the University's financial statements as a result of both GASB 68 and GASB 75 are further discussed in Note 10.

Toward the end of fiscal year 2020, the University (and the world at large) faced an unprecedented challenge due to the coronavirus (COVID-19) pandemic. The pandemic created challenges for the University in all aspects of operations. Enrollments declined, along with student services such as dining and residence halls. Many of the courses were offered on-line and many employees worked remotely. In fiscal year 2022, the university began to resume pre-pandemic activities and reopened the campus, offering more in-person courses and programming and inviting its students, faculty, and staff back to campus.

The federal government offered several stimulus programs during the past two fiscal years. In total, the University received $120 million from the Higher Education Emergency Relief Fund (HEERF), split between student and institutional needs. The student funding provided assistance to students impacted by the coronavirus pandemic. The institutional funding provided assistance for costs associated with the significant changes in delivery of instruction as well as personal protective equipment. There were other forms of funding received by the University to assist with pandemic relief, notably the Coronavirus Relief Fund (CRF), passed through the State of Ohio from the U.S. Department of Treasury. The University received $22.1 million of these funds that were applied to various needs related to securing the delivery of instruction and the protection and safety of the students, faculty, and staff. All of this pandemic relief funding has been spent as of June 30, 2022.

The overall financial position of the University has improved when comparing fiscal year 2022 to fiscal year 2021. The University's total assets and deferred outflows of resources decreased by $30.7 million and total liabilities and deferred inflows of resources decreased by $10`.7 million. Overall net position increased by $70.9 million.

Excluding the impacts of GASB 68 and 75, total assets and deferred outflows of resources decreased $63.0 million, mostly due to the decrease in short-term and long-term investments of $14.9 million and a decrease in net capital assets of $36.6 million. During fiscal year 2022, the market fluctuated significantly, resulting in decreased investment holdings in fiscal year 2022. Excluding the impacts of GASB 68 and 75, total liabilities and deferred inflows of resources decreased by $41.8 million, primarily due to the decrease in debt and related liabilities. Excluding the impacts of GASB 68 and 75, the overall net position decreased by $21.2 million.

Highlights of significant activities (excluding the impacts of GASB 68 and GASB 75) as compared to fiscal year 2021 are as follows:

- Operating revenues increased by $55.4 million due primarily to auxiliary operations. Auxiliary revenue increased due to resuming on-campus activities and events in fiscal year 2022. Operating expenses increased $54.3 million. The primary increases were in salaries, travel, and student aid.
- $67.9 and $60.1 million in pandemic relief funding for both student and institutional purposes was recognized in fiscal year 2022 and 2021, respectively.
- Investment income decreased $97.7 million due to a volatile market during fiscal year 2022.
- Short-term and long-term investments decreased $14.9 million primarily due to a volatile market in fiscal year 2022.
- Net capital assets decreased $36.6 million in fiscal year 2022 primarily due to continued suspended or delayed construction projects in fiscal year 2022 offset by continued depreciation.

Statement of Net Position

The statement of net position includes all assets and deferred outflows of resources and all liabilities and deferred inflows of resources. Over time, increases or decreases in net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) are one indicator of the improvement or erosion of the University's financial health when considered with nonfinancial facts such as enrollment levels and the condition of facilities.

The table below presents condensed balances for the statements of net position at June 30, 2022 and 2021:

	(Dollars in Thousands) 2022	2021
Assets		
Current	$ 388,505	$ 440,112
Capital assets	857,265	893,829
Net OPEB asset	41,323	31,317
Other assets	196,306	151,079
Total assets	1,483,399	1,516,337
Deferred outflows of resources		
Deferred losses from refundings	14,660	20,757
Accumualated change in derivative instrument - swap liability	-	3,986
Deferred cost of refunding derivative instrument	732	-
Pensions	75,376	57,398
OPEB	2,053	8,464
Total deferred outflows of resources	92,821	90,605
Total assets and deferred outflows of resources	$ 1,576,220	$ 1,606,942
Liabilities		
Current liabilities	$ 124,068	$ 137,309
Long-term debt	380,159	409,984
Net pension liability	183,111	361,510
Other	51,060	54,360
Total liabilities	738,398	963,163
Deferred inflows of resources		
Accumulated change in derivative instrument - swap asset	1,266	-
Leases	11,456	-
Pensions	213,067	76,806
OPEB	48,908	74,787
Total deferred inflows of resources	274,697	151,593
Net Position		
Net investment in capital assets	464,886	473,629
Restricted		
Nonexpendable – permanent endowments	5,883	5,883
Expendable – loans, gifts and grant programs	10,299	11,858
Unrestricted	82,057	816
Total net position	563,125	492,186
Total liabilities, deferred inflows and net position	$ 1,576,220	$ 1,606,942

Statement of Net Position (Continued)

Comparison of Fiscal Year 2022 to Fiscal Year 2021

The University's current ratio increased from 2021 to 2022. At June 30, 2022, the University's current assets of $388.5 million were sufficient to cover current liabilities of $124.1 million (current ratio of 3.1). At June 30, 2022, total University assets and deferred outflows of resources were $1,576.2 million, compared to $1,607.0 million at June 30, 2021. Without the effects of GASB 68 and 75, assets and deferred outflows at June 30, 2022 and 2021 would be $1,455.0 million and $1,509.8 million. The decrease of $54.8 million is mainly attributed to decreased investments of $14.9 million and a decrease in net capital assets of $36.6 million.

University liabilities and deferred inflows of resources total $1,013.1 million at June 30, 2022 compared to $1,114.8 million at June 30, 2021. Without the effects of GASB 68 and 75, liabilities and deferred inflows of resources at June 30, 2022 and 2021 would be $568.0 million and $601.7 million, respectively. The decrease is primarily due to the paydown of debt and other liabilities/payables.

Total net position increased by $70.9 million to $563.1 million. Without the effects of GASB 68 and 75, net position would have decreased by $21.1 million to $887.0 million. The primary drivers are discussed in the statement of revenues, expenses and changes in net position section of this Management's Discussion and Analysis.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public University's dependency on state aid and gifts could result in operating deficits because the financial reporting model classifies state appropriations and gifts as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Statement of Revenues, Expenses and Changes in Net Position

The table below presents condensed balances for the statement of revenues, expenses and changes in net position at June 30, 2022 and 2021:

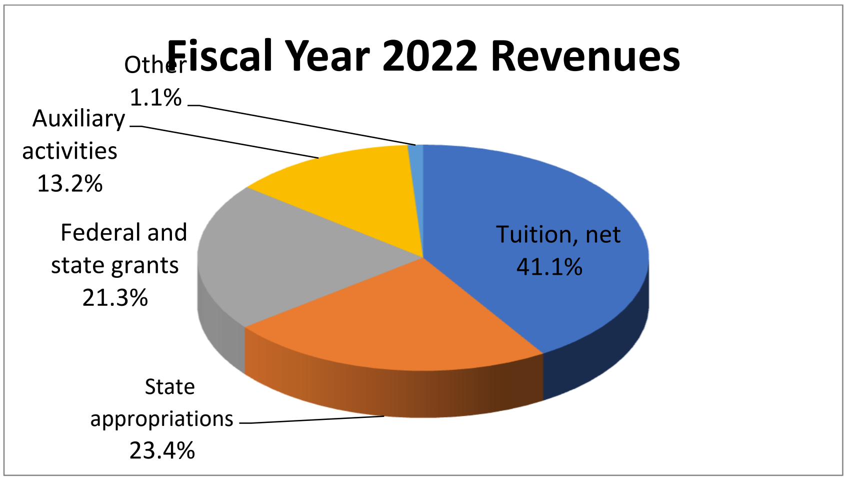
	(Dollars in Thousands)	
	2022	2021
Operating revenues:		
Tuition, net	$ 280,665	$ 297,616
Federal and state grants and contracts	38,103	33,252
Auxiliary activities	89,961	23,267
Other operating revenue	11,255	10,433
Total operating revenues	419,984	364,568
Non-operating revenues:		
State appropriations	159,707	158,448
Federal Pell grant revenue	39,153	41,644
Federal pandemic relief revenue	67,905	60,051
Other non-operating revenue	(3,648)	94,614
Total non-operating revenues	263,117	354,757
Total revenues	$ 683,101	$ 719,325
Operating expenses:		
Instruction	$ 236,465	$ 225,543
Institutional support	72,294	89,408
Scholarships and fellowships	64,346	49,915
Auxiliary activities	82,890	57,137
Pension	(62,624)	(10,424)
OPEB	(29,475)	(85,384)
Other operating expense	232,202	215,554
Total operating expense	596,098	541,749
Non-operating expense	16,064	7,095
Total expenses	$ 612,162	$ 548,844

Included in the other operating revenue category on the above table is local and private grant revenue and sales and services of educational activities. Included in the other non-operating revenue category are gifts, investment losses, capital appropriations, and other non-operating revenue.

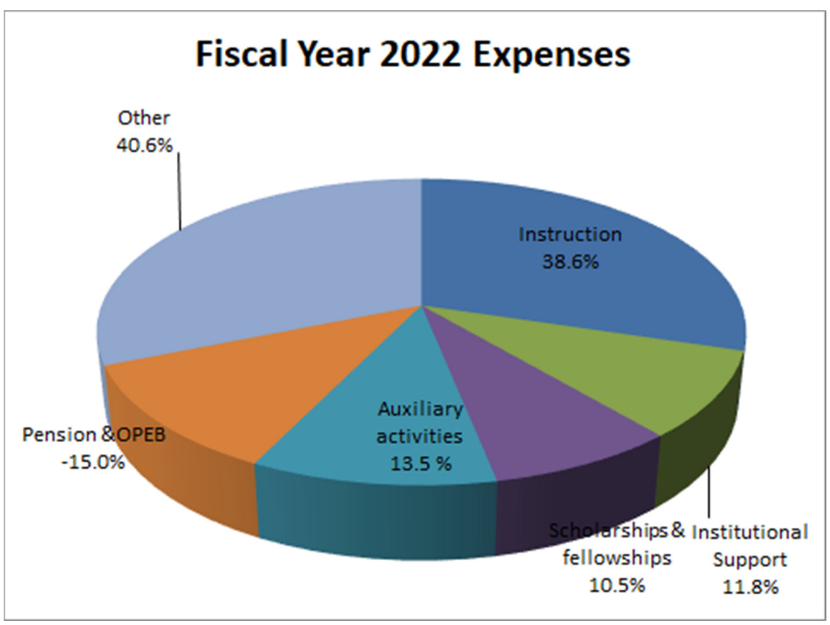
Included in the other operating expense category on the above table is research, public service, academic support, student services, operation and maintenance of plant and depreciation expense. Pension and OPEB expense/(benefit) are reported as separate line items. The non-operating expense is the interest on capital asset related debt.

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

The following chart shows the breakdown of total revenues. Tuition is the largest source of revenue at 41.1 percent followed by State appropriations at 23.4 percent. Due to the large amount of federal pandemic relief funding received by the University, the federal and state grant category realized a significant increase.



The following chart shows the breakdown of total expenses. The two largest expense categories identified in the chart below are instruction at 38.6 percent and other at 40.6 percent. Instruction is the largest functional expense category. The other category includes both operating and non-operating expenses as indicated above.



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

During the year ended June 30, 2022, the most significant sources of revenues for the University are tuition and fees and state appropriations. Operating revenues, which include tuition and fees and auxiliary services, increased by $55.4 million or 15.2 percent. Much of the increase in operating revenues is due to an increase in auxiliary revenue of $66.7 million primarily due to resuming on campus activities and events in fiscal year 2022.

The most significant non-operating revenue is State appropriations. State appropriations totaled $159.7 million in fiscal year 2022. The largest fluctuation in non-operating revenue was in investment income with a $97.7 million decrease compared to fiscal year 2021. This was due to the volatility of the investment market in fiscal year 2022.

Operating expenses, including depreciation of $58.4 million, totaled $596.1 million, an increase of $54.3 million over fiscal year 2021. Without the effects of GASB 68 and 75, operating expenses increased $50.4 million from $637.6 million in fiscal year 2021 to $688.2 million in fiscal year 2022. Most of the functional expense categories increased due to increases in salaries and travel.

Due to the HEERF funding for students and the new Flashes Go Forward scholarship program, scholarship expense increased $14.4 million compared to fiscal year 2021.

Interest expense on capital related debt increased $7.1 million primarily to recognizing catch-up amortization of the imputed borrowing liability related to the interest rate swap in fiscal year 2021. See Note 7 for further information regarding the University's debt.

Capital Asset and Debt Administration

<u>Capital Assets</u>

At the end of fiscal year 2022, the University had invested $857.3 million in a broad range of capital assets, including equipment, buildings, building improvements and land and $4.7 million in lease assets as a result of the adoption of GASB Statement No. 87. More detailed information about the University's capital assets is presented in Note 6 to the financial statements.

Net of depreciation (Dollars in Millions)	2022	2021
Land	$ 33.1	$ 32.5
Equipment	26.2	30.3
Buildings and improvements	778.8	819.1
Construction in progress	19.2	11.9
Total	$ 857.3	$ 893.8

Capital Asset and Debt Administration (Continued)

Debt

At year-end, the University had $408.6 million in bonds and notes outstanding, a decrease of $30.7 million over last year, primarily due to paydown of principal. In addition, with the implementation of GASB Statement No. 87, the University recognized $3.8 million in lease liabilities. More detailed information about the University's debt is presented in Note 7 and Note 8 to the financial statements.

(Dollars in Millions)	2022	2021
General receipts bonds, backed by the University	$ 357.2	$ 380.0
Tax revenue energy bonds	16.7	20.2
Financed purchased liabilities	34.7	39.1
Lease assets	4.7	-
	$ 413.3	$ 439.3

Factors Affecting Future Periods

The University began the customary budget planning activities for fiscal year 2023 understanding that uncertainties would continue related to enrollment management (both recruiting new students and retaining the students that are already here) and the economic after effects of the COVID-19 pandemic; specifically, inflation, investment market volatility, availability of goods and materials, and difficulties in retaining and hiring staff.

On May 25, 2022, the Board of Trustees approved a balanced budget of $661.3 million in revenues and $661.3 million in expenses, which is $14.4 million higher than the Fiscal Year 2022 approved budget.

Tuition and fee revenue, based on a conservatively projected 2 percent decrease in enrollment at the Kent Campus and 12 percent decrease across the Regional Campuses, coupled with tuition and fee rates authorized by the Board, is budgeted at $385.5 million, nearly $4.5 million higher than last fiscal year. For the ninth consecutive year, the University is experiencing a year-over-year enrollment decline and, as a result, tuition and fee revenue continues to be the biggest revenue challenge. Strategic enrollment management efforts continue the work of stabilizing enrollment. Our retention rate (the percentage of freshmen who return for the sophomore year) declined noticeably during the pandemic and the University continues to work with students to help them recover academically as well as provide the support services needed to persist and graduate. The decline in retention accounted for much of the decline in enrollment on the Kent campus. On the other hand, in Fall 2022, 4,267 new freshmen were welcomed to campus, the eighth-highest number in Kent campus history and within 100 students of our all-time record for freshman enrollment. The Fall 2022 entering class also boasts additional distinctions: 19 percent from traditionally under-represented groups, an average high school GPA of 3.51, and average ACT score of 21.64. The University is continuing to focus on need-based student aid by fully funding year two of the Flashes Go Further program, in which the unmet need for tuition and fees is funded for those students and families with an expected family contribution of $10,000 or less. Over 24 percent of the entering freshmen received the benefit of this highly valuable program that resonates with the University's mission of access and affordability.

The State Subsidy of Instruction (SSI) will be $700,000 less than the previous year due to enrollment and retention declines. This is a reminder that embracing the efforts to increase student success will pay off not only in meeting our mission of educating and graduating more students, but it will also generate increasing amounts of State support.

Factors Affecting Future Periods (Continued)

For the second year in a row, the biggest revenue recovery is in the auxiliaries, with nearly $8.6 million (a 10.7 percent increase) in additional revenue compared to last year, as a result of more normal on-campus student residency, dining plan participation, and a return to normal mode of intercollegiate athletic competition. For Fall 2022, the University welcomed 5,713 students into the residence halls, nearly 413 more than last year, with a similar increase in the number of students participating in dining plans. Intercollegiate Athletics also expects to continue toward a more normal year of competition and operations with expected normalized NCAA and MAC conference revenues and a slight increase in the general fee allocation.

As the University grows out of the pandemic, there is a continuing focus on balancing expenses to projected revenues while devoting resources to our core activities (access, completion, research), maintaining current staffing levels while concurrently increasing wages, and continuing to revamp the University operating cost structure.

Inflation presents a very real challenge for the fiscal year 2023 budget year. For example, the cost of property and casualty insurance for the University has grown 300 percent over the past six years – from $900,000 per year in Fiscal Year 2018 to $2.8 million in Fiscal Year 2023. The cost of electricity, which last year cost the University 3.3 cents per kilowatt hour, now costs 7 cents per kilowatt hour, a nearly $2 million increase for this year's budget. Taking all of this into consideration, reallocation and realignment of budgets are necessary to absorb these increases.

Recognizing the importance of access and affordability in the recently updated strategic plan, Flashes Together: A Strategic Roadmap to a Distinctive Kent State, an additional $5 million in base budget was added this year to fully fund the second year of the Flashes Go Further Scholarship Program with an additional $10 million of additional funding expected over the next two years to achieve the strategic priority of a $20 million Flashes Go Further Scholarship Program budget. This continues to be a heavy lift but increasing need-based scholarships is the right thing to do for access and degree completion.

Finally, one of the areas hit hardest by inflation is the cost of construction, which includes the cost of materials, labor shortages, professional services fees, lack of availability of machinery, equipment, furniture/fixtures, and surcharges on fuel. All projects either currently in design or under construction have experienced cost increases of 15-20 percent, which is being funded through existing University balances and by reallocating state funds available for projects. Examples include: Crawford hall ($9.5 million budget amendment); Front Chilled Water Loop ($1.5 million budget amendment); Beall Hall Design Studio Space Renovation ($1.3 million budget amendment); Cunningham Hall Lab Space Renovation ($600 thousand budget amendment). Unfortunately, it appears that these issues will continue through the remainder of this fiscal year and into the next.

Fiscal Year 2024: Looking Ahead

Pandemic uncertainties continue to loom even while the University continues to respond to ongoing enrollment challenges, severe economic headwinds (inflation, supply chain, volatile investment market), and the beginning of the biennium state budget development process, all of which will have a bearing on how to sustain our University's financial viability.

Fiscal Year 2024: Looking Ahead (Continued)

Looking ahead to next fiscal year, enrollment challenges are expected to continue as time moves closer to the demographic cliff (the drop in college enrollments due to falling birthrates in the aftermath of the 2008 Great Recession and slowing immigration) in the year 2025, which according to the Western Interstate Commission on Higher Education, translates to an 11 percent decline in the size of the Ohio high school graduating class in 2037 compared to 2019. In a proactive manner, in October 2021, the University released our Strategic Enrollment Management Plan which will enable better management of the entire student life cycle from cradle to endowment. Instead of simply providing enrollment services, the University will embrace comprehensive strategic planning focused on identifying, recruiting, enrolling, retaining, and graduating a student body in accordance with our mission, while maintaining fiscal sustainability.

Enrollment will remain a key revenue driver. Equally as important will be the results of the state budget development process for Fiscal Years 2024-25, which begins this fall. The state budget is a critical component of our University's operating budget and provides significant resources related to state share of instruction (SSI), tuition and fee caps, and need-based funding in the form of the Ohio College Opportunity Grant (OCOG). Considering the ongoing economic challenges, the University will engage with officials in Columbus to support significant increases in SSI to offset the impact of continued inflation, modest tuition increases, and increased funding for the state-wide OCOG program of scholarships to those with high financial need. Funding for workforce development programs particularly on our regional campuses as well as funds to demolish functionally obsolete buildings across all of our campuses will be requested from state resources. On the Kent campus, the latter would help fund the planned demolition of Verder Hall and the current College of Business Administration Building and create savings of over $41 million in reduced maintenance and operations.

The economic challenges brought on by historically high, prolonged inflation are felt by all of our students, faculty and staff and directly affect their livelihood and well-being. It's critical to continue to provide competitive wages and benefits through managing staffing levels and gains in operating efficiencies. Our mantra must continue to be focused on retaining current faculty and staff, treating them well, and maintaining our stature in the community as a Great College to Work For, as designated by the Chronicle of Higher Education (10 years in a row and most recently Honor Roll distinction) and a Forbes Magazine America's Best Employers (#3 in Ohio).

With all of the challenges mentioned above, the University must be strategically focused, data-informed, and results-oriented to achieve and deliver our University's commitment to teaching, learning and research in a fiscally responsible manner.

Kent State University
(A Component Unit of the State of Ohio)

Statement of Net Position
June 30, 2022
(Dollars in Thousands)

Assets	University 2022	University Foundation 2022
Current assets:		
Cash and cash equivalents	$ 43,660	$ 13,773
Short-term investments	298,070	179,902
Accounts and pledges receivable, net	27,579	4,436
Leases receivable	11,513	-
Inventories	956	-
Deposits and prepaid expenses	6,110	45
Accrued interest receivable	617	-
Total current assets	388,505	198,156
Noncurrent assets:		
Restricted cash	5,993	-
Restricted investment	27,557	-
Student loans receivable, net	16,939	-
Long-term investments	137,363	48,981
Long-term pledges receivable, net	-	30,142
Net pension asset	2,509	-
Net OPEB asset	41,323	-
Capital assets, net	857,265	16,849
Lease assets, net	4,679	-
Derivative instrument - swap asset	1,266	-
Other assets	-	4,646
Total noncurrent assets	1,094,894	100,618
Total assets	1,483,399	298,774
Deferred outflows of resources		
Deferred losses from refundings	14,660	-
Deferred cost of refunding derivative instrument	732	-
Pensions	75,376	-
OPEB	2,053	-
Total deferred outflows of resources	92,821	-
Total assets and deferred outflows of resources	$ 1,576,220	$ 298,774
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 26,704	$ 319
Accrued payroll	14,689	-
Payroll taxes and accrued fringe benefits	21,486	-
Unearned revenue and deposits	31,892	-
Current portion of lease liability	899	375
Current portion of long-term debt	28,398	
Total current liabilities	124,068	694
Noncurrent liabilities:		
Accrued compensated absences	24,350	-
Accrued liabilities	21,947	2,718
Net pension liability	183,111	-
Unearned revenue and deposits	966	12,083
Lease liability	3,797	7,822
Debt, net	380,159	-
Total noncurrent liabilities	614,330	22,623
Total liabilities	738,398	23,317
Deferred inflows of resources		
Accumulated change in derivative instrument - swap asset	1,266	-
Leases	11,456	-
Pensions	213,067	-
OPEB	48,908	-
Total deferred inflows of resources	274,697	-
Net Position		
Net investment in capital assets	464,886	-
Restricted		
Nonexpendable - permanent endowments	5,883	115,719
Expendable - loans, gifts and grant programs	10,299	142,362
Unrestricted	82,057	17,376
Total net position	563,125	275,457
Total liabilities, deferred inflows and net position	$ 1,576,220	$ 298,774

See notes to financial statements.

Kent State University
(A Component Unit of the State of Ohio)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022
(Dollars in Thousands)

	University 2022	University Foundation 2022
Operating revenues:		
Student tuition and fees	$ 393,655	$ -
Less scholarship allowances	(112,990)	-
Net student tuition and fees	280,665	-
Federal grants and contracts	26,293	-
State grants and contracts	11,810	-
Local grants and contracts	310	-
Nongovernmental grants and contracts	3,781	-
Sales and services of educational activities	7,164	-
Auxiliary activities, net of allowances for student scholarships of $5,662 for June 30, 2022	89,961	-
Total operating revenues	419,984	-
Operating expenses:		
Instruction	236,465	-
Research	21,288	-
Public service	10,996	-
Academic support	57,769	-
Student services	39,086	-
Institutional support	72,294	14,154
Scholarships and fellowships	64,346	4,957
Operation and maintenance of plant	44,639	-
Auxiliary activities	82,890	-
Pension	(62,624)	-
OPEB	(29,475)	-
Depreciation	58,424	452
Total operating expenses	596,098	19,563
Net operating loss	(176,114)	(19,563)
Nonoperating revenues (expenses):		
State appropriations	159,707	-
Federal Pell Grant revenue	39,153	-
Federal pandemic relief revenue	67,905	-
Gifts	8,056	43,685
Investment losses, net	(15,351)	(27,366)
Interest on debt	(16,064)	-
Other nonoperating revenues	2,500	4,002
Net nonoperating revenues	245,906	20,321
Income before other revenues, expenses, gains or losses	69,792	758
Other revenues, expenses, gains or losses		
Capital appropriation	1,147	-
Total other revenues, expenses, gains or losses	1,147	-
Change in net position	70,939	758
Total net position at beginning of year	492,186	274,699
Total net position at end of year	$ 563,125	$ 275,457

See notes to financial statements.

Kent State University
(A Component Unit of the State of Ohio)

Statement of Cash Flows
Year Ended June 30, 2022
(Dollars in Thousands)

Cash flows from operating activities:		
Student tuition and fees	$	81,529
Auxiliary activities		90,701
Other sources		7,017
Grants and contracts		43,124
Payments for employee compensation and benefits		(306,594)
Payments to vendors for services and materials		(134,968)
Net cash used in operating activities		(219,191)
Cash flows from noncapital financing activities:		
State appropriations for instruction funds		159,707
Gifts		8,114
Cash received from Federal Pell grants		39,153
Cash received from federal pandemic relief grants		67,905
Student loans granted, net of repayments		(812)
Net cash provided by noncapital financing activities		274,067
Cash flows from capital and related financing activities:		
Principal payments on outstanding debt		(27,123)
Interest paid		(15,784)
Payments to construct, renovate or purchase capital assets		(20,270)
Other capital and related receipts		4,701
Net cash used in capital and related financing activities		(58,476)
Cash flows from investing activities:		
Proceeds from sale and maturities of investments		49,547
Purchases of investments		(85,759)
Interest received		34,072
Net cash used in investing activities		(2,140)
Net change in cash and cash equivalents		(5,740)
Cash and cash equivalents, including restricted cash:		
Beginning		55,393
Ending	$	49,653

(Continued)

Kent State University
(A Component Unit of the State of Ohio)

Statement of Cash Flows (Continued)
Year Ended June 30, 2022
(Dollars in Thousands)

Reconciliation of net operating loss to net cash flows used in operating activities:		
Net operating loss	$	(176,114)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense		58,424
Adjustments to reconcile change in net position to net cash used in operating activities:		
Accounts and pledges receivable, net		1,236
Inventories		(172)
Deposits and prepaid expenses		(379)
Net pension asset		(2,509)
Net OPEB asset		(10,006)
Deferred outflows of pension resources		(17,978)
Deferred outflows of OPEB resources		6,411
Accounts payable and accrued liabilities		(7,928)
Net pension liability		(178,399)
Accrued payroll		570
Payroll taxes and accrued fringe benefits		(343)
Unearned revenue and deposits		(1,163)
Accrued compensated absences		(1,223)
Deferred inflows of pension resources		136,261
Deferred inflows of OPEB resources		(25,879)
Net cash used in operating activities	$	(219,191)

Noncash capital and financing activities:
During the year ended June 30, 2022, the University received noncash capital appropriations from the State of Ohio in the amount of $1,147.

Noncash investing, capital and financing activities:
The University held investments at June 30, 2022 with a fair value of $414,975. During 2022, the net change in the fair value of these investments was a loss of $27,544.

See notes to financial statements.

Note 1. Reporting Entity and Basis of Presentation

Reporting entity: Kent State University (the University) is an institution of higher education and is considered to be a component unit of the State of Ohio (the State) because its Board of Trustees is appointed by the governor of the State. The University is classified as a state instrumentality under Internal Revenue Code Section 115 and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

In accordance with Governmental Accounting Standards Board (GASB) Codification Section 2100: *Defining the Financial Reporting Entity,* the University's financial statements are included, as a discretely presented component unit, in the State's Annual Comprehensive Financial Report.

Furthermore, in accordance with GASB Codification Section 2600: *Reporting Entity and Component Unit Presentation and Disclosure,* the Kent State University Foundation (the Foundation) is included as a discretely presented component unit in a separate column in these financial statements to emphasize that it is legally separate from the University. The Foundation, which is a separate not-for-profit organization, meets the criteria set forth in the Codification Section 2600 due to its significant operational and financial relationship with the University. Note 13 provides additional information on the Foundation. Certain disclosures concerning the Foundation are not included because it has been audited separately and reports have been issued under separate cover. Financial statements for the Foundation may be obtained by writing to Kent State University Foundation, Kent, Ohio 44242.

Additionally, the financial statements of the University include the operations of its blended component unit, KSU Foot and Ankle Clinic dba The Cleveland Foot and Ankle Clinic (the Clinic). This entity was included in the July 1, 2012 merger of the University with the Ohio College of Podiatric Medicine. The Clinic is a separate 501(c)(3) organization whose main purpose is to provide clinical experience for students of the KSU College of Podiatric Medicine. The Clinic almost exclusively benefits the University even though services are provided to the public and the University is the sole member of the Clinic. Therefore, according to the provisions of GASB Statement No. 61, the Clinic is considered a blended component unit of the University. See Note 13 for further discussion and presentation of condensed financial information for the Clinic.

Basis of presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.* GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Capital related debt is offset by unspent bond proceeds, if any.

Restricted, nonexpendable – Net position subject to externally imposed stipulations that the University maintain such assets permanently.

Restricted, expendable: Net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Note 1. Reporting Entity and Basis of Presentation (Continued)

Unrestricted: Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of the Board of Trustees. Substantially all unrestricted net position is designated for academic and research programs, capital projects and other initiatives. Generally, it is the University's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted resources are available.

The financial statements of the University have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the related liability has been incurred. For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement Nos. 34 and 35.

Note 2. Summary of Significant Accounting Policies

Cash and cash equivalents: The University considers cash, time deposits and all other highly liquid investments with an original maturity of three months or less to be cash equivalents. Restricted cash is cash in loan fund bank accounts, unspent bond proceeds held in trust related to various campus enhancements and energy conservation projects, as well as minor petty cash funds for various research projects.

Investments: Investments that are market traded are recorded at fair market value. The value of holdings of non-publicly traded funds is based on the funds' net asset value, which is considered fair value, as supplied by the funds' investment manager. Investment income is recorded on the accrual basis and purchases and sales of investments are recorded on a trade-date basis.

Accounts receivable, net: Accounts receivable are for transactions relating to tuition and fees, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. The allowance for doubtful accounts is determined based on management's judgment of potential uncollectible amounts, based on historical experience and type of receivable.

Inventories: Inventories are stated at the lower of first-in, first-out cost or market.

Capital assets: Capital assets are stated at cost at the time of purchase or acquisition value at date of gift. Depreciation of plant physical properties is provided on a straight-line basis over the estimated useful lives (3 to 40 years) of the respective assets.

Leases: As a lessee, the University is a lessee for leases of infrastructure, buildings and equipment. The University recognizes a lease liability and an intangible right-to-use lease asset in the financial statements for leases. At the commencement of a lease, the University measures the lease liability at the interest rate charged on the lease, if available, and or otherwise discounted using the University's incremental borrowing rate. The lease assets are amortized over the shorter of the lease term or the underlying asset useful life.

As a lessor, the University is a lessor for noncancellable leases of equipment and office and housing space. The University recognizes a lease receivable and deferred inflow of resources in the financial statements. At the commencement of the lease, the University measures the lease receivable at the interest rate charged on the lease, if available, and or otherwise discounted using the University's incremental borrowing rate.

Note 2. Summary of Significant Accounting Policies (Continued)

Unearned revenue: Unearned revenue includes tuition and fees relating to summer sessions that are conducted in July and August. Unearned revenue also includes amounts received in advance from grant and contract sponsors that have not been earned under the terms of the agreements. The amounts, which are unearned, are recognized as revenue when earned or when eligibility requirements have been met.

Accrued compensated absences: Per University policy, faculty and staff earn vacation up to a maximum of 25 days per year with a maximum accrual of 75 days. Upon termination, they are entitled to a payout of their accumulated balance. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The liability for accrued vacation at June 30, 2022 was $20,757.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro-rata monthly basis for salaried employees and on a pro-rata hourly basis for classified hourly employees). Employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25% of unused days (maximum of 30 days). The liability for accrued sick leave at June 30, 2022 was $3,593.

Pensions: For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) and State Teachers Retirement System of Ohio Pension Plan (STRS) and additions to/deductions from OPERS'/STRS' fiduciary net position have been determined on the same basis as they are reported by OPERS/STRS. OPERS/STRS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefit costs (OPEB): For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to healthcare costs, and OPEB expense, information about the fiduciary net position of the OPERS/STRS plans and additions to/deductions from OPERS'/STRS' fiduciary net position have been determined on the same basis as they are reported by OPERS/STRS. OPERS/STRS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS/STRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Bond premiums, discounts and issuance costs: Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recognized as an expense in the period incurred.

Deferred outflows/inflows of resources: Deferred outflows of resources are a consumption of net position by the University that is applicable to a future reporting period. Deferred outflows of resources of the University consist of certain changes in the net pension asset/liability and net OPEB asset not included in pension expense and OPEB expense, deferred losses on bond refundings and accumulated changes in hedging derivatives related to the interest rate swap. Employer contributions to the pension plan and OPEB plan subsequent to the measurement date of the net pension asset/liability and OPEB asset, respectively, are also required to be reported as a deferred outflow of resources of the University. Deferred inflows of resources are an acquisition of net positions by the University that is applicable to a future reporting period. Deferred inflows of resources consist of certain changes in net pension asset/liability not included in pension expense and net OPEB asset not included in OPEB expense, accumulated changes in hedging derivatives related to the interest rate swap and the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods.

Note 2. Summary of Significant Accounting Policies (Continued)

Operating and nonoperating revenues and expenses: The University defines operating activities for purposes of reporting on the statement of revenues, expenses and changes in net position as those activities that generally result from exchange transactions such as payments received for providing goods or services and payments made for services or goods received. Substantially all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues as required by GASB pronouncements, including state appropriations, Federal Pell grant revenue, federal pandemic relief funding, investment income and state capital grants.

Revenue recognition: The University recognizes tuition, fees and other student charges as goods and services are provided to customers and constituencies of the institution. State appropriations are recognized when received or made available. Restricted funds are recognized as revenue when all eligibility requirements have been met for grants and contracts when earned. Gifts are recognized when received.

Allowance for student scholarships: Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

Estimates: The preparation of the accompanying financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent events: The University has evaluated subsequent events occurring between the end of our most recent fiscal year and October 20, 2022, the date the financial statements were available to be issued. See Note 14 for further discussion.

Recent and pending accounting pronouncements: Effective July 1, 2021, the University adopted GASB Statement No. 87, *Leases*. 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. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. There was no material impact on the University's financial statements due to the adoption of Statement No. 87. Reference Note 8 for further details regarding the implementation of this standard.

Note 2. Summary of Significant Accounting Policies (Continued)

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The University does not anticipate the adoption of this standard will have a significant impact on the financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020.* The objectives of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective at various dates as outlined in the Statement. The University does not anticipate the adoption of this standard will have a significant impact on the financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The University does not anticipate the adoption of this standard will have a significant impact on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The University has not yet determined the impact this statement will have on the financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) 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 the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. There was no material impact on the University's financial statements due to the adoption of Statement No. 97.

Effective July 1, 2021, the University early adopted GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR.* That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective at various dates as outlined in the Statement. The University does not anticipate the adoption of this standard will have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62.* This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The University does not anticipate the adoption of this standard will have a significant impact on the financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The University has not yet determined the impact this statement will have on the financial statements.

Note 3. Cash, Cash Equivalents and Investments

Cash and cash equivalents: Custodial credit risk on deposits with banks is the risk that in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial credit risk. At June 30, 2022, the bank amount of the University's deposits were $34,994. Of that amount, $34,505 was insured. The remaining $489 was uninsured and uncollateralized. The University does not require deposits to be insured or collateralized.

Investments: The University investment policy sets forth the mission to provide sustainable investment returns to fund current and future financial objectives with commensurate risk and return objectives based on multiple investment timeframes.

The investment policy parallels state law, which requires an amount equal to at least 25 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 270 days or less which are eligible for purchase by the federal reserve system.

The University has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2022. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding $25,000. STAR Ohio reserves the right to limit the transaction to $50,000, requiring the excess amount to be transacted the following business day(s), but only to the $50,000 limit. All accounts of the STAR Ohio investors will be combined for these purposes.

(Dollars in Thousands)

Note 3. Cash, Cash Equivalents and Investments (Continued)

The values of investments at June 30, 2022 are as follows:

	Market	Cost
Private equities	$ 137,363	$ 89,396
Mutual funds:		
Fixed income	171,193	192,152
Equity	106,419	120,580
STAR Ohio	48,015	48,015
Total	$ 462,990	$ 450,143

Net appreciation/depreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the year ended June 30, 2022, the University realized a net realized gain of $23,087. The calculation of realized gains and losses is independent of the net appreciation/depreciation in the fair value of investments held at year-end. The net depreciation in the fair value of investments during the year ended June 30, 2022 was $27,554. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year.

The unrealized depreciation on investments for the year ended June 30, 2022 was $50,642.

The components of the net investment loss at June 30, 2022 are as follows:

Interest and dividends, net	$ 12,203
Net depreciation in market value of investments	(27,554)
Total net investment loss	$ (15,351)

GASB Statement 40, *Deposit and Investment Risk Disclosures – an Amendment to GASB Statement No. 3,* requires certain additional disclosures related to the interest rate and credit risks amongst other things associated with interest-bearing investments.

Interest-rate risk: Interest-rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

The maturities of the University’s interest-bearing investments at June 30, 2022 are as follows:

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Fixed income mutual funds	$ 171,193	$ 15,927	$ 60,031	$ 38,105	$ 57,130

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody’s Investors Service, Standard & Poor’s, or Fitch Ratings provides a current depiction of potential variable cash flows and credit risk.

(Dollars in Thousands)

Note 3. Cash, Cash Equivalents and Investments (Continued)

The credit ratings of the University's interest-bearing fixed income mutual fund investments at June 30, 2022 are as follows:

Credit Rating (S&P):		
AAA	$	7,173
AA+		70,914
AA		4,535
AA-		1,582
A+		3,203
A		4,461
Other (not rated)		79,325
Total	$	171,193

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, 2022, the University had no exposure to foreign currency risk.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investments are held in trust of by a custodian in the University's name or directly held in the University's name.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University held the following investments that had fair values of 5 percent or more of total investments as of June 30 2022:

SEI Core Fixed Income Fund	$	85,917
SEI Hedge Fund SPC		47,846
SEI World Equity		41,273
SEI Core Property Fund, LP		38,786
SEI GPA IV Private Equity Fund		37,497
SEI High Yield Bond Fund		21,250

Note 4. Fair Value Measurements

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management utilizes valuation techniques that maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3) within the fair value hierarchy established by GASB. Assets and liabilities carried at fair value are required to be classified and disclosed in one of the following three categories: Level 1: Quoted prices in active markets for identical assets/liabilities as of the report date. The quoted market prices are from those securities traded on an active exchange such as the New York Stock Exchange, NASDAQ or an active over-the-counter market; Level 2: Significant other observable inputs including prices quoted in active markets for similar assets/liabilities; and Level 3: Inputs which are unobservable including the University's own assumptions in determining the fair value of investments or liabilities.

(Dollars in Thousands)

Note 4. Fair Value Measurements (Continued)

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The University has the following recurring fair value measurements as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments assets:				
Mutual funds - fixed income	$ 171,193	$ -	$ -	$ 171,193
Mutual funds - equity securities	106,419	-	-	106,419
Private equity funds - international	-	-	13,234	13,234
	$ 277,612	$ -	$ 13,234	290,846
Investments measured at net asset value (NAV):				
Equity funds				37,497
Multi-strategy hedge funds				47,846
U.S. core real estate				38,786
Total investments assets				$ 414,975
Derivative instruments:				
Interest rate swap asset	$ -	$ 1,266	$ -	$ 1,266

Short-term investments on the statement of net position at June 30, 2022 includes investments of STAR Ohio of $48,015. The investments in STAR Ohio are measured at amortized cost; therefore, they are not included in the tables above.

Fixed income mutual funds and equity securities mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of private equity funds classified in Level 3 at June 30, 2022 is determined primarily based upon information received from the Investee Funds (such as investor reports and audited financial statements), discounted cash flow analysis or a market-multiple based approach. The University records the fair value of these investments using estimated values obtained from the fund managers. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years.

The interest rate swap asset, which is classified in Level 2 of the fair value hierarchy, is estimated using the regression analysis method for fair value. The regression analysis method evaluates the effectiveness of the swap by considering the statistical relationship between the cash flows or fair values of the potential hedging derivative instrument and the hedged item. The fair value of the swap is estimated using the zero-coupon method and also reflects the effect of nonperformance risk. This method calculates the future net settlement payments required by the agreements, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discontinued using the spot rate implied by the current relevant yield curve that incorporates the risk of nonperformance of the University, as applicable, on the date of each future net settlement on the agreements.

(Dollars in Thousands)

Note 4. Fair Value Measurements (Continued)

The University holds shares or interests in investment companies whereby the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year-end, the fair value, unfunded commitments, and redemption frequency and notice of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity funds	$ 37,497	$ 14,395	None	None
Multi-strategy hedge funds	47,846	-	Monthly	10 days
U.S. core real estate	38,786	-	Quarterly	95 days
Total	$ 124,129	$ 14,395		

The equity funds class includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to adjust investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position.

The multi-strategy hedge funds class invests in hedge funds that pursue multiple strategies across a variety of specialties to diversify risks and reduce volatility. The hedge funds' composite portfolio for this class includes, but is not limited to, U.S. and non-U.S. common stocks, global real estate, various fixed-income and credit investments, arbitrage transactions, and hedging instruments.

The U.S. core real estate class is a pooled investment hedge fund seeking both current income and long-term capital appreciation principally through investing in commercial real estate properties.

Note 5. Accounts and Student Loans Receivable, Net

Accounts and student loans receivable consist of the following at June 30, 2022:

Accounts receivable:	
Sponsor accounts	$ 8,621
Student accounts	16,257
Other	7,276
Total accounts receivable	32,154
Less allowances for doubtful accounts	(4,575)
Net accounts receivable	$ 27,579

Student loans receivable	$ 21,887
Less allowances for student loans receivable	(4,948)
Net student loans receivable	$ 16,939

(Dollars in Thousands)

Note 6. Capital Assets, Net

Capital assets and accumulated depreciation as of June 30, 2022 are summarized as follows:

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets:					
Land	$ 32,456	$ 609	$ -	$ -	$ 33,065
Construction in progress	11,858	17,947	(10,608)	-	19,197
Total nondepreciable capital assets	44,314	18,556	(10,608)	-	52,262
Infrastructure	167,318	-	6,257	(502)	173,073
Buildings	1,359,190	-	4,351	(6,763)	1,356,778
Equipment	237,838	2,870	-	(5,847)	234,861
Total depreciable capital assets	1,764,346	2,870	10,608	(13,112)	1,764,712
Total capital assets	1,808,660	21,426	-	(13,112)	1,816,974
Less accumulated depreciation					
Infrastructure	105,553	6,087	-	(502)	111,138
Buildings	601,727	41,962	-	(3,801)	639,888
Equipment	207,551	6,909	-	(5,777)	208,683
Total accumulated depreciation	914,831	54,958	-	(10,080)	959,709
Total capital assets, net	$ 893,829	$ (33,532)	$ -	$ (3,032)	$ 857,265

Included in depreciation expense of $58,424 for the year ended June 30, 2022 is a loss of $3,032 from the disposal of obsolete capital assets.

Note 7. Debt, Net

General receipt bonds: In January 2020, the University issued Series 2020A General Receipts Bonds in the amount of $22,530 and Series 2020B General Receipts Bonds in the amount of $172,825. The proceeds from the Series 2020A issuance were to be used to fund the construction of a new parking deck on Main Street or to finance other University facilities. Due to the coronavirus pandemic, the construction of the parking deck has been postponed indefinitely and the proceeds will be used toward other University facilities. The proceeds from the Series 2020B issuance were used to refund a portion of the 2012A and 2014A General receipts bonds. As a result, that portion of the bonds were considered defeased and the liability removed from the University's long-term obligations. The partial refunding was undertaken to achieve debt service savings, which resulted in reduced debt service payments by approximately $26,600. For this partial refunding, the reacquisition price exceeded the net carrying amount of the Series 2012A and 2014A bonds by $9,053. The unamortized difference of $8,058 at June 30, 2022, is reported in the statement of net position as a deferred outflow of resources and will be amortized over the remaining term of the debt. As of June 30, 2022, the outstanding principal balance of the Series 2020A General Receipts bonds was $21,835 and $169,220 for the Series 2020B General Receipts bonds.

In connection with the issuance of the Series 2020A General Receipts bonds, the University also recognized a net bond premium totaling $5,639, which is being amortized over the life of the bond. As of June 30, 2022, the unamortized net bond premium was $5,590.

Note 7. Debt, Net (Continued)

In April 2019, the University issued $19,595 in Series 2019 General Receipts bonds. The proceeds from the bond sale were used to refund the remaining Series 2009B General Receipts bonds. The refunding was undertaken to achieve debt service savings resulting in reduced debt service payments by approximately $4,200 at the time. As of June 30, 2022, the outstanding principal balance of the Series 2019 General Receipts bonds was $17,605. In connection with the issuance of the Series 2019 General Receipts bonds, the University also recognized a net bond premium totaling $4,381, which will be amortized against interest expense over the life of the bond. As of June 30, 2022, the unamortized net bond premium was $3,070.

In April 2016, the University issued $103,590 in Series 2016 General Receipts bonds. The proceeds from the bond sale were used for a partial advanced refunding of the Series 2009B General Receipts bonds. The partial advance refunding was undertaken to achieve debt service savings. This refunding transaction reduced debt service payments by approximately $12,600 and resulted in an economic gain of $11,300. For this partial advance refunding, the reacquisition price exceeded the net carrying amount of the old debt by $11,211. The unamortized difference of $6,602 at June 30, 2022, is reported in the statement of net position as a deferred outflow of resources and will be amortized over the remaining term of the debt. As of June 30, 2022, the outstanding principal of the 2016 General Receipts bond was $73,565. In connection with the issuance of the Series 2016 General Receipts bonds, the University also recognized a net bond premium totaling $21,825, which is being amortized over the life of the bond. As of June 30, 2022, the unamortized net bond premium was $6,320.

During fiscal year 2014, the University issued $28,415 in Series 2014A General Receipts bonds. The proceeds from the bond sale were used for renovating, equipping and furnishing University residence hall facilities at the University's Tri-Towers complex. In January 2020, a portion of the bonds were refunded as described above and during 2022 the remaining obligation was paid in full.

In April 2013, the University issued $60,000 in Series 2013A General Receipts bonds. The proceeds from the bond sale were used for the early redemption of Series 2008B General Receipts bond with an outstanding principal balance of $60,000. As of June 30, 2022, the outstanding principal of the 2013A General Receipts bonds was $60,000.

In June 2012, the University issued $170,000 in Series 2012A General Receipts bonds. The proceeds from the bond sale were used for constructing, renovating, equipping and furnishing various University academic, administrative and other campus buildings. In January 2020, a portion of the bonds were refunded as described above and during 2022 the remaining obligation was paid in full.

All of the various General Receipt bonds, through their respective trust agreements, are subject to mandatory or optional redemption.

Events of default on the University's general receipts bonds, subject to the agreements, may result from failure to pay principal and interest when due, or failure to perform under bond covenants and agreements as identified by the bond trustee. The bonds contain an acceleration clause in which in the event of the occurrence of any default, the trustee may, and upon the request of the holders of at least 25 percent of the principal amount of the then outstanding bonds must, so long as properly indemnified, by appropriate notice to the University declare the principal of all bonds then outstanding (if not then due and payable) and the interest accrued on those bonds to be due and payable immediately.

The indebtedness created through the issuance of General Receipts' bonds is collateralized by a pledge of all general receipts, excluding state appropriations and monies received for restricted purposes. The primary source of funds being deposited to service the principal and interest requirements is student fees.

Note 7. Debt, Net (Continued)

Ohio Air Quality Development Authority Bonds: During fiscal year 2013, the University entered into a loan agreement with the Ohio Air Quality Development Authority for a total of $24,947, with $17,447 in Series A bonds and $7,500 in Series B bonds. The proceeds were used to fund the University's energy efficiency and conservation projects at its Kent campus. As of June 30, 2022, the outstanding principal of Series A and Series B bonds was $1,769 and $7,500, respectively.

During fiscal year 2011, the University entered into two separate loan agreements with the Ohio Air Quality Development Authority. The first loan agreement totaled $5,388, with $2,694 in Series A bonds and $2,694 in Series B bonds. The proceeds were used to fund the University's energy efficiency and conservation projects at its Ashtabula, East Liverpool, Geauga, Salem and Trumbull campuses. As of June 30, 2022, the outstanding principal of the Series B bonds was $1,273. The Series A bonds were fully paid in fiscal year 2019. The second loan agreement totaled $20,000, with $13,000 in Series A bonds and $7,000 in Series B bonds. The proceeds were used to fund the University's energy efficiency and conservation projects for its Residence Hall and Dining Services auxiliary units. As of June 30, 2022, the outstanding principal of the Series B bonds was $6,067. The series A bonds were paid in full in fiscal year 2022.

Finance purchased liabilities: During fiscal year 2016, the University entered into a financing agreement with Banc of America Public Capital Corporation to finance projects associated with the University's continued energy and conservation initiatives on its Kent campus. Payments will continue through fiscal year 2031 and carry an interest rate of 2.01%. The outstanding principal as of June 30, 2022 was $12,583.

In fiscal year 2015, the University entered into a financing agreement with the Portage County Port Authority to finance the construction of the Center for Philanthropy and Alumni Engagement for $17,025. The University had a financing agreement with the Portage County Port Authority for 3.75 acres of property near the northwest edge of the Kent campus for $3,680 beginning in fiscal year 2013. This is the land where the new building resides. The two agreements were combined totaling $20,460 with principal payments beginning in fiscal year 2016. Payments will continue through fiscal year 2028 and carry an interest rate of 3.26%. As of June 30, 2022, the principal balance was $9,820. The University and the Foundation entered into a sublease agreement in January 2016. The sublease meets the capitalization criteria and is recorded as an asset and liability on the Foundation's financial statements. See Note 11 for additional information regarding this related party transaction.

In fiscal year 2011, the University entered into a financing agreement with Fairmount Properties, LLC to construct a building for its Twinsburg location (programs are operated out of the University's Geauga campus), which the University will lease for a period of 30 years. Payments will continue through fiscal year 2043 and carry an interest rate of 6.35%. As of June 30, 2022, the total outstanding principal on the financing liability was $11,074.

All of the Ohio Air Quality Development Authority loan agreements and financing agreements are considered direct placements. Events of default on the University's direct borrowings subject to the agreements, may result from failure to pay principal and interest due, or failure to perform under the agreements as identified by the borrower. The direct placement agreements contain an acceleration clause in which in the event of the occurrence of any default, the borrower may, so long as properly indemnified, by appropriate notice to the University declare the principal of all loans or financing liabilities outstanding (if not then due and payable) and the interest accrued on those loans or financing liabilities to be due and payable immediately. Further, the agreements contain possession clauses that allow the borrower to take possession of the assets as a remedy.

(Dollars in Thousands)

Note 7. Debt, Net (Continued)

For the Ohio Air Quality Development Authority loans, the loan payments are made from available receipts, but not secured by a pledge or lien on available receipts. For the loan agreement with Banc of America Public Capitol Corporation, as security for payment and performance of the University's obligation, the University grants the borrower a first priority security interest constituting a first lien. There is a pledge of available receipts to the Portage County Port Authority included in the agreement.

Long-term debt consists of the following as of June 30, 2022:

	Interest Rates	Maturity	Beginning Balance	Additions	Retirements	Ending Balance
General Receipts Bonds of 2012A	3.0 - 5.0	2022	$ 4,105	$ -	$ (4,105)	$ -
General Receipts Bonds of 2013A	3.79	2028-2032	60,000	-	-	60,000
General Receipts Bonds of 2014A	2.0 - 5.0	2022	1,315	-	(1,315)	-
General Receipts Bonds of 2016	4.0 - 5.0	2022-2030	83,935	-	(10,370)	73,565
General Receipts Bonds of 2019	4.0 - 5.0	2022-2031	18,300	-	(695)	17,605
General Receipts Bonds of 2020A	5.0	2022-2050	22,190	-	(355)	21,835
General Receipts Bonds of 2020B	1.72 -3.38	2022-2042	171,040	-	(1,820)	169,220
Direct Placement:						
Ohio Air Quality Development Authority Series B - Regional Campuses	4.86	2022-2025	1,687	-	(414)	1,273
Ohio Air Quality Development Authority Series A - Residence Halls & Dining Svcs	2.62	2022-2025	513	-	(513)	-
Ohio Air Quality Development Authority Series B - Residence Halls & Dining Svcs	5.32	2022-2026	7,000	-	(933)	6,067
Ohio Air Quality Development Authority Series A - Kent Campus	1.38	2022-2023	3,514	-	(1,745)	1,769
Ohio Air Quality Development Authority Series B - Kent Campus	3.65	2024-2027	7,500	-	-	7,500
Finance purchased liabilities	various	various	38,631	9	(3,897)	34,743
			419,730	9	(26,162)	393,577
Plus unamortized discount and premium			19,112	-	(4,132)	14,980
Total bonds and finance purchased liabilities			438,842	$ 9	$ (30,294)	408,557
Less current portion long-term debt			(29,877)			(28,398)
			$ 408,965			$ 380,159

Principal and interest on long-term debt are payable from operating revenues, allocated student fees and the excess of revenues over expenditures of specific auxiliary activities. The obligations are generally callable.

(Dollars in Thousands)

Note 7. Debt, Net (Continued)

The future amounts of principal and interest payments required by the debt agreements are as follows:

	Bonds			
Year	Principal	Interest	Hedging Derivatives, Net	Total
2023	$ 19,020	$ 11,615	$ 1,085	$ 31,720
2024	18,180	11,002	1,085	30,267
2025	17,870	10,420	1,085	29,375
2026	18,345	9,757	1,085	29,187
2027	18,915	9,058	1,085	29,058
2028-2032	146,075	30,508	2,533	179,116
2033-2037	44,390	15,482	-	59,872
2038-2042	49,960	7,742	-	57,702
2043-2047	5,480	1,847	-	7,327
2048-2050	3,990	406		4,396
Subtotal	342,225	107,837	7,958	458,020

	Direct Placements			
Year	Principal	Interest	Hedging Derivatives, Net	Total
2023	$ 7,980	$ 1,747	$ -	$ 9,727
2024	7,541	1,481	-	9,022
2025	7,225	1,188	-	8,413
2026	6,914	915	-	7,829
2027	5,459	664	-	6,123
2028-2032	9,779	1,877	-	11,656
2033-2037	2,977	1,010	-	3,987
2038-2042	3,335	355	-	3,690
2043-2046	142	2	-	144
Subtotal	51,352	9,239	-	60,591
Total	$ 393,577	$ 117,076	$ 7,958	$ 518,611

Hedging derivative instrument payments and hedged debt: As of June 30, 2022, aggregate debt service requirements of the University's debt (fixed rate and variable rate) and net receipts/payments on associated hedging derivative instruments are shown in the previous tables. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. Refer below for information on derivative instruments (interest rate swap).

Note 7. Debt, Net (Continued)

Interest rate swap: The University entered into a 30-year interest rate swap agreement for $60,000 of the variable-rate 2002 Series General Receipts bonds. The University entered into this agreement at the same time and for the same amount of the variable rate debt, with the intent of creating a synthetic fixed-rate debt, at an interest rate that was lower than if fixed-rate debt would have been issued directly. During 2009, the interest rate swap agreement became associated with the new bonds in connection with refunding of the 2002 Series General Receipt bonds through the issuance of 2008B Series General Receipt bonds. During fiscal year 2010, the counterparty on the agreement was changed from Woodlands Commercial Bank (formerly known as Lehman Brothers Commercial Bank) to Loop Financial Products LLP. Based on the swap agreement, the University owes interest calculated at a fixed rate (3.34 percent) to the counterparty to the swap. In return, the counterparty owes the University interest based on a variable rate (67 percent of the London Inter-Bank Offered Rate (LIBOR)). The $60,000 in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The University continues to pay interest to the bondholders at the variable rate provided by the bonds. The debt service requirements to maturity for these bonds, as presented in this note, are based on that fixed rate. The notional amount on the swap is $60,000 as of June 30, 2022.

During 2013, the interest rate swap became associated with new bonds in connection with the refunding of the 2008B Series General Receipt bonds through the issuance of the 2013A Series General Receipt bond. An imputed borrowing of $9,071 at June 30, 2022, (representing the fair value of the interest rate swap) is reflected as a noncurrent accrued liability on the statement of net position and a new synthetic, at the market swap, was created as of the refinance date.

The interest rate swap has been determined to be an effective hedge using the regression analysis method. The regression analysis method evaluates effectiveness by considering the statistical relationship between the cash flows or fair values of the potential hedging derivative instrument and the hedgeable item.

As of June 30, 2022, the University has recorded a deferred inflow of resources and a related swap asset in the amount of $1,266 for the at-the-market swap. The change in fair value totaled $5,252 in fiscal year 2022 and resulted in a deferred inflow of resources. Due to the termination of hedge accounting from the refunding of the 2008B General Receipts bonds in fiscal year 2013, the University recognized $1,398 as a deferred cost of refunding (included in deferred outflows of resources) and increased its accrued liability from $14,514 to $15,912. The deferred cost of refunding was $732 at June 30, 2022, and is being amortized through 2032, which represents the maturity date of the original and refunded debt.

The interest rate swap is subject to the following risks:

Interest rate risk: The University is exposed to interest rate risk. On the pay-fixed, receive-variable interest rate swap, as LIBOR decreases, the University’s net payment on the swap increases.

Termination risk: The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed depending on the prevailing economic circumstances at the time of the termination.

Rollover risk: The University is exposed to rollover risk on its interest rate swap that matures or may be terminated prior to the maturity of the hedged debt. When the hedging interest rate swap terminates, or in the case of a termination option, if the counterparty exercises its option, the University will be re-exposed to the risks being hedged by the interest rate swap.

Credit risk: The University is exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the University’s policy to require counterparty collateral posting provisions. The fair value of the derivative instrument was in an asset position of $1,266 at June 30, 2022.

(Dollars in Thousands)

Note 8. Leases

Effective July 1, 2021, the University adopted GASB Statement No. 87*, Leases*. This change in accounting principle established new requirements for calculating and reporting the University's lease activities. As a result of the adoption of the GASB Statement No. 87, the University recognized lease receivables in the amount of $11,513. The University leases space on its remote transmitter and receiver (RTR) facilities and radio towers as well as space in its Tolloty Technology Incubator on its Tuscarawas campus. Revenue recognized under lease contracts during the year ended June 30, 2022 was $389 which includes both revenue and interest.

At June 30, 2022, the total amount of right-to-use lease assets by major class, and the related accumulated amortization, disclosed separately from capital assets is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets being amortized				
Infrastructure	$ -	$ 242	$ -	$ 242
Buildings	-	5,320	-	5,320
Equipment	-	103	-	103
Total lease assets being amortized	-	5,665	-	5,665
Less accumulated amortization				
Infrastructure	-	29	-	29
Buildings	-	936	-	936
Equipment	-	21	-	21
Total accumulated amortization	-	986	-	986
Total, net of accumulated amortization	$ -	$ 4,679	$ -	$ 4,679

The University also recognized $4,696 in lease liabilities. The University leases equipment and office and housing space, the terms of which expire in various years through 2047.

The following is a schedule by year of payments under the leases as of June 30, 2022:

Year	Principal	Interest	Total
2023	$ 899	$ 168	$ 1,067
2024	927	132	1,059
2025	885	96	981
2026	503	69	572
2027	459	49	508
2028-2032	472	158	630
2033-2037	464	61	525
2038-2042	70	9	79
2043-2046	17	-	17
Total	$ 4,696	$ 742	$ 5,438

(Dollars in Thousands)

Note 9. Accrued Compensated Absences

A summary of accrued compensated absences at June 30, 2022 is as follows:

Beginning balance	$ 25,573
Additions	1,910
Reductions	(3,133)
Ending balance	$ 24,350

Reference Note 2 for the accounting policy for accrued compensated absences.

Note 10. Employee Benefit Plans

Plan description: The University participates in the State Teachers Retirement System (STRS) and the Ohio Public Employees Retirement System (OPERS), the statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that cover substantially all employees of the University. Each system has multiple retirement plan options available to its members. Each system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The systems also each provide postemployment healthcare benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment healthcare plans. The reports may be obtained by contacting:

State Teachers Retirement System of Ohio
275 E. Broad Street
Columbus, Ohio 43215
(888) 227-7877
www.strsoh.org

Ohio Public Employees Retirement System
277 East Town Street
Columbus, Ohio 43215
(800) 222-7377
www.opers.org

Contributions: State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, the University is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liabilities.

Member contributions are set at the maximums authorized by the ORC. The plans' 2022 employer and member contribution rates on covered payroll to each system are:

	Employer Contribution Rate				Member Contribution Rate
	Pension	Post Retirement Healthcare	Death Benefits	Total	Total
STRS	14.00%	0.00%	0.00%	14.00%	14.00%
OPERS - State/Local	14.00%	0.00%	0.00%	14.00%	10.00%
OPERS - Law Enforcement	18.10%	0.00%	0.00%	18.10%	13.00%

(Dollars in Thousands)

Note 10. Employee Benefit Plans (Continued)

The University's required and actual contributions to the plans for the year ended June 30, are as follows:

	2022	
	Pension	OPEB
STRS	$ 17,188	$ -
OPERS	15,686	-
	$ 32,874	$ -

STRS benefits provided: Plan benefits are established under Chapter 3307 of the ORC, as amended in 2012 by Substitute Senate Bill 342 and gives the retirement board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the COLA as the need or opportunity arises, depending on the retirement system's funding progress.

Effective August 1, 2017-July 1, 2019, any member may retire who has: (1) five years of service credit and has attained age 60; (2) 27 years of service credit and has attained age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2019-July 1, 2021 any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years) and multiplying by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30, depending on retirement age.

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 receive a disability benefit. Additionally, 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.

A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage up to $2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

STRS Ohio provides access to healthcare coverage to retirees who participated in the Defined Benefit or Combined Plans, and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare in the form of a monthly premium.

OPERS benefits provided: Plan benefits are established under Chapter 145 of the ORC, as amended in 2012 by Substitute Senate Bill 343. The requirements to retire depends on years of service (5 to 30 years) and on attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years' service credit receive a percentage reduction in benefit, except for public safety and law enforcement participants. Member retirement benefits are calculated on a formula that considers years of service (5-30 years), age (48-62 years) and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

(Dollars in Thousands)

Note 10. Employee Benefit Plans (Continued)

A plan member who becomes disabled at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of $500 to $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent, or an amount based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Net pension asset/liability, deferred outflows of resources, deferred inflows of resources and pension expense: At June 30, 2022 the University reported a liability for its proportionate share of the net pension liability of STRS/OPERS. For June 30, 2022, the net pension liability was measured as of June 30, 2021 for the STRS plan and December 31, 2021 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability (Asset)	Proportionate Share	Percent Change 2022-2021
STRS	June 30	$ 124,682	0.98%	-0.09%
OPERS - traditional	December 31	58,429	0.67%	-0.04%
OPERS - combined	December 31	(2,509)	0.61%	-0.10%
		$ 180,602		

For the year ended June 30, 2022, the University recognized a decrease in pension expense of ($8,228) for STRS Ohio and ($21,854) for OPERS. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS Ohio	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	$ 3,852	$ 3,083	$ 6,935
Changes in assumptions	34,591	7,432	42,023
Changes in proportion and differences between University contributions and proportionate share of contributions	876	373	1,249
University contributions subsequent to the measurement date	17,188	7,981	25,169
Total	$ 56,507	$ 18,869	$ 75,376
Deferred inflows of resources:			
Differences between expected and actual experience	$ 781	$ 1,552	$ 2,333
Net difference between projected and actual earnings on pension plan investments	107,453	70,038	177,491
Changes in proportion and differences between University contributions and proportionate share of contributions	21,270	11,973	33,243
Total	$ 129,504	$ 83,563	$ 213,067

(Dollars in Thousands)

Note 10. Employee Benefit Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

	STRS Ohio	OPERS	Total
Year ending June 30,			
2023	$ (24,184)	$ (19,643)	$ (43,828)
2024	(21,056)	(25,634)	(46,691)
2025	(19,722)	(16,433)	(36,155)
2026	(25,224)	(11,108)	(36,329)
2027	-	42	42
Thereafter	-	101	101
Total	$ (90,186)	$ (72,675)	$ (162,860)

In addition, the contributions subsequent to the measurement date will reduce net pension liability in the next year.

Net OPEB asset, deferred outflows of resources, deferred inflows or resources, and OPEB expense: At June 30, 2022, the University reported an asset for its proportionate share of the net OPEB asset of STRS/OPERS. For June 30, 2022, the net OPEB asset was measured as of June 30, 2021 for STRS, and December 31, 2021 for the OPERS plan. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021 for STRS while OPERS used an actuarial valuation dated December 31, 2020, rolled forward to the measurement date (December 31, 2021) by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans.

Typically, the University’s proportion of the net OPEB asset would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below.

For plan year ending June 30, 2021, STRS did not allocate employer contributions to the OPEB plan. Therefore STRS’ calculation of the employers’ proportionate share is based on the total contributions to the plan for both pension and OPEB.

For plan year ending December 31, 2021, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS’s calculation of the employers’ proportionate share is based on the total contributions to the plan for both pension and OPEB.

Plan	Measurement Date	Net OPEB Asset 2022	Proportionate Share 2022	Percent Change 2022-2021
STRS	June 30	$ (20,560)	0.98%	-0.09%
OPERS	December 31	(20,763)	0.66%	-0.05%
		$ (41,323)		

(Dollars in Thousands)

Note 10. Employee Benefit Plans (Continued)

For the year ended June 30, 2022, the University recognized a decrease in OPEB expense of ($1,572) for STRS Ohio and ($27,903) for OPERS. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	STRS Ohio	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	$ 732	$ -	$ 732
Changes in assumptions	1,313	-	1,313
Changes in proportion and differences between University contributions and proportionate share of contributions	8	-	8
Total	$ 2,053	$ -	$ 2,053
Deferred inflows of resources:			
Differences between expected and actual experience	$ 3,767	$ 3,149	$ 6,916
Changes in assumptions	12,266	8,405	20,671
Net difference between projected and actual earnings on OPEB investments	5,699	9,899	15,598
Changes in proportion and differences between University contributions and proportionate share of contributions	474	5,249	5,723
Total	$ 22,206	$ 26,702	$ 48,908

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

	STRS Ohio	OPERS	Total
Year ending June 30,			
2023	$ (5,753)	$ (18,261)	$ (24,014)
2024	(5,610)	(4,857)	(10,467)
2025	(5,522)	(2,163)	(7,685)
2026	(2,463)	(1,421)	(3,884)
2027	(815)	-	(815)
Thereafter	10	-	10
Total	$ (20,153)	$ (26,702)	$ (46,855)

(Dollars in Thousands)

Note 10. Employee Benefit Plans (Continued)

Actuarial assumptions: The net pension asset/liability and net OPEB asset is based on the results of an actuarial valuation and determined using the following actuarial assumptions at June 30, 2022:

	STRS	OPERS
Valuation date - Pension	June 30, 2021	December 31, 2021
Valuation date - OPEB	June 30, 2021	December 31, 2020
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	2.05 percent - 3.00 percent
Salary increases, including inflation	12.50 percent at age 20 to 2.50 percent at age 65	2.75 percent - 10.75 percent
Inflation	2.50 percent	2.75 percent
Investment rate of return - Pension	7.00 percent, net of investment expense, including inflation	6.90 percent, net of investment expense, including inflation
Investment rate of return - OPEB	7.00 percent, net of investment expense, including inflation	6.00 percent, net of investment expense, including inflation
Health care cost trend rate	16.2 percent to 30.00 percent initial, 4.00 percent ultimate	5.50 percent initial, 3.50 percent ultimate in 2034
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2020
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016.	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub 2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement division. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

Pension discount rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the net pension liability for STRS was 7.00 percent for the plan year ended June 30, 2021. The discount rates used to measure the net pension asset/liability for OPERS were 6.90 percent for the plan year ended December 31, 2021.

(Dollars in Thousands)

Note 10. Employee Benefit Plans (Continued)

OPEB discount rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Plans that project fiduciary net position to be insufficient to make all projected future benefit payments for current active and inactive employees used a blended discount rate between the long-term expected rate of return on plan investments and a 20-year municipal bond rate applied to all periods of projected benefit payments to determine the net OPEB asset.

The discount rate used to measure the STRS OPEB asset was 7.00 percent for the plan year ended June 30, 2021. At June 30, 2021, 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

The discount rate used to measure the OPERS OPEB asset was 6.00 percent for the plan year ended December 31, 2021. At December 31, 2021, 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPERS has two different portfolios of investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following table as of the dates listed below:

	STRS - As of 6/30/21			OPERS - As of 12/31/21			
				Defined Benefit Portfolio		Health Care Portfolio	
Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	28.00%	7.35%	Fixed income	24.00%	1.03%	34.00%	0.91%
International equity	23.00%	7.55%	Domestic equities	21.00%	3.78%	25.00%	3.78%
Alternatives/Private Equity	17.00%	7.09%	Real estate	11.00%	3.66%	0.00%	0.00%
Fixed income	21.00%	3.00%	Alternatives/Private Equity	12.00%	7.43%	0.00%	0.00%
Real estate	10.00%	6.00%	International equity	23.00%	4.88%	25.00%	4.88%
Other	1.00%	2.25%	Risk party	5.00%	2.92%	2.00%	2.92%
			REITs	0.00%	0.00%	7.00%	3.71%
			Other investments	4.00%	2.85%	7.00%	1.93%
Total	100%		**Total**	100%		100%	

(Dollars in Thousands)

Note 10. Employee Benefit Plans (Continued)

Sensitivity of the net pension asset/liability to changes in the discount rate at June 30, 2022: The following presents the net pension asset/liability of the University, calculated using the discount rate listed below, as well as what the University's net pension asset/liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
STRS	6.00%	$ 233,482	7.00%	$ 124,682	8.00%	$ 32,745
OPERS - traditional	5.90%	154,050	6.90%	58,429	7.90%	(21,141)
OPERS - combined	5.90%	(1,884)	6.90%	(2,509)	7.90%	(2,997)
		$ 385,648		$ 180,602		$ 8,607

Sensitivity of the net OPEB asset to changes in the discount rate at June 30, 2022: The following presents the net OPEB asset of the University, calculated using the discount rate listed below, as well as what the University's net OPEB asset would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
STRS	6.00%	$ (17,350)	7.00%	$ (20,560)	8.00%	$ (23,242)
OPERS	5.00%	(12,211)	6.00%	(20,763)	7.00%	(27,862)
		$ (29,561)		$ (41,323)		$ (51,104)

Sensitivity of the net OPEB asset to changes in the health care cost trend rate at June 30, 2022: The following presents the net OPEB asset of the University, calculated using the healthcare cost trend rate listed below, as well as what the University's net OPEB asset would be if it were calculated using a health care trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00% Decrease	Current Trend Rate	1.00% Increase
STRS	$ 23,133	$ (20,560)	$ 17,378
OPERS	(20,988)	(20,763)	(20,497)
	$ 2,145	$ (41,323)	$ (3,119)

Pension plan and OPEB plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS/OPERS financial report.

Assumption changes: During the measurement periods ended June 30, 2021 and December 31, 2021, respectively, certain assumption changes were made by the plans. The OPERS pension discount rate was reduced from 7.20 percent to 6.90 percent, which impacted the annual actuarial valuation for pension prepared as of December 31, 2021. The OPERS salary increases were adjusted from 3.25 – 10.75 percent to 2.75 – 10.75 percent. In addition, OPERS decrease the inflation rate from 3.25 percent to 2.75 percent. The STRS health-care cost trend rates were adjusted from -6.69 to 11.87 initial to 16.2 percent to 30.0 percent while OPERS adjusted from 8.5 percent initial to 5.5 percent initial. The STRS pension and OPEB discount rates were reduced from 7.45 percent to 7.00 percent, which impacted the annual actuarial valuation for the pension and OPEB liabilities as of the June 30, 2021 measurement date.

Note 10. Employee Benefit Plans (Continued)

Benefit changes: There were no significant benefit terms changes for the pension or OPEB plans since the prior two measurement dates for STRS. Effective in 2022, OPERS will replace the current self-insured group plan with a marketplace concept for pre-Medicare retirees.

Changes since the measurement date – STRS had a new experience study completed for the period July 1, 2016 to June 30, 2021 which will be used for the 2022 valuation. The experience study indicates changes in assumptions, including updating mortality tables from RP-2014 to PubT-2010 (and related improvement factors), retirement rates, and OPEB participation assumptions which will impact STRS net pension liability and net liability.

Payable to the pension plan: At June 30, 2022, the University reported a payable of $7,345 for the outstanding amount of contributions to the pension plans. There were no amounts due to the OPEB plans at June 30, 2022.

Defined contribution pension plan: The Alternative Retirement Plan (ARP) is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education and adopted by the University's Board of Trustees. Full-time employees are eligible to choose a provider, in lieu of STRS or OPERS, from the list of seven providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of seven private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Department of Higher Education. That amount is 4.47 percent for STRS for the year ended June 30, 2022 and 2.44 percent for OPERS for the year ended June 30, 2022. The employer also contributes what would have been the employer's contribution under STRS or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting. The ARP does not provide disability benefits, survivor benefits, or postretirement healthcare. Benefits are entirely dependent on the sum of the contributions and investment returns earned by each participant's choice of investment options. STRS and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. For the year ended June 30, 2022, the pension expense for the ARP totaled $9,808.

Ohio Public Employees Deferred Compensation Program: The University's employees may elect to participate in the Ohio Public Employees Deferred Compensation Program (Program), created in accordance with Internal Revenue Code Section 457. The Program permits deferral of a portion of an employee's compensation until termination, retirement, death, or unforeseeable emergency. The deferred compensation and any income earned thereon are not subject to income taxes until actually received by the employee.

In 1998, the Ohio Public Employees Deferred Compensation Program Board implemented a trust to hold the assets of the Program in accordance with Internal Revenue Code Section 457. The program assets are the property of the trust, which holds the assets on behalf of the participants.

(Dollars in Thousands)

Note 10. Employee Benefit Plans (Continued)

Therefore, in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets of this program are not reported in the accompanying financial statements.

At June 30, 2022, the amounts on deposit with the Ohio Public Employees Deferred Compensation Board were $27,284 which represent the fair market value as of that date.

Note 11. Contingencies and Commitments

In the normal course of its activities, the University is a party to various legal actions. The University intends to vigorously defend itself against any and all claims and is of the opinion that the outcome of current legal actions will not have a material effect on the University's financial position.

The University participates in a consortium with all other Ohio state-assisted universities (excluding The Ohio State University) for the acquisition of commercial property and liability insurance. The name of the consortium is the IUC-Risk Management & Insurance Consortium. The commercial property program's loss limit is $1,750,000, the general/auto liability loss limit is $10,000 and the educator's legal liability loss limit is $40,000.

The University is deemed a state agency for purposes of workers' compensation and pays premiums to the Ohio Bureau of Worker's Compensation based on claims experience and related factors. Spooner, Inc. provides consulting to support claims administration, adjudication, and managed care activities.

The University is also self-insured for unemployment compensation and substantially all employee health benefits. The University's risk exposure is limited to claims incurred. The estimate is based on an analysis of historical claims paid. The liability is recorded within the accrued liabilities caption in the statement of net position. A summary of self-insured activity for the years ended June 30 is as follows:

	2022	2021
Liability at beginning of year	$ 12,927	$ 14,322
Claims incurred	72,016	70,242
Claims paid	(72,570)	(71,637)
Liability at end of year	$ 12,373	$ 12,927

As of June 30, 2022, the University had commitments related to construction projects totaling $39,458. These projects will be funded from a variety of sources.

The Federal Perkins Loan Program expired on September 30, 2017. As of June 30, 2022, the University has made $4,400 in institutional capital contributions, which are reflected as part of the University's net position. Under guidance issued by the Department of Education, at the time the University liquidates the loan portfolio and assigns the student loans to the Department of Education, the University will be forgoing its institutional capital contributions not yet received back through loan collections.

Note 12. Related Party Transactions

In January 2016, the University and the Foundation entered into a sublease agreement for building space in the Center of Philanthropy and Alumni Engagement. The lease meets the capitalization criteria and is recorded as an asset and liability at fair value on the Foundation's financial statements. The value of the building and the balance of the liability as of June 30, 2022 was $8,031 and $8,197, respectively. The University has recorded the expected payments within the lease receivable caption on the statement of net position.

The University, together with The University of Akron and Youngstown State University, created consortium to establish and govern The Northeastern Education Television of Ohio, Inc. (NETO), Channels 45 and 49, Kent, Ohio. This organization is legally separate from the University; accordingly, its financial activity is not included within the accompanying financial statements. The University has no contractual financial obligations to this consortium.

Note 13. Component Units

The Kent State University Foundation (the Foundation) is a legally separate not-for-profit entity organized for the purpose of promoting educational and research activities of the University. Since the resources held by the Foundation can be used only by and for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The Foundation reimburses the University for substantially all operating expenses paid by the University on behalf of the Foundation.

Assets totaling $298,774 at June 30, 2022, most of which have been restricted by donors for specific purposes, are presented separately. The University receives financial support from gifts to the Foundation specifically restricted by donors for University use, including scholarships and private grants. At June 30, 2022, the University had outstanding receivables from the Foundation of approximately $43.

The Foundation's investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. The Foundation maintains a diverse investment portfolio, without any concentration of risk in any particular industry sector. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Foundation.

The Foundation uses fair value measurements to record the fair value of certain assets and liabilities and to determine fair value disclosures.

Level 1 – Quoted prices that are available in active markets as of the report date. The quoted market prices are from those securities traded on an active exchange such as the New York Stock Exchange, NASDAQ or an active over-the-counter markets.

Level 2 – Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the report date.

Level 3 – Inputs that are unobservable including the Foundation's own assumptions in determining the fair value of investments or liabilities.

(Dollars in Thousands)

Note 13. Component Units (Continued)

The following table present information about the investments and liabilities measured at fair value on a recurring basis as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Exchange traded funds	$ 3,038	$ -	$ -	$ 3,038
Mutual funds:				
Multi-asset funds	598	-	-	598
International equity funds	2,372	-	-	2,372
Total investments by fair value level	$ 6,008	$ -	$ -	6,008
Cash and cash equivalents				9,135
Investments measured at fair value based on net asset value (NAV): [a]				
Private equity				39,089
Commingled asset funds				158,841
Real assets				15,810
Total investments measured at NAV				213,740
Total investment assets				$ 228,883
Investment liabilities:				
Charitable remainder trusts	$ -	$ -	$ 1,510	$ 1,510
Charitable gift annuities	-	-	1,208	1,208
Total investment liabilities	$ -	$ -	$ 2,718	$ 2,718

[a] In accordance with ASC Subtopic 820-10, certain investments that are measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net position.

The following table sets forth the significant terms of the agreements with non-publicly traded funds reported at fair value based on net asset value at June 30, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Private equity	$ 39,089	$ 34,317	5+ years	not applicable
Commingled asset funds	158,841	-	quarterly	90 days
Real assets	13,134	-	quarterly	90 days
Real assets (private)	2,676	7,879	5+ years	not applicable
Total	$ 213,740	$ 42,196		

(Dollars in Thousands)

Note 13. Component Units (Continued)

The private equity class is made up of fund-of-funds managers who allocate to a specific sector or investment stage, including venture and growth capital, buyout, private credit/debt, real estate, and natural resources. An initial commitment is made by the investor, and capital is called over several years (three to five years). As underlying companies are sold, issue an initial public offering, or are otherwise recapitalized, managers distribute the realized proceeds to limited partner investors.

The hedge fund and commingled asset class consists of fund-of-fund managers and OCIO holdings who allocate funds to underlying hedge funds and/or commingled asset funds which invest in various asset classes globally. Investments may include public equities, fixed income, credit instruments, commodities, currencies, and other securities based on economic trends or index hedging. While underlying investments are generally very liquid, the manager offers only periodic redemptions and subscriptions in order to better align with a longer investment time horizon.

The real assets class is comprised of investments in equity securities and derivative instruments with primary exposure to tangible assets including commodities, energy, infrastructure, real estate securities, and inflation-protected treasuries. Investments are primarily liquid, though the managers may only allow periodic redemptions in order to better align with a longer investment time horizon.

The private real asset class is similar to the real asset class described above; however, it has a significantly longer lock-up period.

Donor restricted net assets of the Foundation are principally related to scholarships, specific schools within the University, department chairs, and various other purposes. Net assets were as follows at June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions
Available for expenditure:		
Current operations	$ 15,488	$ 57,739
Term endowments	1,339	55,338
Accumulated earnings on endowments	-	27,398
Real estate	549	1,887
	17,376	142,362
Unavailable for expenditure:		
Endowments	-	74,808
Trusts	-	1,817
Beneficial interest in perpetual trusts	-	4,646
Uncollected pledges, net	-	34,448
	-	115,719
	$ 17,376	$ 258,081

(Dollars in Thousands)

Note 13. Component Units (Continued)

The KSU Foot and Ankle Clinic dba The Cleveland Foot and Ankle Clinic (Clinic) provides services to the public but does so to provide clinical experience for students of the KSU College of Podiatric Medicine. The Clinic is a separate not-for-profit entity organized by the University for the benefit of the KSU College of Podiatric Medicine. The University is the sole member of the Clinic and appoints the directors. Under the provisions of GASB 61, the Clinic has been determined to be a blended component of the University. The University is obligated to deposit sufficient amounts to cover necessary expenses deemed to be core components to the continuous operation of the Clinic. The University also reviews and approves the annual budget. Condensed financial statement information for the Clinic is presented below:

Statement of Net Position (condensed):		
Total assets	$	43
Total liabilities		43
Net position	$	-

Statement of Revenues, Expenses and Changes in Net Position (condensed):		
Operating revenues	$	445
Operating expenses		409
Operating income		36
Transfers to the University		(36)
Change in net position	$	-

Assets primarily consist of patient receivables offset by an allowance for uncollectible patient receivables. Liabilities primarily consist of accounts payable and accrued vacation.

Patient revenues are the major source of operating revenues for the Clinic. Operating expenses consist primarily of salaries and benefits for Clinic personnel and expenses related to the Clinic building (i.e., rental expense and insurance).

Note 14. Subsequent Events

In July 2022, the University restructured some of its debt in order to strategically level out its debt service payments to preempt near-term budgetary pressures associated with inflation and enrollment demographics. The restructure involves two of the University’s debt obligations, a partial refunding of its Series 2020B bonds and a new issue associated with the capital lease on its Center for Philanthropy and Alumni Engagement Building. This building was originally financed through Portage County Port Authority bonds. This restructuring will level out the debt service and reduce debt service by approximately $8,000 annually in each of the five years 2023-2027, and then increase debt service by approximately $11,000 in each of the four years 2033-2036. This transaction will be recorded in fiscal year 2023.

Required Supplementary Information

Kent State University

Retirement Plan Data
Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014
(Dollars in Thousands)

	2021		2020		2019		2018		2017		2016		2015		2014	
	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS
Plan year end	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30,
University's proportion of the collective net pension liability:																
As a percentage	0.671566%	0.975149%	0.715525%	1.065073%	0.855023%	1.057958%	0.757658%	1.126500%	0.847190%	1.135790%	0.866780%	1.151210%	0.879430%	1.165490%	0.853250%	1.570200%
Amount	$ 55,920	$ 124,682	$ 103,800	$ 257,710	$ 167,315	$ 233,961	$ 206,691	$ 247,693	$ 131,735	$ 269,810	$ 196,348	$ 385,343	$ 151,914	$ 322,106	$ 102,582	$ 281,426
University's covered payroll (based on the plan year-end)	$ 130,007	$ 152,813	$ 135,330	$ 150,091	$ 145,213	$ 158,816	$ 145,858	$ 149,310	$ 145,395	$ 155,814	$ 144,315	$ 151,084	$ 140,497	$ 145,798	$ 136,758	$ 142,396
University's proportional share of the collective pension liability (amount) as a percentage of the University's covered payroll	43.01%	81.59%	76.70%	171.70%	115.22%	147.32%	141.71%	165.89%	90.60%	173.16%	136.06%	255.05%	108.13%	220.93%	75.01%	197.64%
Fiduciary net position as a percentage of the total pension liability	93.01%	87.80%	87.21%	75.50%	82.44%	77.40%	74.91%	77.30%	84.85%	75.29%	77.39%	66.80%	81.17%	72.10%	86.53%	74.70%

Schedule of the University's Contributions

	2022		2021		2020		2019		2018		2017		2016		2015	
	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS
Statutorily required contribution	$ 15,686	$ 17,188	$ 14,798	$ 16,843	$ 17,099	$ 17,918	$ 17,322	$ 17,272	$ 16,604	$ 17,935	$ 15,262	$ 16,528	$ 16,680	$ 16,959	$ 16,360	$ 17,022
Contributions in relation to the actuarially determined contractually required contribution	$ 15,686	$ 17,188	$ 14,798	$ 16,843	$ 17,099	$ 17,918	$ 17,322	$ 17,272	$ 16,604	$ 17,935	$ 15,262	$ 16,528	$ 16,680	$ 16,959	$ 16,360	$ 17,022
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll (based on the University's fiscal year-end)	$ 132,859	$ 152,813	$ 127,745	$ 150,091	$ 146,329	$ 158,816	$ 146,462	$ 149,310	$ 144,780	$ 155,814	$ 146,087	$ 151,084	$ 142,041	$ 145,798	$ 139,224	$ 142,396
Contributions as a percentage of covered employee payroll	11.81%	11.25%	11.58%	11.22%	11.69%	11.28%	11.83%	11.57%	11.47%	11.51%	10.45%	10.94%	11.74%	11.63%	11.75%	11.95%

Notes to required supplementary information:

<u>For the year ended June 30, 2022</u>
Changes in assumptions: The Retirement Board of STRS Ohio decreased the investment rate of return from 7.45 percent to 7.00 percent.
The Retirement Board of OPERS made several changes: The discount rate was reduced from 7.5 percent to 6.9 percent. The wage inflation dropped from 3.25 percent to 2.75 percent. The projected salary increase range changed from 3.25-10.75 percent to 2.75-10.75 percent. The experience study changed from the 5 year period ended December 31, 2015 to the 5 year period ended December 31, 2020. The mortality tables used changed from RP-2014 to PUB-2010.

Changes to benefit terms: The Retirement Boards of OPERS and STRS Ohio made no significant changes for the plan years ending December 31, 2021 and June 30, 2021, respectively.

<u>For the year ended June 30, 2021</u>
Changes in assumptions: The Retirement Boards of OPERS and STRS Ohio made no changes in assumptions as compared to the prior year.

Changes to benefit terms: The Retirement Board of OPERS and the Retirement Board of STRS Ohio made no changes to retirement benefits compared to the prior year.

<u>For the year ended June 30, 2020</u>
Changes in assumptions: The Retirement Boards of OPERS and STRS Ohio made no changes in assumptions as compared to the prior year.

Changes to benefit terms: The Retirement Board of OPERS and the Retirement Board of STRS Ohio made no changes to retirement benefits compared to the prior year.

Kent State University

OPEB Plan Data
Years Ended June 30, 2022, 2021, 2020, 2019, 2018 and 2017
(Dollars in Thousands)

	2021		2020		2019		2018		2017	
	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS
Plan year end	December 31	June 30	December 31	June 30	December 31	June 30	December 31	June 30	December 31	June 30
University's proportion of the collective net OPEB liability (asset):										
As a percentage	0.662919%	0.975149%	0.707112%	1.065073%	0.844741%	1.057958%	0.930010%	1.126500%	0.841280%	1.135790%
Amount	$ (20,763)	(20,560)	$ (12,598)	(18,719)	$ 116,681	(17,522)	121,253	(18,089)	91,357	44,315
University's covered payroll (based on the plan year-end)	$ 130,007	152,813	$ 135,330	150,091	$ 145,213	158,816	145,848	149,310	145,395	155,814
University's proportional share of the collective OPEB liability/(asset) (amount), as a percentage of the University's covered-employee payroll	-15.97%	-13.45%	-9.31%	-12.47%	80.35%	-11.03%	83.14%	-12.12%	62.83%	28.44%
Fiduciary net position as a percentage of the total OPEB liability/(asset)	128.23%	174.73%	115.57%	182.13%	47.80%	174.70%	46.33%	176.00%	54.14%	47.11%

Schedule of the University's Contributions

	2022		2021		2020		2019		2018	
	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS
Statutorily required contribution	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ 589	$ -
Contributions in relation to the actuarially determined contractually required contribution	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ 589	$ -
Contribution deficiency (excess)	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll (based on the University's fiscal year-end)	$ 132,859	$ 152,813	$ 127,745	$ 150,091	$ 146,329	$ 158,816	$ 146,462	$ 149,310	$ 144,780	$ 155,814
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.41%	0.00%

Notes to required supplementary information:

<u>For the year ended June 30, 2022</u>
Changes in assumptions: The Retirement Board of STRS Ohio decreased the investment rate of return from 7.45 percent to 7.00 percent. The health care cost trend rates also increased from 4.93 percent to 9.62 percent initial and 4.00 percent ultimate for the plan year ended June 30, 2020 to 16.20 percent to 30.00 percent initial and 4 percent ultimate for the plan year ended June 30, 2021. The Retirement Board of OPERS made several changes: The experience study changed from the 5 year period ended December 31, 2015 to the 5 year period endied December 31, 2020. The municipal bond rate decreased from 2.00 percent to 1.84 percent. Wage inflation decreased from 3.25 percent to 2.75 percent. The projected salary increase rate changed from 3.25-10.75 percent to 2.75-10.75 percent. Health care cost trend rate decreased from 8.50 percent initial, 3.50 percent ultimate in 2035 to 5.5 percent initial, 3.5 percent ultimate in 2034.

Changes to benefit terms: The Retirement Boards of OPERS and STRS Ohio made not significant changes in benefit terms affecting the OPERS and STRS plans for the plan years ended December 31, 2021 and June 30, 2021, respectively.

<u>For the year ended June 30, 2021</u>
Changes in assumptions: The Retirement Board of OPERS approved one change to the actuarial assumptions in 2020. The discount rate was increased from 3.16 percent to 6.00 percent. There were no other changes in assumptions compared to the prior year for OPERS. The Retirement Board of STRS Ohio made no changes in assumptions in 2020 compared to the prior year.

Changes to benefit terms: For STRS Ohio, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

<u>For the year ended June 30, 2020</u>

Changes in assumptions: The Retirement Board of OPERS approved one change to the actuarial assumptions in 2019. The discount rate was reduced from 3.96 percent to 3.16 percent. There were no other changes in assumptions compared to the prior year for OPERS. The Retirement Board of STRS Ohio made no changes in assumptions in 2019 compared to the prior year.

Notes to required supplementary information (Continued):

Changes to benefit terms: For STRS Ohio, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

On January 15, 2020, the Board of OPERS approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Supplementary Information

Kent State University

Uniform Guidance Requirements

Kent State University

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Student Financial Assistance Cluster				
U.S. Department of Education				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ -	$ 1,380,421
Federal Work-Study Program	84.033	N/A	-	1,491,189
Federal Perkins Loan Program:				
Loans outstanding at the beginning of the year	84.038	N/A	-	21,565,451
Federal Pell Grant Program	84.063	N/A	-	39,152,907
Federal Direct Student Loans	84.268	N/A	-	164,527,283
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	N/A	-	108,446
Total U.S. Department of Education			-	228,225,697
U.S Department of Health and Human Services				
Health Professions Student Loans, including Primary Care Loans and Loans for Disadvantaged Students	93.342	N/A	-	2,992,689
Health Professions Student Loans, including Primary Care Loans and Loans for Disadvantaged Students	93.342	N/A	-	300,347
			-	3,293,036
Nursing Student Loans - loans outstanding at the beginning of the year	93.364	N/A	-	1,946,575
Total U.S. Department of Health and Human Services			-	5,239,611
Total Student Financial Assistance Cluster			-	233,465,308
Research and Development Cluster				
U.S. Department of Agriculture				
Pass-through Programs from:				
University of Connecticut - Forest Health Protection - Agriculture and Food Research Initiative (AFRI)	10.680	KSU415684	-	4,552
U.S. Department of Commerce				
Climate and Atmospheric Research	11.431	N/A	-	6,432
Pass-through Programs from:				
The Ohio State University - Sea Grant Support	11.417	60063785	-	2,835
The Ohio State University - Sea Grant Support	11.417	KSU410881	-	206,503
The Ohio State University - Sea Grant Support	11.417	60078675-GR120798	-	4,325
			-	213,663
The Ohio State University - Coastal Zone Management Administration Awards	11.419	KSU410856	-	(151)
The Ohio State University - Coastal Zone Management Administration Awards	11.419	KSU410886	-	24,278
The Ohio State University - Coastal Zone Management Administration Awards	11.419	SPC-1000005878 GR125457	-	25,841
			-	49,968
Total U.S. Department of Commerce			-	270,063
U.S. Department of Defense				
Basic and Applied Scientific Research	12.300	N/A	-	31,237
Military Medical Research and Development	12.420	N/A	-	115,597
Mathematical Sciences Grants	12.901	N/A	-	1,869
Pass-through Programs from:				
University of Massachusetts - Basic and Applied Scientific Research	12.300	18-010467 E 00	-	201,657
Lee Moffitt Cancer Center - Military Medical Research and Development	12.420	12-18717-99-01-G3	-	212,930
United States Army Research Office - Basic Scientific Research	12.431	W911NF-17-1-0456	-	23,575
Zymergen Inc. - Department of Defense Contract	12.U01	KSU410429	-	48,896
AlphaMicron, Incorporated - Department of Defense Contract	12.U02	EDEPD STTR PII-01	-	30,394
Defense Engineering Corp. - Department of Defense Contract	12.U03	J049	-	43,124
Yanhai Power LLC - Department of Defense Contract	12.U04	YP001-19-STTR	-	(516)
Yanhai Power LLC - Department of Defense Contract	12.U05	YP001-20-STTR	-	72,765
Powdermet Inc - Department of Defense Contract	12.U06	POWDERMET-KSU-21	-	31,756
Immobileyes, Inc. - Department of Defense Contract	12.U07	AF-STTR-I-KSU	-	19,460
Event 38 - Department of Defense Contract	12.U08	AF-STTR-I-KSU	-	16,276
			-	700,317
Total U.S. Department of Defense			-	849,020

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of the Interior				
U.S. Geological Survey Research and Data Collection	15.808	N/A	$ -	$ 1,012
U.S. Geological Survey Research and Data Collection	15.808	N/A	-	13,607
National Cooperative Geologic Mapping	15.810	N/A	-	4,441
Total U.S. Department of the Interior			-	19,060
U.S. Department of Justice				
Pass-through Programs from:				
Ohio Criminal Justice Studies - Project Safe Neighborhoods	16.609	2018-PS-PND-432	-	24,113
Ohio Criminal Justice Studies - Project Safe Neighborhoods	16.609	2019-PS-PSN-432	-	12,691
Total U.S. Department of Justice			-	36,804
National Aeronautics and Space Administration				
Science	43.001	N/A	-	61,950
Space Operations	43.007	N/A	-	61,939
Pass-through Programs from:				
Ohio Space Grant Consortium - NASA Contract	43.U1	KSU418766	-	(719)
Ohio Space Grant Consortium - NASA Contract	43.U2	KSU418770	-	30
Ohio Space Grant Consortium - NASA Contract	43.U3	KSU418771	-	806
Ohio Space Grant Consortium - NASA Contract	43.U4	KSU418785	-	1,034
Ohio Space Grant Consortium - NASA Contract	43.U5	KSU418786	-	127
Ohio Space Grant Consortium - NASA Contract	43.U6	KSU418800	-	4,295
Ohio Space Grant Consortium - NASA Contract	43.U7	KSU418802	-	2,694
Case Western Reserve University - NASA Contract	43.U8	RES511813	-	13,491
College of Charleston - Office of Stem Engagement (OSTEM)	43.008	521202-KENT	-	9,969
			-	31,727
Total National Aeronautics and Space Administration			-	155,616
Institute of Museum and Library Services				
National Leadership Grants	45.312	N/A	-	63,945
Laura Bush 21st Century Librarian Program	45.313	N/A	19,022	87,707
Total Institute of Museum and Library Services			19,022	151,652
National Science Foundation				
Engineering	47.041	N/A	2,027	813,876
Mathematical and Physical Sciences	47.049	N/A	-	1,354,533
Geosciences	47.050	N/A	-	125,299
Computer and Information Science and Engineering	47.070	N/A	12,783	443,867
Biological Sciences	47.074	N/A	67,575	769,145
Social, Behavioral, and Economic Sciences	47.075	N/A	-	339,675
Education and Human Resources	47.076	N/A	230,096	938,804
Pass-through Programs from:				
The University of Akron - Engineering	47.041	03433-KSU05	-	(791)
The University of Akron - Engineering	47.041	03433-KSU3	-	1,744
The University of Akron - Engineering	47.041	03433-KSU3	-	(781)
The University of Akron - Engineering	47.041	03433-KSU07	-	2,500
The University of Akron - Engineering	47.041	03433-KSU08	-	2,500
			-	5,172
Wayne State University - Mathematical and Physical Sciences	47.049	WSU20078	-	4,515
Trustees of Columbia University in the City of New York - Geosciences	47.050	115(GG09393-04)	-	37,930
University of Texas as Austin - Geosciences	47.050	UTAUS-SUB00000359	-	3,852
			-	41,782
The Board of Trustees of the University of Illinois - Computer and Information Science and Engineering	47.070	106262-18718	-	19,907
North Carolina State University - Computer and Information Science and Engineering	47.070	2020-2068-01	-	19,778
			-	39,685
Northeast Ohio Medical University - Biological Sciences	47.074	G0215-A	-	(458)

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Missouri State University - Education and Human Resources	47.076	16043-002	$ -	$ 1,674
Missouri State University - Education and Human Resources	47.076	21105-001	-	79,245
			-	80,919
The University of Tennessee, Knoxville - Polar Programs	47.078	A20-0621-S001	-	89,300
University of Delaware - Office of International Science and Engineering	47.079	51689	-	5,721
Total National Science Foundation			312,481	5,051,835
U.S. Department of Energy				
Office of Science Financial Assistance Program	81.049	N/A	59,427	1,076,593
Pass-through Programs from:				
AquaNRG Consulting Inc. - Office of Science Financial Assistance Program	81.049	DE-SC0018510-KSU	-	6,874
Precision Combustion, Inc. - Office of Science Financial Assistance Program	81.049	KSU418781	-	13,853
			-	20,727
Los Alamos National Security LLC - Department of Energy	81.000	503145	-	2,819
Total U.S. Department of Energy			59,427	1,100,139
U.S. Department of Education				
Education Research, Development and Dissemination	84.305	N/A	16,149	67,448
Pass-through Programs from:				
Ohio Department Of Education - Special Education Grants to States	84.027	CSP909314	-	200,413
Ohio Department Of Education - Special Education Grants to States	84.027	CSP007848	-	15,148
			-	215,561
The Ohio State University - Education Research, Development and Dissemination	84.305	60071609	-	(13)
University of Florida - Research in Special Education	84.324	UFDSP00012193	-	160,797
The University of Akron - English Language Acquisition State Grants	84.365	542324	-	3,808
Total U.S. Department of Education			16,149	447,601
U.S. Department of Health and Human Serivces				
Research Related to Deafness and Communication Disorders	93.173	N/A	-	37,499
Research on Healthcare Costs, Quality and Outcomes	93.226	N/A	182,601	628,254
Mental Health Research Grants	93.242	N/A	120,955	848,662
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	235,303	444,137
Drug Abuse and Addiction Research Programs	93.279	N/A	5,594	28,598
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	N/A	3,775	21
Nursing Research	93.361	N/A	-	110,777
Cancer Detection and Diagnosis Research	93.394	N/A	-	114,666
Cancer Treatment Research	93.395	N/A	-	125,935
Cancer Biology Research	93.396	N/A	120,300	281,307
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	N/A	73,383	313,127
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	-	87,887
Biomedical Research and Research Training	93.859	N/A	-	684,039
Child Health and Human Development Extramural Research	93.865	N/A	12,879	400,758
Aging Research	93.866	N/A	614,629	1,027,288
Pass-through Programs from:				
Mental Health (MH) and Recovery Services Board of Stark County - Comprehensive Community MH Services for Children with Serious Emotional Disturbances (SED)	93.104	KSU416446	-	609
Mental Health (MH) and Recovery Services Board of Stark County - Comprehensive Community MH Services for Children with Serious Emotional Disturbances (SED)	93.104	KSU416450	-	4,567
				5,176
Florida International University - Environmental Health	93.113	800008800-01UG	-	25,704
University of Kentucky - Environmental Health	93.113	3200002784-20-082	-	4,501
			-	30,205
Einstein Institute - Research Related to Deafness and Communication Disorders	93.173	492101		22,402

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
HabitAware, Inc. - Mental Health Research Grants	93.242	KSU-SUB0001	$ -	$ 8,762
Mental Health & Recovery Board of Portage County - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	KSU416451		80,584
University of Memphis - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	A20-0194		5,428
				86,012
Richland Public Health - Drug-Free Communities Support Program Grants	93.276	1H79SP081858-01-KSU		4,005
Ponce Health Sciences University - Minority Health and Health Disparities Research	93.307	5U54MD007579-35		(4,080)
Ponce Health Sciences University - Minority Health and Health Disparities Research	93.307	8625		80,006
Ponce Health Sciences University - Minority Health and Health Disparities Research	93.307	8634		7,768
				83,694
The Ohio State University - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	GR124411/SPC-1000005260		103,720
The Ohio State University - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	GR124537/SPC-1000005319		218,025
				321,745
Virginia Commonwealth University - ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	FP00010656_SA001		118,831
Virginia Commonwealth University - ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	FP00010584_SA002		154,205
				273,036
Northeast Ohio Medical University - Mental and Behavioral Health Education and Training Grants	93.732	G0443-B		6,885
The Ohio State University - Medical Assistance Program	93.778	GR126219		105,328
Northwestern University - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	60054977 KSU415181		41
Northwestern University - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	60054977-KSU415189		13,707
				13,748
Cleveland State University - Biomedical Research and Research Training	93.859	200002142		13,521
West Virginia University - Child Health and Human Development Extramural Research	93.865	14-452-KSU		69,444
MD Anderson Cancer Center - Aging Research	93.866	3001715043		197,386
University of Florida - Aging Research	93.866	SUB00002669		67,343
				264,729
Maryland Department of Health - Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	M00B84006676		(5,142)
Minnesota Department of Health - Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	177821		24,652
Maryland Department of Health - Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	OPASS-21-19153G		58,285
				77,795
Indiana State Department of Health - Maternal and Child Health Services Block Grant to the States	93.994	00000000000000019082		1,722
Indiana State Department of Health - Maternal and Child Health Services Block Grant to the States	93.994	55462		169,588
				171,310
Total U.S. Department of Health and Human Serivces			1,369,419	6,690,752
Total Research and Development Cluster			1,776,498	14,777,094
U.S. Department of Housing and Urban Development				
Pass-through Program from:				
Stark County Regional Planning - Community Development Block Grants/Entitlement Grants - Cluster	14.218	KSU467982	-	32,000

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
TRIO Cluster				
TRIO Student Support Services	84.042	N/A	$ -	$ 588,318
TRIO Upward Bound	84.047	N/A	-	1,342,509
TRIO Educational Opportunity Centers	84.066	N/A	-	66,116
TRIO McNair Post-Baccalaureate Achievement	84.217	N/A	-	319,310
Total TRIO Cluster			-	2,316,253
Other Programs				
U.S. Department of Agriculture				
Distance Learning and Telemedicine Loans and Grants	10.855	N/A	-	9,307
U.S. Department of the Interior				
Pass-through Programs from:				
National Writing Project - National Park Service Conservation, Protection, Outreach, and Education	15.954	97-OH03-NPS2021	-	2,939
National Writing Project - National Park Service Conservation, Protection, Outreach, and Education	15.954	KSU415704	-	292
Total U.S. Department of the Interior			-	3,231
U.S. Department of Justice				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	N/A	-	50,023
U.S. Department of State				
Public Diplomacy Programs	19.040	N/A	-	5,600
Pass-through Programs from:				
International Research & Exchange Board, Incorporated - Academic Exchange Programs - Undergraduate Programs	19.009	KSU418602	-	79,181
World Learning - Academic Exchange Programs - Undergraduate Programs	19.009	KSU418631	-	112,865
			-	192,046
International Research & Exchange Board, Incorporated - Academic Exchange Programs - Teachers	19.408	FY21-FTEA-ML-KSU-01	-	123,353
International Research & Exchange Board, Incorporated - Academic Exchange Programs - Teachers	19.408	FY21-FTEA-ML-KSU-01	-	219,730
International Research & Exchange Board, Incorporated - Academic Exchange Programs - Teachers	19.408	FY20-FTEA-KSU-01	-	203,827
			-	546,910
American Councils for International Education - AEECA/ESF PD Programs	19.900	SUZ800-18-CA-0001	-	11,839
Total U.S. Department of State			-	756,395
U.S. Department of Transportation				
Airport Improvement Program	20.106	N/A	-	1,244,120
U.S. Department of the Treasury				
Pass-through Programs from:				
COVID-19 - Prevention Action Alliance - Coronavirus Relief Fund	21.019	KSU487958	-	1,095
COVID-19 - Ohio Department of Higher Education - Coronavirus Relief Fund	21.019	KSU711704	-	231,403
COVID-19 - The Ohio State University - Coronavirus Relief Fund	21.019	KSU410887	-	35,030
Total U.S. Department of the Treasury			-	267,528
National Aeronautics and Space Administration				
Pass-through Programs from:				
Ohio Space Grant Consortium - Office of Stem Engagement (OSTEM)	43.008	KSU411814	-	28,350
Paragon TEC, Inc. - NASA Contract	43.KSU415695	KSU415695	-	1,932
Total National Aeronautics and Space Administration			-	30,282
National Endowment for the Arts				
Promotion of the Arts Grants to Organizations and Individuals	45.024	N/A	-	132
Pass-through Programs from:				
Arts Midwest - Promotion of the Arts Grants to Organizations and Individuals	45.024	00029712	-	18,692
Arts Midwest - Promotion of the Arts Partnership Agreements	45.025	00030486	-	2,500
Arts Midwest - Promotion of the Arts Partnership Agreements	45.025	00030382	-	2,500
Total			-	5,000
Total National Endowment for the Arts			-	23,824

(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
National Endowment for the Humanities				
Promotion of the Humanities Professional Development	45.163	N/A	$ -	$ 172,993
Promotion of the Humanities Public Programs	45.164	N/A	-	14,817
Pass-through Program from:				
Ohio Humanities Council - Promotion of the Humanities Federal/State Partnership	45.129	ME21-035	-	19,709
Total National Endowment for the Humanities			-	207,519
Institute of Museum and Library Services				
Museums for America	45.301	N/A	-	168,228
Pass-through Programs from:				
State Library of Ohio - Grants to States	45.310	55-22	-	1,579
State Library of Ohio - Grants to States	45.310	54-22	-	2,209
State Library of Ohio - Grants to States	45.310	56-22	-	1,428
			-	5,216
Total Institute of Museum and Library Services				173,444
U.S. Small Business Administration				
Shuttered Venue Operators Grant Program	59.075	N/A	-	591,536
Pass-through Programs from:				
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-327	-	(2)
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-334	-	103,287
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-334	-	22,990
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU418783	-	45,584
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU418795	-	66,778
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU445004	-	54
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU487908	-	10,405
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU467975	-	37,713
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-336	-	77,577
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU487956	-	21,002
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU487963	-	159,965
			-	545,353
Total U.S. Small Business Administration			-	1,136,889
U.S. Department of Education				
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	N/A	5,021	369,093
Education Stabilization Fund: COVID-19 Higher Education Emergency Relief Fund (HEERF) - Student Aid Portion	84.425E	N/A	-	31,423,929
Education Stabilization Fund: COVID-19 Higher Education Emergency Relief Fund (HEERF) - Institutional Portion	84.425F	N/A	-	35,083,516
Education Stabilization Fund: COVID-19 Higher Education Emergency Relief Fund (HEERF) - Strengthening Institution Progran	84.425M	N/A	-	194,171
			-	66,701,616
Pass-through Programs from:				
Education Stabilization Fund: Ohio Department of Higher Education - COVID-19 HEERF - Governor's Emergency Education Relief Fund	84.425C	KSU417615	-	614,235
Education Stabilization Fund: Terra State Community College - COVID-19 HEERF Elementary and Secondary School Emergency Relief Fund	84.425D	KSU415701	-	42,815
			-	657,050
Ohio Department Of Education - Adult Education - Basic Grants to States	84.002	BOR01-0000007063	22,684	31,499
Ohio Department Of Education - Adult Education - Basic Grants to States	84.002	KSU413924	281,531	944,045
			304,215	975,544
Ohio Department Of Education - Career and Technical Education -- Basic Grants to States	84.048	062976	-	576
Ohio Department Of Education - Career and Technical Education -- Basic Grants to States	84.048	KSU415698	-	88,844
			-	89,420
Ohio Department of Higher Education - Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	KSU417202	-	122,325
Total U.S. Department of Education			309,236	68,915,048
U.S. Department of Health and Human Serivces				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	-	393,590
Advanced Nursing Education Workforce Grant Program	93.247	N/A	351,986	403,563
Mental and Behavioral Health Education and Training Grants	93.732	N/A	-	472,613
Total U.S. Department of Health and Human Serivces			351,986	1,269,766
Total Other Programs			661,222	74,087,376
Total Expenditures of Federal Awards			$ 2,437,720	$ 324,678,031

See notes to the schedule of expenditures of federal awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Kent State University (the University) under programs of the federal government for the year ended June 30, 2022. 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 the University.

Note 2. Summary of Significant Accounting Policies

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The University has elected not to exercise its option to use the 10 percent de minimis indirect cost rate due to the fact that the University has an existing approved indirect cost rate.

Note 4. Federal Perkins Loan Program

The Federal Perkins Loan Program is administered directly by the University and balances and transactions relating to this program are included in the University's financial statements. There were no loans made during the current year. The balances of loans outstanding at June 30, 2022 consist of:

Program Name/Assistance Listing Number	Outstanding Balance at July 1, 2021	New Loans Issued	Repayments of Student Loans	Outstanding Balance at June 30, 2022
Federal Perkins Loan Program (84.038)	$ 21,565,451	$ -	$ (5,359,526)	$ 16,205,925

Note 5. Nursing Student Loan Program

The Nursing Student Loan Program is administered directly by the University and balances and transactions relating to this program are included in the University's financial statements. The balances of loans outstanding at June 30, 2022 consist of:

Program Name/Assistance Listing Number	Outstanding Balance at July 1, 2021	New Loans Issued	Repayments of Student Loans	Outstanding Balance at June 30, 2022
Nursing Student Loan Program (93.364)	$ 1,946,575	$ 433,490	$ (287,674)	$ 2,092,391

Note 6. Federal Direct Student Loans

The University also participates in the Federal Direct Student Loan Program, which includes subsidized and unsubsidized Federal Stafford Loans "Stafford" and Federal PLUS Loans "PLUS". New loans processed for students during the year ended June 30, 2022, were as follows:

Federal Direct Student Loan Program	
Stafford:	
Subsidized	$ 41,695,240
Unsubsidized	90,052,232
GLPS	10,229,795
PLUS	22,550,016

The value of the loans issued for the Federal Direct Student Loan Program is based on disbursed amounts. The University is responsible only for the performance of certain administrative duties with respect to the Federally Guaranteed Student Loan Programs and, accordingly, balances and transactions relating to the loan programs are not included in the University's basic financial statements. Therefore, it is not practical to determine the balance of loans outstanding to students and former students of Kent State University at June 30, 2022.

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*

Independent Auditor's Report

President and Board of Trustees of Kent State University

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 (*Government Auditing Standards)*, the financial statements of the business-type activities and the discretely presented component unit of Kent State University (the University), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 20, 2022.

This report does not extend to the Kent State University Foundation due to the Foundation issuing a separate report on Internal Control over Financial Reporting and on Compliance and Others Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated September 27, 2022.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the 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 an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the University's financial statements are free from 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*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Cleveland, Ohio
October 20, 2022

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

President and Board of Trustees of Kent State University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kent State University's (the University) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kent State University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the University 's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon, dated October 20, 2022, 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 basic 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Cleveland, Ohio
October 20, 2022

Kent State University

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?		Yes	X	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?		Yes	X	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)?		Yes	X	No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
Various	Research and Development Cluster
84.425C	Higher Education Emergency Relief Fund - Governor's Emergency Education Relief Fund
84.425D	Higher Education Emergency Relief Fund - Elementary and Secondary School Emergency Relief Fund
84.425E	Higher Education Emergency Relief Fund - Student Aid Portion
84.425F	Higher Education Emergency Relief Fund - Institutional Portion
84.425M	Higher Education Emergency Relief Fund - Strengthening Institutions Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	$3,000,000			
Auditee qualified as a low risk auditee?	X	Yes		No

Section II – Financial Statement Findings

No findings were noted.

Section III – Findings and Questioned Costs for Federal Awards

No findings were noted.

Kent State University

Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2022

Section II – Financial Statement Findings

No findings were noted.

Section III – Findings and Questioned Costs for Federal Awards

No findings were noted.

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OHIO AUDITOR OF STATE
KEITH FABER

KENT STATE UNIVERSITY

PORTAGE 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 11/29/2022

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