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

Financial Report
June 30, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Cleveland State University
2300 Euclid Avenue
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We have reviewed the *Independent Auditor's Report* of Cleveland State University, Cuyahoga County, prepared by RSM US LLP, for the audit period July 1, 2023 through June 30, 2024. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

FINDING FOR RECOVERY – IMPROPER USE OF PAYMENT CARD

Dr. Junior Gonzales was hired by Cleveland State University (the University) in February 2023 as an Assistant Professor in the Chemistry Department. Dr. Gonzales had received a federal award from the National Institutes of Health while at his previous employer and said the award transferred to the University upon his employment there. The University provided Dr. Gonzales with a payment card in February 2023 to make business related purchases. On January 8, 2024, when University management was made aware of some concerns with Dr. Gonzales' payment card purchases, they shut down his payment card access and opened an internal audit review of all his payment card purchases.

The internal audit review identified $85,258.27 in payment card purchases made by Dr. Gonzales from March 23, 2023 through January 8, 2024 for which the business purpose could not be validated due to a lack of supporting documentation. Further, Dr. Gonzales admitted the payment card was used for personal use and his employment with the University was terminated. The University identified $79,771.53 of these payment card transactions/expenditures were charged to the federal award and subsequently refunded the amount to the National Institute of Health via an adjustment to a subsequent federal funds draw/request.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §§ 117.24 and 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dr. Junior Gonzales in the amount of $85,258.27 and in favor of the Cleveland State University's Chemistry Department, Fund 0010-0255-01.

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. Cleveland State University is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

March 18, 2025

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RSM US LLP

Independent Auditor's Report

President and Board of Trustees
Cleveland State University

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Cleveland State University (the University), a component unit of the State of Ohio, as of and for the year ended June 30, 2024, 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 aggregate discretely presented component units of the University, as of June 30, 2024, 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 11 to the financial statements, one of the discretely presented component units recognized an impairment loss related to certain property and equipment during the year ended June 30, 2024. Our opinions are 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 12 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 the management's discussion and analysis as well as required supplementary information for retirement plan and other post-employment benefits plan (OPEB) data, as listed in the table of contents, 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 GAAS, 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 November 14, 2024, 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
November 14, 2024

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Cleveland State University (the University or CSU) as of and for the year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University was established in 1964 by action of the Ohio General Assembly and is part of the state of Ohio's (the State) system of State-supported and State-assisted institutions of higher education. It is one of the 13 State universities in Ohio. By statute, it is a body politic and corporate and an instrumentality of the State. Located in the city of Cleveland, the University is an urban institution. A majority of the University's students commute daily from their homes in the Cleveland metropolitan area.

Using the Annual Financial Report

The University's financial report includes financial statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—or Public Colleges and Universities*. These principles require that financial statements be presented on a basis to focus on the financial condition, the changes in financial condition and the cash flows of the University as a whole. Many other nonfinancial factors also must be considered in assessing the overall health of the University, such as enrollment trends, student retention, strength of the faculty, condition of the buildings, and the safety of the campus.

The financial statements prescribed by GASB Statement No. 35 (the statement of net position, the statement of revenue, expenses and changes in net position, and the statement of cash flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenue and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Under the provisions of GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*, the Cleveland State University Foundation, Inc. (the Foundation) and the Euclid Avenue Development Corporation (the Corporation) are treated as component units of the University. Accordingly, the Foundation and the Corporation are discretely presented in the University's financial statements. The Foundation and the Corporation are excluded from the management's discussion and analysis. Financial statements for the Foundation can be obtained from the Office of the Executive Director at 2121 Euclid Avenue, Union Building Room 501, Cleveland, OH 44115-2214; financial statements for the Corporation can be obtained from the Office of the Chief Financial Officer at 2300 Euclid Avenue, Administration Center Room 210, Cleveland, OH 44115-2214.

Financial Highlights

The University's financial position remained strong with assets of $734.3 million, deferred outflows of $54.5 million, liabilities of $449.7 million and deferred inflows of $27.5 million at June 30, 2024. Net position, which represents the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, totaled $311.6 million.

Statement of Net Position

The statement of net position presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities. The difference between assets and deferred outflows and liabilities and deferred inflows – net position – is one indicator of the current financial condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets, deferred outflows, liabilities and deferred inflows are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summary of the University's assets, liabilities and net position at June 30, is as follows:

	2024	2023
Current assets	$ 245,919,273	$ 231,635,459
Noncurrent assets:		
Capital assets, net	471,690,714	496,281,186
Other	16,699,125	18,415,199
Deferred outflows of resources	54,478,001	79,968,158
Total assets and deferred outflows of resources	788,787,113	826,300,002
Current liabilities	76,196,698	42,719,551
Noncurrent liabilities	373,493,491	439,924,889
Deferred inflows of resources	27,511,428	32,679,079
Total liabilities and deferred inflows of resources	477,201,617	515,323,519
Net position	$ 311,585,496	$ 310,976,483

Current assets consist primarily of cash, short-term investments, accounts and notes receivable, prepaid expenses and inventories. Current liabilities consist primarily of accounts payable, accrued payroll and other liabilities, unearned revenue and the current portion of long-term debt.

Current assets increased in 2024 from 2023 primarily due to an increase in cash and investments and accounts receivable balances.

Capital assets, net decreased in 2024 from 2023 by $24.6 million, or 5%. The decrease in 2024 is primarily due to depreciation.

Deferred outflows of resources is defined as the consumption of net assets applicable to a future reporting period. The deferred outflows have a positive effect on net position similar to assets. The University's deferred outflows in 2024 decreased $25.5 million, or 31.9%, primarily due to changes in assumptions and differences related to the OPERS and STRS Pension and OPEB Plans (see Required Supplementary Information (RSI) and notes to the RSI).

Other assets decreased in 2024 from 2023 by $1.7 million, or 9.32%, due to a decrease in the net OPEB asset balance as a result of GASB Statement No. 75.

Deferred inflows of resources is defined as the current acquisition of net assets that is applicable to a future period. The deferred inflows have a negative effect on net position similar to liabilities. The University's deferred inflows in 2024 decreased from 2023 by $5.2 million, or 15.8%, primarily due to the difference between projected and actual earnings, changes in assumptions and changes in proportionate share on the OPERS and STRS Pension and OPEB Plans (see RSI and notes to the RSI).

Statement of Net Position (Continued)

Current and non-current liabilities decreased in 2024 from 2023 by $33 million, or 6.8%, due to the net decrease in net pension liabilities as a result of GASB Statement No. 68.

Capital and Debt Activities

One critical factor affecting the quality of the University's programs is the development and renewal of its capital assets. Capital additions totaled $10.7 million in 2024. Capital additions and retirements for 2024 exclude transfers from construction in progress to buildings in the amount of $934 thousand in 2024. Capital retirements totaled $4.1 million in 2024. Capital additions include construction of new facilities, repair and renovation of existing facilities, and acquisition of equipment and library books. Capital asset additions are funded, in part, by capital appropriations from the State. These appropriations amounted to $736 thousand in 2024. Refer to the Note 6 for additional information. At June 30, 2024 the University had construction commitments of approximately $1,180,000

In August 2010, the University entered into a right to use leased asset, with the Corporation in the amount of $7.07 million. The lease covers a parking garage that was constructed by the Corporation on the University's campus. The lease requires the University to operate and maintain the garage, and to make payments to the Corporation equal to its required debt service payments.

In August 2009, the University entered into a right to use leased asset with the Corporation in the amount of $14.5 million. The lease covers a parking garage that was constructed by the Corporation on the University's campus. The lease requires the University to operate and maintain the garage, and to make periodic payments to the Corporation equal to its required debt service payments.

In October 2021, the University issued Series 2021 Limited Available Receipts Bonds, which was a direct purchase by a bank, in the principal amount of $27,700,000. The Series 2021 Limited Available Receipts Bonds were issued as fixed rate bonds with interest payable semi-annually at the rates of 1.45% to 1.85%. The transaction was a Direct Purchase by a bank. The proceeds of the bonds were used to finance a lease balloon payment. The original maturity date on the bonds was October 7, 2024. On October 7, 2024 the University amended the Series 2021 Bonds which extended the maturity date to February 28, 2025 and changed the interest rate on the bonds. In addition, the tax-status of the Series 2021A Bonds became federally taxable.

In December 2021, the University issued General Receipts Refunding Bonds, Series 2021, which were purchased by Truist Bank of $110,855,000. Interest is payable at the fixed rate of 2.09% with maturities beginning June 1, 2022 through June 1, 2037. The proceeds of the bonds were used to refund the outstanding Series 2012 Bonds.

In February 2016, the University issued $32,475,000 of general receipts bonds, Series 2016A. The bonds bear interest rates ranging from 3.0% to 5.0% and mature beginning June 1, 2016 through June 1, 2036. The proceeds of the issuance were used to decrease a portion of the Series 2007A bonds and pay issuance costs. The purpose of this transaction was to refund future callable maturities to achieve debt service savings of approximately $3,900,000 over the life of the bonds.

Capital and Debt Activities (Continued)

In September 2011, the University issued taxable general receipts bonds in the principal amount of $5.77 million. The General Receipts Series 2011 Bonds were issued as fixed rate bonds with monthly maturities beginning October 1, 2013 through April 1, 2042. Interest is payable monthly at the annual rate of 5.32%. The proceeds of the bonds were used to finance a portion of the costs of public improvements identified as the North Campus Neighborhood – Project Phase I.

As disclosed in Note 6, management performed an analysis and identified an error in the beginning balance presentation of capital assets and accumulated depreciation categories of land, land improvements and buildings. As a result, approximately $12,298,500 of beginning balances between the cost basis line items were reclassified and additionally $5,197,812 was reclassified between the beginning accumulated depreciation balances. The reclassification of these individual line items had no impact on the capital asset subtotals, the accumulated depreciation total or capital assets, net total.

As noted in Note 11, the Corporation was required to close a building that serves as collateral on the Corporation's Series 2014 Bond. As a result of the closure an impairment loss was recognized. The closure of the building constitutes a non-monetary default under the terms of the bonds. Accordingly, bond holders have the option to accelerate the outstanding principal amount of the Series 2014 Bonds to be paid immediately. To date the Corporation has not received a notice of an event of default from the bond holders.

Net Position

The University's net position at June 30, is summarized as follows:

	2024	2023
Net investment in capital assets	$ 249,764,093	$ 263,436,787
Restricted—expendable	45,086,035	32,641,071
Restricted—nonexpendable	1,568,242	1,469,373
Unrestricted	15,167,126	13,429,252
Total net position	$ 311,585,496	$ 310,976,483

Net investment in capital assets represents the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Changes in this category of net position are due to the net effect of additions to, disposals of and depreciation on capital assets.

Restricted expendable net position is subject to externally imposed restrictions governing their use. Changes in this category are customarily due to the timing of revenue and expenses in funds provided by donors and grantors. Restricted nonexpendable net position consists primarily of endowment funds held by the University. Changes in this category are driven primarily by investment performance.

Unrestricted net position is not subject to externally imposed stipulations. This category includes funds functioning as endowment (quasi-endowment) of $5.3 million at June 30, 2024.

Management performed an analysis and identified an error in the presentation of the net investment in capital assets and unrestricted net position. As a result, a reclassification of $13,017,286 was made to the June 30, 2023 presentation between those two categories in the net position caption on the statement of net position. There was no impact to the overall net position of the University.

For the year ended June 30, 2024, the University had an increase in total net position of $0.6 million, or 0.2%. Net investment in capital assets, net of the noted reclassification, decreased by $13.7 million, or 5.2%, primarily due to depreciation. Unrestricted net position increased by $1.7 million, or 12.9%, primarily because of investment gains.

Statement of Revenue, Expenses and Changes in Net Position

The statement of revenue, expenses and changes in net position presents the revenue earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. As a public institution, the University is heavily dependent on State assistance. The University is required to present State appropriations as nonoperating revenue, which as a result increases the operating loss for all years presented. 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. Condensed revenue, expenses and changes in net positions for the years ended June 30, are as follows:

	2024	2023
Operating revenues	$ 223,763,275	$ 207,400,656
Nonoperating revenues	149,493,687	137,007,511
Other revenues	736,265	2,001,993
Total revenues	373,993,227	346,410,160
Expenses:		
Educational and general	289,835,167	277,927,969
Auxiliary enterprises	43,335,429	36,317,976
Depreciation and amortization	35,272,078	32,541,270
Interest on debt	4,941,540	7,079,926
Total expenses	373,384,214	353,867,141
Change in net position	$ 609,013	$ (7,456,981)

Total revenue and other changes, net of interest on debt, in fiscal 2024 was $369.1 million. The most significant sources of 2024 operating revenue for the University, as reflected in the statement of revenues, expenses and changes in net position, was student tuition and fees of $153.4 million, grants and contracts of $37.8 million and auxiliary services of $19.9 million.

Revenue from tuition and fees (net of scholarship allowances) decreased $1.7 million, or 1.1%, in 2024 compared to 2023. Total headcount enrollment decreased by 2.7%, while full-time equivalent enrollment decreased by 9.2% over the prior year and graduate headcount decreased 2.5%.

Total expenses in 2024 were $373.4 million. Operating expenses include the costs of instruction, research, public service, general administration, utilities, libraries and auxiliary services. Operating expenses also include depreciation and amortization. Operating expenses increased by $21.7 million, or 6.2%, in 2024. The changes in 2024 are primarily related to changes in the discount of tuition offset by increase in research spending. Interest on debt decreased $2.1 million or 29.7%.

Sources of nonoperating revenue for the 2024 include State appropriations of $80.4 million grants, and contracts of $32.6 million and contributions of $15.1 million. It also reflects an investment gain of $21.4 million in 2024.

Net nonoperating revenue increased in 2024 from 2023 by $12.5 million, or 9.1%, primarily due to investment gains offset by reductions in funding from the federal government for COVID-19. Other changes consist primarily of State capital appropriations of $0.7 million in 2024.

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

Credit Rating

The University's bonds are rated "A+" stable by Standard & Poor's, with the most recent rating published on November 8, 2023. An "A" rating indicates a strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances. This rating is consistent with the year ended June 30, 2022. The highest achievable rating is "AAA." The University's capacity to meet its financial obligations is considered strong. On September 25, 2024, Moody's affirmed the University's A1 rating but downgraded the outlook from stable to negative. Obligations rated "A" by Moody's are judged to be upper-medium grade and are subject to low credit risk. The highest achievable rating is "AAA."

Looking Ahead

Celebrating its 60th anniversary this year, Cleveland State University remains committed to serving as the public research university for Northeast Ohio and a pillar of the Greater Cleveland community. Like other colleges and university across the United States, the University is addressing the changing landscape of higher education and the needs of today's students. University leadership continues the process it began last fiscal year to identify and implement plans for cost reductions and strategic investments. In addition, the entire CSU community is actively engaged in the development of a new strategic plan.

At CSU, enrollment serves as the primary driver of revenue, yet enrollment is declining on a national scale due to lower high school graduation rates linked to demographic shifts, rising inflation, and stagnant state funding. In response to these challenges, the University invested in comprehensive marketing and branding campaigns in 2024 and significantly upgrading its website (www.csuohio.edu) to improve the overall experience for prospective students and their families. As a result, Fall 2024 enrollment has exceeded initial projections and shows a modest increase compared to Fall 2023. Enrollment in online degree programs remains robust; however, international student enrollment has seen a decline, primarily due to difficulties in obtaining visas.

As personnel costs account for the majority of expenses, the University has taken measures to reduce this substantial portion of the budget. The Board of Trustees approved a voluntary separation plan for faculty and staff to address operating deficits, and beginning in the summer of 2024, some faculty and staff members opted to leave the University. This plan has garnered positive feedback and will lead to a significant workforce reduction.

In the summer of 2024, the Board of Trustees, Senior Leadership Team, and the University's college deans began outlining CSU's next five-year plan. This emerging plan will succeed CSU 2.0, which was planned to conclude in 2025. The new plan will identify initiatives and priorities for 2025 through 2030 and is being developed with input and suggestions from many constituent groups, including CSU students, alumni, and community partners.

The Division of Academic Affairs is assessing the University's current course offerings. Some academic programs have been phased out due to low student enrollment, while new programs are being introduced. The University recently announced the launch of 11 integrated undergraduate programs, positioning itself as the first institution of higher education in Ohio to offer programs that bring together two distinct academic disciplines into a single major. These programs have been designed for students whose professional interests include careers that require diverse skill sets and knowledge bases.

In the coming months, we will commemorate the date legislation was passed to establish Cleveland State University as the public university for the city of Cleveland. Our ongoing investments in infrastructure and operational performance will ensure that we continue to provide excellent education and opportunities for our students while serving the Greater Cleveland community for generations to come.

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

Statement of Net Position
June 30, 2024

Assets		
Current assets:		
Cash and cash equivalents	$	9,292,883
Investments		196,296,577
Accounts receivable, net		36,648,002
Notes receivable, net		431,604
Prepaid expenses and inventories		3,250,207
Total current assets		245,919,273
Noncurrent assets:		
Long-term and endowment investments		4,185,446
Notes receivable, net		704,524
Net OPEB asset		11,809,155
Nondepreciable capital assets		77,103,076
Depreciable capital assets, net		394,587,638
Total noncurrent assets		488,389,839
Total assets		734,309,112
Deferred outflows of resources:		
Pension		49,485,598
OPEB		4,115,984
Deferred loss on bond refunding		876,419
Total deferred outflows of resources		54,478,001
Total assets and deferred outflows of resources	$	788,787,113
Liabilities		
Current liabilities:		
Accounts payable	$	3,712,718
Accrued liabilities		24,075,076
Unearned revenue		7,663,326
Compensated absences		790,201
Lease liability—current portion		2,326,104
Subscription based information technology liability—current portion		1,874,273
Long-term debt—current portion		35,755,000
Total current liabilities		76,196,698
Noncurrent liabilities:		
Accrued liabilities		3,709,809
Unearned revenue		1,332,817
Compensated absences		9,961,519
Net pension liability		183,756,534
Lease liability		58,346,014
Subscription based information technology liability		617,679
Long-term debt		115,769,119
Total noncurrent liabilities		373,493,491
Total liabilities		449,690,189
Deferred inflows of resources:		
Pension		10,363,937
OPEB		9,090,091
Deferred gain on bond refunding		8,057,400
Total deferred inflows of resources		27,511,428
Net Position		
Net investment in capital assets		249,764,093
Restricted:		
Expendable—gifts, grants and student loans		45,086,035
Nonexpendable—endowments		1,568,242
Unrestricted		15,167,126
Total net position		311,585,496
Total liabilities, deferred inflows and net position	$	788,787,113

See notes to financial statements.

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

Statement of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2024

Revenue:	
Operating revenue:	
Student tuition and fees	$ 193,183,649
Less scholarship allowances	(39,823,354)
Net student tuition and fees	153,360,295
Federal grants and contracts	17,847,867
State grants and contracts	5,740,139
Local grants and contracts	173,277
Private grants and contracts	14,077,521
Sales and services	7,397,084
Auxiliary enterprises	19,883,065
Other	5,284,027
Total operating revenue	223,763,275
Expenses:	
Operating expenses:	
Instruction	129,304,764
Research	22,131,779
Public service	7,491,731
Academic support	28,659,063
Student services	24,789,627
Institutional support	41,404,742
Operation and maintenance of plant	18,398,028
Scholarships and fellowships	21,788,309
Auxiliary enterprises	43,335,429
Pension (reduction)	(3,167,888)
OPEB (reduction)	(964,988)
Depreciation and amortization	35,272,078
Total operating expenses	368,442,674
Operating loss	(144,679,399)
Nonoperating revenue (expenses):	
State appropriations	80,353,668
Federal grants and contracts	22,507,422
State grants and contracts	10,118,760
Contributions	15,118,539
Investment gain	21,395,298
Interest on debt	(4,941,540)
Net nonoperating revenue	144,552,147
Increase before other changes	(127,252)
Other revenue:	
State capital appropriations	736,265
Increase in net position	609,013
Total net position at beginning of year	310,976,483
Total net position at end of year	$ 311,585,496

See notes to financial statements.

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

Statement of Cash Flows
Year Ended June 30, 2024

Cash flows from operating activities:	
Tuition and fees	$ 159,089,569
Grants and contracts	25,302,508
Payments to or on behalf of employees	(208,996,438)
Payments to vendors	(125,560,070)
Auxiliary enterprises	20,056,510
Loans returned to government	(660,516)
Collection of loans from students	2,311,431
Other receipts	12,681,111
Net cash flows used in operating activities	(115,775,895)
Cash flows from noncapital financing activities:	
State appropriations	80,353,668
Grants and contracts	32,626,182
Contributions	15,118,539
Net cash flows provided by noncapital financing activities	128,098,389
Cash flows from capital financing activities:	
Capital appropriations	736,265
Purchases of capital assets	(8,891,876)
Payments on outstanding debt	(7,922,346)
Payment on leases and SBITA's	(4,241,671)
Interest paid on outstanding debt and leases	(5,645,114)
Net cash flows used in capital financing activities	(25,964,742)
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	42,797,868
Purchase of investments	(40,113,437)
Interest on investments	7,927,593
Net cash flows provided by investing activities	10,612,024
Net decrease in cash and cash equivalents	(3,030,224)
Cash and cash equivalents:	
Beginning	12,323,107
Ending	$ 9,292,883

(Continued)

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

Statement of Cash Flows (Continued)
Year Ended June 30, 2024

Reconciliation of operating loss to net cash flows used in operating activities:	
Operating loss	$ (144,679,399)
Adjustments to reconcile operating loss to net cash flows used in operating activities:	
Depreciation and amortization	35,272,078
Assignment of loans to federal government	(2,357,343)
Adjustments to reconcile change in net position to net cash used in operating activities:	
Accounts receivable, net	(7,109,784)
Notes receivable, net	2,311,431
Prepaid expenses and inventories	(200,186)
Net OPEB asset	(2,083,817)
Deferred outflows	25,416,611
Accounts payable	(4,263,624)
Accrued liabilities and compensated absences	8,913,008
Unearned revenue	471,390
Net pension liability	(22,918,411)
Deferred inflows	(4,547,849)
Net cash flows used in operating activities	$ (115,775,895)
Non-cash investing, capital and financing activities:	
Increase in fair value of investments	$ 13,585,607
Amortization of bond premiums and discounts	227,346
Subscription based information technology agreement	1,789,732
Deferred gain on bond refunding	546,254

See notes to financial statements.

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

Statement of Net Position—Discretely Presented Component Units
June 30, 2024

	Cleveland State University Foundation, Inc.	Euclid Avenue Development Corporation	Aggregate Total
Assets			
Current assets:			
Cash and cash equivalents	$ 1,504,689	$ 2,368,759	$ 3,873,448
Receivables, net:			
Contributions	18,606,951	-	18,606,951
Due from the University	-	414,247	414,247
Student	-	403,359	403,359
Investments	-	7,768,392	7,768,392
Other assets	318,261	59,824	378,085
Total current assets	20,429,901	11,014,581	31,444,482
Receivables, net:			
Contributions	9,823,708	-	9,823,708
Leases	-	18,220,000	18,220,000
Investments	129,080,922	15,455,845	144,536,767
Funds held on behalf of others	5,386,897	-	5,386,897
Property and equipment, net	-	176,567,627	176,567,627
	144,291,527	210,243,472	354,534,999
Total assets	$ 164,721,428	$ 221,258,053	$ 385,979,481
Liabilities and Net Position			
Current liabilities:			
Accounts payable	$ 91,080	$ 871,457	$ 962,537
Accrued expenses	-	4,648,679	4,648,679
Payable to the University	6,691,782	-	6,691,782
Bonds payable	-	4,520,000	4,520,000
Deferred revenue	-	70,282	70,282
Other	518,566	597,538	1,116,104
Total current liabilities	7,301,428	10,707,956	18,009,384
Long-Term Liabilities			
Bonds payable, net	-	225,350,893	225,350,893
Funds held on behalf of others	5,386,897	-	5,386,897
Deferred revenue	-	863,713	863,713
Interest payable	-	-	-
Total liabilities	12,688,325	236,922,562	249,610,887
Net Position			
Restricted:			
Expendable	57,693,494	-	57,693,494
Nonexpendable	91,866,766	-	91,866,766
Unrestricted	2,472,843	(15,664,509)	(13,191,666)
Total net position	152,033,103	(15,664,509)	136,368,594
Total liabilities and net position	$ 164,721,428	$ 221,258,053	$ 385,979,481

See notes to financial statements.

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

Statement of Revenues, Expenses and Changes in Net Position—
Discretely Presented Component Units
Year Ended June 30, 2024

	Cleveland State University Foundation, Inc.	Euclid Avenue Development Corporation	Aggregate Total
Revenues:			
Contributions	$ 32,244,656	$ -	$ 32,244,656
Management fees	47,851	-	47,851
Rental income	-	21,058,716	21,058,716
Maintenance fees	-	226,070	226,070
Other	-	923,748	923,748
Total revenues	32,292,507	22,208,534	54,501,041
Expenses:			
Program services	18,288,932	25,298,712	43,587,644
Supporting services:			
Management and general	725,621	753,329	1,478,950
Fundraising	179,179	-	179,179
Total expenses	19,193,732	26,052,041	45,245,773
Change in net position before non-operating activities	13,098,775	(3,843,507)	9,255,268
Non-operating activities:			
Investment gains and unrealized and realized gains, net	14,170,657	2,076,375	16,247,032
Impairment loss on property and equipment		(16,019,285)	(16,019,285)
Provision for uncollectible contributions	(376,359)	-	(376,359)
Change in net position	26,893,073	(17,786,417)	9,106,656
Net position—beginning of year	125,140,030	2,121,908	127,261,938
Net position—end of year	$ 152,033,103	$ (15,664,509)	$ 136,368,594

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Organization and basis of presentation: Cleveland State University (the University) was established by the General Assembly of the state of Ohio (the State) in 1964 by statutory act under Chapter 3344 of the Ohio Revised Code. As such, the University is a component unit of the State. The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code (IRC), except for unrelated business income.

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 Cleveland State University Foundation, Inc. (the Foundation) and the Euclid Avenue Development Corporation (the Corporation) are included as discretely presented component units in these financial statements. The Foundation and Corporation, which are separate not-for-profit organizations, meet the criteria set forth in the Codification Section 2600 due to significance of their operational and financial relationship with the University. The Foundation and Corporation issue reports using standards issued by the Financial Accounting Standards Board. Note 11 provides additional information on the Foundation and Corporation. Certain disclosures concerning the Foundation and Corporation are not included because they have been audited separately and reports have been issued under separate cover. Complete financial statements for the Foundation can be obtained from the Office of the Executive Director at 1836 Euclid Avenue, Union Building Room 501, Cleveland, Ohio 44115-2214. Complete financial statements for the Corporation can be obtained from its President at 2121 Euclid Avenue, AC 208, Cleveland, Ohio 44115.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), 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, right of use lease assets and subscription based information technology assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted, expendable: Net position whose use by the University is restricted due to enabling legislation or 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. Income generated from these funds may be restricted for student scholarships, loans, instruction, research and other specific university needs.

Restricted, nonexpendable: Net position subject to externally imposed stipulations that they be maintained permanently by the University. Income generated from these funds may be restricted for student scholarships, loans, instruction, research and other specific university needs.

Note 1. Summary of Significant Accounting Policies (Continued)

Unrestricted: Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees.

During the year ended June 30, 2024, management performed an analysis and identified an error in the beginning balance presentation of the net investment in capital assets and unrestricted net position. As a result, a reclassification of $13,017,286 was made at the beginning of the current year between those two categories in the net position caption on the statement of net position. There was no impact to the overall net position of the University.

Under the University's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The accompanying financial statements have been prepared on the accrual basis. The University reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Operating and nonoperating revenue and expenses: The University's policy for defining operating activities as reported on the statement of revenue, expenses and changes in net position are those that result from exchange transactions such as payments received for providing services and payments made for goods or services received. The principal operating revenue is student tuition and fees. Student tuition and fees revenue are presented net of scholarships and fellowships applied to student accounts. The University also classifies as operating revenue grants classified as exchange transactions and auxiliary activities. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, including State appropriations and investment income. Operating expenses include educational resources, administrative expenses and depreciation on capital assets.

Cash and cash equivalents: The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments are recorded at fair value as established by the major securities markets. Fair value is defined 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. Purchases and sales of investments are accounted for on the trade date basis. Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported as investment income. The University classifies all investments that mature in less than one year as current investments.

Endowment investments are subject to the restrictions of gift instruments, requiring principal to be maintained in perpetuity with only the income from the investments available for expenditure. The Board of Trustees (Board) of the University may set aside other assets for the same purposes as endowment investments (quasi-endowment); the University may expend the principal of quasi-endowment at any time subject to a vote of the Board. At June 30, 2024, the quasi-endowment was approximately $5,260,000.

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 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, which approximates fair value.

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts receivable allowance: The allowance for bad debt is determined based on historical average and a reasonableness ratio of accounts receivable to bad debt. The objective is to increase the collectability of current receivables to assist the University's objectives regarding enrollment and retention. As such, the University enforces policies that prohibit registration with an unpaid balance over $1,000 and normally limits registrations for those students with a current unpaid balance between $200 to $1,000. The federal regulations regarding returns of funding under the Federal student aid programs of Title IV of the Higher Education Amendments of 1992 have continued to have an impact on outstanding accounts receivable.

Inventories: Inventories are reported at lower of cost or market. Cost is determined on the average cost basis.

Capital assets: Capital assets are stated at historical cost or at acquisition value at date of donation, if acquired by gift. It is the University's policy to capitalize equipment costing $5,000 or more and buildings and improvements costing $100,000 or more. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives (five to forty years) of the respective assets and is not allocated to the functional expenditure categories. The University capitalizes but does not depreciate works of art or historical treasures that are held for exhibition, education, research, and public service and are recorded as nondepreciable capital assets (see Note 6).

Right-of-use leased assets, net: The University is a lessee for leases of real estate and vehicles. The University recognizes a lease liability and an intangible right-of-use asset in the financial statements for leases based on the present value of the future lease payments. At the commencement of a lease, the University measures the lease liability at the present value of payments expected to be made during the lease term. The future lease payments are discounted using the interest rate the lessor charges the University, which may be the interest rate implicit in the lease. If the interest rate cannot be readily determined by the University, the University's estimated incremental borrowing rate is used. The lease assets are amortized over the shorter of the lease term or the underlying assets' useful life.

Subscription-based information technology arrangements: The University recognizes an intangible subscription asset and corresponding subscription liability for its subscription-based information technology agreements (SBITAs). The subscription asset is measured as the subscription liability plus direct costs incurred in implementing the subscription asset. At the subscription commencement, the University measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. The future subscription payments are discounted using the interest rate the SBITA vendor charges the University, which may be the interest rate implicit in the SBITA. If the interest rate cannot be readily determined by the University, the University's estimated incremental borrowing rate is used. The subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying subscription asset.

Compensated absences: Classified employees earn vacation at rates specified under State law. Full-time administrators and 12-month faculty earn vacation at a rate of 22 days per year. The maximum amount of vacation that an employee can carry over from one fiscal year to the next is 30 days.

All University employees are entitled to a sick leave credit equal to 10 hours for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee, with 10 or more years of service upon retirement, is limited to one-quarter of the accumulated sick leave up to a maximum of 240 hours.

Note 1. Summary of Significant Accounting Policies (Continued)

The University has an accrued liability for all accumulated vacation hours, plus an estimate of the amount of sick leave that will be paid upon retirement. Salary-related fringe benefits have also been accrued.

A summary of accrued compensated absences at June 30, 2024, is as follows:

Beginning balance	$ 10,448,579
Additions	1,166,776
Reductions	(863,635)
Ending balance	$ 10,751,720

The current portion of accrued compensated absences was $790,201 at June 30, 2024.

Unearned revenue: Unearned revenue consists primarily of amounts received in advance of an event occurring, or services being provided, such as student tuition and fees, and advance ticket sales related to the next fiscal year.

Summer term tuition and fees and corresponding expenses relating to the portion of the term that is within the current fiscal year are recognized as tuition revenue and operating expense. The portion of sessions falling into the next fiscal year are recorded as unearned revenue in the statement of net position and will be recognized in the following fiscal year.

Perkins Loan Program: Funds provided by the United States government under the Federal Perkins Loan program are loaned to qualified students and re-loaned after collection. The Department of Education (DOE) has made $3,709,809 in federal capital contributions, which are reflected as a non-current accrued liability on the University's statement of net position. The Federal Perkins Loan Program expired on September 30, 2017. Under current guidance issued by the DOE, at the time the University liquidates the loan portfolio and assigns the student loans to the DOE, the University will be forgoing its institutional capital contribution not yet received back through loan collections. During the year, the University returned $660,516 of excess liquid capital (cash on hand) to the DOE.

Auxiliary enterprises: Auxiliary enterprise revenue primarily represents revenue generated by parking, events, food service, bookstore, recreation center and intercollegiate athletics.

Scholarship allowances and student aid: Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net position. Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenue. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. The scholarship allowances are computed by allocating the cash payments to students, excluding payments for services, to the ratio of aid not considered to be third-party aid to total aid.

Use of estimates: The preparation of financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Pensions: For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue/expense, information about the fiduciary net position of the (State Teachers Retirement System of Ohio Pension Plan and the Ohio Public Employees Retirement System “STRS/OPERS”) and additions to/deductions from STRS’/OPERS’ fiduciary net position have been determined on the same basis as they are reported by STRS/OPERS. STRS/OPERS 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: For purposes of measuring the net other postemployment benefit OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB revenue/expense, information about the fiduciary net position of STRS/OPERS and additions to/deductions from STRS’/OPERS’ fiduciary net position have been determined on the same basis as they are reported by STRS/OPERS. STRS/OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, STRS/OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows and inflows of resources: Deferred outflows of resources are a use 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/liability not included in pension expense and OPEB expense, respectively, as well as losses from bond refunding. Employer contributions to the pension plan and OPEB plan subsequent to the measurement date of the net pension asset/liability and OPEB asset/liability, 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 position 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, net OPEB asset/liability not included in OPEB expense and gains from bond refunding.

Recent and pending accounting pronouncements: In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections-An Amendment of GASB 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. There was no significant impact on the University’s financial statements as a result of the adoption of this standard.

Note 1. 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.

GASB Statement No. 102, *Certain Risk Disclosures,* will be effective for the University beginning with its year ended June 30, 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue or debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The University has not yet determined the impact this statement will have on the financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the University beginning with its year ended June 30, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The University has not yet determined the impact this statement will have on the financial statements.

Subsequent events: The University has evaluated subsequent events occurring between the end of the most recent fiscal year and through November 14, 2024, the date the financial statements were available to be issued.

Note 2. Deposits and Investments

Deposits: Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Protection of University cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets. Under State law, financial institutions must collateralize all public deposits. The value of the pooled collateral must equal at least 102% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third-party trustees of the financial institution.

The bank balance at June 30, 2024, was $11,804,062, of which $428,505 was covered by FDIC, and $11,375,557 was covered by collateral held by the trust department of a bank other than the pledging bank in the name of the pledging bank.

Investments: In accordance with the Board's resolution, the types of investments that may be purchased by the University include United States Treasury securities, federal government agency securities, certificates of deposit, bank repurchase agreements, commercial paper, bonds and other obligations of the State or any of its political subdivisions, the STAR Ohio, bankers' acceptances, money market funds, common stocks and corporate bonds.

Note 2. Deposits and Investments (Continued)

The University had the following investments and maturities related to debt securities at June 30, 2024:

	Fair Value	Not applicable	Less than 1 Year	1-5 Years
Investment type:				
Cash and cash equivalents	$ 7,533,230	$ 7,533,230	$ -	$ -
Fixed income debt securities:				
U.S. Treasuries	7,652,795		-	7,652,795
Corporate bonds	22,709,574		331,253	22,378,321
Agency bonds	9,403,802		-	9,403,802
Equity mutual funds	94,803,945	94,803,945	-	-
Equity mutual fund – multi-strategy	17,868,036	17,868,036	-	-
STAR Ohio	35,203,375	35,203,375	-	-
Pooled investments – CSU Foundation	4,185,446		-	4,185,446
Asset-backed securities:				
Corporate bonds	653,039		-	653,039
Other investments	468,781		421,802	46,979
Total	$ 200,482,023	$ 155,408,586	$ 753,055	$ 44,320,382

Some of the U.S. agency securities are callable at various dates.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University investment policy does not address interest rate risk. 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.

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 Investor Services, Standard & Poor's, or Fitch Ratings provides a current depiction of potential variable cash flows and credit risk. The credit risk ratings of the University's interest bearing fixed income investments at June 30, 2024, are as follows:

	2024				
Investment Type	Fair Value	Not Applicable	Aaa	Aa1, Aa2, Aa3 A1, A2, A3	Below Ba1
Cash and cash equivalents	$ 7,533,230	$ 7,533,230	$ -	$ -	$ -
U.S. Treasury bonds	7,652,795	-	7,652,795	-	-
Corporate bonds	22,709,574	-	159,654	3,845,282	18,704,638
Agency bonds	9,403,802	9,403,802	-	-	-
Equity mutual funds	94,803,945	94,803,945	-	-	-
Equity mutual funds - multi strategy	17,868,036	17,868,036	-	-	-
STAR Ohio	35,203,375	-	35,203,375	-	-
Pooled investments - CSU Foundation	4,185,446	4,185,446			
Asset backed securities	653,039	-	653,039	-	-
Other	468,781	468,781	-	-	-
Total investments	$ 200,482,023	$ 134,263,240	$ 43,668,863	$ 3,845,282	$ 18,704,638

Note 2. Deposits and Investments (Continued)

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of a counterparty to a transaction, the University will not be able to recover the value of investment securities that are in the possession of an outside party. The University does not have a policy for custodial credit risk. The University's investments are held 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. As of June 30, 2024, not more than 5% of the University's total investments were invested in any one issuer except those which are obligations of, or fully guaranteed as to both principal and interest by, the U.S. Government. The University's investment policy does not specifically address concentration of credit risk.

Foreign currency risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At June 30, 2024, there were no investments managed by international equity managers. Although the University's investment policy does not specifically address foreign currency risk, it does limit foreign investments to no more than 20% of the portfolio.

Note 3. Fair Value Measurements

The University categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

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

Note 3. Fair Value Measurements (Continued)

The University has the following recurring fair value measurements as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investment assets:				
Debt securities:				
U.S. Treasuries	$ -	$ 7,652,795	$ -	$ 7,652,795
Corporate bonds	-	22,709,574	-	22,709,574
Agency bonds	-	9,403,802	-	9,403,802
Mutual funds:				
Equities	94,803,945	-	-	94,803,945
Multi-strategy	17,868,036	-	-	17,868,036
Pooled investments—CSU Foundation	-	4,185,446	-	4,185,446
Asset backed securities:				
Corporate bonds	-	653,039	-	653,039
Other investments	-	468,781	-	468,781
Total investments at fair value	$ 112,671,981	$ 45,073,437	$ -	157,745,418
Cash and cash equivalents				7,533,230
STAR Ohio				35,203,375
Total investment assets				$ 200,482,023

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

The fair value of corporate bonds, agency bonds and asset-backed securities at June 30, 2024, was determined primarily based on Level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Investments and long-term and endowment investments on the statement of net position at June 30, 2024, include investments in STAR Ohio of $35,203,375. The investments in STAR Ohio are measured at amortized cost; therefore, they are not included in any of the levels in the table above. 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 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

Note 4. Receivables

The composition of accounts receivable at June 30, 2024, is as follows:

Student accounts	$ 13,367,587
Grants	17,449,524
University Foundation	6,686,931
Other	464,648
Total accounts receivable	37,968,690
Less allowance for uncollectible accounts	(1,320,688)
Accounts receivable, net	$ 36,648,002

Notes receivable consist primarily of loans to students under the Federal Perkins Loan Program. The composition of notes receivable at June 30, 2024, is summarized as follows:

Perkins loan program	$ 970,600
Other	223,764
Total notes receivable	1,194,364
Less allowance for uncollectible accounts	(58,236)
Notes receivable, net	1,136,128
Less current portion	(431,604)
Total noncurrent notes receivable	$ 704,524

Note 5. State Support

The University is a State-assisted institution of higher education, which receives a student-based subsidy from the State. This subsidy is determined annually, based upon a formula devised by The Ohio Department of Higher Education (the ODHE).

In addition, the State provides the funds to construct or improve certain plant facilities on the University's campus. Upon completion, ODHE turns over control of the facility to the University and the University records a contribution. The facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in State-assisted institutions of higher education throughout the State.

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2024, is summarized as follows:

	Beginning Balance *	Additons/ Transfers	Retirements/ Transfers	Ending Balance
Capital assets:				
Nondepreciable:				
Land	$ 57,915,897	$ 2,506,851	$ -	$ 60,422,748
Construction in progress	7,699,248	1,878,925	-	9,578,173
Capitalized collections	7,102,155	-	-	7,102,155
Total nondepreciable capital assets	72,717,300	4,385,776	-	77,103,076
Depreciable:				
Land improvements	18,288,643	-	-	18,288,643
Buildings	821,397,691	1,649,271	-	823,046,962
Equipment	59,684,544	2,454,843	(1,758,288)	60,381,099
Library books	38,592,752	401,984	(275,809)	38,718,927
Right-of-use leased—equipment	2,600,616	-	(510,994)	2,089,622
Right-of-use leased—real estate	64,180,394	-	(190,124)	63,990,270
Software (SBITAs)	5,237,336	1,789,732	(1,446,621)	5,580,447
Total depreciable capital assets	1,009,981,976	6,295,830	(4,181,836)	1,012,095,970
Less accumulated depreciation:				
Land improvements	16,911,943	(5,390)		16,906,553
Buildings	473,745,753	22,855,977		496,601,730
Equipment	48,653,043	6,290,839	(1,758,288)	53,185,594
Library books	37,201,003	257,582	(275,809)	37,182,776
Right-of-use leased—equipment	1,606,421	524,835	(556,750)	1,574,506
Right-of-use leased—real estate	6,196,989	3,047,364	(144,368)	9,099,985
Software (SBITAs)	2,102,938	2,300,871	(1,446,621)	2,957,188
Total accumulated depreciation	586,418,090	35,272,078	(4,181,836)	617,508,332
Capital assets, net	$ 496,281,186	$ (24,590,472)	$ -	$ 471,690,714

The University had approximately $1,180,000 in commitments related to construction as of June 30, 2024. For the year ended June 30, 3024, depreciation expense on capital assets was $29,399,008 and amortization expense on leases and SBITAs was $5,873,070.

* During the year ended June 30, 2024 management performed an analysis and identified a misclassification error in the beginning balance presentation of capital assets and accumulated depreciation categories of land, land improvements and buildings in the above footnote. As a result, approximately $12,298,500 of beginning balances between the cost basis line items were reclassified and additionally $5,197,812 was reclassified between the beginning accumulated depreciation balances. The reclassification of these individual line items had no impact on the capital asset subtotals, the accumulated depreciation total or capital assets, net total.

Note 7. Debt

Debt consists of the following as of June 30, 2024:

	Maturity Dates	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Current
Bonds payable:							
Series 2011	2023-2042	5.32%	$ 4,605,000	$ -	$ (120,000)	$ 4,485,000	$ 120,000
Series 2016A	2023-2036	3.00-5.00%	24,810,000	-	(1,415,000)	23,395,000	1,485,000
Series 2021	2023-2037	2.09%	99,395,000	-	(6,160,000)	93,235,000	6,450,000
Series 2021A and B	2025	1.45-1.85%	27,700,000	-	-	27,700,000	27,700,000
Premiums			2,936,465	-	(227,346)	2,709,119	-
			$ 159,446,465	$ -	$ (7,922,346)	$ 151,524,119	$ 35,755,000

In December 2021, the University issued General Receipts Refunding Bonds, Series 2021, which were purchased by Truist Bank of $110,855,000. Interest is payable at the fixed rate of 2.09% with maturities beginning June 1, 2022 through June 1, 2037. The proceeds of the bonds were used to refund the outstanding Series 2012 Bonds. The purpose of this transaction was to refund future callable maturities to achieve debt service savings and resulted in an economic gain on a net present value basis of approximately $20,700,000 over the life of the bonds. As a result of the refunding, $9,606,900 was recorded in fiscal year 2022 as a gain on refunding within the deferred inflows section on the statement of net position. The unamortized amount of $8,057,4000 at June 30, 2024, remains which will be amortized into income through 2037. Amortization of the gain was netted against interest expense for the year ended June 30, 2024, in the amount of $619,800

In June 2019, the University issued Series 2019 Limited Available Receipts Bonds to PNC Bank, NA, in the principal amount of $27,700,000. The Series 2019 Limited Available Receipts Bonds were issued as fixed rate bonds maturing on June 21, 2022. Interest was payable semi-annually at the rates of 2.31% to 2.87%. The transaction was a Direct Purchase by the bank. The proceeds of the bonds were used to finance a lease balloon payment. On October 7, 2021, the University issued with PNC Bank, NA its Limited Available Receipts Refunding Bonds, Series 2021A (tax-exempt) and Series 2021B (federally taxable bonds) totaling $27,700,000. The Series 2021A and 2021B bonds paid off the Series 2019 Limited Available Receipts Bonds and bear interest at rates of 1.45% to 1.85% with interest payable semi-annually. The revised maturity date on the bonds was October 7, 2024. On October 7, 2024, the University amended the Series 2021 Bonds which extended the maturity date of the bonds to February 28, 2025 and changed the interest rate to the higher of the Prime Rate or the sum of the Overnight Bank Funding Rate plus 50 basis points. In addition, the tax-status of the Series 2021A Bonds became federally taxable.

In February 2016, the University issued $32,475,000 of general receipts bonds, Series 2016A. The bonds bear interest rates ranging from 3.0% to 5.0% and began maturing June 1, 2016 through June 1, 2036. The proceeds of the issuance refunded the Series 2007A bonds and paid issuance costs. The purpose of this transaction was to refund future callable maturities to achieve debt service savings of approximately $3,900,000 over the life of the bonds. As a result of the refunding, $1,493,588 was recorded in 2016 as a loss on refunding within the deferred outflows section on the statement of net position. The unamortized amount of $876,419 at June 30, 2024, which will be amortized into income through 2036. Amortization of the loss was netted against interest expense for the year ended June 30, 2024, in the amount of $73,546.

In September 2011, the University issued taxable general receipts bonds in the principal amount of $5,775,000. The General Receipts Series 2011 Bonds were issued as fixed rate bonds with maturities beginning October 1, 2013 through April 1, 2042. Interest is payable at the rate of 5.32%. The proceeds of the bonds were used to finance a portion of the costs of public improvements identified as the North Campus Neighborhood—Project Phase I.

Note 7. Debt (Continued)

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.

Interest expense on indebtedness for the year ended June 30, 2024, was $3,183,332.

Principal and interest payable for the next five years and in subsequent five-year increments are as follows:

	Bonds Payable		Direct Placement Bonds	
	Principal	Interest	Principal	Interest
2025	$ 8,055,000	$ 3,244,469	$ 27,700,000	$ 488,600
2026	8,450,000	3,029,030		162,867
2027	8,925,000	2,802,355	-	-
2028	9,370,000	2,562,104	-	-
2029	9,855,000	2,309,607	-	-
2030-2034	54,850,000	7,386,702	-	-
2035-2039	20,590,000	1,353,134	-	-
2040-2042	1,020,000	79,135	-	-
	$ 121,115,000	$ 22,766,536	$ 27,700,000	$ 651,467

Note 8. Employment Benefit Plans

Retirement plans: Substantially all nonstudent University employees are covered by one of three retirement plans. University faculty are covered by State Teachers Retirement System (STRS). Nonfaculty employees are covered by Ohio Public Employees Retirement System (OPERS). Employees may opt out of STRS and OPERS and participate in the Alternative Retirement Plan (ARP).

Defined benefit plans: The University participates in the STRS and the OPERS, statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that covers substantially all employees of the University. Each system has three 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 post-employment 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 post-employment healthcare plans. The reports may be obtained by contacting:

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

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

Note 8. Employment Benefit Plans (Continued)

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 contribution rates within the allowable limits. The adequacy of employer contribution rates is determined annually by an actuarial valuation using the entry age normal cost method. Under these provisions, each University's contribution 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 liability.

Member contributions are set at the maximums authorized by the ORC. The plans' 2024 employer and member contribution rates on covered payroll to each system are:

	Employer Contribution Rate				Member Contribution Rate
	Pension	Retirement	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%

The University's required and actual contributions to the pension plan were $8,426,665 and $9,043,848 for STRS and OPERS, respectively. There were no required contributions for the OPEB plan.

Benefits: STRS plan benefits are established under Chapter 3307 of the ORC, as amended in 2012 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.

Any member may retire who has: (1) five years of service credit and attained age 60, (2) 25 years of service credit and attained age 55, or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit were changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (three to five years) and multiplying by a factor ranging from 2.2% to 2.6% with 0.1% 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 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. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

Note 8. Employment Benefit Plans (Continued)

OPERS plan benefits are established under Chapter 145 of the ORC, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depends on years of service (5 to 30 years) and from 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 of 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 (five to 30 years), age (48 to 62 years) and final average salary, using a factor ranging from 1.0% to 2.5%.

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%, or an amount based on the average percentage increase in the Consumer Price Index, capped at 3%.

Net pension asset/liability, deferred outflows of resources, deferred inflows of resources, and pension reduction: At June 30, 2024, the University reported a liability for its proportionate share of the net pension liability of STRS and OPERS. For the year ended June 30, 2024, the net pension liability was measured as of June 30, 2023, for the STRS plan, and December 31, 2023, 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, which was rolled forward to the measurement date. 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.

	Measurement	Net Pension Liability	Proportionate Share		
Plan	Date	2024	2024	2023	Change
STRS	6/30	$ 95,966,074	0.4456%	0.4632%	0.0176%
OPERS	12/31	87,790,460	0.3399%	0.3544%	0.0145%

Note 8. Employment Benefit Plans (Continued)

For the year ended June 30, 2024, the University recognized pension expense of $17,397,387. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	$ 3,498,721	$ 1,600,730	$ 5,099,451
Changes of assumptions	7,903,326	43,913	7,947,239
Net difference between projected and actual earnings on pension plan investments	-	17,865,438	17,865,438
Changes in proportion and differences between University Contributions and proportionate share of contributions	-	5,663,214	5,663,214
University contributions subsequent to the measurement date	8,353,032	4,557,224	12,910,256
Total	$ 19,755,079	$ 29,730,519	$ 49,485,598
Deferred inflows of resources:			
Differences between expected and actual experience	$ 212,953	$ 112,736	$ 325,689
Changes of assumptions	5,948,933	-	5,948,933
Changes in proportion and differences between University Contributions and proportionate share of contributions	3,987,868	101,447	4,089,315
Total	$ 10,149,754	$ 214,183	$ 10,363,937

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense, net of $12,910,256 of contributions subsequent to the measurement date as follows:

	STRS	OPERS	Total
Years ending June 30:			
2025	$ (2,081,359)	$ 8,926,529	$ 6,845,170
2026	(4,412,265)	7,145,718	2,733,453
2027	8,983,473	11,334,967	20,318,440
2028	(1,237,556)	(2,545,563)	(3,783,119)
2029	-	34,278	34,278
Thereafter	-	63,183	63,183
Total	$ 1,252,293	$ 24,959,112	$ 26,211,405

The contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

Note 8. Employment Benefit Plans (Continued)

Net OPEB (asset) liability, deferred outflows of resources, deferred inflows of resources, and OPEB reduction: At June 30, 2024, the University reported an (asset) liability for its proportionate share of the net OPEB (asset) liability of STRS/OPERS. For June 30, 2024, the net OPEB (asset) liability was measured as of June 30, 2023, for STRS, and December 31, 2023, for the OPERS plan. The total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of those dates, except OPERS, which used an actuarial valuation dated December 31, 2022, rolled forward to the measurement date of December 31, 2023, 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) liability 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.

Plan	Measurement Date	Net OPEB (Asset) Liability 2024	Proportionate Share 2024	Proportionate Share 2023	Change
STRS	6/30	$ (8,667,000)	0.4456%	0.4632%	0.0176%
OPERS	12/31	(3,142,155)	0.3482%	0.3597%	0.0115%

For plan year ended June 30, 2022, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

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

For the year ended June 30, 2024, the University recognized a reduction in OPEB expense of $964,988 due to the changes in actuarial assumptions. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	STRS	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	$ 14,000	$ -	$ 14,000
Changes of assumptions	1,277,000	808,949	2,085,949
Net difference between projected and actual earnings on pension plan investments	16,000	- 1,887,043	1,903,043
Changes in proportion and differences between University contributions and proportionate share of contributions	99,608	- 13,384	112,992
Total	$ 1,406,608	$ 2,709,376	$ 4,115,984
Deferred inflows of resources:			
Differences between expected and actual experience	$ 1,322,000	$ 447,219	$ 1,769,219
Changes of assumptions	5,718,000	1,350,719	7,068,719
Changes in proportion and differences between University contributions and proportionate share of contributions	57,158	194,995	252,153
Total	$ 7,097,158	$ 1,992,933	$ 9,090,091

Note 8. Employment Benefit Plans (Continued)

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

	STRS	OPERS	Total
Years ending June 30:			
2025	$ (2,567,047)	$ (191,692)	$ (2,758,739)
2026	(1,168,185)	76,427	(1,091,758)
2027	(431,663)	1,468,896	1,037,233
2028	(590,467)	(637,188)	(1,227,655)
2029	(538,942)	-	(538,942)
Thereafter	(394,246)	-	(394,246)
Total	$ (5,690,550)	$ 716,443	$ (4,974,107)

Actuarial assumptions: The net pension liability and OPEB (asset) liability is based on the results of an actuarial valuation and were determined using the following actuarial assumptions for the University's current year:

	STRS	OPERS
Valuation date-Pension	June 30, 2023	December 31, 2023
Valuation date—OPEB	June 30, 2023	December 31, 2022
Actuarial cost method	Entry age normal	Individual entry age
Costs of living	None	2.05% - 2.30%
Salary increases, including inflation	Varies by service from 2.5% to 8.5%	2.75% - 10.75%
Inflation	2.50%	2.75%
Investment rate of return-Pension	7.00%, net of investment expense, including inflation	6.90%, net of investment expense, including inflation
Investment rate of return—OPEB	7.00%, net of investment expense, including inflation	6.00%, net of investment expense, including inflation
Health care cost trend rates	-11.95% to 7.5% initial, 4.14% ultimate	5.50% initial, 3.50% ultimate in 2038
Experience study date	Period of 5 years ended June 30, 2021	Period of 5 years ended December 31, 2020
Mortality basis	Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.	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.

Note 8. Employment Benefit Plans (Continued)

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 total pension liabilities for STRS was 7.00% for the plan year ended June 30, 2023. The discount rate used to measure the net pension asset/liability for OPERS was 6.90% for the plan year ended December 31, 2023.

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 net STRS OPEB (asset) was 7.00% for the plan year ended June 30, 2023. At June 30, 2023, 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 rates used to measure the net OPERS OPEB liability was 5.70% for the plan year ended December 31, 2023. At December 31, 2023, the fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

Note 8. Employment Benefit Plans (Continued)

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 investments, 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 06/30/23			OPERS as of 12/31/23			
				Defined Benefits Portfolio		Health Care Portfolio	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	26.00%	6.60%	Fixed Income	24.00%	2.85%	37.00%	2.82%
International Equity	22.00%	6.80%	Domestic Equities	21.00%	4.27%	25.00%	4.27%
Alternatives	19.00%	7.38%	Real Estate	13.00%	4.46%	5.00%	4.68%
Fixed Income	22.00%	1.75%	Alternatives/Private Equity	15.00%	7.52%		
Real Estate	10.00%	5.75%	International Equity	20.00%	5.16%	25.00%	5.15%
Other	1.00%	1.00%	REITs	2.00%	4.38%	3.00%	4.38%
			Other	5.00%	3.46%	5.00%	2.43%
	100.00%		Total	100.00%		100.00%	

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension 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:

	2024					
Plan	1.00 % Decrease		Current Discount Rate		1.00 % Increase	
STRS	6.00%	$ 147,574,582	7.00%	$ 95,966,074	8.00%	$ 52,319,399
OPERS	5.90%	139,350,486	6.90%	87,790,460	7.90%	44,926,361
		$ 286,925,068		$ 183,756,534		$ 97,245,760

Sensitivity of the net OPEB (asset) liability to changes in the discount rate: The following presents the net OPEB (asset) liability of the University, calculated using the discount rate listed below, as well as what the University's net OPEB (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:

	2024					
Plan	1.00 % Decrease		Current Discount Rate		1.00 % Increase	
STRS	6.00%	$ (7,335,381)	7.00%	$ (8,667,000)	8.00%	$ (9,826,478)
OPERS	4.22%	1,726,834	5.70%	(3,142,155)	6.22%	(7,175,413)
		$ (5,608,547)		$ (11,809,155)		$ (17,001,891)

Note 8. Employment Benefit Plans (Continued)

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

	2024		
Plan	1.00 % Decrease	Current Discount Rate	1.00 % Increase
STRS	$ (9,880,287)	$ (8,667,000)	$ (7,205,355)
OPERS	(3,272,629)	(3,142,155)	(2,994,107)
	$ (13,152,916)	$ (11,809,155)	$ (10,199,462)

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: There were changes to several assumptions for STRS Pension Plan during the plan year ended June 30, 2023. The subsidy percentage for NME retirees was increased effective January 1, 2023 from 2.2% to 2.5%. The freeze on the Non-Medicare subsidy base premium was removed effective January 1, 2024. The 6% cap on the year over year increase in ME subsidy was removed effective January 1, 2024. In addition the cost of living assumption for the OPERS Pension Plan was narrowed from 2.05% to 3% to 2.05% to 2.3%.

There were changes to an assumption for STRS OPEB Plan during the plan year ended June 30, 2023. The health care cost trend rate was changed and increased the ultimate rate from 3.94% to 4.14%. In addition, the discount rate used in determining the OPERS OBEB liability was increased from 5.22% to 5.7% for the plan year ended December 31, 2023.

Benefit changes: There were no significant benefit terms changes for the pension or OPEB plans since the prior two measurement dates for OPERS. Effective for 2023, STRS implemented a one-time 3% cost of living adjustment effective on the anniversary of a benefits recipient's retirement date for those eligible during FY23 and eliminated the age 60 requirement (effective August 1, 2026).

Payable to the pension plan: At June 30, 2024, the University reported a payable of $3,022,190 for the outstanding amount of contributions to the pension plans. There were no amounts due to the OPEB plan at June 30, 2024.

Defined contribution plan: The University also offers eligible employees an alternative retirement program (ARP). The 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. Full-time employees are eligible to choose a provider, in lieu of STRS or OPERS, from the list of 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.

Note 8. Employment Benefit Plans (Continued)

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 the 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 Board of Regents.

The University is required to contribute to STRS 4.50% of earned compensation for those employees participating in the ARP. The University's contribution for the year ended June 30, 2024, was $507,864, which equals 4.50% of earned compensation.

The University also contributes what would have been the employer's contribution under STRS or OPERS, less the aforementioned percentage, 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 health care. Benefits are entirely dependent on the sum of 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, 2024, the University recognized pension expense of $2,949,044, as determined by actuarial valuations.

Note 9. Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. On July 1, 1993, the University joined with 11 other State-assisted universities in Ohio to form an insurance-purchasing pool for the acquisition of commercial property and casualty insurance. The University pays annual premiums to the pool for its property and casualty insurance coverage based on its percentage of the total insurable value to the pool. Future contributions will be adjusted based upon each university's loss history. Each university has a base deductible of $100,000. The next $250,000 of any one claim is the responsibility of the pool, which has a total annual aggregate deductible limit of $700,000. The commercial property insurer is liable for the amount of any claim in excess of $350,000, or $100,000 in the event the pool has reached its annual limit. There were no significant reductions in coverage from the prior year.

The University maintains a self-insured medical plan for its employees. The University's risk exposure is limited to claims incurred. There is a $250,000 specific stop loss for any given individual. The changes in the total liability for actual and estimated medical claims is summarized below at June 30, 2024:

Liability at beginning of year	$ 2,390,065
Claims incurred	16,099,696
Claims paid	(16,910,716)
Change in estimated claims incurred but not reported	383,281
Liability at end of year	$ 1,962,326

Medical claims are based upon estimates of the claims liabilities. Estimates are based upon past experience, medical inflation trends and current claims outstanding, including year-end lag analysis. Differences between the estimated claims payable and actual claims paid are reported as an operating expense in the statement of revenue, expenses and changes in net position. The claim liability is included in accrued liabilities in the statement of net position. The current and noncurrent portion of the claim liability was $1,962,326 and $0, respectively at June 30, 2024.

Note 9. Risk Management (Continued)

The University participates in a State pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund on a pay-as-you-go basis (the Plan), which pays workers' compensation benefits to beneficiaries who have been injured on the job. Losses from asserted and unasserted claims for the participating state agencies and universities in the Plan are accrued by the Ohio Bureau of Workers' Compensation (the Bureau) based on estimates that incorporate past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Participants in the Plan annually fund the workers' compensation liability based on rates set by the Bureau to collect cash needed in subsequent fiscal years to pay the workers' compensation claims of participating State agencies and universities. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

During the normal course of its operations, the University has become a defendant in various legal actions. It is not possible to estimate the outcome of these legal actions; however, in the opinion of legal counsel and the University administration, the disposition of these pending cases will not have a material adverse effect on the financial condition or operations of the University. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 10. Grant Contingencies

The University receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the University. However, in the opinion of the University administration, any such disallowed claims will not have a significant effect on any of the financial statements of the University at June 30, 2024.

Note 11. Component Units

The Foundation and the Corporation are legally separate not-for-profit entities organized for the purpose of providing support to the University. Both the Foundation and the Corporation are exempt from federal income taxes under Section 501(c)(3) of the IRC.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The board of the Foundation is self-perpetuating and consists of business leaders and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the University by donors.

During the year ended June 30, 2024, the Foundation incurred expenditures of $18,288,932 to the University. At June 30, 2024, the University had receivables from the Foundation totaling $6,691,782.

As authorized by the Board, beginning in fiscal year 1998, the University placed endowment and quasi-endowment funds on deposit with the Foundation for investment. At June 30, 2024, the amount on deposit with the Foundation totaled $4,317,192.

Note 11. Component Units (Continued)

The Foundation had the following types of investments as of June 30, 2024:

Cash and cash equivalents	$ 3,440,055
Common stock—domestic	1,667,678
Mutual funds:	
Domestic	56,243,050
International	24,389,129
Balance fund	2,713,499
Fixed income securities	18,507,090
Fixed income—other	3,440
Investments at fair value	106,963,941
Alternative investments, at net asset value (NAV)	27,503,878
Total investments	$ 134,467,819

In accordance with *Fair Value Measurements* topic of the Financial Accounts Standards Board (FASB) Accounting Standards Codification (ASC), certain investments that were measured at net asset value (NAV) 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 line items presented in the statements of net position—discretely presented component units.

The financial assets of the Foundation measured at fair value on a recurring basis consisted of the following as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Common stock—domestic	$ 1,667,678	$ -	$ -	$ 1,667,678
Mutual funds:				
Domestic	56,243,050	-	-	56,243,050
International	24,389,129	-	-	24,389,129
Balanced fund	2,713,499	-	-	2,713,499
Fixed income securities	-	18,507,090	-	18,507,090
Fixed income—other	-	3,440	-	3,440
	$ 85,013,356	$ 18,510,530	$ -	103,523,886
Investments valued at NAV				27,503,878
Cash and cash equivalents				3,440,055
Total				$ 134,467,819

Property and equipment of the Corporation consist of the following at June 30, 2024:

Property and equipment:	
Land	$ 4,623,000
Buildings	191,235,741
Building improvements	2,356,543
Furniture, fixtures and equipment	3,807,358
	202,022,642
Less accumulated depreciation	(25,455,015)
Property and equipment, net	$ 176,567,627

Note 11. Component Units (Continued)

The restricted net position of the Foundation has been limited by the donors to a specific time period, purpose or are net positions held in perpetuity, for the following purposes as of June 30, 2024:

Instruction and academic support	$ 35,277,015
Research	2,281,244
Public service	5,266,313
Financial aid	101,612,298
Institutional support	3,743,452
Capital and other projects	1,379,938
Total	$ 149,560,260

The Corporation was organized primarily to further the educational mission of the University by developing, owning, and managing housing for the students, faculty, and staff of the University. The Board of the Corporation is self-perpetuating and the University does not control the Corporation.

As of June 30, 2024, the Corporation had the following types of investments which were all classified as Level 1 fair value measurements:

Government money market funds	$ 7,768,392
Money market funds	57,644
Exchange traded funds	7,078,662
Mutual funds	8,319,539
Total	$ 23,224,237

On December 9, 2014, the Corporation issued $88,945,000 of Cleveland-Cuyahoga County Port Authority Development Revenue Bonds (2014 bonds). The proceeds were used by the Corporation to refund bonds issued in 2005 through 2009. A portion of the 2014 bonds matured as of June 30, 2019. The remaining 2014 bonds mature at various dates from August 1, 2019 through August 1, 2044, with a fixed rate of interest of 5%. At the time of refunding, the Corporation chose to utilize funds held by the trustee to pay a portion of the outstanding principal on all existing bonds.

On August 8, 2019, the Corporation issued Development Refunding Revenue Bonds in the principal amount of $18,220,000. The Series 2019 Bonds were issued by the Cleveland-Cuyahoga County Port Authority as fixed rate bonds with a maturity of August 1, 2044, and a coupon rate of 4%. The proceeds of the bonds were issued to refund a portion of the outstanding principal amount of the Series 2014 Bonds; and to pay certain costs of issuance of the Series 2019 Bonds.

On July 6, 2022, the Cleveland-Cuyahoga County Port Authority issued $140,285,000 of tax-exempt Student Housing Facility Revenue Bonds, Series 2022A Bonds to finance the acquisition of student housing, parking facilities for student residents and certain issuance costs of the Series 2022A Bonds and $6,650,000 of Student Housing Facility Revenue Bonds, Series 2022B for the acquisition of retail space related to the student housing facilities and paying the costs of issuance of the Series 2023B Bonds on a federally taxable basis. The Series 2022A Bonds were issued with coupon rates ranging from 5% to 5.5% with an average of 5.4% over the life of the bonds and mature at various dates and amounts through August 1, 2052. The Series 2022B Bonds were issued with coupon rates ranging from 4.565% to 4.896% with an average coupon rate of 4.8% over the life of the bonds and mature annually at various amounts through August 2026.

Note 11. Component Units (Continued)

Principal and interest payable for the next five years and in subsequent five-year increments are as follows:

	Principal	Interest
2025	$ 4,520,000	$ 11,048,721
2026	4,740,000	10,824,856
2027	4,980,000	10,585,548
2028	5,235,000	10,331,200
2029	5,500,000	10,062,825
2030-2034	32,040,000	45,781,625
2035-2039	41,135,000	36,680,250
2040-2044	45,710,000	25,843,025
2045-2049	38,955,000	14,959,150
2050-2055	35,835,000	4,077,013
	218,650,000	$ 180,194,213
Unamortized bond premium	13,680,945	
Unamortized bond issuance costs	(2,460,052)	
Bonds payable, net	$ 229,870,893	

On July 26, 2022, the Corporation entered into an amended and restated 65-year lease with the University for the leasehold interest in the land upon which the Langston project is located. There is no rent payment due until July 1, 2039, at which time the rent payment will be $1,000 per year through June 30, 2087.

On December 18, 2009, the Corporation leased land, owned by the University and located on its campus, from the University. Annual rent is equal to the net available cash flows from the project.

On June 1, 2008, the Corporation leased land, owned by the University and located on its campus, from the University. On August 22, 2008, the Corporation entered into a design-build agreement to construct a 623-car parking garage on the site. On July 1, 2008, the Corporation entered into a lease agreement with the University to operate the garage on completion of construction.

On March 1, 2005, the Corporation leased the Fenn Tower building, located on the University’s campus, from the University. Annual rent is equal to the net available cash flows from the Fenn Tower project. On March 1, 2005, the Corporation entered into a development agreement to plan, design and construct housing units in Fenn Tower. In addition, the Corporation entered into a management agreement with an unrelated party to manage Fenn Tower. The project was completed in August 2006. The facility has the capacity to house 430 residents.

During the year ended June 30, 2024, the Corporation paid rent on the land leases in the amount of $500,000 annually to the University.

Note 11. Component Units (Continued)

On July 1, 2008, the Corporation entered into a 30-year lease with the University for the East 21st Street parking garage facility. Under the terms of the lease, the University has been granted sole and exclusive charge of the operations of the parking garage facility during the lease term in exchange for making monthly rental payments in an amount equal to the required debt service payments on the Series 2014 and Series 2019 Bonds that refunded bonds issued in 2008 and 2014 (see Note 5), plus any other amount due to the Trustee under the Reimbursement Agreement. Upon termination of the lease, the Corporation will transfer title of the parking facility to the University. As such, the Corporation has recorded a lease receivable in the amount of $12,298,500 as of June 30, 2024 and 2023, which represents the amount outstanding on the Series 2019 and 2014 Bonds (attributable to the parking garage facility) that refunded bonds issued in 2008. Interest income is recognized based on the interest expense incurred on the Series 2019 and 2014 Bonds that refunded bonds issued in 2008 and 2014.

On July 1, 2011, the Corporation entered into a 30-year lease with the University for the parking garage facility attached to the Euclid Commons residence halls. Under the terms of the lease, the University has been granted sole and exclusive charge of the operations of the parking garage facility during the lease term in exchange for making monthly rental payments in the amount equal to the required debt service payments on the related bonds, plus any other amounts due to the Trustee under the Reimbursement Agreement. Upon termination of the lease, the Corporation will transfer title of the parking facility to the University. As such, the Corporation recorded a lease receivable in the amount of $5,921,500 as of June 30, 2024 and 20232, which represents the amount outstanding on the Series 2019 and 2014 Bonds (attributable to the parking garage facility) that refunded bonds issued in 2009. Interest income is recognized based on the interest expense incurred on the Series 2019 and 2014 Bonds that refunded bonds issued in 2009 and 2014.

Fenn Tower, historically known as the National Town and Country Club, was originally constructed in 1929, and is owned by the University and leased to the Corporation. Fenn Tower serves as a first-year residence hall for the University students and has approximately 430 beds.

A portion of the Series 2014 Bonds was issued to refinance certain bonds originally issued to finance the acquisition and improvement of Fenn Tower. Revenues generated from the operation of the Corporation as well as assets of the Corporation, including Fenn Tower, were pledged to the payment of principal and interest on the Series 2014 Bonds.

Fenn Tower is listed on the National Register of Historic Places. During the year ended June 30, 2024, the Corporation conducted a façade assessment of Fenn Tower, which identified several structural and safety issues. As a result, Fenn Tower lost its certification of occupancy and required immediate action to safeguard the property.

The Corporation determined that it is in the best interest for the safety of University students and visitors to close Fenn Tower. The closure of Fenn Tower constitutes a non-monetary default under certain bond documents securing the Series 2014 Bonds. The University's requirement to make sufficient payments to the Corporation to ensure the Corporation meets its fixed charge coverage ratio required by the Series 2014 Bonds remains in place through the lease agreement with the Corporation, and the Corporation expects that it will continue to timely make its debt service payments when due on the Series 2014 Bonds.

The carrying value of Fenn Tower was assessed via an appraisal. Based on the current condition of the building and estimated costs to renovate, the recoverable amount of the building has decreased to zero. Management is in the process of evaluating options for the building, including but not limited to efforts to repair and renovate the building and return it to a revenue producing student housing facility, demolition or sale to a third party.

Note 11. Component Units (Continued)

The Corporation recognized an impairment loss of $16,019,285 for the year ended June 30, 2024 in the statement of activities. Management made the adjustment to properly present the financial statements in accordance with U.S. GAAP.

Due to the fact that the Fenn Tower is not a revenue producing facility, the Corporation is in non-monetary default on the Series 2014 Bonds. As a result, there are provisions in the bond documents that the bond holders can accelerate the outstanding principal amount, limited to the Series 2014 Bonds, to be paid immediately. The outstanding principal balance on the Series 2014 Bonds was $53,495,000 at June 30, 2024. To date the Corporation has not received a notice of an event of default from the bond holders. However, if the Corporation were to receive notice of an event of default from the bond holders, it would raise substantial doubt about the Corporation's ability to repay the bond principal, and continue as a going concern.

The Corporation has received a financial support letter from the University that states its commitment to fully support the operating, investing and financing activities of the Corporation through October 31, 2025 to mitigate doubts about the Corporation's ability to repay bond principal and continue as a going concern.

Note 12. Leases

The University leases facilities and equipment from others. These leases have terms between 1 and 28 years requiring monthly, quarterly or annual payments. The expected lease payments are discounted using the interest rate charge on the lease, if available, and are otherwise discounted using the University's incremental borrowing rate. A summary of changes in the lease liabilities for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current
Lease liabilities - related	$ 15,934,190	$ 69,488	$ -	$ 16,003,678	$ -
Lease liabilities - other	46,641,096	-	(1,972,656)	44,668,440	2,326,104
	$ 62,575,286	$ 69,488	$ (1,972,656)	$ 60,672,118	$ 2,326,104

As of June 30, 2024, the principal and interest requirements for the lease liabilities, net is as follows:

	Principal	Interest	Total
2025	$ 2,326,104	$ 1,719,962	$ 4,046,066
2026	1,795,646	1,677,933	3,473,579
2027	1,824,928	1,639,834	3,464,762
2028	1,863,752	1,601,010	3,464,762
2029	1,368,305	1,567,975	2,936,280
2030-2034	7,764,381	7,412,519	15,176,900
2035-2039	8,041,511	6,647,478	14,688,989
2040-2044	22,483,384	4,559,241	27,042,625
2045-2049	13,204,107	599,360	13,803,467
Total	$ 60,672,118	$ 27,425,312	$ 88,097,430

Note 13. Subscription-Based Information Technology Arrangements

The University recognizes an intangible subscription asset and corresponding subscription liability for its subscription-based information technology agreements others. These arrangements have terms between one and three years requiring monthly, quarterly or annual payments. The expected payments are discounted using the interest rate charge on the arrangement, if available, and are otherwise discounted using the University's incremental borrowing rate. A summary of changes in the subscription-based information technology agreements liability for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current
Subscription based information technology liability	$ 3,040,723	$ 1,789,732	$ (2,338,503)	$ 2,491,952	$ 1,874,273
	$ 3,040,723	$ 1,789,732	$ (2,338,503)	$ 2,491,952	$ 1,874,273

As of June 30, 2024, the principal and interest requirements for the subscription-based information technology agreements liability, net is as follows:

	Principal	Interest	Total
2025	$ 1,874,273	$ 65,814	$ 1,940,087
2026	369,280	23,204	392,484
2027	119,136	11,831	130,967
2028	129,263	915	130,178
Total	$ 2,491,952	$ 101,764	$ 2,593,716

Required Supplementary Information

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

Retirement Plan Data
Years Ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015
(In Thousands)

	STRS	OPERS
For the Year Ended June 30, 2024		
University’s proportion of the net pension liability (asset)	0.4456%	0.3399%
University’s proportionate share of the net pension liability (asset)	$ 95,966,074	$ 87,790,460
University’s covered payroll	55,999,700	61,840,237
University’s proportionate share of the net pension liability (asset) as a percentage of its covered payroll	171.37%	141.96%
Plan fiduciary net position as a percentage of the total pension liability	80.00%	79.01%
For the Year Ended June 30, 2023		
University’s proportion of the net pension liability (asset)	0.4632%	0.3544%
University’s proportionate share of the net pension liability (asset)	$ 102,964,845	$ 103,710,100
University’s covered payroll	54,842,085	50,490,603
University’s proportionate share of the net pension liability (asset) as a percentage of its covered payroll	187.75%	205.40%
Plan fiduciary net position as a percentage of the total pension liability	78.90%	75.74%
For the Year Ended June 30, 2022		
University’s proportion of the net pension liability (asset)	0.4660%	0.2953%
University’s proportionate share of the net pension liability (asset)	$ 59,584,507	$ 24,190,216
University’s covered payroll	52,495,229	48,558,477
University’s proportionate share of the net pension liability (asset) as a percentage of its covered payroll	113.50%	49.82%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	92.62%
For the Year Ended June 30, 2021		
University’s proportion of the net pension liability (asset)	0.4741%	0.3164%
University’s proportionate share of the net pension liability (asset)	$ 114,716,140	$ 44,182,092
University’s covered payroll	51,869,587	52,342,712
University’s proportionate share of the net pension liability (asset) as a percentage of its covered payroll	221.16%	84.41%
Plan fiduciary net position as a percentage of the total pension liability	75.50%	87.21%
For the Year Ended June 30, 2020		
University’s proportion of the net pension liability (asset)	0.4753%	0.3570%
University’s proportionate share of the net pension liability (asset)	$ 105,116,855	$ 69,645,496
University’s covered payroll	50,575,390	55,587,366
University’s proportionate share of the net pension liability (asset) as a percentage of its covered payroll	207.84%	125.29%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	82.17%
For the Year Ended June 30, 2019		
University’s proportion of the net pension liability (asset)	0.4897%	0.3885%
University’s proportionate share of the net pension liability (asset)	$ 107,685,334	$ 102,573,969
University’s covered payroll	50,503,155	53,778,459
University’s proportionate share of the net pension liability (asset) as a percentage of its covered payroll	213.22%	190.73%
Plan fiduciary net position as a percentage of the total pension liability	77.30%	74.91%
For the Year Ended June 30, 2018		
University’s proportion of the net pension liability (asset)	0.4941%	0.3926%
University’s proportionate share of the net pension liability (asset)	$ 117,377,358	$ 60,974,449
University’s covered payroll	49,431,335	56,151,077
University’s proportionate share of the net pension liability (asset) as a percentage of its covered payroll	237.46%	108.59%
Plan fiduciary net position as a percentage of the total pension liability	75.29%	84.85%
For the Year Ended June 30, 2017		
University’s proportion of the net pension liability (asset)	0.4985%	0.4095%
University's proportionate share of the net pension liability (asset)	$ 166,860,603	$ 92,716,335
University's covered payroll	47,227,159	56,133,087
University's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	353.31%	165.17%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	77.39%
For the Year Ended June 30, 2016		
University's proportion of the net pension liability (asset)	0.4990%	0.4038%
University's proportionate share of the net pension liability (asset)	$ 137,916,400	$ 69,702,983
University's covered payroll	48,272,044	54,452,664
University's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	285.71%	128.01%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	81.19%
For the Year Ended June 30, 2015		
University’s proportion of the net pension liability (asset)	0.4989%	0.4026%
University’s proportionate share of the net pension liability (asset)	$ 121,356,821	$ 48,402,809
University’s covered payroll	44,789,568	53,202,254
University’s proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.95%	90.98%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	86.53%

Note: The University has presented as many years as information is available.

(Continued)

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

Retirement Plan Data (Continued)
Years Ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015
(In Thousands)

	STRS				
	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 8,353,539	$ 8,353,539	$ -	$ 55,999,700	14.92%
2023	8,423,402	8,423,402	-	56,476,246	14.91%
2022	8,428,943	8,428,943	-	54,842,085	15.37%
2021	8,077,403	8,077,403	-	52,495,229	15.39%
2020	8,002,180	8,002,180	-	51,869,587	15.46%
2019	7,818,028	7,818,028	-	50,575,390	15.46%
2018	7,802,860	7,802,860	-	50,503,155	15.45%
2017	7,653,361	7,653,361	-	49,431,335	15.48%
2016	7,292,553	7,292,553	-	47,227,159	15.44%
2015	7,359,961	7,359,961	-	48,272,044	15.25%

	OPERS Traditional, Combined and Member-Directed				
	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 9,043,848	$ 9,043,848	$ -	$ 61,840,237	14.62%
2023	8,462,497	8,462,497	-	59,457,277	14.23%
2022	7,522,915	7,522,915	-	50,490,603	14.90%
2021	7,122,043	7,122,043	-	48,558,477	14.67%
2020	7,588,682	7,588,682	-	52,342,712	14.50%
2019	8,073,431	8,073,431	-	55,587,366	14.52%
2018	6,961,758	6,961,758	-	53,778,459	12.95%
2017	8,322,520	8,322,520	-	56,151,077	14.82%
2016	7,990,496	7,990,496	-	56,133,087	14.23%
2015	7,760,107	7,760,107	-	54,452,664	14.25%

Cleveland State University
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OPEB Plan Data
Years Ended June 30, 2024, 2023, 2022, 2021, 2020, 2019 and 2018
(In Thousands)

	STRS	OPERS
For the Year Ended June 30, 2024		
University’s proportion of the net OPEB (asset) liability	0.4456%	0.3482%
University’s proportionate share of the net OPEB (asset) liability	$ (8,667,000)	$ (3,142,155)
University’s covered payroll	55,999,700	61,840,237
University’s proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-15.48%	-5.08%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	168.50%	107.76%
For the Year Ended June 30, 2023		
University’s proportion of the net OPEB (asset) liability	0.4632%	0.3597%
University’s proportionate share of the net OPEB (asset) liability	$ (11,993,000)	$ 2,267,662
University’s covered payroll	54,842,085	50,490,603
University’s proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-21.87%	4.49%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	230.70%	94.79%
For the Year Ended June 30, 2022		
University’s proportion of the net OPEB (asset) liability	0.4660%	0.3043%
University’s proportionate share of the net OPEB (asset) liability	$ (9,826,000)	$ (9,531,204)
University’s covered payroll	52,495,229	48,558,477
University’s proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-18.72%	-19.63%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	174.73%	128.23%
For the Year Ended June 30, 2021		
University’s proportion of the net OPEB (asset) liability	0.4741%	0.3164%
University’s proportionate share of the net OPEB (asset) liability	$ (8,332,000)	$ (5,637,560)
University’s covered payroll	51,869,587	52,342,712
University’s proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-16.06%	-10.77%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	182.13%	115.57%
For the Year Ended June 30, 2020		
University’s proportion of the net OPEB (asset) liability	0.4753%	0.3570%
University’s proportionate share of the net OPEB (asset) liability	$ (7,873,000)	$ 50,495,074
University’s covered payroll	50,575,390	55,587,366
University’s proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-15.57%	90.84%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	174.70%	47.80%
For the Year Ended June 30, 2019		
University’s proportion of the net OPEB (asset) liability	0.4897%	0.3885%
University’s proportionate share of the net OPEB (asset) liability	$ (7,869,805)	$ 50,651,274
University’s covered payroll	50,503,155	53,778,459
University’s proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-15.58%	94.19%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	176.00%	46.33%
For the Year Ended June 30, 2018		
University’s proportion of the net OPEB (asset) liability	0.4941%	0.4057%
University’s proportionate share of the net OPEB (asset) liability	$ 19,278,426	$ 44,058,464
University’s covered payroll	49,431,335	56,151,077
University’s proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	39.00%	78.46%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	47.11%	54.14%

(Continued)

Cleveland State University
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OPEB Plan Data (Continued)
Years Ended June 30, 2024, 2023, 2022, 2021, 2020, 2019 and 2018
(In Thousands)

	STRS				
	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ -	$ -	$ -	$ 55,999,700	0.00%
2023	-	-	-	56,476,246	0.00%
2022	-	-	-	54,842,085	0.00%
2021	-	-	-	52,495,229	0.00%
2020	-	-	-	51,869,587	0.00%
2019	-	-	-	50,575,390	0.00%
2018	-	-	-	50,503,155	0.00%

	OPERS Traditional, Combined and Member-Directed				
	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ -	$ -	$ -	$ 61,840,237	0.00%
2023	-	-	-	59,457,277	0.00%
2022	-	-	-	50,490,603	0.00%
2021	-	-	-	48,558,477	0.00%
2020	-	-	-	52,342,712	0.00%
2019	-	-	-	55,587,366	0.00%
2018	1,160,293	1,160,293	-	53,778,459	2.16%

For the Year Ended June 30, 2024

Changes in assumptions (Pension): There were changes to several assumptions for STRS during the plan year ended June 30, 2023. The subsidy percentage for NME retirees was increased effective January 1, 2023 from 2.2% to 2.5%. The freeze on the Non-Medicare subsidy base premium was removed effective January 1, 2024. The 6% cap on the year over year increase in ME subsidy was removed effective January 1, 2024. In addition the cost of living assumption for the OPERS Pension Plan was narrowed from 2.05% to 3% to 2.05% to 2.3%.

Changes in assumptions (OPEB): There were changes to an assumption for STRS during the plan year ended June 30, 2023. The health care cost trend rate was changed and increased the ultimate rate from 3.94% to 4.14%. In addition, the discount rate used in determining the OPERS OBEB liability was increased from 5.22% to 5.7% for the plan year ended December 31, 2023.

Uniform Guidance Audit Requirements

Cleveland State University
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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Student Financial Assistance Cluster				
U.S. Department of Education – Direct Programs				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ -	$ 680,000
Federal Work-Study Program	84.033	N/A	-	755,128
Federal Perkins Loan Program				
Loans outstanding at beginning of year	84.038	N/A	-	3,174,138
Loans issued during the year			-	-
				3,174,138
Federal Pell Grant Program	84.063	N/A	-	21,792,534
Federal Direct Student Loans	84.268	N/A	-	78,965,473
Teacher Education Assistance for College and Higher Education Grants	84.379	N/A	-	34,888
Total U.S. Department of Education			-	105,402,161
U.S. Department of Health and Human Services – Direct Programs				
Nurse Faculty Loan Program				
Loans outstanding at beginning of year	93.264	N/A	-	32,368
Loans issued during the year			-	-
Total U.S. Department of Health and Human Services			-	32,368
Total Student Financial Assistance Cluster			-	105,434,529
U.S. Department of Education – Pass Through Programs from				
The Ohio Department of Higher Education				
Education Stabilization Fund				
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U (a)	Unknown	-	156,675
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U (a)	EDUFAR21		208,847
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U (a)	EDUFAR21	-	26,574
Total Education Stabilization Fund			-	392,096
TRIO Cluster				
U.S. Department of Education – Direct Programs				
TRIO Student Support Services	84.042	N/A	-	444,064
TRIO McNair Post-Baccalaureate Achievement	84.217	N/A	-	125,386
Total TRIO Cluster			-	569,450
Total U.S. Department of Education (Non-Student Financial Assistance Cluster)			-	961,546
Economic Development Cluster				
U.S. Department of Commerce – Pass Through Programs				
The Ohio State University - Economic Adjustment Assistance	11.307	GR130795/ED22HDQ3070085	-	38,555
Total Economic Development Cluster				38,555

(Continued)

Cleveland State University
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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Research and Development Cluster				
U.S. Department of Defense – Pass-through Programs				
Lorain County Community College - National Defense Education Program	12.006	HQ000342220007	$ -	$ 1,282
Case Western Reserve University - Basic and Applied Scientific Research	12.300	RES602090/N00014-23-1-2842	-	131,283
National Center for Defense Manufacturing - Air Force Defense Research Sciences Program	12.800	FA8650-20-2-5700	-	670,347
Youngstown State University - Research and Technology Development	12.910 (a)	211529-21-01/FA8650-20-2-1136	-	11,345
University of Pittsburgh - Research and Technology Development	12.910 (a)	AWD00001593 (419447-8)/D20AC0002-08	-	294,191
University of Pittsburgh - Research and Technology Development	12.910 (a)	AWD00001593 (801740-8)/D20AC00002-11	-	177,003
University of Pittsburgh - Research and Technology Development	12.910 (a)	AWD00001593 (801737-8)/D20AC00002-11	-	163,436
			-	645,975
Total U.S. Department of Defense			-	1,448,887
U.S. Department of Agriculture – Direct Programs				
Agriculture and Food Research Initiative	10.310 (a)	N/A	-	202,186
U.S. Department of Agriculture – Pass-through Programs				
Iowa State University – Biogeochemical consequences of updating an aging agricultural infrastructure	10.310 (a)	020638A/2019-67019-29404	-	8,658
Total U.S. Department of Agriculture			-	210,844
U.S. Department of Interior – Direct Program				
Cooperative Research and Training Programs - Resources of the National Park System	15.945	N/A	-	52,545
Total U.S. Department of Interior			-	52,545
U.S. Department of Justice – Direct Programs				
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A		62,656
U.S. Department of Justice – Pass-through Programs				
Cleveland Peacemakers - Community-Based Violence Intervention and Prevention Initiative	16.045	15PBJA-23-GG-05201-CVIP	-	10,860
Cleveland Rape Crisis Center - Services for Trafficking Victims	16.320	OVC FY 2019	-	33,230
Case Western Reserve University - Smart Prosecution Initiative	16.825	RES516900/2020-YK-BX-0008	-	6,842
Cuyahoga County Prosecutor's Office - National Sexual Assault Kit Initiative	16.833 (a)	2021 CCPO/15PBJA21GG04308SAKI	-	110,919
Cuyahoga County Prosecutor's Office - National Sexual Assault Kit Initiative	16.833 (a)	2019-AK-BX-0005-CSU	-	50,009
Cuyahoga County Prosecutor's Office - National Sexual Assault Kit Initiative	16.833 (a)	2019-AK-BX-0029-CSU	-	20,743
Cuyahoga County Prosecutor's Office - National Sexual Assault Kit Initiative	16.833 (a)	15PBJA-22-GG-03774-SAKI	-	46,848
Cuyahoga County Prosecutor's Office - National Sexual Assault Kit Initiative	16.833 (a)	15PBJA-23-GG-02284-SAKI	-	10,177
City of Akron- National Sexual Assault Kit Initiative	16.833 (a)	2019-AK-BX-0004-CSU	-	93,331
City of Akron- National Sexual Assault Kit Initiative	16.833 (a)	15PBJA-21-GG-04327-SAKI	-	59,294
			-	391,321
Total U.S. Department of Justice			-	504,909
National Aeronautics and Space Administration – Direct Programs				
Science	43.001	N/A	-	556,307
Total National Aeronautics and Space Administration			-	556,307

(Continued)

Cleveland State University
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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Research and Development Cluster (Continued)				
National Endowment for the Humanities – Direct Programs				
Promotion of the Humanities – Fellowships and Stipends	45.160	N/A	$ -	$ 3,577
National Endowment for the Humanities – Pass-through Programs				
The Metro Health System – Promotion of the Arts Grants to Organizations and Individuals	45.024 (a)	9951011101/1891739-38-22	-	22,934
Total National Endowment for the Humanities			-	26,511
National Science Foundation – Direct Programs				
Engineering	47.041 (a)	N/A	6,215	1,033,265
Mathematical and Physical Sciences	47.049	N/A	69,854	401,087
Geosciences	47.050	N/A	-	32,116
Computer and Information Science and Engineering	47.070 (a)	N/A	-	697,131
Biological Sciences	47.074 (a)	N/A	17,795	270,586
STEM Education	47.076 (a)	N/A	23,845	606,995
Office of International Science and Engineering	47.079	N/A	-	75,042
Integrative Activities	47.083	N/A	-	14,200
NSF Technology, Innovation, and Partnerships	47.084	N/A	-	4,501
National Science Foundation – Pass-through Programs				
Case Western Reserve University - Engineering	47.041 (a)	RES515086/CBET-2023525	-	8,326
Columbia University - Engineering	47.041 (a)	1(GG018608-01)/CBET 2227383	-	52,752
			-	61,078
Case Western Reserve University - Computer and Information Science and Engineering	47.070 (a)	RES600131/CCF-2200255	-	5,639
University of Alabama - Computer and Information Science and Engineering	47.070 (a)	A22-0027-S0001/2122882	-	31,841
			-	37,480
The University of Utah - Biological Sciences	47.074 (a)	10068257-04-CSU/2323996	-	14,885
Association of Public and Land-grant Universities - STEM Education	47.076 (a)	1834518	-	546
Ohio State University - STEM Education	47.076 (a)	18173141/60067272	-	48,568
			-	63,999
Total National Science Foundation			117,709	3,297,480
U.S. Department of Energy - Direct Programs				
Office of Science Financial Assistance Program	81.049 (a)	N/A	105,258	285,243
U.S. Department of Energy – Pass-through Programs				
University of Wisconsin - Office of Science Financial Assistance Program	81.049 (a)	402/DE-SC0020114	-	15,234
University of Wisconsin - Office of Science Financial Assistance Program	81.049 (a)	DE-SC0024048	-	46,211
Kent State University - Office of Science Financial Assistance Program	81.049 (a)	400007-CSU/DE-SC0022191	-	7,313
			-	354,001
Paragon Robotics – Conservation Research and Development	81.086	2020-CSU-001	-	12,622
The Research Foundation of SUNY - Renewable Energy Research and Development	81.087	2020-CSU-001	-	14,908
Total U.S. Department of Energy			105,258	381,531

(Continued)

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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Research and Development Cluster (Continued)				
U.S. Department of Education – Direct Programs				
Fund for the Improvement of Postsecondary Education	84.116	N/A	$ -	$ 308,887
Education Research, Development and Dissemination	84.305A	N/A	7,687	229,873
English Language Acquisition State Grants	84.365	N/A	-	601,473
Education, Innovation and Research	84.411	N/A	-	572,619
Supporting Effective Educator Development Program	84.423	N/A	-	80,634
U.S. Department of Education – Pass-through Programs				
University of Cincinnati – Special Education - State Personnel Development	84.323 (a)	014064-00002/H323A170026	-	550
University of Cincinnati - Special Education - State Personnel Development	84.323 (a)	015332-00002/H323A220007		26,945
			-	27,495
University of Cincinnati - Special Education Grants to States	84.027	015292-00002/HQ23A22301111	-	87,279
Total U.S. Department of Education			7,687	1,908,260
U.S. Department of Health and Human Services – Direct Programs				
Cancer Detection and Diagnosis Research	93.394	N/A	-	110,611
Cardiovascular Diseases Research	93.837 (a)	N/A	-	612,689
Blood Diseases and Resources Research	93.839	N/A	-	49,860
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847 (a)	N/A	81,291	780,141
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853 (a)	N/A	-	302,811
Allergy and Infectious Diseases Research	93.855 (a)	N/A	70,352	403,861
Biomedical Research and Research Training	93.859 (a)	N/A	141,321	1,830,549
Aging Research	93.866	N/A	-	787,574
U.S. Department of Health and Human Services – Pass-Through Programs				
NEOMED – Area Health Education Centers	93.107	F-2023-14/U7723072	-	117,043
			-	117,043
Cuyahoga County District Board of Health – Injury Prevention and Control Research and State and Community Based Programs	93.136 (a)	5NU17CE925005-03-03	-	34,360
Cuyahoga County District Board of Health – Injury Prevention and Control Research and State and Community Based Programs	93.136 (a)	1NH28CE003558-01-00	-	40,206
			-	74,566
Case Western Reserve University - Minority Health and Health Disparities Research	93.307	RES512619/2U54MD002265-11	-	21,555
Case Western Reserve University - National Center for Advancing Translational Sciences	93.350	RES602388/1UM1TR004528	-	17,855
Case Western Reserve University - Cancer Treatment Research	93.395	RES601612/1R01CA272621-01A1	-	39,162
The Metro Health System - Public Health Training Centers Program	93.516	9971011101/T29HP46696-01-00	-	301,754
Cleveland Rape Crisis Center - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	MHA-FY-22-BCYF-COVID19-UMB-01	-	111
NEOMED - Mental and Behavioral Health Education and Training Grants	93.732	G0443-A/6 U3NHP45402-01-01	-	18,016
Cuyahoga County District Board of Health – Ending the HIV Epidemic: A Plan for America	93.686 (a)	UT833929	-	30,250
Cuyahoga County District Board of Health – Ending the HIV Epidemic: A Plan for America	93.686 (a)	UT833929	-	11,638
			-	41,888
Cuyahoga County District Board of Health - Racial and Ethnic Approaches to Community Health Program Financed Soley By Public Prevention and Health Funds	93.738	NU5858DP006586-05-00	-	15,616
Cleveland Clinic Foundation - Cardiovascular Diseases Research University - Cardiovascular Diseases Research	93.837 (a)	1256-SUB/P01HLI147823	-	105,178
Cleveland Clinic Foundation - Cardiovascular Diseases Research University - Cardiovascular Diseases Research	93.837 (a)	1334-SUB/R01DK123236-01	-	8,402
			-	113,580
Cleveland Clinic Lerner College of Medicine - Diabetes, Digestive and Kidney Diseases Extramural Research	93.847 (a)	CCF22447536/U2CDK129440	-	12,791
Cleveland Clinic Lerner College of Medicine - Diabetes, Digestive and Kidney Diseases Extramural Research	93.847 (a)	CCF22425712/TL1DK32770	-	69,799
Cleveland Clinic Lerner College of Medicine - Diabetes, Digestive and Kidney Diseases Extramural Research	93.847 (a)	CCF24236707/U2CDK129440	-	9,899
			-	92,489
Cleveland Clinic Foundation - Neurosciences and Neurological Disorders	93.853 (a)	CCF24030218/R56NS134148	-	86,640
Weill Medical College of Cornell University - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853 (a)	181663/1R01NS104283-01A1	-	643
Weill Medical College of Cornell University - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853 (a)	232087/1R01NS136864	-	12,921
Cleveland Clinic Lerner College of Medicine - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853 (a)	CCF22107205/R01NS124547	-	93,573
			-	193,777
University of North Carolina Charlotte - Allergy and Infectious Diseases Research	93.855 (a)	20220400-01-CSU/1R15AI166764-01A1	-	15,113
Research Foundation of SUNY Buffalo - Allergy and Infectious Diseases Research	93.855 (a)	R1311834/1R01AI165997-01A1	-	74,889
			-	90,002

(Continued)

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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Research and Development Cluster (Continued)				
Cuyahoga Community College – Biomedical Research and Research Training	93.859 (a)	N/A/1T34GM137792-01	$ -	$ 26,835
Cleveland Clinic Foundation -Vision Research	93.867	CCF21360791/R01EY027083	-	6,781
NEOMED - PPHF Geriatrics Education Centers	93.964	5UIQHPO33070-04-00	-	2,245
NEOMED - PPHF Geriatrics Education Centers	93.969	G0274-0000/5U1QHP33073-05	-	49,163
United Way of Greater Cleveland - State and Local Homeland Security National Training Program	97.005	671600	-	9,787
Total U.S. Department of Health and Human Services			292,964	6,110,321
Total Research and Development Cluster			523,618	14,497,595
Other Federal Awards and Financial Assistance Programs				
U.S. Department of Transportation – Pass-through Programs				
NEORIDE - Highway Research and Development Program	20.200	693JJ321NF-AIDDP	-	83,215
Ohio Department of Transportation - Highway Planning and Construction	20.205 (a)	37844	-	79,975
Ohio Department of Transportation - Highway Planning and Construction	20.205 (a)	39166	-	124,517
Ohio Department of Transportation - Highway Planning and Construction	20.205 (a)	40190	-	48,019
Ohio Department of Transportation - Highway Planning and Construction	20.205 (a)	40189	-	29,917
			-	282,428
Florida A&M University - University Transportation Centers Program	20.701	C-5167/69A3552348321	-	184,001
Total U.S. Department of Transportation – Pass-through Programs			-	549,644
U.S. Department of Commerce – Direct Programs				
Cluster Grants	11.020	N/A	65,385	276,194
Economic Development Technical Assistance	11.303	N/A	-	140,199
U.S. Department of Commerce – Pass Through Programs				
The Ohio State University – Sea Grant Support	11.417	GR126911/NA220AR4170099	-	48,340
Total U. S. Department of Commerce			65,385	464,733
U.S. Department of Treasury – Pass Through Programs				
COVID-19 - Cuyahoga County Prosecutor's Office - Coronavirus Sate and Local Fiscal Recovery Funds	21.027 (a)	2022-AR-LEP-1033	-	29,913
COVID-19 - Ohio Office of Criminal Justice Services - Coronavirus Sate and Local Fiscal Recovery Funds	21.027 (a)	2022-AR-LEP-1030	-	4,800
Total U. S. Department of Treasury - Pass Through Programs			-	34,713
U.S. Department of National Endowment for the Humanities Pass Through Programs				
Boise State University - Promotion of the Arts Grants to Organizations and Individuals	45.024 (a)	10491/190597-38-23	-	5,604
			-	5,604

(Continued)

Cleveland State University
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Schedule of Expenditures of Federal Awards
Cleveland State University

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Other Federal Awards and Financial Assistance Programs				
U.S. Department of Transportation – Pass-through Programs (Continued)				
Small Business Administration – Pass-through Programs:				
State of Ohio, Development Services Agency – Small Business Development Centers	59.037 (a)	OSBG-23-317/SBAOEDSB 23 002852-01-00	$ -	$ 132,610
State of Ohio, Development Services Agency – Small Business Development Centers	59.037 (a)	OSBG-24-317/SBAOEDSB 24 0087-01-00	-	147,655
			-	280,265
Burten, Bell, Carr, Development – Community Navigator Pilot Program	59.077	SBAHQ22CNP0039	-	34,355
Total Small Business Administration			-	314,620
U.S. Department of Health and Human Services – Pass-through Programs				
Ohio Department of Job and Family Services – Social Services Block Grant	93.667	G-2223-06-0081	-	102,785
Total U.S. Department of Health and Human Services (Non Student Financial Assistance Cluster)			-	102,785
Total Other Federal Awards and Financial Assistance Programs			65,385	1,472,099
Total Expenditures of Federal Awards			$ 589,003	$ 122,404,324

See notes to schedule of expenditures of federal awards

(a) - Subtotal by Federal Assistance Listing Number

10.310	$ 210,844
12.910	645,975
16.833	391,321
20.205	282,428
21.027	34,713
45.024	28,538
47.041	1,094,343
47.070	734,611
47.074	285,471
47.076	656,109
59.037	280,265
81.049	354,001
84.323	27,495
84.425U	392,096
93.136	74,566
93.686	41,888
93.837	726,269
93.847	872,630
93.853	496,588
93.855	493,863
93.859	1,857,384

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Cleveland State University (the University) under programs of the federal government for the year ended June 30, 2024. The information on 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).

For purposes of the Schedule, federal awards include all federal assistance entered into directly between the University and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. The Schedule does not include payments received under Medicare and Medicaid reimbursement programs. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to, and does not, present the financial position, changes in net position and 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, as applicable, either the cost principles Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

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

Note 4. Loan Balances

During the year ended June 30, 2024, the University issued new loans to students under the William D. Ford Federal Direct Loan Program (FDLP). The loan program includes subsidized and unsubsidized Stafford Loans, Parents' Loans for Undergraduate Students (PLUS), and PLUS loans for graduate and professional students. The value of loans issued for the FDLP is based on disbursed amounts. The undergraduate PLUS loans are applied first to the students' tuition and fees, and any remaining balance is disbursed directly to parents or, with the parents' permission, to the student.

In addition, the University participates in the Federal Perkins Loan Program (FPL) through the Department of Education and in the Nurse Faculty Loan Program (NFLP) through the Department of Health and Human Services. These loan programs are directly administered by the University and are considered revolving loan programs whereby collections received on past loans, including interest, and new funds received from federal agencies are loaned out to current students.

FPL and NFLP loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule of expenditures of federal awards. The FPL and NFLP loan balances outstanding at June 30, 2024, were $1,355,455 and $26,708, respectively.

RSM

RSM US LLP

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
Cleveland 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 aggregate discretely presented component units of Cleveland State University (the University), a component unit of the state of Ohio, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 14, 2024. Our report contained and emphasis of matter paragraph related to Euclid Avenue Development Corporation related to an impairment loss.

This report does not include reporting on internal control over financial reporting or compliance and other matters that are reported on separately for Cleveland State University Foundation and Euclid Avenue Development Corporation.

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.

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

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-003, 2024-004 and 2024-005 that we consider to be significant deficiencies.

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.*

Cleveland State University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Cleveland, Ohio
November 14, 2024

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

Independent Auditor's Report

President and Board of Trustees
Cleveland State University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Cleveland State University's, a component unit of the State of Ohio, (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, 2024. 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, the 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, 2024.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-006 and 2024-007. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-006 and 2024-007, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the University as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon, dated November 14, 2024, 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 basis 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
December 6, 2024

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

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?	X	Yes		No
Significant deficiency(ies) identified?	X	Yes		None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major federal programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?	X	Yes		None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	X	Yes		No

Identification of major federal programs:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264	Student Financial Assistance Cluster
Various	Research and Development Cluster
84.425U	COVID-19 - American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000			
Auditee qualified as a low risk auditee?	X	Yes		No

Section II—Financial Statement Findings

FINDING 2024-001 – Financial Reporting Related to Net Investment in Capital Assets

Criteria: In accordance with GASB Standards an entity is required to categorize its net position into three components; net investment in capital assets, restricted net position and unrestricted net position.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

Condition: During our audit of the financial statements, we identified that previously issued financial statements contained a misclassification error of approximately $13 million which understated the net investment in capital assets net position and overstated the unrestricted net position within the net position line item on the Statement of Net Position. These misclassifications did not have any monetary impact on the total net position reported by the University.

Cause: The misclassification was due to a misapplication of generally accepted accounting principles. This was a result of inadequate review and reconciliation processes within the finance office.

Effect: The identified error incorrectly understated the net investment in capital assets and overstated the unrestricted net position in an amount of approximately $13 million. The presentation of net position of net investment in capital assets and unrestricted net position were reclassified to correct the error. The University’s total net position was unaffected as total net position was properly stated in the financial statements.

Recommendation: It is recommended that the University enhance its internal controls its calculation of net investment in capital assets to ensure proper external financial reporting.

View of responsible individuals: Management concurs with the finding and has begun implementing corrective measures. Management was responsible for calculating the amounts that were required to be reclassified and had the understanding necessary to properly present this information going forward.

FINDING 2024-002 – Financial Reporting Related to Capital Assets

Criteria: In accordance with Generally Accepted Accounting Principles (GAAP), capital assets should be disclosed and disaggregated by major capital asset categories. Information presented about major classes of capital assets should include beginning and ending balances, additions, sales or other dispositions, and current-period depreciation expense.

Condition: During our audit of the financial statements, we identified misclassification errors between individual capital asset categories (i.e. land improvements, buildings and equipment) and the related accumulated depreciation in the capital asset footnote to the financial statements. These misclassifications did not have any monetary impact on the total net position or total capital assets reported by the University.

In addition, while testing the accumulated depreciation balances we identified that the recorded accumulated depreciation balances were not properly reconciled to the underlying depreciation schedules. As a result, accumulated depreciation was understated by approximately $2,840,000.

Cause: The misclassification of the capital asset categories was the result of two capital assets that were removed from existing capital asset categories and reclassified as right of use lease assets within capital assets, net in a prior year during the adoption of GASB 87. When the entry was made to reclassify the assets and the associated accumulated depreciation the adjustment was not made to the correct capital asset categories resulting in errors. This was a result of inadequate review and reconciliation processes within the finance office.

The misstatements in the accumulated depreciation balances were the result of inadequate review and reconciliation by the finance office of the recorded accumulated depreciation balances to the underlying depreciation schedules.

Effect: The beginning balances in the capital asset footnote were misclassified which overstated certain capital asset categories by approximately $12.3 million and understated other capital asset categories by the same amount. In addition, certain accumulated depreciation categories were overstated by approximately $5.2 million and other accumulated depreciation categories were understated by the same amount. In total the capital assets presented in the footnote and on the face of the financial statements were materially correct. A reclassification adjustment was made to beginning balances to correct this misclassification, with no impact to total beginning capital assets, net.

The misstatements identified in the accumulated depreciation balance resulted in accumulated depreciation being understated by approximately $2,840,000. An audit adjustment was made through the current year financial statements to correct this misstatement.

Recommendation: It is recommended that the University enhance its internal controls over the capital asset reconciliation to ensure proper external financial reporting.

View of responsible individuals: Management concurs with the finding and has begun implementing corrective measures. Management was responsible for calculating the amounts that were required to be reclassified and had the understanding necessary to properly present this information going forward.

FINDING 2024-003 – Unbilled Receivables Audit Adjustment

Criteria: According to GASB Statement No. 33 receivables should be recorded when eligibility requirements are met, amounts are verifiable and measurable, the collection of the receivable is probable and time requirements are met to reflect the true financial position of the University.

Condition: During the audit of the University's financial statements for the fiscal year ending June 30, 2024, we identified that unbilled receivables were overstated by approximately $2,432,000.

Cause: The overstatement was due to an error in accounting for receivables, where the University recorded receivables for certain costs that had been billed and collected in prior years and for certain costs that were no longer reimbursable. This was a result of inadequate review and reconciliation processes within the finance office.

Effect: The financial statements overstated both accounts receivable and revenue by $2,432,000. This misstatement could lead to incorrect financial reporting and potentially impact decision-making by stakeholders.

Recommendation: It is recommended that the University enhance its internal controls over unbilled receivables. This includes implementing a more rigorous review and reconciliation procedure to ensure that only services rendered are recorded as receivables. Additionally, periodic audits of the billing system should be conducted to identify and correct any discrepancies promptly.

View of responsible individuals: Management concurs with the finding and has begun implementing corrective measures. A new review and reconciliation process will be in place by December 31, 2024, and periodic audits of unbilled receivables will commence in January 2025.

FINDING 2024-004 – Perkins Loan Obligation Accounting

Criteria: In accordance with accounting standards generally accepted in the United States of America the Federal Capital Contributions related to the Perkins loan program are to be reconciled and recorded accurately as an obligation of the University.

Condition: During the testing of the Perkins loan obligation, we identified that the recorded obligation did not reconcile to underlying support. As a result, the obligation was understated by $1,971,000.

Cause: The misstatement of the Perkins loan obligation was the result of inadequate review and reconciliation to underlying reports provided by its third-party servicer.

Effect: The misstatement related to the Perkins loan obligation resulted in an understatement in the amount of $1,971,000. An audit adjustment was made to the current year financial statements to correct this misstatement.

Recommendation: It is recommended that the University enhance its internal controls over the Perkins loan obligation to ensure proper external financial reporting.

View of responsible individuals: Management concurs with the finding and has begun implementing corrective measures. Management was responsible for calculating the amounts that were required to be reclassified and had the understanding necessary to properly present this information going forward.

FINDING 2024-005 – Audit Finding: Misuse of P-Card Leading to Unallowable Cost Reimbursement

Criteria: Institutional policies and procedures, as well as best practices for P-Card usage, require that all purchases made with a P-Card be authorized, documented, and for legitimate business purposes.

Condition: During the audit, management informed us that they discovered that one individual violated existing University policy and misused a Purchasing Card (P-Card) resulting in unauthorized and unallowable purchases totaling $85,258. The purchases had limited supporting documentation, no management approval and a business purpose could not be validated. The individual utilizing the P-Card admitted that he was using it for personal use and was terminated. Of the identified purchases $79,772 were charged to a federal grant. Subsequent to the draw down of federal funds management identified the misuse and immediately adjusted a subsequent request effectively reimbursing the federal funding source for funds received. Internal audit then performed testing over a sample of P-Card transactions and identified that 51% of the transactions tested lacked supervisory review and approval. Their testing was limited to a certain division which was considered to have risk of this occurring. RSM performed testing over the full population of P-Card transactions and identified two instances of monthly P-Card statements not being approved by the employee's supervisor in a timely manner.

Cause: The misuse of the P-Card occurred due to insufficient oversight and monitoring of P-Card transactions by supervisory personnel, lack of adherence to established controls, and untimely monthly reconciliations. In addition it appears there was inadequate training for P-Card holders on proper usage and documentation requirements.

Effect: Unauthorized purchases totaling $85,258 represent a financial loss to the institution and unauthorized amounts being charged to a federal grant. As noted above the federal grant was immediately reimbursed for these unallowed costs.

Recommendation: It is recommended that the institution strengthens its controls over P-Card usage by implementing the following measures:

1. Conducting a thorough review of all P-Card transactions to identify any additional unauthorized purchases.

2. Enhancing training programs for P-Card holders to ensure they understand the policies and procedures for proper P-Card usage.

3. Increasing the frequency and rigor of P-Card transaction reviews and audits.

4. Implementing stricter approval processes for high-value transactions.

Views of responsible individuals: Management acknowledges the finding and will take immediate corrective actions. This includes conducting a comprehensive review of current P-Card transactions, revising the training program for P-Card holders, and enhancing the monitoring and approval processes to prevent future misuse.

Section III – Findings and Questioned Costs for Federal Awards

FINDING 2024-006 – Audit Finding: Misuse of P-Card Leading to Unallowable Cost Reimbursement
Program Titles: Research and Development Cluster, Biomedical Research and Research Training
Assistance Listing Numbers: 93.859
Federal Award Number: 4R00GM145587-03
Federal Award Year: Period February 24, 2003-January 31, 2024
Federal Agencies: United States Department of Health and Human Services

Condition: Refer to Finding 2024-005 in the Financial Statement Findings section (Section II) of this report. Fraudulent charges totaling $79,772 were charged to a federal grant via misuse of a P-Card. Subsequent to the draw down of federal funds management identified the misuse and immediately adjusted a subsequent request effectively reimbursing the federal funding source for funds received.

Questioned Costs: None

Context: After the reimbursement made total costs charged to the grant award were approximately $65,000 none of which were P-Card transactions. The grant was administered solely by one individual who was terminated by the University and the award has been closed out.

Repeat Finding: No

FINDING 2024-007 – Missing Signed Perkins Loan Forms
Program Titles: Student Financial Assistance Cluster, Federal Perkins Loan Program
Assistance Listing Numbers: 84.038
Federal Award Number: None
Federal Agencies: United States Department of Education

Criteria: According to federal regulations 34CFR 674.19, institutions must retain an original or electronically signed Master Promissory Note for at least three years after all loans made under the Master Promissory Note are satisfied. In addition, 2CFR 200.303 requires the entity to maintain internal controls to provide reasonable assurance that the entity is managing the Federal award in compliance with Federal statues, regulations and the terms and conditions of the Federal award.

Condition: During testing of Perkins Loan Recordkeeping and Record Retention, we identified that the University could not provide a signed promissory note for five out of 25 loans selected for testing.

Cause: The absence of signed forms may be due to inadequate oversight in the loan documentation process or a lapse in following established procedures for collecting and retaining signed forms.

Effect: The lack of signed Perkins Loan forms in the files could result in non-compliance with federal regulations and creates challenges in enforcing loan agreements.

Questioned Costs: None

Context: During testing of Perkins Loan Recordkeeping and Record Retention we identified that the University could not provide a signed promissory note for five out of 25 loans (20%) selected for testing. The account status was current with ongoing payments for all five loans.

Repeat Finding: No

Recommendation: It is recommended that the institution reviews and strengthens its procedures for collecting and retaining signed promissory notes. This may include a review of all outstanding Perkins loan borrowers and review of related documentation to ensure a Master Promissory Note has been signed and retained.

View of responsible individuals: Management understands the recommendation and the need to retain the records of former students. While we are certain that required documentation exists or existed at one time, the passage of time and lack of digital backups impaired our ability to produce the documents. Since the loans related to the missing documents are currently in repayment status, we feel that provides assurance that the former students did sign the loan agreement. However, we understand the need to retain all critical forms for our students.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

Section II – Financial Statement Findings

No findings were noted in the prior (2023) audit.

Section III – Findings and Questioned Costs for Federal Awards

No findings were noted in the prior (2023) audit.

Cleveland State University

December 6, 2024

Re: Corrective Action Plan

1. Name of the contact person responsible for corrective actions planned:

Nicole Addington
Chief Financial Officer
Cleveland State University
2121 Euclid Avenue
Cleveland, OH 44115
Phone: 216.687.3613
E-mail: naddington@csuohio.edu

2. Corrective actions planned:

Finding Number 2024-001

During the audit of the FY2024 financial statements, it was identified that previously issued financial statements contained a misclassification error of approximately $ 13 million which understated the net investment in capital assets net position and overstated the unrestricted net position line item on the Statement of Net Position. These misclassifications did not have any monetary impact on the total net position reported by the University.

Management will enhance its internal controls for its calculation of net investment in capital assets to ensure proper external financial reporting.

Anticipated completion date: November 2024

Finding Number 2024-002

During the audit of the FY2024 financial statements, misclassifications errors were identified between individual capital asset categories (i.e. land, land improvements and buildings) and the related accumulated depreciation in the capital asset footnote to the financial statements. These misclassifications did not have any monetary impact on the total net position reported by the University. In addition, while testing the accumulated depreciation balances, it was identified that the reported accumulated depreciation balances were not properly reconciled to the underlying depreciation schedules. As a result, accumulated depreciation was understated by approximately $2,840,000.

Management will enhance its internal controls over capital asset reconciliation to ensure proper external financial reporting.

Anticipated completion date: January 2025

Finding Number 2024-003

During the audit of the FY2024 financial statements, it was identified that unbilled receivables were overstated by approximately $2,432,000.

Management has begun implementation of a review and reconciliation process including periodic audits of unbilled receivables.

Anticipated completion date: January 2025

Finding Number 2024-004

During the testing of the Perkins loan obligation, it was identified that the recorded obligation did not reconcile to underlying support. As a result, the obligation was understated by $1,971,000.

Management will enhance its internal controls over the Perkins loan obligation to ensure proper external financial reporting.

Anticipated completion date: January 2025

Finding Number 2024-005 and 2024-006

During the audit, management reported that they had discovered that one individual violated existing University policy and misused a Purchasing Card (P-Card) resulting in unauthorized and unallowable purchase totaling $85,258. The purchases had limited supporting documentation, no management approval and a business purpose could not be validated. The individual utilizing the P-Card admitted he was using it for personal use and was terminated. Of the identified purchases $79,772 were charged to a federal grant. Subsequent to the draw down of federal funds management identified the misuse and immediately adjusted a subsequent request effectively reimbursing the federal funding source for funds received. Internal audit then performed testing over a sample of P-Card transactions and identified 51% of the transactions tested lacked supervisory review and approval. Their testing was limited to a certain division which was considered to have risk of this occurring. RSM performed testing over the full population of P-Card transactions and identified 2 instances of monthly P-Card statements not being approved by the employee’s supervisor in a timely manner.

Management will conduct a comprehensive review of current P-Card transactions, revise the training program for P-Card holders and enhance the monitoring and approval processes to prevent future misuse.

Anticipated completion date: March 2025

3. Name of the contact person responsible for corrective actions planned:

Rachel Schmidt
Financial Aid Director
Cleveland State University
2121 Euclid Avenue, UN 402
Cleveland, OH 44115
Phone: 216.687.5594
E-mail: r.m.schmidt@csuohio.edu

4. Corrective actions planned:

Finding Number 2024-007

During the audit of Perkins Loan files, it was identified that 5 out of the 25 files tested did not contain a signed Perkins Loan form.

Management understands the recommendation to review and strengthen its procedures for collecting and retaining Perkins Loan forms and the need to retain the records of former students. While we are certain that the required documentation exists or existed at one time, the passage of time and lack of digital backups impaired our ability to produce the documents. Since the loans related to the missing documents are currently in repayment status, we feel that provides assurance the former students did sign the loan agreement. However, we understand the need to retain all critical forms for our students.

Completion date: November 2024

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OHIO AUDITOR OF STATE
KEITH FABER

CLEVELAND STATE UNIVERSITY

CUYAHOGA 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 3/25/2025

65 East State Street, Columbus, Ohio 43215
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