

# **Cleveland State University**

(A Component Unit of the State of Ohio)

Financial Report

June 30, 2021



OHIO AUDITOR OF STATE  
KEITH FABER



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We have reviewed the *Independent Auditor's Report* of the Cleveland State University, Cuyahoga County, prepared by RSM US LLP, for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

March 23, 2022

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RSM US LLP

## Independent Auditor's Report

To the President and Board of Trustees  
Cleveland State University

### Report on the Financial Statements

We have audited the accompanying 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 years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Cleveland State University as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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**Other Matter*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-10 as well as the required supplementary information for certain retirement plan data and other postemployment benefits (OPEB) data on pages 48-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, 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 15, 2021



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

**Management's Discussion and Analysis  
June 30, 2021**

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**Introduction**

The following discussion and analysis provides an overview of the financial position and activities of Cleveland State University (the University) as of and for the year ended June 30, 2021. 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 - for Public Colleges and Universities*. These principles require that financial statements be presented on a consolidated 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 Senior Vice President for Business Affairs and Finance at 2300 Euclid Avenue, Administration Center Room 210, Cleveland, OH 44115-2214.

**Financial Highlights**

The University's financial position remained strong with assets of \$738.8 million, deferred outflows of \$28.9 million, liabilities of \$411.5 million and deferred inflows of \$62.9 million at June 30, 2021. Net position, which represents the residual interest in the University's assets and deferred outflow of resources after liabilities and deferred inflows of resources are deducted, totaled \$293.4 million, after the implementation of GASB Statement No. 75 on July 1, 2017 and the implementation of GASB Statement No. 68 on July 1, 2014.

**Cleveland State University  
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**Management's Discussion and Analysis  
June 30, 2021**

**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 assets at June 30 is as follows:

	2021	2020	2019
Current assets	\$ 226,248,661	\$ 189,691,147	\$ 188,947,513
Noncurrent assets:			
Capital assets, net	487,244,138	497,502,068	516,393,214
Other	25,340,147	19,836,749	13,477,618
Deferred outflows	28,924,092	38,857,599	62,877,571
<b>Total assets and deferred outflows</b>	<b>767,757,038</b>	<b>745,887,563</b>	<b>781,695,916</b>
Current liabilities	37,200,864	38,417,955	43,012,702
Noncurrent liabilities	374,323,413	447,839,416	489,014,013
Deferred inflows	62,877,109	46,950,193	26,710,953
<b>Total liabilities and deferred inflows</b>	<b>474,401,386</b>	<b>533,207,564</b>	<b>558,737,668</b>
<b>Net position</b>	<b>\$ 293,355,652</b>	<b>\$ 212,679,999</b>	<b>\$ 222,958,248</b>

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 2021 from 2020 primarily due to an increase in short term investments and an increase in accounts receivable as a result of grant receivables from the federal government for COVID related purposes. The increase in 2020 from 2019 was due to an increase in accounts receivable as a result of relaxed collection efforts due to the COVID-19 pandemic.

Net capital assets decreased in 2021 from 2020 by \$10.3 million, or 2.1 percent and decreased in 2020 from 2019 by \$18.9 million, or 3.7 percent. The decrease in both 2021 and 2020 is attributable retirement of assets, and depreciation.

As a result of the University's adoption of GASB Statement No. 68 and GASB Statement No. 75, deferred outflow of resources has been recorded. Deferred outflow 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 2021 decreased from 2020 by \$9.9 million, or 25.6 percent, primarily due changes in assumptions and differences between projected and actual earnings on pension plan investments related to the OPERS and STRS Pension and OPEB Plans (See RSI and notes to the RSI). The University's deferred outflows in 2020 decreased from 2019 by \$24.0 million, or 38.2 percent, primarily due changes in assumptions and differences between projected and actual earnings on pension plan investments related to GASB Statement No. 68 (See Required Supplementary Information (RSI) and notes to the RSI).

**Cleveland State University  
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**Management's Discussion and Analysis  
June 30, 2021**

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**Statement of Net Position (Continued)**

Other assets increased in 2021 from 2020 by \$5.5 million, or 27.7 percent, and increased in 2020 from 2019 by \$6.4 million, or 47.2 percent, due to an increase in the net OPEB Asset balance as a result of GASB Statement No. 75.

As a result of the University's adoption of GASB Statement No. 68 and GASB Statement No. 75, deferred inflows of resources have been recorded. 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 2021 increased from 2020 by \$15.9 million, or 33.9 percent, 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). The University's deferred inflows in 2020 increased from 2019 by \$20.2 million, or 75.8%, primarily due to the difference between projected and actual earnings, changes in assumptions and changes in proportionate share on the OPERS and STRS Pension Plans (See RSI and notes to the RSI).

Current and non-current liabilities decreased in 2021 from 2020 by \$74.7 million, or 15.4 percent, primarily due to the net decreases in net pension and OPEB liabilities as a result of GASB 68 and 75, and decreased in 2020 from 2019 by \$45.8 million, or 8.6%, primarily due to the timing of accounts payable and the net decreases in net pension and OPEB liabilities as a result of GASB 68 and 75

**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 \$17.0 million in 2021, \$12.3 million in 2020 and \$49.3 million in 2019. Capital additions and retirements for 2021, 2019 and 2018 exclude transfers from construction in progress to buildings in the amount of \$8.7 million in 2021, \$0 in 2020 and \$6.8 million in 2019. Capital retirements totaled \$13.4 million in 2021, \$1.8 million in 2020 and \$1.2 million in 2019. 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 \$8.8 million in 2021, \$6.8 million in 2020 and \$17.2 million in 2019.

In June 2019, the University issued Series 2019 Limited Available Receipts Bonds, which was a direct purchase by a bank, 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 is payable semi-annually at the rates of 2.31 – 2.87 percent. The transaction was a Direct Purchase by the bank. The proceeds of the bonds were used to finance a lease balloon payment.

In February 2016, the University issued \$32,475,000 of general receipts bonds, Series 2016A. The bonds bear interest rates ranging from 3.0 percent to 5.0 percent 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.

In August 2012, the University issued Series 2012 General Receipts Bonds in the amount of \$152 million. Included in this issuance was \$45 million of funding for a planned new facility on campus to advance the University's growing role in health sciences and expand its alliance with Northeast Ohio Medical University (NEOMED). The University demolished a vacant dormitory and replaced it with a health and life sciences building, The Center for Innovations in Medical Professions. Construction began in November 2013 and was completed in June 2015.

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June 30, 2021**

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**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 percent. 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.

In August 2010, the University entered into a capital lease 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 capital lease 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 March 2009, the University entered into a capital lease with a bank, in the amount of \$42.8 million. Proceeds were used to fund a variety of energy conservation projects on the University's campus.

**Net Position**

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

	2021	2020	2019
Net investment in capital assets	\$ 266,905,755	\$ 270,140,816	\$ 274,545,601
Restricted - expendable	31,895,844	32,270,203	31,213,310
Restricted - nonexpendable	1,707,257	1,385,337	1,434,709
Unrestricted	(7,153,204)	(91,116,357)	(84,235,372)
<b>Total net position</b>	<b>\$ 293,355,652</b>	<b>\$ 212,679,999</b>	<b>\$ 222,958,248</b>

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 and in 2018, the change is due to use of restricted donations in capital building projects. Restricted nonexpendable net position consists primarily of endowment funds held by the University. Changes in this category are driven primarily by investment performance.

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**Management's Discussion and Analysis  
June 30, 2021**

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**Net Position (Continued)**

Unrestricted net position is not subject to externally imposed stipulations. This category includes funds functioning as endowment (quasi-endowment) of \$5.8 million at June 30, 2021, \$5.5 million at June 30, 2020 and \$5.8 million at June 30, 2019.

For the year ended June 30, 2021, the University had an increase in total net position of \$80.7 million or 37.9 percent. Net investment in capital assets decreased by \$3.2 million or 1.2 percent because depreciation and capital asset retirements exceeded capital additions. Unrestricted net position increased by \$84.0 million or 92.2 percent primarily because of federal funding for COVID-19 relief and a reduction in pension and OPEB expense related to GASB Statements No. 68 and No. 75.

For the year ended June 30, 2020, the University had an increase in total net position of \$10.3 million or 4.6 percent. The decrease is attributable to market losses on the investment portfolio, increased Pension and OPEB expense and decreases in certain revenues resulting from the COVID-19 pandemic. During the year, the University temporarily suspended its current investment policy due to potential market risks caused by COVID-19. The majority of the investment portfolio was moved into conservative, lower risk investments. Net investment in capital assets decreased by \$4.4 million or 1.6 percent because depreciation and capital asset retirements exceeded capital additions. Unrestricted net position decreased by \$6.9 million or 8.2 percent primarily because the positive investment returns offset the increase in pension expense related to GASB Statement No. 68.

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

**Management's Discussion and Analysis**  
**June 30, 2021**

**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. Summarized revenue, expenses, and changes in net assets for the years ended June 30 are as follows:

	2021	2020	2019
Operating revenue:			
Net student tuition and fees	\$ 149,563,153	\$ 142,999,926	\$ 142,863,095
Grants and contracts	20,022,375	15,087,152	15,008,892
Other	25,262,256	27,337,944	34,036,038
<b>Total operating revenue</b>	<b>194,847,784</b>	<b>185,425,022</b>	<b>191,908,025</b>
Operating expenses:			
Educational and general	213,667,670	257,154,101	250,889,761
Auxiliary enterprises	24,778,871	29,400,336	33,224,859
Depreciation and amortization	27,949,021	29,487,716	30,610,604
<b>Total operating expenses</b>	<b>266,395,562</b>	<b>316,042,153</b>	<b>314,725,224</b>
<b>Operating loss</b>	<b>(71,547,778)</b>	<b>(130,617,131)</b>	<b>(122,817,199)</b>
Nonoperating revenue, net of interest:			
State appropriations	78,910,196	76,836,813	77,597,317
Other	64,522,167	36,749,871	37,480,459
<b>Gain (loss) before other changes</b>	<b>71,884,585</b>	<b>(17,030,447)</b>	<b>(7,739,423)</b>
Other changes	8,791,068	6,752,198	17,153,363
<b>(Decrease) increase in net assets</b>	<b>80,675,653</b>	<b>(10,278,249)</b>	<b>9,413,940</b>
Net position - beginning of year	212,679,999	222,958,248	213,544,308
Net position - end of year	<u>\$ 293,355,652</u>	<u>\$ 212,679,999</u>	<u>\$ 222,958,248</u>

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June 30, 2021**

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

Total revenue and other changes, net of interest on debt, in fiscal 2021, 2020 and 2019 were \$355.1 million, \$314.3 million and \$332.8 million, respectively. The most significant sources of 2021 operating revenue for the University, as reflected in the statement of revenues, expenses, and changes in net position, were student tuition and fees of \$149.6 million, grants and contracts of \$20.0 million, and auxiliary services of \$10.3 million.

Revenue from tuition and fees (net of scholarship allowances) increased \$6.6 million or 4.6% in 2021 compared to 2020. Revenue from tuition and fees (net of scholarship allowances) was relatively flat in 2020 compared to 2019. Total headcount enrollment decreased by 1.8 percent while full-time equivalent enrollment decreased by 3.1 percent over the prior year. However, graduate Headcount increased 5.2 percent.

Total expenses in 2021, 2020 and 2019 were \$274.4 million, \$324.6 million and \$323.3 million, respectively. Operating expenses include the costs of instruction, research, public service, general administration, utilities, libraries, and auxiliary services. Operating expenses also include depreciation and amortization. Expenses decreased by \$50.2 million (15.5%) in 2021, and increased \$1.3 million (0.4%) in 2020 and \$52.9 million (20.2%) in 2019. The changes in 2021 and 2020 are primarily related to reduction in pension and OPEB expense (\$55.2 million in 2021 and \$8.5 million in 2020) related to GASB Statement No. 68 and No. 75.

Sources of nonoperating revenue include State appropriations of \$78.9 million in 2021, \$76.8 million in 2020 and \$77.6 million in 2019; grants and contracts of \$62.3 million in 2021, \$36.3 million in 2020 and \$28.8 million in 2019; gifts of \$7.2 million in 2021, \$11.2 million in 2020 and \$12.2 million in 2019. It also reflects an investment income of \$3.0 million in 2021, investment loss of \$2.3 million in 2020 and investment income of \$5.0 million in 2019.

Net nonoperating revenue increased in 2021 from 2020 by \$29.8 million or 26.3% primarily due to funding from the federal government for COVID-19. Net nonoperating revenue was relatively flat in 2020 compared to 2019.

Other changes consist primarily of State capital appropriations of \$8.8 million in 2021, \$6.7 million in 2020 and \$17.1 million in 2019.

**Credit Rating**

The University's bonds are rated "A+" negative by Standard & Poor's, with the most recent rating published on October 27, 2020. 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, 2021. The highest achievable rating is "AAA." The University's capacity to meet its financial obligations is considered strong. The University's bonds are rated "A1" stable by Moody's Investors Service, with the most recent rating published on December 10, 2020. 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".

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June 30, 2021**

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**Looking Ahead**

Cleveland State University remains committed to the strategic goals and priorities that were identified prior to the pandemic. The University is recognized as Cleveland's anchor public higher education institution, has continued to develop a strong foundation for enrollment growth and operates in an improved financially solid manner.

Going forward, the University will continue to focus on strategic priorities as identified in the CSU 2.0 plan and subsequently further developed to consider operational and economic changes as a result of the pandemic. The campus will be transformed as residential opportunities expand. Academic centers focused on addressing Cleveland's needs will provide critical research and education opportunities for faculty and students. CSU's national brand will grow, becoming well known as a value proposition focused on student progression and graduation success.

Distinction as a Leading Public Urban Research University, includes hiring new faculty in the areas of health, smart manufacturing, applied social science and data analytics. With a goal to increase external research funding by nearly 70 percent, the University will invest in faculty start-ups, research lab infrastructure and seed funding. A new Urban Public Health Institute will address challenges related to community health concerns. Colleges will be realigned to reflect CSU's strengths and academic programs will be invested in to promote growth and build on already established reputations.

To differentiate on student success, the University continues to enhance student support to improve first year student retention and graduation rates, will increase need-based financial aid and will identify solutions to address disparities in student outcomes. Pre-enrollment opportunities in STEM and summer enrichment will support incoming students while additional internships and Co-Op experiences will be available for all interested students. CSU will continue to review and update the core curriculum and develop new certificate and degree programs to meet workforce needs.

To further establish the University as a "Beacon" Institution, the University will emphasize workforce development, support research related to regional needs, grow enrollment, lead state sponsored effort to promote health care and IT industries and develop additional public/private partnerships.

The University is also focused on building financial strength/strengthen campus community by redesigning internal financial models, reducing administrative expenditures while reinvesting those savings in faculty, staff, students and academic programs.

Cleveland State University's overall undergraduate and graduate Fall 2021 enrollments increased about 1 percent over Fall 2020. Graduate enrollment at CSU soared by more than 20 percent to 4,352 students, and the University welcomed 1,834 new freshmen to campus, a 5 percent increase from Fall 2020. Graduate enrollments reflect the successful launch of CSU Global, a transformational international outreach program that has delivered an additional 900 students from overseas. Most of these new students are pursuing degrees in high-demand STEM or business-technology fields like computer science and information systems that will add to the region's talent base and help drive growth. This represents more than double the number of international students from just three years ago. The University's freshman enrollment increase was driven in large part by implementation of programs included in the CSU 2.0 plan, including summer enrichment, a partnership with Cleveland Metropolitan School District and the 2-for-1 tuition promise.

As the University continues to operate in an environment emerging from the effects of the pandemic, a renewed focus on moving forward with the strategic goals and priorities of 'CSU 2.0' will position Cleveland State University as a leading public urban research university, prioritize student success and engaged learning, strengthen the mission as an anchor institution and a beacon institution for the region as well as build financial strength and strengthen our campus community.



Cleveland State University

Statement of Net Position  
June 30, 2021 and 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,871,465	\$ 4,043,094
Investments	162,129,776	147,064,671
Accounts receivable, net	55,844,794	34,484,956
Notes receivable, net	1,254,813	1,360,073
Prepaid expenses and inventories	2,147,813	2,738,353
<b>Total current assets</b>	<b>226,248,661</b>	<b>189,691,147</b>
Noncurrent assets:		
Long-term and endowment investments	4,281,381	3,387,555
Notes receivable, net	7,089,206	8,576,194
Net OPEB asset	13,969,560	7,873,000
Nondepreciable capital assets	72,091,206	75,660,382
Depreciable capital assets, net	415,152,932	421,841,686
<b>Total noncurrent assets</b>	<b>512,584,285</b>	<b>517,338,817</b>
<b>Total assets</b>	<b>738,832,946</b>	<b>707,029,964</b>
<b>Deferred outflows of resources:</b>		
Pension	24,091,546	28,813,809
OPEB	3,735,489	8,873,187
Bond refunding	1,097,057	1,170,603
<b>Total deferred outflows of resources</b>	<b>28,924,092</b>	<b>38,857,599</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 767,757,038</b>	<b>\$ 745,887,563</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	6,516,893	6,197,487
Accrued liabilities	14,620,217	11,890,408
Unearned revenue	7,145,215	8,648,561
Compensated absences	916,249	1,558,696
Obligations under capital leases	1,007,290	3,392,803
Long-term debt - current portion	6,995,000	6,730,000
<b>Total current liabilities</b>	<b>37,200,864</b>	<b>38,417,955</b>
Noncurrent liabilities:		
Accrued liabilities	8,870,067	9,811,814
Compensated absences	9,416,408	8,743,134
Net pension liability	158,898,232	174,762,351
Net OPEB liability	-	50,495,074
Obligations under capital leases	19,990,749	19,036,940
Long-term debt	177,147,957	184,990,103
<b>Total noncurrent liabilities</b>	<b>374,323,413</b>	<b>447,839,416</b>
<b>Total liabilities</b>	<b>411,524,277</b>	<b>486,257,371</b>
<b>Deferred inflows of resources</b>		
Pension	31,033,524	27,650,735
OPEB	31,843,585	19,299,458
<b>Total deferred inflows of resources</b>	<b>62,877,109</b>	<b>46,950,193</b>
<b>Net Position</b>		
Net investment in capital assets	266,905,755	270,140,816
Restricted:		
Expendable - gifts, grants and student loans	31,895,844	32,270,203
Nonexpendable - endowments	1,707,257	1,385,337
Unrestricted (deficit)	(7,153,204)	(91,116,357)
<b>Total net position</b>	<b>293,355,652</b>	<b>212,679,999</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 767,757,038</b>	<b>\$ 745,887,563</b>

See notes to financial statements.

**Cleveland State University**

**Statement of Revenue, Expenses, and Changes in Net Position  
Years Ended June 30, 2021 and 2020**

	2021	2020
Revenue:		
Operating revenue:		
Student tuition and fees	\$ 182,366,272	\$ 177,338,565
Less scholarship allowances	<u>(32,803,119)</u>	<u>(34,338,639)</u>
<b>Net student tuition and fees</b>	<b>149,563,153</b>	142,999,926
Federal grants and contracts	11,323,858	8,361,024
State grants and contracts	6,204,833	3,321,492
Local grants and contracts	428,532	536,315
Private grants and contracts	2,065,152	2,868,321
Sales and services	9,825,306	6,226,642
Auxiliary enterprises	10,294,122	17,271,345
Other	<u>5,142,828</u>	<u>3,839,957</u>
<b>Total operating revenue</b>	<b>194,847,784</b>	185,425,022
Expenses:		
Operating expenses:		
Instruction	110,886,510	107,048,421
Research	10,756,445	9,164,775
Public service	8,846,145	5,415,710
Academic support	24,227,681	26,173,218
Student services	18,556,274	17,729,022
Institutional support	36,351,430	34,198,790
Operation and maintenance of plant	23,056,055	27,025,169
Scholarships and fellowships	27,656,008	21,869,676
Auxiliary enterprises	24,778,871	29,400,336
Pension (reduction) expense	(7,759,069)	6,999,148
OPEB (reduction) expense	(38,909,809)	1,530,172
Depreciation and amortization	<u>27,949,021</u>	<u>29,487,716</u>
<b>Total operating expenses</b>	<b>266,395,562</b>	316,042,153
<b>Operating loss</b>	<b>(71,547,778)</b>	(130,617,131)
Nonoperating revenue (expenses):		
State appropriations	78,910,196	76,836,813
Federal grants and contracts	56,392,125	29,786,144
State grants and contracts	5,922,726	6,565,085
Gifts	7,221,472	11,241,453
Investment income (loss)	3,032,219	(2,273,821)
Interest on debt	<u>(8,046,375)</u>	<u>(8,568,990)</u>
<b>Net nonoperating revenue</b>	<b>143,432,363</b>	113,586,684
<b>Increase (decrease) before other changes</b>	<b>71,884,585</b>	(17,030,447)
Other changes:		
State capital appropriations	<u>8,791,068</u>	<u>6,752,198</u>
<b>Increase (decrease) in net position</b>	<b>80,675,653</b>	(10,278,249)
Total net position at beginning of year	<u>212,679,999</u>	<u>222,958,248</u>
<b>Total net position at end of year</b>	<b>\$ 293,355,652</b>	<b>\$ 212,679,999</b>

See notes to financial statements.

Cleveland State University

Statements of Cash Flows  
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Tuition and fees	\$ 143,182,933	\$ 140,648,295
Grants and contracts	3,053,673	11,885,920
Payments to or on behalf of employees	(175,947,786)	(192,052,234)
Payments to vendors	(110,513,431)	(90,162,215)
Auxiliary enterprises	10,796,688	14,784,523
Other receipts	17,390,127	10,066,599
<b>Net cash flows used in operating activities</b>	<b>(112,037,796)</b>	<b>(104,829,112)</b>
Cash flows from noncapital financing activities:		
State appropriations	78,910,196	76,836,813
Grants and contracts	62,314,851	36,351,229
Gifts	7,221,472	11,241,453
Loan funds returned to government	(552,448)	(1,240,191)
Cash (used) provided by student loans, net	(696,876)	2,145
Cost of loan collections	(176,555)	(212,055)
Collection of loans from students	3,478,163	3,348,160
Cash (used) provided by agency fund activities	(406,127)	80,213
<b>Net cash flows provided by noncapital financing activities</b>	<b>150,092,676</b>	<b>126,407,767</b>
Cash flows from capital financing activities:		
Proceeds from capital debt and leases	2,436,000	143,243
Capital appropriations	8,791,068	6,752,198
Purchases of capital assets	(17,004,174)	(12,755,170)
Principal paid on capital debt and leases	(10,597,704)	(12,347,496)
Interest paid on capital debt and leases	(8,278,654)	(9,406,886)
<b>Net cash flows used in capital financing activities</b>	<b>(24,653,464)</b>	<b>(27,614,111)</b>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	171,264,115	198,782,836
Purchase of investments	(187,223,046)	(191,600,177)
Interest on investments	3,385,886	(1,892,107)
<b>Net cash flows (used in) provided by investing activities</b>	<b>(12,573,045)</b>	<b>5,290,552</b>
<b>Net increase (decrease) in cash</b>	<b>828,371</b>	<b>(744,904)</b>
Cash and cash equivalents:		
Beginning	4,043,094	4,787,998
Ending	\$ 4,871,465	\$ 4,043,094

(Continued)

**Cleveland State University**

**Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2021 and 2020**

	<b>2020</b>	2020
Reconciliation of operating loss to cash used in operating activities:		
Operating loss	\$ (71,547,778)	\$ (130,617,131)
Adjustments to reconcile net operating loss to net cash flows used in operating activities		
Depreciation and amortization	27,949,021	29,487,716
Adjustments to reconcile change in net position to net cash used in operating activities:		
Accounts receivable, net	(21,359,838)	(7,704,944)
Notes receivable, net	(1,709,360)	-
Prepaid expenses and inventories	590,540	(956,411)
Net OPEB asset	(6,096,560)	(3,195)
Deferred outflows	9,933,507	23,946,426
Accounts payable	319,406	(298,786)
Accrued liabilities and compensated absences	1,818,889	(2,953,286)
Unearned revenue	(1,503,346)	(315,589)
Net pension liability	(15,864,119)	(35,496,952)
Net OPEB liability	(50,495,074)	(156,200)
Deferred inflows	15,926,916	20,239,240
<b>Net cash flows used in operating activities</b>	<b>\$ (112,037,796)</b>	<b>\$ (104,829,112)</b>

See notes to financial statements.

Cleveland State University

Statements of Net Position - Discretely Presented Component Units  
June 30, 2021 and 2020

	2021			2020		
	Cleveland State University Foundation, Inc.	Euclid Avenue Development Corporation	Aggregate Total	Cleveland State University Foundation, Inc.	Euclid Avenue Development Corporation	Aggregate Total
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 3,071,114	\$ 3,631,002	\$ 6,702,116	\$ 3,481,791	\$ 3,794,437	\$ 7,276,228
Receivables, net						
Contributions	2,846,390	-	2,846,390	3,673,115	-	3,673,115
Student	-	71,425	71,425	-	57,980	57,980
Other	-	17,123	17,123	-	45,764	45,764
Investments	-	15,180,936	15,180,936	-	15,012,404	15,012,404
Other assets	272,917	24,203	297,120	258,305	31,061	289,366
<b>Total current assets</b>	<b>6,190,421</b>	<b>18,924,689</b>	<b>25,115,110</b>	<b>7,413,211</b>	<b>18,941,646</b>	<b>26,354,857</b>
Receivables, net						
Contributions	9,566,541	-	9,566,541	8,543,531	-	8,543,531
Leases	-	18,220,000	18,220,000	-	18,220,000	18,220,000
Investments	114,935,573	4,803,902	119,739,475	90,298,163	5,716,348	96,014,511
Funds held on behalf of others	5,041,723	-	5,041,723	3,977,212	-	3,977,212
Property and equipment, net	-	50,459,300	50,459,300	-	52,307,890	52,307,890
	<b>129,543,837</b>	<b>73,483,202</b>	<b>203,027,039</b>	<b>102,818,906</b>	<b>76,244,238</b>	<b>179,063,144</b>
<b>Total assets</b>	<b>\$ 135,734,258</b>	<b>\$ 92,407,891</b>	<b>\$ 228,142,149</b>	<b>\$ 110,232,117</b>	<b>\$ 95,185,884</b>	<b>\$ 205,418,001</b>
<b>Liabilities and Net Position</b>						
Current liabilities:						
Accounts payable	\$ 40,705	\$ 469,067	\$ 509,772	\$ 59,338	\$ 789,545	\$ 848,883
Accrued expenses	-	1,603,743	1,603,743	-	1,641,851	1,641,851
Payable to Cleveland State University	3,322,702	728,846	4,051,548	3,259,589	1,325,823	4,585,412
Bonds payable	-	1,925,000	1,925,000	-	1,830,000	1,830,000
Deferred revenue	-	86,867	86,867	-	63,145	63,145
Other	109,800	92,430	202,230	111,759	194,888	306,647
<b>Total current liabilities</b>	<b>3,473,207</b>	<b>4,905,953</b>	<b>8,379,160</b>	<b>3,430,686</b>	<b>5,845,252</b>	<b>9,275,938</b>
Bonds payable, net	-	82,185,826	82,185,826	-	84,465,672	84,465,672
Funds held on behalf of others	5,041,723	-	5,041,723	3,977,212	-	3,977,212
Deferred revenue	-	976,023	976,023	-	1,013,557	1,013,557
<b>Total liabilities</b>	<b>8,514,930</b>	<b>88,067,802</b>	<b>96,582,732</b>	<b>7,407,898</b>	<b>91,324,481</b>	<b>98,732,379</b>
<b>Net Position</b>						
Restricted:						
Expendable	126,357,173	-	126,357,173	102,451,088	-	102,451,088
Unrestricted	862,155	4,340,089	5,202,244	373,131	3,861,403	4,234,534
<b>Total net position</b>	<b>127,219,328</b>	<b>4,340,089</b>	<b>131,559,417</b>	<b>102,824,219</b>	<b>3,861,403</b>	<b>106,685,622</b>
<b>Total liabilities and net position</b>	<b>\$ 135,734,258</b>	<b>\$ 92,407,891</b>	<b>\$ 228,142,149</b>	<b>\$ 110,232,117</b>	<b>\$ 95,185,884</b>	<b>\$ 205,418,001</b>

See notes to the financial statements.

**Cleveland State University**

**Statements of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units  
Years Ended June 30, 2021 and 2020**

	2021			2020		
	Cleveland State University Foundation, Inc.	Euclid Avenue Development Corporation	Aggregate Total	Cleveland State University Foundation, Inc.	Euclid Avenue Development Corporation	Aggregate Total
Revenues:						
Contributions	\$ 11,861,079	\$ -	\$ 11,861,079	\$ 9,887,517	\$ -	\$ 9,887,517
Management fees	39,973	-	39,973	39,563	-	39,563
Rental income	-	8,804,888	8,804,888	-	9,271,826	9,271,826
Maintenance fee	-	203,539	203,539	-	216,333	216,333
Other	-	98,210	98,210	-	313,272	313,272
<b>Total revenues</b>	<b>11,901,052</b>	<b>9,106,637</b>	<b>21,007,689</b>	<b>9,927,080</b>	<b>9,801,431</b>	<b>19,728,511</b>
Expenses:						
Program services	11,656,524	8,711,565	20,368,089	11,802,299	9,192,418	20,994,717
Supporting services:						
Management and general	601,685	268,217	869,902	661,520	339,738	1,001,258
Fundraising	116,684	-	116,684	94,683	-	94,683
<b>Total expenses</b>	<b>12,374,893</b>	<b>8,979,782</b>	<b>21,354,675</b>	<b>12,558,502</b>	<b>9,532,156</b>	<b>22,090,658</b>
<b>Change in net position before non-operating activity</b>	<b>(473,841)</b>	<b>126,855</b>	<b>(346,986)</b>	<b>(2,631,422)</b>	<b>269,275</b>	<b>(2,362,147)</b>
Non-operating activity:						
Loss on forgiveness of lease receivable	-	-	-	-	(1,385,000)	(1,385,000)
Gain on bond extinguishment	-	-	-	-	804,022	804,022
Investment income and unrealized and realized gains, net	25,441,145	351,831	25,792,976	2,322,541	211,739	2,534,280
Provision for uncollectible contributions	(572,195)	-	(572,195)	(397,102)	-	(397,102)
<b>Change in net position</b>	<b>24,395,109</b>	<b>478,686</b>	<b>24,873,795</b>	<b>(705,983)</b>	<b>(99,964)</b>	<b>(805,947)</b>
Net position – beginning of year	102,824,219	3,861,403	106,685,622	103,530,202	3,961,367	107,491,569
Net position – end of year	<b>\$ 127,219,328</b>	<b>\$ 4,340,089</b>	<b>\$ 131,559,417</b>	<b>\$ 102,824,219</b>	<b>\$ 3,861,403</b>	<b>\$ 106,685,622</b>

See notes to the financial statements.

## Cleveland State University

### Notes to Financial Statements

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#### 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 Comprehensive Annual 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 its operational and financial relationship with the University. The Foundation and Corporation issues 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, net of accumulated depreciation 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.

**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

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.

## Cleveland State University

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 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. 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.

**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, 2021 and 2021, the quasi-endowment was approximately \$5,800,000 and \$5,500,000, respectively.

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.

**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 - \$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.



## Cleveland State University

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**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. Amortization of the capitalized cost of assets held under capital leases is generally computed using the straight-line method over the estimated useful lives of the underlying assets or the term of the lease, whichever is shorter. 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.

**Compensated absences:** Classified employees earn vacation at rates specified under State law. Full-time administrators and twelve-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.

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 is as follows:

	2021	2020
Beginning balance	\$ 10,301,830	\$ 9,753,325
Additions	30,827	548,505
Reductions	-	-
Ending balance	<u>\$ 10,332,657</u>	<u>\$ 10,301,830</u>

**Unearned revenue:** Unearned revenue consists primarily of amounts received in advance of an event, 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 and prepaid expense 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 \$8,061,301 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 \$552,448 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.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**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.

**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 liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the (Ohio Public Employees Retirement System/State Teachers Retirement System of Ohio Pension Plan 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 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 liability and net OPEB (asset) liability not included in pension expense and OPEB expense, respectively, as well as bond refunding. Employer contributions to the pension plan and OPEB plan subsequent to the measurement date of the net pension 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 positions by the University that is applicable to a future reporting period. Deferred inflows of resources consist of certain changes in net pension liability not included in pension expense and net OPEB (asset) liability not included in OPEB expense.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Recent and pending accounting pronouncements:** Effective July 1, 2020, the University adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities and the focus of the criteria generally is on (1) whether the government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. There was no material impact on the University's financial statements due to the adoption of Statement No. 84.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new lease standard is expected to have a significant effect on the University's financial statements as a result of the leases classified as operating as operating leases disclosed in Note 7. The effects on the statements of revenues, expenses and changes in net position is not expected to be significant. The provisions of this Statement were adopted effective July 1, 2021.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary object of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, included direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit, assets pledged as collateral for debt, and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The provisions of this Statement were adopted effective July 1, 2021. There was no material impact on the University's financial statements due to the adoption of Statement No. 88.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The provisions of this Statement are effective for the University's financial statements for the year ending June 30, 2022. The University does not anticipate the adoption of this standard will have a significant impact on the financial statements.

**Note 1. Summary of Significant Accounting Policies (Continued)**

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective at various dates as outlined in the Statement. The requirements that were not effective immediately all pertain for the year ended June 30, 2022. The University does not anticipate the adoption of this standard will have a significant impact on the financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The requirements of this Statement are effective at various dates as outlined in the Statement. The University does not anticipate the adoption of this standard will have a significant impact on the financial statements.

**Reclassifications:** Certain items in the 2020 financial statements have been reclassified to conform to the 2021 presentation. These reclassifications had no impact on total assets, liabilities, net position or change in net position.

**Subsequent events:** The University has evaluated subsequent events occurring between the end of the most recent fiscal year and through November 15, 2021, 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 percent 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, 2021 was \$4,670,408, of which \$915,482 was covered by FDIC, and \$3,754,926 was covered by collateral held by the trust department of a bank other than the pledging bank in the name of the pledging bank.

The bank balance at June 30, 2020 was \$3,781,594, of which \$746,787 was covered by FDIC, and \$3,034,807 was covered by collateral held by the trust department of a bank other than the pledging bank in the name of the pledging bank.

## Cleveland State University

### Notes to Financial Statements

#### Note 2. Deposits and Investments (Continued)

**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.

The University had the following types of investments and maturities at June 30:

	2021		
	Fair Value	Less than 1 Year	1-5 Years
Investment type:			
Cash and cash equivalents	\$ 3,621,690	\$ -	\$ -
Commercial paper	8,545,428	8,545,428	-
Fixed income debt securities:			
U.S. Treasuries	16,304,634	-	16,304,634
Corporate bonds	21,238,394	-	21,238,394
Agency bonds	3,193,533	-	3,193,533
Equity mutual funds	62,907,997	-	-
STAR Ohio	39,279,423	-	-
Pooled investments - CSU Foundation	4,281,380	-	4,281,380
Asset-backed securities:			
Corporate bonds	6,488,846	-	6,488,846
Other investments	549,832	549,832	-
Total	<u>\$ 166,411,157</u>	<u>\$ 9,095,260</u>	<u>\$ 51,506,787</u>
	2020		
	Fair Value	Less than 1 Year	1-5 Years
Investment type:			
Cash and cash equivalents	\$ 33,460,861	\$ -	\$ -
Commercial paper	5,295,604	5,295,604	-
Fixed income debt securities:			
U.S. Treasuries	9,711,598	-	9,711,598
Corporate bonds	9,315,682	-	9,315,682
Agency bonds	3,272,496	-	3,272,496
Fixed income mutual funds	24,177,959	24,177,959	-
STAR Ohio	58,975,324	-	-
Pooled investments - CSU Foundation	3,387,555	-	3,387,555
Asset-backed securities:			
Corporate bonds	1,592,889	-	1,592,889
Other investments	1,262,258	1,262,258	-
Total	<u>\$ 150,452,226</u>	<u>\$ 30,735,821</u>	<u>\$ 27,280,220</u>

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

**Cleveland State University**

**Notes to Financial Statements**

**Note 2. Deposits and Investments (Continued)**

**Interest rate risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of 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 are as follows:

Investment Type	2021				
	Fair Value	Not Applicable	Aaa	Aa1, Aa2 and Aa3	Below Ba1
U.S. Treasury bonds	\$ 16,304,634	\$ 482,291	\$ 15,822,343	\$ -	\$ -
Corporate bonds	21,238,394	515,853	312,640	20,409,901	-
Agency bonds	3,193,533	3,193,533	-	-	-
Mutual funds - equities	62,907,997	62,907,997	-	-	-
Asset backed securities	6,488,846	2,183,206	3,502,376	803,264	-
Other	549,832	298,246	133,739	117,847	-
STAR Ohio	39,279,423	-	39,279,423	-	-
Total investments	<u>\$ 149,962,659</u>	<u>\$ 69,581,126</u>	<u>\$ 59,050,521</u>	<u>\$ 21,331,012</u>	<u>\$ -</u>

  

Investment Type	2020				
	Fair Value	Not Applicable	Aaa	Aa1, Aa2 and Aa3	Below Ba1
U.S. Treasury bonds	\$ 9,711,598	\$ 131,194	\$ 9,580,404	\$ -	\$ -
Corporate bonds	9,315,682	-	204,865	9,110,817	-
Agency bonds	3,272,496	2,720,086	552,410	-	-
Mutual funds - fixed income	24,177,959	24,177,959	-	-	-
Asset backed securities	1,592,889	-	1,592,889	-	-
Other	1,262,258	666,762	529,691	65,805	-
STAR Ohio	58,975,324	-	58,975,324	-	-
Total investments	<u>\$ 108,308,206</u>	<u>\$ 27,696,001</u>	<u>\$ 71,435,583</u>	<u>\$ 9,176,622</u>	<u>\$ -</u>

**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, 2021 and 2020, not more than 10 percent 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 investment policy does not specifically address concentration of credit risk.

## Cleveland State University

### Notes to Financial Statements

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#### Note 2. Deposits and Investments (Continued)

**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, 2021 and 2020, 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 percent of the portfolio.

#### Note 3. Fair Value Measurements

The University categorizes its fair value measurements within the fair value hierarchy established by U.S. GAPP. 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.

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

	2021			Total
	Level 1	Level 2	Level 3	
Investment assets:				
Commerical paper	\$ 8,545,428	\$ -	\$ -	\$ 8,545,428
Debt securities:				
U.S. Treasuries	-	16,304,634	-	16,304,634
Corporate bonds	-	21,238,394	-	21,238,394
Agency bonds	-	3,193,533	-	3,193,533
Mutual funds:				
Equities	62,907,997	-	-	62,907,997
Pooled investments - CSU Foundation	-	4,281,380	-	4,281,380
Asset-backed securities:				
Corporate bonds	-	6,488,846	-	6,488,846
Other investments	-	549,832	-	549,832
Total investments at fair value	<u>\$ 71,453,425</u>	<u>\$ 52,056,619</u>	<u>\$ -</u>	<u>123,510,044</u>
Cash and cash equivalents				3,621,690
STAR Ohio				39,279,423
Total investment assets				<u>\$ 166,411,157</u>

**Cleveland State University**

**Notes to Financial Statements**

**Note 3. Fair Value Measurements (Continued)**

	2020			Total
	Level 1	Level 2	Level 3	
Investment assets:				
Commerical paper	5,295,604	-	-	5,295,604
Debt securities:				
U.S. Treasuries	\$ -	\$ 9,711,598	\$ -	\$ 9,711,598
Corporate bonds	-	9,315,682	-	9,315,682
Agency bonds	-	3,272,496	-	3,272,496
Mutual funds:				
Fixed income	24,177,959	-	-	24,177,959
Pooled investments - CSU Foundation	-	3,387,555	-	3,387,555
Asset-backed securities:				
Corporate bonds	-	1,592,889	-	1,592,889
Other investments	-	1,262,258	-	1,262,258
Total investments at fair value	<u>\$ 29,473,563</u>	<u>\$ 28,542,478</u>	<u>\$ -</u>	58,016,041
Cash and cash equivalents				33,460,861
STAR Ohio				58,975,324
Total investment assets				<u>\$ 150,452,226</u>

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, 2021 and 2020 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.

Short-term investments and investments on the statement of net position at June 30, 2021 and 2020 include investments in STAR Ohio of \$39,279,423 and \$58,975,324, respectively. The investments in STAR Ohio are measured at amortized cost; therefore, they are not included in the tables 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.



## Cleveland State University

### Notes to Financial Statements

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#### Note 4. Receivables

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

	2021	2020
Student accounts	\$ 15,926,330	\$ 11,534,595
Grants	35,915,934	19,010,345
University Foundation	3,322,702	3,259,589
Other	2,309,910	2,841,457
Total accounts receivable	<u>57,474,876</u>	<u>36,645,986</u>
Less allowance for uncollectible accounts	(1,630,082)	(2,161,030)
Accounts receivable, net	<u>\$ 55,844,794</u>	<u>\$ 34,484,956</u>

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

	2021	2020
Perkins loan program	\$ 8,472,081	\$ 10,089,708
Other	376,423	448,927
Total notes receivable	<u>8,848,504</u>	<u>10,538,635</u>
Less allowance for uncollectible accounts	(504,485)	(602,368)
Notes receivable, net	<u>8,344,019</u>	<u>9,936,267</u>
Less current portion	(1,254,813)	(1,360,073)
Total noncurrent notes receivable	<u>\$ 7,089,206</u>	<u>\$ 8,576,194</u>

#### 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.

**Cleveland State University**

**Notes to Financial Statements**

**Note 6. Capital Assets**

Capital assets activity for the years ended June 30 is summarized as follows:

	2021			
	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Capital assets:				
Nondepreciable:				
Land	\$ 58,635,897	\$ -	\$ -	\$ 58,635,897
Construction in progress	9,922,330	(3,569,176)	-	6,353,154
Capitalized collections	7,102,155	-	-	7,102,155
Depreciable:				
Land improvements	24,210,143	-	-	24,210,143
Buildings	812,489,984	15,391,226	(291,459)	827,589,751
Equipment	62,784,001	5,835,119	(4,275,155)	64,343,965
Library books	37,985,904	325,381	(192,246)	38,119,039
Total capital assets	<u>1,013,130,414</u>	<u>17,982,550</u>	<u>(4,758,860)</u>	<u>1,026,354,104</u>
Less accumulated depreciation:				
Land improvements	19,183,290	463,818	-	19,647,108
Buildings	407,357,448	23,864,607	-	431,222,055
Equipment	52,691,957	3,045,583	(4,467,401)	51,270,139
Library books	36,395,651	575,013	-	36,970,664
Total accumulated depreciation	<u>515,628,346</u>	<u>27,949,021</u>	<u>(4,467,401)</u>	<u>539,109,966</u>
Capital assets, net	<u>\$ 497,502,068</u>	<u>\$ (9,966,471)</u>	<u>\$ (291,459)</u>	<u>\$ 487,244,138</u>
	2020			
	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Capital assets:				
Nondepreciable:				
Land	\$ 58,635,897	\$ -	\$ -	\$ 58,635,897
Construction in progress	1,318,759	8,603,571	-	9,922,330
Capitalized collections	7,102,155	-	-	7,102,155
Depreciable:				
Land improvements	24,658,643	-	(448,500)	24,210,143
Buildings	812,355,842	1,070,642	(936,500)	812,489,984
Equipment	61,883,045	1,170,819	(269,863)	62,784,001
Library books	37,622,967	497,809	(134,872)	37,985,904
Total capital assets	<u>1,003,577,308</u>	<u>11,342,841</u>	<u>(1,789,735)</u>	<u>1,013,130,414</u>
Less accumulated depreciation:				
Land improvements	19,089,485	93,805	-	19,183,290
Buildings	383,394,135	23,963,313	-	407,357,448
Equipment	48,963,739	4,771,682	(1,043,464)	52,691,957
Library books	35,736,735	658,916	-	36,395,651
Total accumulated depreciation	<u>487,184,094</u>	<u>29,487,716</u>	<u>(1,043,464)</u>	<u>515,628,346</u>
Capital assets, net	<u>\$ 516,393,214</u>	<u>\$ (18,144,875)</u>	<u>\$ (746,271)</u>	<u>\$ 497,502,068</u>

As of June 30, 2021, the University had commitments related to construction projects totaling \$490,533.

# Cleveland State University

## Notes to Financial Statements

### Note 7. Debt

Debt consists of the following as of June 30, 2021 and 2020:

		2021					
	Maturity Dates	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Current
Bonds payable:							
2011 bonds payable	2021-2042	5.32%	\$ 4,965,000	\$ -	\$ (120,000)	\$ 4,845,000	\$ 120,000
2012 bonds payable	2021-2037	5.00%	116,205,000	-	(5,350,000)	110,855,000	5,350,000
2016A bonds payable	2021-2036	3.00-5.00%	28,695,000	-	(1,260,000)	27,435,000	1,280,000
2019 direct purchase bonds	2022	2.31-2.87%	27,700,000	-	-	27,700,000	-
Premiums			14,155,103	-	(847,146)	13,307,957	-
			191,720,103	-	(7,577,146)	184,142,957	6,995,000
Direct Placement:							
Leases payable:							
Capital leases	2021-2045	0.2-13.35%	22,429,743	2,436,000	(3,867,704)	20,998,039	1,007,290
Total bonds and leases payable			\$ 214,149,846	\$ 2,436,000	\$ (11,444,850)	\$ 205,140,996	\$ 8,002,290
		2020					
	Maturity Dates	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Current
Bonds payable:							
2011 bonds payable	2020-2042	5.32%	\$ 5,085,000	\$ -	\$ (120,000)	\$ 4,965,000	\$ 120,000
2012 bonds payable	2020-2037	5.00%	121,300,000	-	(5,095,000)	116,205,000	5,350,000
2016A bonds payable	2020-2036	3.00-5.00%	29,905,000	-	(1,210,000)	28,695,000	1,260,000
2019 direct purchase bonds	2022	2.31-2.87%	27,700,000	-	-	27,700,000	-
Premiums			15,002,249	-	(847,146)	14,155,103	-
			198,992,249	-	(7,272,146)	191,720,103	6,730,000
Direct Placement:							
Leases payable:							
Capital leases	2020-2045	0.2-13.35%	29,593,996	143,243	(7,307,496)	22,429,743	3,392,803
Total bonds and leases payable			\$ 228,586,245	\$ 143,243	\$ (14,579,642)	\$ 214,149,846	\$ 10,122,803

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 is payable semi-annually at the rates of 2.31 – 2.87 percent. 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 2021 B bonds paid off the Series 2019 Limited Available Receipts Bonds and bear interest at rates of 1.45 – 1.85 percent with interest payable semi-annually. The bonds are set to mature on October 7, 2024.

In February 2016, the University issued \$32,475,000 of general receipts bonds, Series 2016A. The bonds bear interest rates ranging from 3.0 percent to 5.0 percent 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 and the unamortized amount of \$1,097,057 and \$1,170,603 at June 30, 2021 and 2020, respectively and will be amortized into income through 2036. Amortization expense for both 2021 and 2020 was \$73,546.

## Cleveland State University

### Notes to Financial Statements

#### Note 7. Debt (Continued)

On August 21, 2012, the University issued general receipts bonds in the principal amount of \$152,835,000. The General Receipts Series 2012 Bonds were issued as fixed rate bonds with maturities beginning June 1, 2013 through June 1, 2037. Interest is payable at the rate of 5.0 percent. The proceeds of the bonds were used to (1) pay costs of constructing a new building on the University's campus, rehabilitation of existing buildings, campus-wide upgrades of electrical, mechanical and security systems and improvements to campus walkways; (2) refund the outstanding Series 2003A Bonds, Series 2004 Bonds and Series 2008 Bonds; and (3) pay costs relating to the issuance of the Series 2012 Bonds.

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 percent. 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.

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 years ended June 30, 2021 and 2020 was \$8,046,375 and \$8,568,990, respectively. On construction-related debt, for the year ended June 30, 2021 and June 30, 2020 there was no interest cost capitalized.

The University leases pieces of equipment and parking garages, which have been recorded under capital leases in amounts representing the present value of future minimum lease payments. Capital lease principal payments for two parking garage leases begin in August 2040. Capital lease obligations are collateralized by equipment with a gross cost of \$64,595,550 and \$65,121,467 and gross accumulated depreciation of \$63,531,739 and \$63,259,490 at June 30, 2021 and 2020, respectively. The capital leases have varying maturity dates through 2045.

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

	Bonds Payable		Direct Placement Bonds		Capital Leases-Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 6,995,000	\$ 7,023,510	\$ -	\$ 803,654	\$ 1,007,290	\$ 765,067
2023	7,330,000	6,679,625	-	-	664,645	750,571
2024	7,695,000	6,312,741	-	-	575,490	741,081
2025	8,055,000	5,947,607	27,700,000	-	530,614	732,516
2026	8,450,000	5,544,473	-	-	-	728,800
2027-2031	49,360,000	20,951,212	-	-	-	3,644,000
2032-2036	48,830,000	8,015,336	-	-	-	3,644,000
2037-2041	6,120,000	539,320	-	-	-	3,644,000
2042-2046	300,000	7,315	-	-	18,220,000	1,880,400
	<u>\$ 143,135,000</u>	<u>\$ 61,021,139</u>	<u>\$ 27,700,000</u>	<u>\$ 803,654</u>	<u>\$ 20,998,039</u>	<u>\$ 16,530,435</u>

The University has entered into lease agreements for office equipment, and office and classroom space, which are considered operating leases. The University has leased space in the Fenn Tower building from the Corporation, which it uses for classrooms and meeting rooms. Total rental expense under operating leases during the years ended June 30, 2021 and 2020 amounted to \$2,406,057 and \$2,528,170, respectively. The operating leases have varying maturity dates through 2042.

## Cleveland State University

### Notes to Financial Statements

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#### Note 7. Debt (Continued)

Future minimum operating lease payments as of June 30, 2021 are as follows:

	<u>Operating Leases</u>
Years ending June 30,	
2022	\$ 2,349,597
2023	2,169,480
2024	2,329,770
2025	2,737,270
2026-2030	13,819,352
2031-2035	14,398,710
2036-2040	12,470,563
2041-2045	10,134,613
2046-2049	7,786,758
	<u>\$ 68,196,113</u>

#### 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).

STRS and OPERS both offer three separate retirement plans: the defined benefit plan, the defined contribution plan, and a combined plan. STRS and OPERS each provide retirement, survivor, and disability benefits to plan members and their beneficiaries. The plans also each provide post-employment healthcare benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

**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](http://www.strsoh.org)

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

**Cleveland State University**

**Notes to Financial Statements**

**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' 2021 and 2020 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 plan were:

	Year Ended June 30,			
	2021		2020	
	Pension	OPEB	Pension	OPEB
STRS	\$ 8,077,403	\$ -	\$ 8,002,180	\$ -
OPERS	7,122,043	-	7,558,682	-
	<u>\$ 15,199,446</u>	<u>\$ -</u>	<u>\$ 15,560,862</u>	<u>\$ -</u>

**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 will be changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years) and multiplying by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30, depending on retirement age.

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits.

## Cleveland State University

### Notes to Financial Statements

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#### Note 8. Employment Benefit Plans (Continued)

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.

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 (5-30 years), age (48-62 years) and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

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

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

**Net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense:** At June 30, 2021 and 2020, the University reported a liability for its proportionate share of the net pension liability of STRS and OPERS. For the year ended June 30, 2021, the net pension liability was measured as of June 30, 2020 for the STRS plan and December 31, 2020 for the OPERS plan. For the year ended June 30, 2020, the net pension liability was measured as of June 30, 2019 for the STRS plan and December 31, 2019 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.

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Change
		2021	2020	2021	2020	
STRS	6/30	\$ 114,716,140	\$ 105,116,855	0.4741%	0.4753%	0.0012%
OPERS	12/31	\$ 44,182,092	\$ 69,645,496	0.3068%	0.3570%	0.0502%

**Cleveland State University**

**Notes to Financial Statements**

**Note 8. Employment Benefit Plans (Continued)**

For the years ended June 30, 2021 and 2020, the University recognized pension expense of \$19,739,510 and \$24,090,181, respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 317,212	\$ (2,853,929)
Changes of assumptions	6,233,327	-
Net difference between projected and actual earnings on pension plan investments	5,578,696	(17,891,810)
Changes in proportion and differences between University contributions and proportionate share of contributions	152,187	(10,287,785)
University contributions subsequent to the measurement date	11,810,124	-
Total	<u>\$ 24,091,546</u>	<u>\$ (31,033,524)</u>

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 921,180	\$ (1,559,308)
Changes of assumptions	16,213,476	-
Net difference between projected and actual earnings on pension plan investments	-	(19,337,618)
Changes in proportion and differences between University contributions and proportionate share of contributions	123,528	(6,753,809)
University contributions subsequent to the measurement date	11,555,625	-
Total	<u>\$ 28,813,809</u>	<u>\$ (27,650,735)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) net of \$11,810,124 of contributions subsequent to the measurement date as follows:

	Amount
Years ending June 30,	
2022	\$ (10,291,053)
2023	(3,813,104)
2024	(4,732,278)
2025	49,134
2026	6,707
Thereafter	28,493
Total	<u>\$ (18,752,102)</u>

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



**Cleveland State University**

**Notes to Financial Statements**

**Note 8. Employment Benefit Plans (Continued)**

**Net OPEB liability/(asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense:** At June 30, 2021, the University reported a liability/(asset) for its proportionate share of the net OPEB liability/(asset) of STRS/OPERS. For June 30, 2021, the net OPEB liability/(asset) was measured as of June 30, 2020 for STRS, and December 31, 2020 for the OPERS plan. For June 30, 2020, the net OPEB liability/(asset) was measured as of June 30, 2019 for STRS, and December 31, 2019 for the OPERS plan. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of those dates, except OPERS, which used an actuarial valuation dated December 31, 2019 and 2018, respectively, rolled forward to the measurement date 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 liability/(asset) would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below.

Plan	Measurement Date	Net OPEB Liability/(Asset)		Proportionate Share		Change
		2021	2020	2021	2020	
STRS	6/30	\$ (8,332,000)	\$ (7,873,000)	0.4741%	0.4753%	0.0012%
OPERS	12/31	\$ (5,637,560)	\$ 50,495,074	0.3164%	0.3656%	0.0492%

For plan years ending June 30, 2021 and 2020, 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 years ending December 31, 2020 and 2019, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS's calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

For the years ended June 30, 2021 and 2020, the University recognized a reduction in OPEB expense of \$38,909,809 due to the changes in actuarial assumptions and OPEB expense of \$1,530,172, respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 534,000	\$ (6,747,866)
Changes of assumptions	2,909,489	(17,048,537)
Net difference between projected and actual earnings on pension plan investments	292,000	(3,002,642)
Changes in proportion and differences between University contributions and proportionate share of contributions	-	(5,044,540)
<b>Total</b>	<b>\$ 3,735,489</b>	<b>\$ (31,843,585)</b>

**Cleveland State University**

**Notes to Financial Statements**

**Note 8. Employment Benefit Plans (Continued)**

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 715,354	\$ (5,019,007)
Changes of assumptions	8,157,833	(8,631,000)
Net difference between projected and actual earnings on pension plan investments	-	(3,065,196)
Changes in proportion and differences between University contributions and proportionate share of contributions	-	(2,584,255)
Total	<u>\$ 8,873,187</u>	<u>\$ (19,299,458)</u>

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

	Amount
Years ending June 30,	
2022	\$ (12,998,298)
2023	(8,850,254)
2024	(3,228,463)
2025	(2,234,582)
2026	(394,179)
Thereafter	(402,320)
Total	<u>\$ (28,108,096)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the next year.

**Actuarial assumptions:** The total pension liability and OPEB liability/(asset) 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, 2020	December 31, 2020
Valuation date-OPEB	June 30, 2020	December 31, 2019
Actuarial cost method	Entry age normal	Individual entry age
Costs of living	None	.50 percent - 3.0 percent
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	3.25 percent
Investment rate of return-Pension	7.45 percent, net of investment expense, including inflation	7.20 percent, net of investment expense, including inflation
Investment rate of return-OPEB	7.45 percent, net of investment expense, including inflation	6.00 percent, net of investment expense, including inflation
Health care cost trend rates	-6.69 percent to 11.87 percent initial, 4 percent ultimate	8.50 percent initial, 3.50 percent ultimate in 2035
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant Mortality Table

## Cleveland State University

### Notes to Financial Statements

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#### Note 8. Employment Benefit Plans (Continued)

The following are actuarial assumptions for the University's prior year:

	STRS	OPERS
Valuation date-Pension	June 30, 2019	December 31, 2019
Valuation date-OPEB	June 30, 2019	December 31, 2018
Actuarial cost method	Entry age normal	Individual entry age
Costs of living	None	1.40 percent - 3.0 percent
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	3.25 percent
Investment rate of return-Pension	7.45 percent, net of investment expense, including inflation	7.20 percent, net of investment expense, including inflation
Investment rate of return-OPEB	7.45 percent, net of investment expense, including inflation	3.16 percent, net of investment expense, including inflation
Health care cost trend rates	4.93 percent to 9.62 percent initial 4 percent ultimate	10.5 percent initial 3.50 percent ultimate in 2030
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant Mortality Table

**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 rates used to measure the total pension liabilities for STRS was 7.45 percent for the plan years ended June 30, 2020 and 2019. The discount rates used to measure the total pension liability for OPERS were 7.20 percent for the plan years ended December 31, 2020 and 2019, respectively.

**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 total OPEB liability/(asset).

The discount rate used to measure the total STRS OPEB liabilities/(assets) was 7.45 percent for the plan years ended June 30, 2020 and 2019. At June 30, 2020 and 2019, 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 liability/(asset).

Notes to Financial Statements

**Note 8. Employment Benefit Plans (Continued)**

The discount rates used to measure the total OPERS OPEB liabilities/(assets) were 6.00 percent and 3.16 percent for the plan years ended December 31, 2020 and 2019, respectively. At December 31, 2020, the fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2021, the duration of the projection period through which projected health care payments are fully funded.

At December 31, 2019, the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments for the funded benefit payments of 6.00 percent and the Fidelity 20-year Municipal General Obligation AA Index rate of 2.75 percent at December 31, 2019. The long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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 07/01/20			OPERS as of 12/31/20				
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Defined Benefits Portfolio		Health Care Portfolio	
				Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Fixed Income	25.00%	1.32%	34.00%	1.07%
International Equity	23.00%	7.55%	Domestic Equities	21.00%	5.64%	25.00%	5.64%
Alternatives	17.00%	7.09%	Real Estate	10.00%	5.39%	0.00%	0.00%
Fixed Income	21.00%	3.00%	Private Equity	12.00%	10.42%	0.00%	0.00%
Real Estate	10.00%	6.00%	International Equity	23.00%	7.36%	25.00%	7.36%
Liquidity Reserves	1.00%	2.25%	REITs	0.00%	0.00%	7.00%	6.48%
			Other Investments	9.00%	4.75%	9.00%	4.02%
	<u>100.00%</u>		Total	<u>100.00%</u>		<u>100.00%</u>	

STRS as of 07/01/19			OPERS as of 12/31/19				
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Defined Benefits Portfolio		Health Care Portfolio	
				Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Fixed Income	25.00%	1.83%	36.00%	1.53%
International Equity	23.00%	7.55%	Domestic Equities	19.00%	5.75%	21.00%	5.75%
Alternatives	17.00%	7.09%	Real Estate	10.00%	5.20%	0.00%	0.00%
Fixed Income	21.00%	3.00%	Private Equity	12.00%	10.70%	0.00%	0.00%
Real Estate	10.00%	6.00%	International Equity	21.00%	7.66%	23.00%	7.66%
Liquidity Reserves	1.00%	2.25%	REITs	0.00%	0.00%	6.00%	5.69%
			Other Investments	13.00%	4.98%	14.00%	4.90%
	<u>100.00%</u>		Total	<u>100.00%</u>		<u>100.00%</u>	

Cleveland State University

Notes to Financial Statements

**Note 8. Employment Benefit Plans (Continued)**

**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 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:

2021					
Plan	1.00 % Decrease	Current Discount Rate	1.00 % Increase		
STRS	6.45% \$ 163,336,623	7.45% \$ 114,716,140	8.45% \$ 73,515,383		
OPERS	6.20% 85,778,563	7.20% 44,182,092	8.20% 962,583		
	<u>\$ 249,115,186</u>	<u>\$ 158,898,232</u>	<u>\$ 74,477,966</u>		

2020					
Plan	1.00 % Decrease	Current Discount Rate	1.00 % Increase		
STRS	6.45% \$ 153,616,573	7.45% \$ 105,116,855	8.45% \$ 64,059,359		
OPERS	6.20% 115,833,780	7.20% 69,645,496	8.20% 28,189,269		
	<u>\$ 269,450,353</u>	<u>\$ 174,762,351</u>	<u>\$ 92,248,628</u>		

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

2021					
Plan	1.00 % Decrease	Current Discount Rate	1.00 % Increase		
STRS	6.45% \$ (7,249,730)	7.45% \$ (8,332,000)	8.45% \$ (9,251,006)		
OPERS	2.16% (1,401,811)	3.16% (5,637,560)	4.16% (9,119,686)		
	<u>\$ (8,651,541)</u>	<u>\$ (13,969,560)</u>	<u>\$ (18,370,692)</u>		

2020					
Plan	1.00 % Decrease	Current Discount Rate	1.00 % Increase		
STRS	6.45% \$ (6,717,732)	7.45% \$ (7,873,000)	8.45% \$ (8,843,650)		
OPERS	5.00% 66,080,904	6.00% 50,495,074	7.00% 38,015,895		
	<u>\$ 59,363,172</u>	<u>\$ 42,622,074</u>	<u>\$ 29,172,245</u>		

**Cleveland State University**

**Notes to Financial Statements**

**Note 8. Employment Benefit Plans (Continued)**

**Sensitivity of the net OPEB liability/(asset) to changes in the health care cost trend rate:** The following presents the net OPEB liability/(asset) of the University, calculated using the healthcare cost trend rate listed below, as well as what the University's net OPEB liability/(asset) 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:

2021			
Plan	1.00 % Decrease	Current Discount Rate	1.00 % Increase
STRS	\$ (9,193,986)	\$ (8,332,000)	\$ (7,282,861)
OPERS	(5,774,957)	(5,637,560)	(5,483,836)
	<u>\$ (14,968,943)</u>	<u>\$ (13,969,560)</u>	<u>\$ (12,766,697)</u>

  

2020			
Plan	1.00 % Decrease	Current Discount Rate	1.00 % Increase
STRS	\$ (8,927,124)	\$ (7,873,000)	\$ (6,581,045)
OPERS	49,005,008	50,495,074	51,966,146
	<u>\$ 40,077,884</u>	<u>\$ 42,622,074</u>	<u>\$ 45,385,101</u>

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

**Assumption changes:** During the measurement periods ended June 30, 2020 and December 31, 2020, respectively, certain assumption changes were made by the plans. The OPERS OPEB discount rate was increased from 3.16 percent to 6.00 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2020. The OPERS OPEB discount rate was reduced from 3.96 percent to 3.16 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2019.

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

**Payable to the pension plan:** At June 30, 2021, the University reported a payable of \$1,821,287 for the outstanding amount of contributions to the pension plans. At June 30, 2020, the University reported a payable of \$1,591,354 for the outstanding amount of contributions to the pension plans. There were no amounts due to the OPEB plans at June 30, 2021 and 2020.

**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.

## Cleveland State University

### Notes to Financial Statements

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#### 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 percent of earned compensation for those employees participating in the ARP. The University's contributions for the years ended June 30, 2021 and 2020 were \$725,851 and \$724,455, respectively, which equal 4.50 percent 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 years ended June 30, 2021 and 2020 the University recognized pension expense of \$2,463,566 and \$2,611,428, respectively 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 for the is summarized below at June 30:

	2021	2020	2019
Liability at beginning of year	\$ 1,130,707	\$ 2,343,649	\$ 2,128,598
Claims incurred	15,685,636	15,275,954	17,087,120
Claims paid	(15,936,882)	(15,616,480)	(17,215,881)
Change in estimated claims incurred but not reported	125,623	(872,416)	343,812
Liability at end of year	<u>\$ 1,005,084</u>	<u>\$ 1,130,707</u>	<u>\$ 2,343,649</u>

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.

## Cleveland State University

### Notes to Financial Statements

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#### **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, 2021.

#### **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 years ended June 30, 2021 and 2020, the Foundation paid \$11,656,524 and \$11,802,299, respectively, to the University. At June 30, 2021 and 2020, the University had receivables from the Foundation totaling \$3,322,702 and \$3,259,589, respectively.

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, 2021 and 2020, the amount on deposit with the Foundation totaled \$4,281,380 and \$3,387,555, respectively.



**Cleveland State University**

**Notes to Financial Statements**

**Note 11. Component Units (Continued)**

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

	2021	2020
Cash and cash equivalents	\$ 789,558	\$ 805,507
Common stock - Domestic	1,322,367	948,839
Mutual funds		
International	23,977,110	16,543,172
Domestic	49,243,402	33,955,381
Balance fund	4,022,540	3,557,075
Fixed income securities	16,942,267	19,233,063
Investments at fair value	96,297,244	75,043,037
Alternative investments, at net asset value (NAV)	23,680,052	19,232,338
Total Investments	<u>\$ 119,977,296</u>	<u>\$ 94,275,375</u>

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.

Financial assets measured at fair value on a recurring basis consisted of the following as of June 30:

	2021			
	Level 1	Level 2	Level 3	Total
Common stock - Domestic	\$ 1,322,367	\$ -	\$ -	\$ 1,322,367
Mutual funds:				
International	23,977,110	-	-	23,977,110
Domestic	49,243,402	-	-	49,243,402
Balanced fund	4,022,540	-	-	4,022,540
Fixed income	-	16,942,267	-	16,942,267
	<u>\$ 78,565,419</u>	<u>\$ 16,942,267</u>	<u>\$ -</u>	<u>95,507,686</u>
Investments valued at NAV				23,680,052
Cash and cash equivalents				789,558
Total				<u>\$ 119,977,296</u>
	2020			
	Level 1	Level 2	Level 3	Total
Common stock - Domestic	\$ 948,839	\$ -	\$ -	\$ 948,839
Mutual funds:				
International	16,543,172	-	-	16,543,172
Domestic	33,955,381	-	-	33,955,381
Balanced fund	3,557,075	-	-	3,557,075
Fixed income	-	19,233,063	-	19,233,063
	<u>\$ 55,004,467</u>	<u>\$ 19,233,063</u>	<u>\$ -</u>	<u>74,237,530</u>
Investments valued at NAV				19,232,338
Cash and cash equivalents				805,507
Total				<u>\$ 94,275,375</u>

## Cleveland State University

### Notes to Financial Statements

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#### Note 11. Component Units (Continued)

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

	2021	2020
Instruction and academic support	\$ 26,213,250	\$ 22,651,952
Research	2,183,956	1,641,137
Public service	5,362,477	4,926,291
Financial aid	87,160,834	69,199,925
Institutional support	3,965,473	2,595,318
Capital and other projects	1,471,183	1,436,455
Total	<u>\$ 126,357,173</u>	<u>\$ 102,451,078</u>

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, the Corporation had the following types of investments:

	2021	2020
Government money market funds	\$ 4,803,902	\$ 5,716,348
Money market funds	76,018	4,377
Exchange traded funds	7,147,667	-
Mutual funds	7,957,251	15,008,027
Total	<u>\$ 19,984,838</u>	<u>\$ 20,728,752</u>

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 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.

## Cleveland State University

### Notes to Financial Statements

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#### 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
2022	\$ 1,925,000	\$ 3,659,425
2023	2,025,000	3,560,675
2024	2,130,000	3,456,800
2025	2,235,000	3,347,675
2026-2030	13,035,000	14,895,125
2031-2035	16,735,000	11,192,125
2036-2040	21,490,000	6,437,500
2041-2045	18,220,000	1,880,400
	<u>\$ 77,795,000</u>	<u>\$ 48,429,725</u>

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 with American Campus Communities (ACC) to plan, design and construct housing units in Fenn Tower. In addition, the Corporation entered into a management agreement with ACC to manage Fenn Tower. The project was completed in August 2006. The facility has the capacity to house 430 residents.

During the years ended June 30, 2021 and 2020, the Corporation paid rent on the land leases in the amount of \$500,000 annually to the University.

#### Note 12. Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries. The extent to which the coronavirus impacts the University's financial condition, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted, included new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

## Cleveland State University

### Notes to Financial Statements

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#### **Note 12. Pandemic (Continued)**

During the year ended June 30, 2020, the University was awarded approximately \$12,800,000 and \$5,300,000 from the U.S. Department of Education/Higher Education Emergency Relief Fund (HEERF) and Ohio Department of Higher Education Coronavirus Relief Funds (ODHE CRF), respectively. These funds were awarded to provide economic relief to support the costs of remote learning, grants to students, technology and other purposes related to the disruption of campus operations due to the COVID-19 pandemic. As of June 30, 2020, the University recognized \$6,800,000 and \$741,000 of HEERF and ODHE CRF funds, respectively. The funding is reflected in nonoperating revenue federal grants and contracts, in the accompanying statement of revenue, expenses and changes in net position.

During the year ended June 30, 2021, the University was awarded approximately \$43,000,000 and \$8,000,000 in HEERF and ODHE CRF funding, respectively. These funds were awarded to provide economic relief to support the costs of remote learning, grants to students, technology and other purposes related to the disruption of campus operations due to the COVID-19 pandemic. As of June 30, 2021, the University recognized approximately \$30,500,000 and \$7,400,000 of HEERF and ODHE CRF funds, respectively. The funding is reflected in nonoperating revenue federal grants and contracts, in the accompanying statement of revenue, expenses and changes in net position.

## **Required Supplementary Information**

## Cleveland State University

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

	STRS	OPERS
<u>For the Year Ended June 30, 2021</u>		
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	45.22%	118.47%
Plan fiduciary net position as a percentage of the total pension liability	75.50%	87.21%
<u>For the Year Ended June 30, 2020</u>		
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	48.11%	79.81%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	82.17%
<u>For the Year Ended June 30, 2019</u>		
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%
<u>For the Year Ended June 30, 2018</u>		
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%
<u>For the Year Ended June 30, 2017</u>		
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%
<u>For the Year Ended June 30, 2016</u>		
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%
<u>For the Year Ended June 30, 2015</u>		
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

Retirement Plan Data (Continued)  
 Year Ended June 30, 2021  
 (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
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
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**

**OPEB Plan Data**

**Years Ended June 30, 2021, 2020, 2019, 2018**

**(In Thousands)**

	STRS	OPERS
<u>For the Year Ended June 30, 2021</u>		
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	52,495,229	48,558,477
University's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-15.87%	-11.61%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	182.13%	115.57%
<u>For the Year Ended June 30, 2020</u>		
University's proportion of the net OPEB (asset) liability	0.4753%	0.3656%
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%
<u>For the Year Ended June 30, 2019</u>		
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%
<u>For the Year Ended June 30, 2018</u>		
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%

	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
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
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%



## Cleveland State University

### Notes to Required Supplementary Information

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#### For the year ended June 30, 2021

Changes in assumptions: The Retirement Boards of OPERS and STRS Ohio made no changes in assumptions as compared to the prior year.

Changes to benefit terms: The Retirement Boards of OPERS and STRS Ohio made no changes in assumptions as compared to the prior year.

Changes in assumptions: The Retirement Board of OPERS approved one change to the actuarial assumptions in 2020. The discount rate was increased from 3.16 percent to 6.00 percent. There were no other changes in assumptions compared to the prior year for OPERS. The Retirement Board of STRS Ohio made no changes in assumptions in 2020 compared to the prior year.

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

#### For the year ended June 30, 2020

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

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

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

**Cleveland State University**

Uniform Guidance Audit Requirements

**Cleveland State University**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>Student Financial Assistance Cluster</b>				
U.S. Department of Education - Direct Programs:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ -	\$ 632,319
Federal Work-Study Program	84.033	N/A	-	726,563
Federal Perkins Loan Program:	84.038	N/A	-	7,532,960
Loans outstanding at the beginning of the year				
Federal Pell Grant Program	84.063	N/A	-	19,590,324
Federal Direct Student Loans	84.268	N/A	-	82,892,151
Teacher Education Assistance for College and Higher Education Grants	84.379	N/A	-	21,690
<b>Total U.S. Department of Education</b>			-	<b>111,396,007</b>
U.S. Department of Health and Human Services - Direct Programs:				
Nurse Faculty Loan Program: Loans outstanding at the beginning of the year	93.264	N/A	-	59,477
<b>Total U.S. Department of Health and Human Services</b>			-	<b>59,477</b>
<b>Total Student Financial Assistance Cluster</b>			-	<b>111,455,484</b>
U.S. Department of Education - Direct Programs				
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Student Aid Portion	84.425E	N/A	-	6,895,492
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Institutional Portion	84.425F	N/A	-	21,985,262
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Strengthening Institutions Program	84.425M	N/A	-	1,520,576
			-	30,401,330
U.S. Department of Education - Pass Through Programs				
COVID-19 Ohio Department of Education - Education Stabilization Fund	84.425C	20489/S425C20040	-	112,904
<b>Total U.S. Department of Education</b>			-	<b>30,514,234</b>
U.S. Department of Treasury - Pass Through Programs				
COVID-19 Ohio Department of Education - Coronavirus Relief Fund	21.019	2020-CRF Higher ED/SLT0018	-	4,597,533
COVID-19 Ohio Department of Education - Coronavirus Relief Fund	21.019	2020-CRF Higher ED/SKT0234	-	2,669,505
COVID-19 Ohio Department of Education - Coronavirus Relief Fund	21.019	10716/SLT0018/SKT0234	-	146,221
<b>Total U.S. Department of Treasury</b>			-	<b>7,413,259</b>
<b>TRIO Cluster</b>				
U.S. Department of Education - Direct Programs:				
TRIO Student Support Services	84.042	N/A	-	507,427
TRIO McNair Post-Baccalaureate Achievement	84.217	N/A	-	258,151
<b>Total TRIO Cluster</b>			-	<b>765,578</b>
U.S. Department of Transportation - Pass-through Programs:				
Greater Cleveland Regional Transit Authority - Co-op	20.200	693JJ31850009	-	67,750
Stark Area Regional Transit Authority	20.514	OH-2020-032-00	-	82,191
<b>Total U.S. Department of Transportation - Pass-through Programs</b>			-	<b>149,941</b>
<b>Research and Development Cluster</b>				
U.S. Department of Defense - Direct Programs				
U.S. Air Force - Office of Scientific Research	12.800	N/A	-	59,532
U.S. Department of Defense - Pass-through Programs:				
Youngstown State University - Air Force Office of Scientific Research	12.910	211529-21-01/FA8650-20-2-1136	-	17,210
U.S. Army - Office of Medical Research	12.420	W81XH-17-1-0574	-	144
<b>Total U.S. Department of Defense</b>			-	<b>76,886</b>
U.S. Department of Agriculture:				
Agriculture and Food Research Initiative (AFRI)	10.310	N/A	-	14,843
U.S. Department of Agriculture - Pass-through Programs:				
Iowa State University - Biogeochemical consequences of updating an aging agricultural infrastructure	10.310	020638A/2019-67019-29404	-	8,710
<b>Total U.S. Department of Agriculture</b>			-	<b>23,553</b>
U.S. Department of the Interior				
National Park Service Conservation, Protection, Outreach, and Education	15.954	N/A	-	1,691
<b>Total U.S. Department of the Interior</b>			-	<b>1,691</b>
U.S. Department of State:				
Foreign Assistance Act	19.900	N/A	-	18,706
<b>Total U.S. Department of State</b>			-	<b>18,706</b>
National Aeronautics and Space Administration - Direct Programs:				
Aeronautics	43.002	N/A	-	33,599
Space Operations	43.007	N/A	14,013	63,822
<b>Total National Aeronautics and Space Administration</b>			14,013	<b>97,421</b>
National Endowment for the Humanities - Direct Programs:				
Promotion of the Humanities - Office of Digital Humanities	45.169	N/A	2,065	67,273
Promotion of the Humanities - Fellowships and Stipends	45.170	N/A	-	43,972
National Endowment for the Humanities - Pass-through Programs:				
Ohio Humanities Council - The Right to Vote: 15th & 19th Amendments	45.129	ED19-091/NEHSO-258592-18	-	9,990
The State Library of Ohio - Library Services and Technology Act (LSTA)	45.310	VIII-33-20	-	1,769
The State Library of Ohio - Library Services and Technology Act (LSTA)	45.310	VIII-63-20	-	603
The State Library of Ohio - Library Services and Technology Act (LSTA)	45.310	II-4-21	-	4,999
<b>Total National Endowment for the Humanities</b>			2,065	<b>128,606</b>
National Science Foundation - Direct Programs:				
Engineering Grants	47.041	N/A	-	404,415
Mathematical and Physical Sciences	47.049	N/A	-	51,533
Computer and Information Science and Engineering	47.070	N/A	124,115	404,874
Biological Sciences	47.074	N/A	-	52,098
Education and Human Resources	47.076	N/A	-	198,383
International Science and Engineering	47.079	N/A	-	12,535
National Science Foundation - Pass-through Programs:				
Case Western Reserve University - CAREER	47.041	RES515086/CBET-2023525	-	38,981
Case Western Reserve University - GOALI	47.041	RES515185/CBET-1931636	-	6,237
The University of Akron - Engineering Grants	47.041	3433-CSU02/1644699	-	2,341
The University of Akron - Engineering Grants	47.041	3433-CSU04/1644699	-	2,171
The University of Akron - Engineering Grants	47.041	3433-CSU05/1644699	-	180
University of North Carolina Charlotte - Computer and Information Science	47.070	20160600-04-CST/1640818	-	8,717
Association of Public and Land-grant Universities	47.076	1834518	-	12,271
Ohio State University - Education and Human Resources	47.076	18173141/60067272	-	20,455
Wayne State University - Education and Human Resources	47.076	WSU17006/1612400	-	125,984
<b>Total National Science Foundation</b>			124,115	<b>1,341,175</b>
U.S. Department of Energy - Direct Programs:				
Office of Science Financial Assistance Program	81.049	N/A	29,257	124,204
U.S. Department of Energy - Pass-through Programs:				
University of Wisconsin	81.049	402/DE-SC0020114	-	44,713
Paragon Robotics	81.086	2020-CSU-001	-	82,739
Florida International University - Secure Data Logging	81.089	800011243-01UG/DE-FE0031745	-	43,765
<b>Total U.S. Department of Energy</b>			29,257	<b>295,421</b>

Cleveland State University

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>Research and Development Cluster (Continued)</b>				
U.S. Department of Education - Direct Programs:				
Education Research	84.305A	N/A	\$ 23,296	\$ 141,787
U.S. Department of Education - Pass-through Programs:				
National Writing Project - 2019 LRNG Innovators	84.367D	OH01-LRNG2019	-	2,910
Total U.S. Department of Education			23,296	144,697
U.S. Department of Health and Human Services - Direct Programs:				
Environmental Health	93.113	N/A	-	30,371
Substance Abuse and Mental Health Services Administration	93.243	N/A	-	65,591
Cardiovascular Diseases Research	93.837	N/A	-	548,353
Blood Diseases and Resources Research	93.839	N/A	-	589,594
Diabetes, Digestive, and Kidney Diseases	93.847	N/A	-	162,756
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	N/A	-	22,349
Allergy, Immunology and Transplantation Research	93.855	N/A	-	359,385
Biomedical Research and Research Training	93.859	N/A	208,846	794,851
Aging Research	93.866	N/A	-	298,075
U.S. Department of Health and Human Services - Pass-Through Programs:				
NEOMED - Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107	F-2020-09/U77HP230720900	-	24,465
NEOMED - Area Health Education Centers- University of Toledo	93.107	F-2021-16/U77HP230721000	-	94,697
The University of Toledo - Area Health Education Centers Programs COVID	93.107	F-2021-08/T1KHP39197	-	45,893
Albert Einstein College of Medicine - Environmental Health	93.113	311504/5R21ES028960-03	-	57,987
Cuyahoga County District Board of Health - Center for Disease Control & Prevention	93.136	1NU17CE925005-01-00	-	56,570
Cuyahoga County District Board of Health - Center for Disease Control & Prevention	93.136	5NU17CE925005-02-00	-	148,463
Washington State University - Discovery and Applied Research for Technological Innovations to Improve Human H	93.286	137595 G004300/5RO1EB024573-04	-	74,484
Case Western Reserve University - Minority Health and Health Disparities Research	93.307	RESS12619/2U54MD002265-11	-	31,621
Bioprinting Laboratories, Inc. - National Center for Advancing Translational Sciences	93.350	CSU2020-1/1R44TR003491-01	-	14,053
Cuyahoga County District Board of Health - Ending the HIV Epidemic RW Part A	93.686	20-078	-	41,250
Cuyahoga County District Board of Health -Clinic to Community Linkage	93.738	5NU8DP006586-02-00	-	2,100
Cuyahoga County District Board of Health -Clinic to Community Linkage	93.738	5NU8DP006586-03-00	-	26,000
Cleveland Clinic Foundation - Cardiovascular Diseases Research	93.837	691SUB/1R01HL128300	-	5,644
Cleveland Clinic Foundation - Cardiovascular Diseases Research	93.837	692SUB/R01HL1268627-01A1	-	3,112
Cleveland Clinic Foundation - Cardiovascular Diseases Research	93.837	1256-SUB/P01HL147823	-	68,777
Cleveland Clinic Foundation - Cardiovascular Diseases Research	93.837	1334-SUB/R01DK123236-01	-	47,506
Children's Hospital Medical Center - Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	304992/1UG3DK119982-01	-	420,168
Innovative Scientific Solutions - Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	R41DK125238	-	35,441
Case Western Reserve University - Extramural Research Programs in the Neurosciences and Neurological Dis	93.853	RESS10706/1R01NS096956-01	-	58,865
Case Western Reserve University - Extramural Research Programs in the Neurosciences and Neurological Dis	93.853	RESS14101/1R21NS107897-01A1	-	18,231
Weill Medical College of Cornell University - Extramural Research Programs in the Neurosciences and Neurolog	93.853	181663/1R01NS104263-01A1	-	20,909
Case Western Reserve University - Biomedical Research and Research Training	93.859	TRN510354/1R25GM111515-01A1	-	13,297
Cuyahoga Community College - Biomedical Research and Research Training	93.859	N/A/1T34GM137792-01	-	24,669
Rutgers State University - Allergy, Immunology and Transplantation Research	93.855	0918/7R01AI127562-04	-	131,111
The Regents of the University of California, San Francisco	93.866	11977sc/1R24AG065175-01	-	13,709
NEOMED - Geriatric Workforce Enhancement Program	93.969	G0274-I/U1QHP33073-01-00	-	40,123
Total U.S. Department of Health and Human Services			208,846	4,390,270
<b>Total Research and Development Cluster</b>			401,592	6,518,426
<b>Other Federal Awards and Financial Assistance Programs</b>				
U.S. Department of Commerce - Direct Programs:				
Cluster Grants	11.02	N/A	-	50,716
Economic Development - Technical Assistance	11.303	N/A	-	85,773
Economic Development - Technical Assistance Eastgate	11.307	N/A	-	176,563
U.S. Department of Commerce - Pass-Through Programs:				
The Ohio State University - NOAA Ohio Sea Grant	11.417	60076662/NA18OAR4170100	-	9,507
Total U. S. Department of Commerce			-	322,559
U.S. Department of Housing and Urban Development - Pass-Through Programs:				
The Regents of the University of Idaho	14.536	CB5274-897887/H-21733CA	-	5,762
Total U. S. Housing and Urban Development			-	5,762
Small Business Administration - Pass-through Programs:				
State of Ohio, Development Services Agency - Small Business	59.037	20-317A	-	64,383
State of Ohio, Development Services Agency - Small Business	59.037	21-317A	-	140,581
State of Ohio, Development Services Agency - Small Business	59.037	OSBG-20-330	-	93,597
Total Small Business Administration			-	298,561
U.S. Department of Education - Pass-through Programs:				
University of Cincinnati - 12-Hour Reading Core Curriculum Redesign	84.377	YR2/H323A170026	-	5,051
Total U.S. Department of Education			-	5,051
U.S. Department of Health and Human Services - Pass-through Programs:				
Ohio Department of Job and Family Services - Child Welfare Workforce Program	93.658	G-2021-06-0243	-	108,261
Total U.S. Department of Health and Human Services			-	108,261
<b>Total Other Federal Awards and Financial Assistance Programs</b>			-	740,194
<b>Total Expenditures of Federal Awards</b>			\$ 401,592	\$ 157,557,116

## Cleveland State University

### Note to Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

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#### 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, 2021. 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.

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

#### Note 3. Loan Balances

During the year ended June 30, 2021, 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, 2021 was \$8,472,081 and \$46,225, respectively.

**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**

To the 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, the financial statements of the business-type activities and the discretely presented component unit of Cleveland State University (the University), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and the related notes to the financial statements, and have issued our report thereon dated November 15, 2021.

This report does not extend to the Cleveland State University Foundation and Euclid Avenue Development Corporation due to the Foundation and Corporation issuing a separate report on Internal Control over Financial Reporting and on Compliance and Others Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated September 30, 2021 and September 28, 2021, respectively.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*RSM US LLP*

Cleveland, Ohio  
November 15, 2021

**Report on Compliance For Each Major Federal Program; And Report on Internal Control Over Compliance Required by the Uniform Guidance; And Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance**

**Independent Auditor's Report**

To the President and Board of Trustees  
Cleveland State University

**Report on Compliance for Each Major Federal Program**

We have audited Cleveland State University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2021. 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.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



### **Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 University as of and for the year ended June 30, 2021, and have issued our report thereon dated November 15, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Cleveland, Ohio  
March 14, 2022

**Cleveland State University**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	Yes	X	No
Significant deficiency(ies) identified?	Yes	X	None reported

Noncompliance material to financial statements noted?

	Yes	X	No
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	Yes	X	No
Significant deficiency(ies) identified?	Yes	X	None reported

Type of auditor's report issued on compliance for major programs:

	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	Yes	X	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425E	Higher Education Emergency Relief Fund - Student Aid Portion
84.425F	Higher Education Emergency Relief Fund - Institutional Portion
84.425C	Higher Education Emergency Relief Fund - Education Stabilization Fund
84.425M	Higher Education Emergency Relief Fund - Strengthening Institutions Program
21.019	Coronavirus Relief Fund
Various	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 3,000,000

Auditee qualified as a low risk auditee?

	X	Yes		No
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**Cleveland State University**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2021**

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Section II - Financial Statement Findings

No findings noted.

Section III - Findings and Questioned Costs for Federal Awards

No findings noted.

**Cleveland State University**

**Summary Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2021**

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Section II – Financial Statement Findings

No findings noted.

Section III - Findings and Questioned Costs for Federal Awards

No findings noted.

# 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 4/5/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)