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

Financial Report
June 30, 2023

Contents

Independent Auditor's Report

President and Board of Trustees of Kent State University

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Kent State University (the University), a component unit of the State of Ohio, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Kent State University, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

RSM US LLP

Cleveland, Ohio
October 30, 2023

This section of Kent State University's (the University) annual financial report presents management's discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2023. This discussion should be read in conjunction with the accompanying financial statements and notes. The financial statements, notes and this discussion are the responsibility of University management.

Using the Annual Financial Report

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

The financial statements have also been prepared in accordance with GASB Codification Sections 2100, *Defining the Financial Reporting Entity* and 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, which require examination of significant operational or financial relationships with the University and establish criteria for identifying and presenting component units of the organization. Based on this examination and application of the criteria in these standards, the University has identified three component units: The Kent State University Foundation, the KSU Foot and Ankle Clinic, and the KSU Research Corporation. The Kent State University Foundation is discretely presented in the University's financial statements; however, it is excluded from Management's Discussion and Analysis. The KSU Foot and Ankle Clinic and the KSU Research Corporation are blended component units and, therefore, are indirectly included in Management's Discussion and Analysis. See Note 14 for further discussion on component units.

Noteworthy Financial Activity

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

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

Noteworthy Financial Activity (Continued)

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

The impacts to the University's financial statements as a result of both GASB 68 and GASB 75 are further discussed in Note 11.

The overall financial position of the University remained stable in fiscal year 2023. The University's total assets and deferred outflows of resources increased by $21.1 million, and total liabilities and deferred inflows of resources increased by $14.5 million. Overall net position increased by $6.6 million.

Excluding the impacts of GASB 68 and 75, total assets and deferred outflows of resources decreased $30.2 million, mostly due to the decrease in cash, short-term and long-term investments of $63.0 million, and an increase in net capital assets of $30.8 million. Excluding the impacts of GASB 68 and 75, total liabilities and deferred inflows of resources decreased by $23.4 million, primarily due to the decrease in debt and related liabilities. Excluding the impacts of GASB 68 and 75, the overall net position decreased by $6.8 million.

Highlights of significant activities (excluding the impacts of GASB 68 and GASB 75) as compared to fiscal year 2022, are as follows:

> Operating revenues increased by $17.9 million, due primarily to increases in net tuition revenue and auxiliary operations. Overall gross tuition and fees were flat when comparing the two fiscal years, however, due to decreases in scholarship expense, the calculation in scholarship allowance resulted in a lower allowance in fiscal year 2023 when compared to fiscal year 2022. Auxiliary operations resumed to pre-pandemic levels in fiscal year 2023. Operating expenses increased $17.2 million. The primary increases were in salaries, benefits and repair and maintenance costs. The University offered a separation plan for its faculty and recognized a liability and related expense of $7.2 million in fiscal year 2023.
>
> The University recognized the remaining pandemic relief funding of $4.1 million for both student and institutional purposes in fiscal year 2023. In fiscal year 2022, $67.9 million was recognized.
>
> Investment income increased $36.5 million due to better market conditions during fiscal year 2023.
>
> Capital appropriations of $24.0 million were recognized in fiscal year 2023. This revenue is drawn and recognized when projects are completed. The largest projects receiving state capital funding in fiscal year 2023 were the White Hall (College of Education, Health, and Human Services) rehabilitation and chilled water replacement.
>
> Interest expense on capital asset related debt decreased $10.2 million. The decrease in interest expense is primarily due to a reduction in interest expense as a result of the 2023 Series bond refunding, which resulted in an adjustment of the existing imputed borrowing and deferred cost of refunding balances as of June 30, 2023. These adjusted deferred balances will be amortized over the remaining life of the bond.

Noteworthy Financial Activity (Continued)

Cash, short-term and long-term investments decreased $63.0 million, primarily due to payments associated with capital project spending in fiscal year 2023 and the majority of the lost revenue funding from the pandemic relief funds received in fiscal year 2022.

Net capital assets increased $30.8 million in fiscal year 2023, primarily due to the continued work on projects included in Phase I of the Facilities Master Plan. The remaining work under Phase I is expected to be completed in fiscal year 2024.

Effective July 1, 2022, the University adopted GASB Statement No. 96 *Subscription Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. As a result of this adoption of this Statement, on July 1, 2022, the University recognized SBITA assets and liabilities of approximately $4.0 million.

Statement of Net Position

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

The table below presents condensed balances for the statements of net position at June 30, 2023 and 2022:

	(Dollars in Thousands)	
	2023	2022 (as restated)
Assets		
Current	$ 359,815	$ 388,505
Capital assets	896,705	865,951
Net pension and OPEB asset	25,881	41,323
Other assets	155,815	191,627
Total assets	1,438,216	1,487,406
Deferred outflows of resources		
Deferred losses from refundings	13,678	14,660
Deferred cost of refunding derivative instrument	2,673	732
Pensions	132,136	75,376
OPEB	14,677	2,053
Total deferred outflows of resources	163,164	92,821
Total assets and deferred outflows of resources	$ 1,601,380	$ 1,580,227
Liabilities		
Current liabilities	$ 125,814	$ 124,068
Long-term debt	367,401	380,159
Net pension liability	415,098	183,111
Other	46,812	55,067
Total liabilities	955,125	742,405
Deferred inflows of resources		
Accumulated change in derivative instrument—swap asset	785	1,266
Leases	12,084	11,456
Pensions	40,591	213,067
OPEB	23,029	48,908
Total deferred inflows of resources	76,489	274,697
Net Position		
Net investment in capital assets	505,748	464,886
Restricted		
Nonexpendable—permanent endowments	5,884	5,883
Expendable—loans, gifts and grant programs	9,245	10,299
Unrestricted	48,889	82,057
Total net position	569,766	563,125
Total liabilities, deferred inflows and net position	$ 1,601,380	$ 1,580,227

Statement of Net Position (Continued)

Comparison of Fiscal Year 2023 to Fiscal Year 2022

At June 30, 2023, the University's current assets of $359.8 million were sufficient to cover current liabilities of $125.8 million (current ratio of 2.9). At June 30, 2023, total University assets and deferred outflows of resources were $1,601.4 million, compared to $1,580.2 million at June 30, 2022. Without the effects of GASB 68 and 75, assets and deferred outflows at June 30, 2023 and 2022, would be $1,428.7 million and $1,459.0 million, respectively. The decrease of $30.3 million is mainly attributed to decreased cash and investments of $63.0 million, and an increase in net capital assets of $30.8 million.

University liabilities and deferred inflows of resources total $1,031.6 million at June 30, 2023, compared to $1,017.1 million at June 30, 2022. Without the effects of GASB 68 and 75, liabilities and deferred inflows of resources at June 30, 2023 and 2022, would be $548.6 million and $572.0 million, respectively. The decrease is primarily due to the paydown of debt and adjustment to the imputed borrowing related to the interest rate swap on the Series 2023 general receipts bonds.

Total net position increased by $6.6 million to $569.8 million. Without the effects of GASB 68 and 75, net position would have decreased by $6.8 million to $880.1 million. The primary drivers are discussed in the statement of revenues, expenses and changes in net position section of this Management's Discussion and Analysis.

Statement of Revenues, Expenses and Changes in Net Position

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

The table below presents condensed balances for the statement of revenues, expenses and changes in net position at June 30, 2023 and 2022:

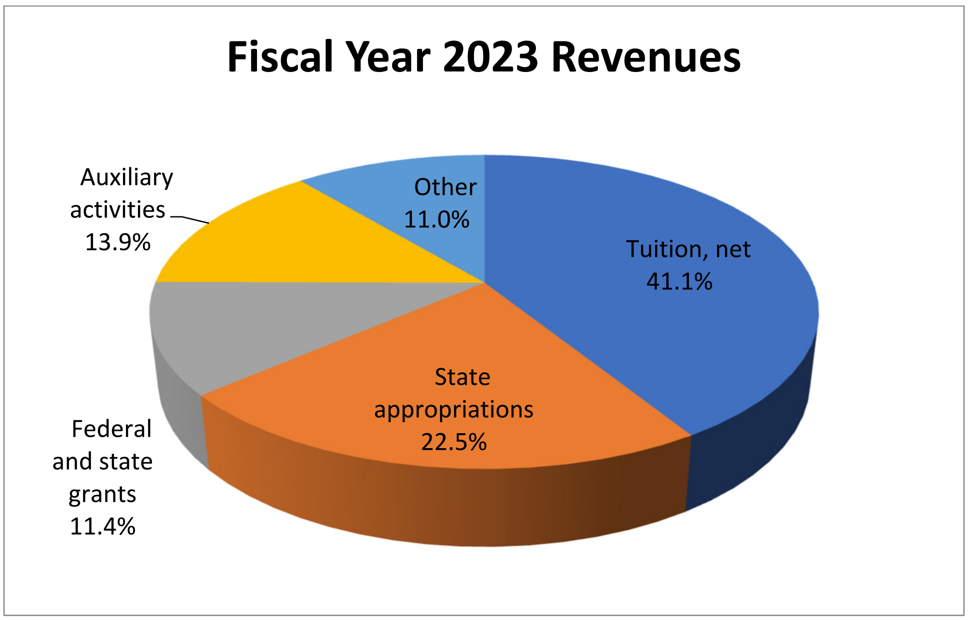
	(Dollars in Thousands)	
	2023	2022
Operating revenues:		
Tuition, net	$ 289,630	$ 280,665
Federal and state grants and contracts	37,485	38,103
Auxiliary activities	97,744	89,961
Other operating revenue	12,977	11,255
Total operating revenues	437,836	419,984
Non-operating revenues:		
State appropriations	158,774	159,707
Federal Pell grant revenue	38,882	39,153
Federal pandemic relief revenue	4,084	67,905
Other non-operating revenue	64,820	(3,648)
Total non-operating revenues	266,560	263,117
Total revenues	$ 704,396	$ 683,101
Operating expenses:		
Instruction	$ 252,957	$ 236,465
Institutional support	62,272	72,294
Scholarships and fellowships	44,918	64,346
Auxiliary activities	94,719	82,890
Pension	3,818	(62,624)
OPEB	(17,295)	(29,475)
Other operating expense	250,513	232,202
Total operating expense	691,902	596,098
Non-operating expense	5,853	16,064
Total expenses	$ 697,755	$ 612,162

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

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

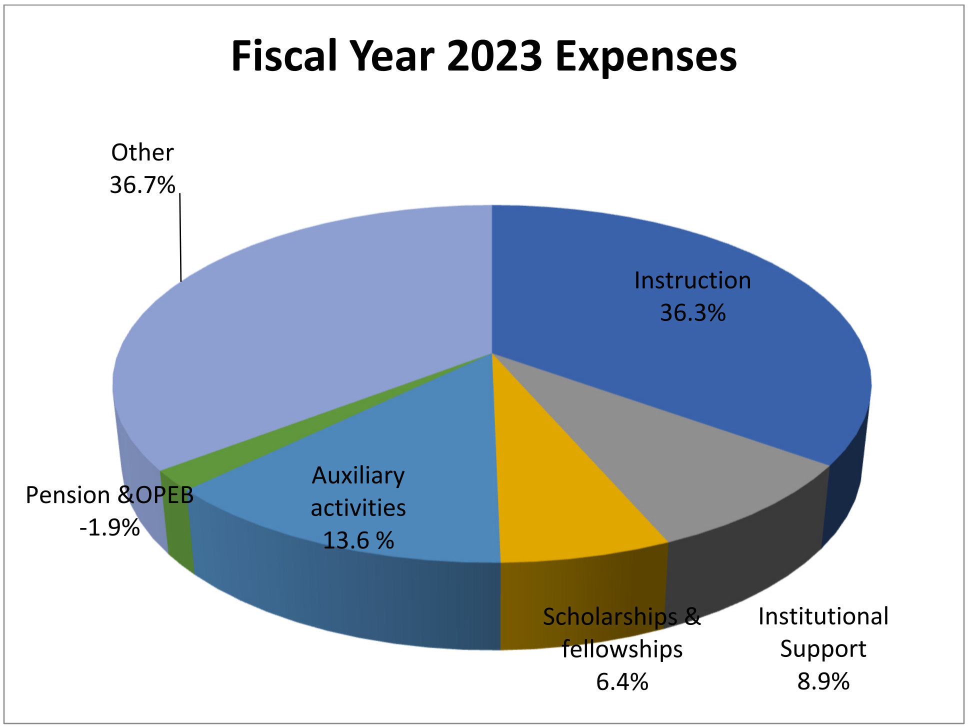
Included in the other operating expense category on the above table is research, public service, academic support, student services, operation and maintenance of plant and depreciation expense. Pension and OPEB expense/(benefit) are reported as separate line items. The non-operating expense is the interest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

The following chart shows the breakdown of total revenues. Tuition is the largest source of revenue at 41.1 percent followed by State appropriations at 22.5 percent.



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

The following chart shows the breakdown of total expenses. The two largest expense categories identified in the chart below are instruction at 36.3 percent and other at 36.7 percent. Instruction is the largest functional expense category. The other category includes both operating and non-operating expenses as indicated above.



During the year ended June 30, 2023, the most significant sources of revenues for the University are tuition and fees and state appropriations. Operating revenues, which include tuition and fees and auxiliary services, increased by $17.9 million, or 4.25 percent. Most of this increase is due to the reduction of scholarship allowance and an increase in auxiliary revenue due to bringing operations back to pre-pandemic levels in fiscal year 2023.

The most significant non-operating revenue is State appropriations. State appropriations totaled $158.8 million in fiscal year 2023. Capital appropriations totaled $24.0 million in fiscal year 2023, a significant increase over fiscal year 2022 due to many state funded projects resumed and completed. The University recognized the final institutional and student pandemic relief funding totaling $4.1 million in fiscal year 2023, a decrease of $63.8 million. Finally, investment income increased $36.5 million, due to improved market conditions in fiscal year 2023. Fiscal year 2022 resulted in an investment loss.

Operating expenses, including depreciation of $57.7 million, totaled $691.9 million, an increase of $95.8 million over fiscal year 2022. Without the effects of GASB 68 and 75, operating expenses increased $17.2 million from $688.2 million in fiscal year 2022, to $705.4 million in fiscal year 2023. Institutional support and scholarships decreased primarily due to the end of expenses related to the pandemic relief funding. Instruction increased primarily due to the recognition of expense associated with a faculty separation plan offered in fiscal year 2023.

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

Interest expense on capital related debt decreased $10.2 million, primarily to adjusting the imputed borrowing and deferred cost of refunding associated with the interest rate swap on the 2023 Series general receipts bond. This debt was refunded in fiscal year 2023. See Note 7 for further information regarding the University's debt.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2023, the University had invested $896.7 million in a broad range of capital assets, including land, equipment, buildings, building improvements, leased assets and software (SBITAs). SBITA assets were recognized as a result of adopting GASB Statement No. 96. More detailed information about the University's capital assets is presented in Note 6 to the financial statements.

Net of depreciation (Dollars in Millions)	2023	2022 (as restated)
Land	$ 33.0	$ 33.1
Equipment	27.9	26.2
Buildings and improvements	773.5	778.8
Construction in progress	51.7	19.2
Leased assets	4.1	4.7
Software (SBITAs)	6.5	4.0
Total	$ 896.7	$ 866.0

Debt

At year-end, the University had $387.0 million in bonds and notes outstanding, a decrease of $21.6 million over last year, primarily due to continued payment of principal. In addition, the University has $4.2 million in lease liabilities associated with GASB Statement No. 87. With the implementation of GASB Statement No. 96, the University recognized debt liabilities related to SBITAS of $5.5 million. More detailed information about the University's debt is presented in Notes 7 to 9 to the financial statements.

(Dollars in Millions)	2023	2022 (as restated)
General receipts bonds, backed by the University	$ 351.8	$ 357.2
Tax revenue energy bonds	12.9	16.7
Financed purchased liabilities	22.3	34.7
Leases	4.2	4.7
SBITAS	5.5	4.0
	$ 396.7	$ 417.3

Factors Affecting Future Periods

On July 5, 2023, Governor DeWine signed into law the state's biennium budget for Fiscal Years 2024-25 which included the following provisions for higher education: an imposed 3% tuition cap for the Tuition Guarantee Program for incoming freshman cohort for Fall 2023 and Fall 2024 (the prior tuition guarantee legislation would have allowed a 4.6% tuition increase); a 1% increase in the State Share of Instruction (SSI) in each of the two fiscal years; and a modest increase in funding for the Ohio College Opportunity Grant (OCOG). This represented minimal funding increases for higher education during a period of historic inflation and a strong economic year for the State of Ohio due to accelerated post pandemic economic recovery, plus realized tax revenues significantly ahead of conservative projections.

The best news of this state budget process was the successful amendment to the SSI formula to include, for the first time, College of Podiatric Medicine (CPM) students as eligible for SSI under the Medical I funding line item. Inclusion in this funding line will now provide approximately $3.4 million in annual state subsidy that will be used to significantly decrease tuition for Ohio residents, while expanding clinical and research opportunities for these students. A decrease of nearly $14 thousand in the current annual tuition rates for in-state students effective the Spring 2024 semester was approved by the Board of Trustees at their September 20, 2023, meeting, along with a $3 thousand decrease in the current annual tuition for out-of-state students. This tuition decrease dramatically changed the College's tuition standing in comparison to other podiatric medicine colleges in the nation, providing a competitive advantage to enroll more students from Ohio and the Midwest region. As a result, the Kent State University CPM's tuition is now the lowest in the nation for Ohio students and ensures that the College offers Ohio podiatric medicine students the highest quality education and training at the most affordable tuition across any of the 11 U.S. podiatric colleges.

On September 20, 2023, the Board of Trustees approved a balanced budget of $687.5 million in revenues and $687.5 million in expenses, which is $26.2 million higher than the Fiscal Year 2023 approved budget.

Tuition and fee revenue is budgeted at $389.5 million, $4.0 million higher than last fiscal year, and is based on a conservatively projected 1% increase in enrollment at the Kent Campus (+262 FTE) and a 4% decrease across the Regional Campuses (-209 FTE). This represents the first time in 10 years that the year-over-year system-wide enrollment has not been projected to decline from the prior year. Fall 2023 tuition and fee rate increases authorized by the Board at the June 28, 2023, meeting, are as follows: 3.0% for new freshman Tuition Guarantee students (which is then frozen for four years) and 4.0% for graduate student tuition and the non-resident surcharge. These tuition increases, as well as the incremental revenue they provide, are modest in comparison to the ongoing high inflationary pressures impacting our operating expenses, with no immediate relief in sight.

The focus on strategic enrollment management continues, and continues to mitigate the ongoing demographic and regional shifts that are negatively affecting enrollment trends. The retention rate (the percentage of freshmen who return for the sophomore year) declined noticeably during the pandemic, but has improved beginning Fall 2023, as work continues with students to provide them with the support services they need to persist and matriculate in this period of post-pandemic recovery. The retention rate improved at the Kent Campus from 78.5% in Fall 2022 to 79.7% in Fall 2023 and at the Regional Campuses from 52.9% to 56.6%. The University welcomed 4,226 new freshmen in Fall 2023, which represents the 10th largest incoming freshman class in the University's history (the largest was 4,363 in fall 2018). The fall 2023 entering class also boasts some additional distinction: 20.1% from traditionally under-represented groups, an average high school GPA of 3.51, and average ACT score of 22.

Factors Affecting Future Periods (Continued)

The funding received from the State of Ohio SSI, is budgeted at $158.9 million, approximately the same amount received last year, even though the total SSI appropriation available to Universities increased by 1% from the previous year. Upon further analysis, we have realized a decrease of nearly $3 million in SSI over the past two years as a result of the impact of the pandemic on our course/degree completions, combined with the ongoing decline of enrollment at the Regional campuses. This decline is offset by the estimated $3.4 million in new SSI to be received starting in Fiscal Year 2024 for CPM students, a six-year effort that finally paid off in this state budget cycle. Considering SSI is allocated based upon performance, the continued commitment to student success provides an opportunity to realize even more revenue.

For the third year in a row, auxiliary revenues continue to grow, budgeted at $4.7 million (4.5%) higher than last year's actual revenue due to normal on-campus student residency, dining plan participation, and a return to full mode of intercollegiate athletic competition. For Fall 2023, 5,720 students were welcomed into the residence halls, nearly 30 more than last year, with dining plan sales increasing by 473 this year compared to last, thanks to more sales to commuter students and faculty/staff. Although Intercollegiate Athletics revenue is expected to grow slightly from ticket sales, sponsorships and conference revenue share (MAC and NCAA), the largest external source of revenues – football guarantee games – will drop-off significantly this year from $5.4 million to $3.8 million, a decrease of $1.6 million, and is not expected to increase materially in future years as the financial model for NCAA Intercollegiate Athletics continues to rapidly evolve and transform.

The guiding principles for our budget process prioritize budgeting expenses to projected revenues while focusing resources to core activities (access, completion, research), maintaining current staffing levels while concurrently increasing wages, and continuing to revamp the University operating cost structure.

A primary factor related to expenses has been ongoing and sustained inflation which over the past two years, represents a 12% increase in the cost of goods and services. For example, utility rates the University procures through a reverse auction bidding process increased 76% from 3.4 cents to 6.0 cents per kilowatt/hour, meaning an increased budget of $1.5 million this year compared to last year. The cost of IT software and hardware has increased 11.6%, meaning an additional $1.4 million in additional budget needed for these important expenditures. The continuing saga of extraordinary increases in insurance costs (property, casualty, liability, travel, cybersecurity) appears to have no end in sight – an additional $1 million budgeted this year to pay for these critical coverages. The cost of property and casualty insurance for the University has now grown 322% over the past six years – from $900,000 per year in Fiscal Year 2018, to $3.8 million in Fiscal Year 2024. Understanding that these increases in insurance costs are not sustainable (as coverage levels decrease and deductibles increase), avenues for innovative strategies to contain and reduce non-personnel expenses moving forward are continuing to be explored.

The budgeted expense for employee benefits (retirement, medical, leave time, workers compensation and the like) is $118.1 million, $3.7 million, or 3.2%, higher than last year's budget. Healthcare costs drives the University's expenses, and although there are no expected medical plan design changes for benefits year 2024, there will continue to be an emphasis on quality and affordable healthcare benefits while, at the same time, developing strategies for combatting inflationary factors that could render this vital benefit financially unsustainable.

Factors Affecting Future Periods (Continued)

Student Aid, which is comprised of both merit-based scholarships and need-based aid, is budgeted at $89.3 million, and the result of significant optimization efforts by the Enrollment Management Team and the Deans to award scholarships in the most effective manner to deliver the best enrollment results, while concurrently not over-spending to deliver the incoming freshmen class. Concurrently, we recognize that access and affordability are in our DNA – this resonates throughout our recently updated strategic plan Flashes Together: A Strategic Roadmap to a Distinctive Kent State. We continue to double-down our investment on this institutional priority by fully funding year three of the Flashes Go Further Scholarship Program, with the total base budget of $10 million for this program, of which 25% of our incoming freshmen benefit. Additional external funding sources also helped us manage funding for Student Aid – the increased award amount and eligibility requirements for the state's OCOG included in the State's biennium 2024-25 budget, and the ongoing increases in the Federal Pell Grant award. Finally, in order to assist in offsetting this year's Student Aid expense, the Deans have partnered with the Institutional Advancement team to strategically spend $3 million in spendable endowment balances available this award year, much appreciated assistance as inflation continues to dramatically increase our operating expense budget.

Finally, one of the areas hit hardest by inflation is the cost of construction, which affects all aspects of the capital project budget: cost of materials, labor shortages, professional services fees, lack of availability of machinery, equipment, furniture/fixtures and surcharges on fuel. All projects either currently in design or bidding construction have experienced a 15% to 20% increase, not only requiring us to approach the Board of Trustees for amendments to project budget approvals, but also to identify one-time funding sources – either University funds or re-allocating awarded capital appropriations – to keep these important projects on time. Examples include Crawford Hall ($9.5 million budget amendment); Front Chilled Water Loop ($1.5 million budget amendment); Beall Hall Design Studio Space Renovation ($1.3 million budget amendment); College of Aeronautics and Engineering Building Addition ($1.0 million); Cunningham Hall Lab Space Renovation ($600 thousand budget amendment). Unfortunately, it appears that these inflationary issues will continue through the remainder of this fiscal year and into the next.

Fiscal Year 2025: Looking Ahead

Uncertainty continues to loom in the wake of the pandemic, with further enrollment challenges are anticipated, prolonged inflation, volatile investment markets, and the ongoing risk of reduced state funding (operating and capital), all of which will have a bearing on the University's financial viability going forward.

Three primary financial concerns and focus of attention are continuing inflation, investment market volatility/decline and funding for deferred maintenance of campus buildings and information technology infrastructure.

An important practice which was adopted coming out of the pandemic is the annual five-year financial forecasting model. Through this modeling, University leadership can develop proactive annual budget-balancing strategies and afford time to meaningfully engage stakeholders in developing solutions.

The current state operating budget is set for next fiscal year and the State of Ohio will commence its next operating budget development process in February 2025, for the Fiscal Years 2026-27. It is highly unlikely that there will be dramatic increases in SSI to support operations, and it is not expected that there will be increased flexibility on tuition and fees. A more immediate need in terms of state funding is state capital appropriations, which provided $28.3 million in much needed funding to address basic renovations and deferred maintenance for the Fiscal Years 2025-26. The next state capital appropriation process is scheduled to begin in Fall 2023, for the Fiscal Years 2025-26.

Fiscal Year 2025: Looking Ahead (Continued)

Looking forward to the next several fiscal years, enrollment challenges will continue as we draw closer to the demographic cliff (the drop in college enrollments due to falling birthrates in the aftermath of the 2008 Great Recession and slowing immigration) in the year 2027, which, according to the Western Interstate Commission on Higher Education, translates to an 11% decline in the size of the Ohio high school graduating class in 2037 compared to 2019. In a proactive manner, in October 2021 the Strategic Enrollment Management Plan was enacted which will enable Kent State University to better manage the entire student life cycle from admission to alumni. Instead of simply providing enrollment services, the University will embrace comprehensive strategic planning focused on identifying, recruiting, enrolling, retaining and graduating a student body in accordance with our mission, while maintaining fiscal sustainability.

By the beginning of Fiscal Year 2025, Phase I of the Facilities Master Plan will be completed and it will be time to reflect on and consider Phase II priorities. The Kent Campus Gateway Master Plan was approved by the Board of Trustees in March 2018, and organized priority projects into three distinct phases over a 10-year period, allowing time between phases to scan the environment, re-evaluate projects that were originally considered, and adjust accordingly. The operating environment has changed dramatically over the past five years since the Gateway Master Plan was adopted, primarily due to the pandemic (online and hybrid learning, telecommuting, fewer students, faculty and staff on campus) and, as a result, rethinking and reevaluating the physical footprint and space needs is imperative to optimizing the cost structure. There are significant costs associated with space: $8.50 per square foot per year to maintain and operate space, and $15 per square foot in one-time funds needed to demolish existing facilities. For example, by demolishing functionally obsolete buildings across the campus footprint, such as the current College of Business Administration Building (100,000 square feet in size), sometime after Crawford Hall is complete, that will save nearly $850,000 per year in operating costs and create a 10-year net present value savings of over $41 million in reduced operating costs, coupled with avoidance of deferred maintenance expenses. The goal must be to continue to not add new net square feet of space but, over time, reduce space to meet expected needs and occupancy demands in an ever-changing and more virtual trend of learning, work and social engagement.

In summary, the University must continue to take stock in the current situation and what lies ahead, and emphasize scenario-planning which will allow the development of strategies for revenue growth, revamping our operating cost structure, and understanding the physical spaces and virtual environments that are maintained in order to meet our University mission. The University must be strategically focused, data-informed and results-oriented. In this manner, the University's commitment to teaching, learning and research will continue to be achieved in a fiscally responsible manner.

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

Statement of Net Position
June 30, 2023
(Dollars in Thousands)

	University 2023	University Foundation 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 33,243	$ 12,924
Short-term investments	274,740	197,494
Accounts and pledges receivable, net	30,625	8,015
Leases receivable	12,264	-
Inventories	1,088	-
Deposits and prepaid expenses	7,146	164
Accrued interest receivable	709	-
Total current assets	359,815	218,597
Noncurrent assets:		
Restricted cash	4,486	-
Restricted investment	8,151	-
Student loans receivable, net	13,379	-
Long-term investments	129,014	47,404
Long-term pledges receivable, net	-	28,425
Net pension asset	1,440	-
Net OPEB asset	24,441	-
Capital assets, net	896,705	16,569
Derivative instrument—swap asset	785	-
Other assets	-	4,807
Total noncurrent assets	1,078,401	97,205
Total assets	1,438,216	315,802
Deferred outflows of resources		
Deferred losses from refundings	13,678	-
Deferred cost of refunding derivative instrument	2,673	-
Pensions	132,136	-
OPEB	14,677	-
Total deferred outflows of resources	163,164	-
Total assets and deferred outflows of resources	$ 1,601,380	$ 315,802
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 32,517	$ 348
Accrued payroll	13,238	-
Payroll taxes and accrued fringe benefits	23,681	-
Accrued compensated absences	2,078	-
Unearned revenue and deposits	31,163	-
Current portion of lease liability	1,058	375
Current portion of SBITA liability	2,565	-
Current portion of long-term debt	19,514	-
Total current liabilities	125,814	723
Noncurrent liabilities:		
Accrued compensated absences	22,879	-
Accrued liabilities	12,640	2,618
Net pension liability	415,098	-
Net OPEB liability	4,324	-
Unearned revenue and deposits	857	12,881
Lease liability	3,145	7,652
SBITA liability	2,967	-
Debt, net	367,401	-
Total noncurrent liabilities	829,311	23,151
Total liabilities	955,125	23,874
Deferred inflows of resources		
Accumulated change in derivative instrument—swap asset	785	-
Leases	12,084	-
Pensions	40,591	-
OPEB	23,029	-
Total deferred inflows of resources	76,489	-
Net Position		
Net investment in capital assets	505,748	8,542
Restricted		
Nonexpendable—permanent endowments	5,884	121,223
Expendable—loans, gifts and grant programs	9,245	148,130
Unrestricted	48,889	14,033
Total net position	569,766	291,928
Total liabilities, deferred inflows and net position	$ 1,601,380	$ 315,802

See notes to financial statements.

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

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023
(Dollars in Thousands)

	University 2023	University Foundation 2023
Operating revenues:		
Student tuition and fees	$ 393,296	$ -
Less scholarship allowances	(103,666)	-
Net student tuition and fees	289,630	-
Federal grants and contracts	25,602	-
State grants and contracts	11,883	-
Local grants and contracts	148	-
Nongovernmental grants and contracts	4,659	-
Sales and services of educational activities	8,170	-
Auxiliary activities, net of allowances for student scholarships of $6,377	97,744	-
Total operating revenues	437,836	-
Operating expenses:		
Instruction	252,957	-
Research	24,153	-
Public service	10,811	-
Academic support	62,995	-
Student services	44,923	-
Institutional support	62,272	23,477
Scholarships and fellowships	44,918	5,571
Operation and maintenance of plant	49,901	-
Auxiliary activities	94,719	-
Pension	3,818	-
OPEB	(17,295)	-
Depreciation and amortization	57,730	451
Total operating expenses	691,902	29,499
Net operating loss	(254,066)	(29,499)
Nonoperating revenues (expenses):		
State appropriations	158,774	-
Federal Pell Grant revenue	38,882	-
Federal pandemic relief revenue	4,084	-
Gifts	17,483	18,881
Investment gains, net	21,141	22,633
Interest on debt	(5,853)	-
Other nonoperating revenues	2,172	4,456
Net nonoperating revenues	236,683	45,970
(Loss) income before other revenues, expenses, gains or losses	(17,383)	16,471
Other revenues, expenses, gains or losses		
Capital appropriations	24,024	-
Total other revenues, expenses, gains or losses	24,024	-
Change in net position	6,641	16,471
Total net position at beginning of year	563,125	275,457
Total net position at end of year	$ 569,766	$ 291,928

See notes to financial statements.

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

Statement of Cash Flows
Year Ended June 30, 2023
(Dollars in Thousands)

Cash flows from operating activities:	
Student tuition and fees	$ 116,715
Auxiliary activities	97,744
Other sources	6,502
Grants and contracts	42,950
Payments for employee compensation and benefits	(324,386)
Payments to vendors for services and materials	(147,580)
Net cash used in operating activities	(208,055)
Cash flows from noncapital financing activities:	
State appropriations for instruction funds	158,774
Gifts	17,526
Cash received from Federal Pell grants	38,882
Cash received from federal pandemic relief grants	4,084
Student loans granted, net of repayments	(476)
Net cash provided by noncapital financing activities	218,790
Cash flows from capital and related financing activities:	
Principal payments on outstanding debt	(21,674)
Interest paid	(16,000)
Payments to construct, renovate or purchase capital assets	(59,536)
Other capital and related receipts	4,672
Net cash used in capital and related financing activities	(92,538)
Cash flows from investing activities:	
Proceeds from sale and maturities of investments	73,226
Purchases of investments	(23,351)
Interest received	20,004
Net cash provided by investing activities	69,879
Net change in cash and cash equivalents	(11,924)
Cash and cash equivalents, including restricted cash:	
Beginning	49,653
Ending	$ 37,729

(Continued)

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

Statement of Cash Flows (Continued)
Year Ended June 30, 2023
(Dollars in Thousands)

Reconciliation of net operating loss to net cash flows used in operating activities:		
Net operating loss	$	(254,066)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation and amortization expense		57,730
Adjustments to reconcile change in net position to net cash used in operating activities:		
Accounts and pledges receivable, net		(3,089)
Inventories		(132)
Deposits and prepaid expenses		(1,036)
Net pension asset		1,069
Net OPEB asset		16,882
Deferred outflows of pension resources		(56,760)
Deferred outflows of OPEB resources		(12,624)
Accounts payable and accrued liabilities		5,502
Net pension liability		231,987
Net OPEB liability		4,324
Accrued payroll		(1,451)
Payroll taxes and accrued fringe benefits		2,195
Unearned revenue and deposits		(838)
Accrued compensated absences		607
Deferred inflows of pension resources		(172,476)
Deferred inflows of OPEB resources		(25,879)
Net cash used in operating activities	$	(208,055)

Noncash capital and financing activities:
During the year ended June 30, 2023, the University received noncash capital appropriations from the State of Ohio in the amount of $24,024

Noncash investing, capital and financing activities:
The University held investments at June 30, 2023, with a fair value of $411,905 and during 2023, the net change in the fair value of these investments was a loss of $51,085

See notes to financial statements.

Note 1. Reporting Entity and Basis of Presentation

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

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

Furthermore, in accordance with GASB Codification Section 2600: *Reporting Entity and Component Unit Presentation and Disclosure,* the Kent State University Foundation (the Foundation) is included as a discretely presented component unit in a separate column in these financial statements to emphasize that it is legally separate from the University. The Foundation, which is a separate not-for-profit organization, meets the criteria set forth in the Codification Section 2600 due to its significant operational and financial relationship with the University. Note 14 provides additional information on the Foundation. Certain disclosures concerning the Foundation are not included because it has been audited separately and reports have been issued under separate cover. Financial statements for the Foundation may be obtained by writing to Kent State University Foundation, Kent, Ohio 44242.

Additionally, the financial statements of the University include the operations of its blended component units, KSU Foot and Ankle Clinic dba The Cleveland Foot and Ankle Clinic (the Clinic) and the KSU Research Corporation. The Clinic was included in the July 1, 2012 merger of the University with the Ohio College of Podiatric Medicine. The Clinic is a separate 501(c)(3) organization whose main purpose is to provide clinical experience for students of the KSU College of Podiatric Medicine. The Clinic almost exclusively benefits the University, even though services are provided to the public, and the University is the sole member of the Clinic. Therefore, according to the provisions of GASB Statement No. 61, the Clinic is considered a blended component unit of the University. The KSU Research Corporation is a separate not-for-profit entity that supports scholarly research activity for the benefit of the University. Under the provisions of GASB 61, the KSU Research Corporation has been determined to be a blended component unit of the University. See Note 14 for further discussion and presentation of condensed financial information for both blended component units.

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

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

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

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

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

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

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

Note 2. Summary of Significant Accounting Policies

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

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

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

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

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

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

Note 2. Summary of Significant Accounting Policies (Continued)

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

Subscription Based Information Technology Arrangements (SBITAs): The University recognizes an intangible subscription asset and corresponding subscription liability for its SBITAs. The subscription asset is measured as the subscription liability plus direct costs incurred in implementing the subscription asset. The subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying subscription asset. At the subscription commencement, the subscription liability is measured at the present value of payments expected to be made during the subscription term and utilizes the interest rate charged in the SBITA, if available, or otherwise discounted using the University's incremental borrowing rate to calculate the present value of the payments.

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

Accrued compensated absences: Per University policy, faculty and staff earn vacation up to a maximum of 25 days per year, with a maximum accrual of 75 days. Upon termination, they are entitled to a payout of their accumulated balance. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The liability for accrued vacation at June 30, 2023, was $21,095.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro-rata monthly basis for salaried employees and on a pro-rata hourly basis for classified hourly employees). Employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25% of unused days (maximum of 30 days). The liability for accrued sick leave at June 30, 2023, was $3,862.

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

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

Note 2. Summary of Significant Accounting Policies (Continued)

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

Deferred outflows of resources: In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that is applied to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The University reports deferred outflow of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, differences between projected and actual earnings and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 11. The University also reports deferred losses on bond refundings and the deferred costs of a refunding derivative instrument related to the interest rate swap as deferred outflows of resources.

Deferred inflows of resources: In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The University reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference in projected and actual earnings of the plan's investments. More detailed information can be found in Note 11. The University also reports accumulated changes in hedging derivatives related to the interest rate swap and the value of the lease receivable plus any payments received at or before the commencement of the lease that relates to future periods as deferred inflows of resources.

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

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

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

Note 2. Summary of Significant Accounting Policies (Continued)

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

Subsequent events: The University has evaluated subsequent events occurring between the end of our most recent fiscal year and October 30, 2023, the date the financial statements were available to be issued. There were no noteworthy subsequent events.

Recent and pending accounting pronouncements: Effective July 1, 2022, the University adopted GASB Statement No. 92, *Omnibus* 2020. The objectives of this Statement are 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. There was no significant impact on the University's financial statements as a result of the adoption of this standard.

Effective July 1, 2022, the University adopted GASB Statement No. 94, *Public-Private and Public—Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. There was no significant impact on the University's financial statements as a result of the adoption of this standard.

Effective July 1, 2022, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). This Statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. As a result of the adoption of this statement on July 1, 2022, the University recognized SBITA assets and liabilities of approximately $4,000. Reference Notes 6 and 9 for further details regarding the implementation.

Effective July 1, 2022, the University adopted GASB 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 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. There was no significant impact on the University's financial statements as a result of the adoption of this standard.

Note 2. Summary of Significant Accounting Policies (Continued)

Effective July 1, 2022, the University adopted GASB Statement No. 99, *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing: (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. There was no significant impact on the University's financial statements as a result of the adoption of this standard.

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

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

Note 3. Cash, Cash Equivalents and Investments

Cash and cash equivalents: Custodial credit risk on deposits with banks is the risk that, in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial credit risk. At June 30, 2023, the bank amount of the University's deposits were $32,903. Of that amount, $32,470 was insured. The remaining $433 was uninsured and uncollateralized. The University does not require deposits to be insured or collateralized.

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

(Dollars in Thousands)

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

The investment policy parallels state law, which requires an amount equal to at least 25 percent of the University's investment portfolio be invested in securities of the United States government or one of its agencies or instrumentalities, the treasurer of the State of Ohio's pooled investment program, obligations of the State of Ohio, or any political subdivision of the State of Ohio, certificates of deposit of any national bank located in the State of Ohio, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds or bankers' acceptances maturing in 270 days or less which are eligible for purchase by the federal reserve system.

The University has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2023. START Ohio has an AAAm rating from Standard & Poor's. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding $25,000. STAR Ohio reserves the right to limit the transaction to $50,000, requiring the excess amount to be transacted the following business day(s), but only to the $50,000 limit. All accounts of the STAR Ohio investors will be combined for these purposes.

The values of investments at June 30, 2023, are as follows:

	Market	Cost
Private equities	$ 129,013	$ 86,142
Mutual funds:		
Fixed income	161,041	185,432
Equity	113,640	120,483
STAR Ohio	8,211	8,211
Total	$ 411,905	$ 400,268

Net appreciation/depreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the year ended June 30, 2023, the University recognized a net realized gain of $6,464. The calculation of realized gains and losses is independent of the net appreciation/depreciation in the fair value of investments held at year-end. The net appreciation in the fair value of investments during the year ended June 30, 2023, was $5,567. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year.

The unrealized depreciation on investments for the year ended June 30, 2023 was $897.

(Dollars in Thousands)

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

The components of the net investment gain at June 30, 2023, are as follows:

Interest and dividends, net	$ 15,574
Net appreciation in market value of investments	5,567
Total net investment gain	$ 21,141

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

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

The maturities of the University's interest-bearing investments at June 30, 2023, are as follows:

Investment Type	Fair Value	Less than 1 year	1 to 5 years	6 to 10 years	More than 10 years
Fixed income mutual funds	$ 161,041	$ 15,832	$ 55,248	$ 32,101	$ 57,860

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

The credit ratings of the University's interest-bearing fixed income mutual fund investments at June 30, 2023, are as follows:

Credit Rating (S&P):	
AAA	$ 7,054
AA+	57,285
AA	15,798
AA-	957
A+	2,650
A	4,451
Other (not rated)	72,846
Total	$ 161,041

Foreign currency risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2023, the University had no exposure to foreign currency risk.

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

(Dollars in Thousands)

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

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University held the following investments that had fair values of 5 percent or more of total investments as of June 30, 2023:

SEI Core Fixed Income Fund	$	79,806
SEI Hedge Fund SPC		43,699
SEI World Equity		44,773
SEI Core Property Fund, LP		32,799
SEI GPA IV Private Equity Fund		36,191
SEI High Yield Bond Fund		21,556

Note 4. Fair Value Measurements

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

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

The University has the following recurring fair value measurements as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments assets:				
Mutual funds—fixed income	$ 161,041	$ -	$ -	$ 161,041
Mutual funds—equity securities	113,640	-	-	113,640
Private equity funds—international	-	-	12,396	12,396
	$ 274,681	$ -	$ 12,396	287,077
Investments measured at net asset value (NAV):				
Equity funds				40,119
Multi-strategy hedge funds				43,699
U.S. core real estate				32,799
Total investments assets				$ 403,694
Derivative instruments:				
Interest rate swap asset	$ -	$ 785	$ -	$ 785

(Dollars in Thousands)

Note 4. Fair Value Measurements (Continued)

Short-term investments on the statement of net position at June 30, 2023, includes investments of STAR Ohio of $8,211. The investments in STAR Ohio are measured at amortized cost; therefore, they are not included in the tables above.

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

The fair value of private equity funds classified in Level 3 at June 30, 2023, is determined primarily based upon information received from the Investee Funds (such as investor reports and audited financial statements), discounted cash flow analysis or a market-multiple based approach. The University records the fair value of these investments using estimated values obtained from the fund managers. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next seven to ten years.

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

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity funds	$ 40,119	$ 31,924	None	None
Multi-strategy hedge funds	43,699	-	Monthly	10 days
U.S. core real estate	32,799	-	Quarterly	95 days
Total	$ 116,617	$ 31,924		

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

(Dollars in Thousands)

Note 4. Fair Value Measurements (Continued)

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

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

Note 5. Accounts and Student Loans Receivable, Net

Accounts and student loans receivable consist of the following at June 30, 2023:

Accounts receivable:		
Sponsor accounts	$	8,031
Student accounts		17,409
Other		8,902
Total accounts receivable		34,342
Less allowances for doubtful accounts		(3,717)
Net accounts receivable	$	30,625
Student loans receivable	$	14,876
Less allowances for student loans receivable		(1,497)
Net student loans receivable	$	13,379

(Dollars in Thousands)

Note 6. Capital Assets, Net

Capital assets and accumulated depreciation as of June 30, 2023, are summarized as follows:

	Beginning Balance (as restated)	Additions	Transfers	Retirements	Ending Balance
Capital assets:					
Land	$ 33,065	$ -	$ -	$ (85)	$ 32,980
Construction in progress	19,197	75,168	(42,660)	-	51,705
Total nondepreciable capital assets	52,262	75,168	(42,660)	(85)	84,685
Infrastructure	173,073	-	10,400	-	183,473
Buildings	1,356,778	-	32,260	-	1,389,038
Equipment	149,451	7,830	-	(4,686)	152,595
Library books and publications	85,410	594	-	-	86,004
Leased infrastructure	242	-	-	-	242
Leased buildings	5,320	31	-	-	5,351
Leased equipment	103	536	-	-	639
Software (SBITAs)	4,007	4,392	-	-	8,399
Total depreciable capital assets	1,774,384	13,383	42,660	(4,686)	1,825,741
Total capital assets	1,826,646	88,551	-	(4,771)	1,910,426
Less accumulated depreciation					
Infrastructure	111,138	6,263	-	-	117,401
Buildings	639,888	41,693	-	(24)	681,557
Equipment	127,249	5,490	-	(4,517)	128,222
Library books and publications	81,434	1,060	-	-	82,494
Leased infrastructure	29	29	-	-	58
Leased buildings	936	944	-	(4)	1,876
Leased equipment	21	156	-	-	177
Software (SBITAs)	-	1,936	-	-	1,936
Total accumulated depreciation	960,695	57,571	-	(4,545)	1,013,721
Total capital assets, net	$ 865,951	$ 30,980	$ -	$ (226)	$ 896,705

For the year ended June 30, 2023, depreciation expense on capital assets was $53,694, which includes a loss of $167 from the disposal of obsolete capital assets. Amortization expense on leases and SBITAs was $4,036 for the year ended June 30, 2023.

Note 7. Debt, Net

General receipt bonds: In June 2023, the University issued $60,000 in Series 2023 General Receipts bonds. The proceeds from the bond sale were used for a refunding of the Series 2013A General Receipts bonds with an outstanding principal of $60,000. As of June, 2023, the outstanding principal of the 2023 General Receipts bonds was $60,000. In connection with this refunding and the expiration of LIBOR, the variable interest rate on this bond series was adjusted to 79 percent of the sum of daily Secured Overnight Financing Rate (SOFR) plus 1.2 percent.

Note 7. Debt, Net (Continued)

In July 2022, the University issued Series 2022 General Receipts Bonds in the amount of $44,565. The proceeds from the Series 2022 issuance were used to refund a portion of the Series 2020B General Receipts Bonds as well as the termination of the finance lease with the Portage County Port Authority for the Center for Philanthropy and Engagement building and land. This refunding was a planned restructuring to level out debt service payments to preempt near-term budgetary pressures associated with inflation and enrollment demographics. For this partial refunding, the reacquisition price exceeded the net carrying amount of the Series 2020B bonds by $190. The unamortized difference of $176 at June 30, 2023, is reported in the statement of net position as a deferred outflow of resources and will be amortized over the remaining term of the debt. As of June 30, 2023, the outstanding principal balance on the Series 2022 General Receipts bonds was $44,565. As a result of the refunding there was cash savings in the amount of ($39,896) and an economic loss of $4,016. In connection with the issuance of the Series 2022 General Receipts bonds, the University also recognized a net bond premium totaling $4,824, which will be amortized against interest expense over the life of the bond. As of June 30, 2023, the unamortized net bond premium was $4,493.

In January 2020, the University issued Series 2020A General Receipts Bonds in the amount of $22,530 and Series 2020B General Receipts Bonds in the amount of $172,825. The proceeds from the Series 2020A issuance were to be used to fund the construction of a new parking deck on Main Street or to finance other University facilities. Due to the coronavirus pandemic, the construction of the parking deck has been postponed indefinitely and the proceeds will be used toward other University facilities. The proceeds from the Series 2020B issuance were used to refund a portion of the 2012A and 2014A General receipts bonds. As a result, that portion of the bonds were considered defeased and the liability removed from the University's long-term obligations. The partial refunding was undertaken to achieve debt service savings, which resulted in reduced debt service payments by approximately $26,600. For this partial refunding, the reacquisition price exceeded the net carrying amount of the Series 2012A and 2014A bonds by $9,053. The unamortized difference of $7,647 at June 30, 2023, is reported in the statement of net position as a deferred outflow of resources, and will be amortized over the remaining term of the debt. As of June 30, 2023, the outstanding principal balance of the Series 2020A General Receipts bonds was $21,460 and $130,310 for the Series 2020B General Receipts bonds.

In connection with the issuance of the Series 2020A General Receipts bonds, the University also recognized a net bond premium totaling $5,639, which is being amortized over the life of the bond. As of June 30, 2023, the unamortized net bond premium was $3,802.

In April 2019, the University issued $19,595 in Series 2019 General Receipts bonds. The proceeds from the bond sale were used to refund the remaining Series 2009B General Receipts bonds. The refunding was undertaken to achieve debt service savings, resulting in reduced debt service payments by approximately $4,200 at the time. As of June 30, 2023, the outstanding principal balance of the Series 2019 General Receipts bonds was $16,905. In connection with the issuance of the Series 2019 General Receipts bonds, the University also recognized a net bond premium totaling $4,381, which will be amortized against interest expense over the life of the bond. As of June 30, 2023, the unamortized net bond premium was $2,665.

Note 7. Debt, Net (Continued)

In April 2016, the University issued $103,590 in Series 2016 General Receipts bonds. The proceeds from the bond sale were used for a partial advanced refunding of the Series 2009B General Receipts bonds. The partial advance refunding was undertaken to achieve debt service savings. This refunding transaction reduced debt service payments by approximately $12,600, and resulted in an economic gain of $11,300. For this partial advance refunding, the reacquisition price exceeded the net carrying amount of the old debt by $11,211. The unamortized difference of $5,855 at June 30, 2023, is reported in the statement of net position as a deferred outflow of resources, and will be amortized over the remaining term of the debt. As of June 30, 2023, the outstanding principal of the 2016 General Receipts bond was $63,100. In connection with the issuance of the Series 2016 General Receipts bonds, the University also recognized a net bond premium totaling $21,825, which is being amortized over the life of the bond. As of June 30, 2023, the unamortized net bond premium was $4,423.

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

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

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

Ohio Air Quality Development Authority Bonds: During fiscal year 2013, the University entered into a loan agreement with the Ohio Air Quality Development Authority for a total of $24,947, with $17,447 in Series A bonds and $7,500 in Series B bonds. The proceeds were used to fund the University's energy efficiency and conservation projects at its Kent campus. As of June 30, 2023, the outstanding principal of the Series A bond was paid in full, and the balance on the Series B bond was $7,500.

During fiscal year 2011, the University entered into two separate loan agreements with the Ohio Air Quality Development Authority. The first loan agreement totaled $5,388, with $2,694 in Series A bonds and $2,694 in Series B bonds. The proceeds were used to fund the University's energy efficiency and conservation projects at its Ashtabula, East Liverpool, Geauga, Salem and Trumbull campuses. As of June 30, 2023, the outstanding principal of the Series B bonds was $854. The Series A bonds were fully paid in fiscal year 2019. The second loan agreement totaled $20,000, with $13,000 in Series A bonds and $7,000 in Series B bonds. The proceeds were used to fund the University's energy efficiency and conservation projects for its Residence Hall and Dining Services auxiliary units. As of June 30, 2023, the outstanding principal of the Series B bonds was $4,591. The series A bonds were paid in full in fiscal year 2022.

Finance purchased liabilities: During fiscal year 2016, the University entered into a financing agreement with Banc of America Public Capital Corporation to finance projects associated with the University's continued energy and conservation initiatives on its Kent campus. Payments will continue through fiscal year 2031, and carry an interest rate of 2.01%. The outstanding principal as of June 30, 2023 was $11,294.

Note 7. Debt, Net (Continued)

In fiscal year 2015, the University entered into a financing agreement with the Portage County Port Authority to finance the construction of the Center for Philanthropy and Alumni Engagement for $17,025. The University had a financing agreement with the Portage County Port Authority for 3.75 acres of property near the northwest edge of the Kent campus for $3,680 beginning in fiscal year 2013. The two agreements were combined, totaling $20,460, with principal payments beginning in fiscal year 2016. In fiscal year 2023, the financing agreement was terminated and the debt was refunded as part of the issuance of Series 2022 General Receipts bonds. The University and the Foundation entered into a sublease agreement in January 2016. The sublease meets the capitalization criteria and is recorded as an asset and liability on the Foundation's financial statements. See Note 13 for additional information regarding this related party transaction.

In fiscal year 2011, the University entered into a financing agreement with Fairmount Properties, LLC to construct a building for its Twinsburg location (programs are operated out of the University's Geauga campus), which the University will lease for a period of 30 years. Payments will continue through fiscal year 2043, and carry an interest rate of 6.35%. As of June 30, 2023, the total outstanding principal on the financing liability was $10,334.

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

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

(Dollars in Thousands)

Note 7. Debt, Net (Continued)

Long-term debt consists of the following as of June 30, 2023:

	Interest Rates	Maturity	Beginning Balance	Additions	Retirements	Ending Balance
General Receipts Bonds of 2013A	3.79	2028-2032	$ 60,000	$ -	$ (60,000)	$ -
General Receipts Bonds of 2016	4.0 - 5.0	2023-2030	73,565	-	(10,465)	63,100
General Receipts Bonds of 2019	4.0 - 5.0	2023-2031	17,605	-	(700)	16,905
General Receipts Bonds of 2020A	5.0	2023-2050	21,835	-	(375)	21,460
General Receipts Bonds of 2020B	1.72 -3.38	2023-2042	169,220	-	(38,910)	130,310
General Receipts Bonds of 2022	5.0	2023-2036	-	44,565	-	44,565
General Receipts Bonds of 2023	4.9	2028-2032	-	60,000	-	60,000
Direct Placement:						
Ohio Air Quality Development Authority Series B – Regional Campuses	4.86	2023-2025	1,273	-	(419)	854
Ohio Air Quality Development Authority Series A – Residence Halls & Dining Svcs	2.62	2022-2025	513	-	(513)	-
Ohio Air Quality Development Authority Series B – Residence Halls & Dining Svcs	5.32	2023-2026	6,067	-	(1,476)	4,591
Ohio Air Quality Development Authority Series A – Kent Campus	1.38	2023	1,769	-	(1,769)	-
Ohio Air Quality Development Authority Series B – Kent Campus	3.65	2024-2027	7,500	-	-	7,500
Finance purchased liabilities	various	various	34,743	32	(12,528)	22,247
			395,405	104,597	(128,470)	371,532
Plus unamortized discount and premium			14,980	4,824	(4,421)	15,383
Total bonds and finance purchased liabilities			410,385	$ 109,421	$ (132,891)	386,915
Less current portion long-term debt			(28,398)			(19,514)
			$ 381,987			$ 367,401

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

(Dollars in Thousands)

Note 7. Debt, Net (Continued)

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

	Bonds			
Year	Principal	Interest	Hedging Derivatives, Net	Total
2024	$ 10,560	$ 14,119	$ (42)	$ 24,637
2025	10,100	13,687	(42)	23,745
2026	10,410	13,182	(42)	23,550
2027	10,810	12,661	(42)	23,429
2028	31,375	11,724	(37)	43,062
2029-2033	135,085	39,460	(62)	174,483
2034-2038	77,890	17,521	-	95,411
2039-2043	41,630	5,996	-	47,626
2044-2048	5,755	1,573	-	7,328
2049-2050	2,725	208		2,933
Subtotal	336,340	130,131	(267)	466,204

	Direct Placements			
Year	Principal	Interest	Hedging Derivatives, Net	Total
2024	$ 5,892	$ 1,241	$ -	$ 7,133
2025	5,531	1,002	-	6,533
2026	5,171	788	-	5,959
2027	3,665	593	-	4,258
2028	2,223	468	-	2,691
2029-2033	7,116	1,636	-	8,752
2034-2038	3,046	885	-	3,931
2039-2043	2,535	235	-	2,770
2044-2048	13	-	-	13
Subtotal	35,192	6,848	-	42,040
Total	$ 371,532	$ 136,979	$ (267)	$ 508,244

Hedging derivative instrument payments and hedged debt: As of June 30, 2023, aggregate debt service requirements of the University’s debt (fixed rate and variable rate) and net receipts/payments on associated hedging derivative instruments are shown in the previous tables. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. Refer below for information on derivative instruments (interest rate swap).

Note 7. Debt, Net (Continued)

Interest rate swap: The University entered into a 30-year interest rate swap agreement for $60,000 of the variable-rate 2002 Series General Receipts bonds. The University entered into this agreement at the same time and for the same amount of the variable rate debt, with the intent of creating a synthetic fixed-rate debt, at an interest rate that was lower than if fixed-rate debt would have been issued directly. During 2009, the interest rate swap agreement became associated with the new bonds in connection with refunding of the 2002 Series General Receipt bonds through the issuance of 2008B Series General Receipt bonds. During fiscal year 2010, the counterparty on the agreement was changed from Woodlands Commercial Bank (formerly known as Lehman Brothers Commercial Bank) to Loop Financial Products LLP. Based on the swap agreement, the University owed interest calculated at a fixed rate (3.34 percent) to the counterparty to the swap. In return, the counterparty owed the University interest based on a variable rate (67 percent of the London Inter-Bank Offered Rate (LIBOR)). In fiscal year 2023, the counterparty was changed to Deutsche Bank, and the rate was adjusted to SOFR after June 30, 2023, when LIBOR expired. The $60,000 in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The University continues to pay interest to the bondholders at the variable rate provided by the bonds. The debt service requirements to maturity for these bonds, as presented in this note, are based on that fixed rate. The notional amount on the swap is $60,000 as of June 30, 2023.

During 2023, the interest rate swap became associated with the new bonds in connection with the refunding of the 2013 Series General Receipts bonds through the issuance of the 2023 Series General Receipts bond. Due to the termination of hedge accounting from the refunding of the 2013 Series General Receipts bonds in fiscal year 2023, the University recognized $2,673 as a deferred cost of refunding (included in deferred outflows of resources) and an imputed borrowing of $3,806. The deferred cost of refunding will be amortized through 2032, which represents the maturity date of the original and refunded debt. The imputed borrowing will also be amortized through 2032.

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

As of June 30, 2023, the University has recorded a deferred inflow of resources and a related swap asset in the amount of $785 for the at-the-market swap. The change in fair value totaled $785 in fiscal year 2023.

The interest rate swap is subject to the following risks:

Interest rate risk: The University is exposed to interest rate risk. On the pay-fixed, receive-variable interest rate swap, as the interest rate decreases (LIBOR through June 30, 2023 and SOFR beginning July 1, 2023), the University's net payment on the swap increases.

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

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

(Dollars in Thousands)

Note 7. Debt, Net (Continued)

Credit risk: The University is exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the University's policy to require counterparty collateral posting provisions. The fair value of the derivative instrument was $785 at June 30, 2023 and is recorded in the statement of net position.

Note 8. Leases

The University is a lessor for noncancellable leases of equipment and office and housing space. The University leases space on its remote transmitter and receiver (RTR) facilities and radio towers as well as space in its Tolloty Technology Incubator on its Tuscarawas campus. At June 30, 2023, the University recognized lease receivables in the amount of $12,264. Revenue recognized under lease contracts during the year ended June 30, 2023, was $644, which includes both revenue and interest.

The University also leases equipment and office and housing space from others. These lease terms are set to expire in various years through 2043. A summary of changes in the lease liabilities for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current
Lease liabilities	$ 4,696	$ -	$ (493)	$ 4,203	$ 1,058

The following is a schedule by year of payments under the leases as of June 30, 2023:

Year	Principal	Interest	Total
2024	$ 1,058	$ 148	$ 1,206
2025	1,017	106	1,123
2026	616	73	689
2027	490	49	539
2028	132	38	170
2029-2033	437	141	578
2034-2038	377	43	420
2039-2043	76	6	82
Total	$ 4,203	$ 604	$ 4,807

(Dollars in Thousands)

Note 9. Subscription-Based Information Technology Arrangements

The University recognizes an intangible subscription asset and corresponding subscription liability for its subscription-based information technology agreements with others. These arrangements have terms between one and four years requiring monthly, quarterly or annual payments. The expected payments are discounted using the interest rate charged on the arrangement, if available, or are otherwise discounted using the University's incremental borrowing rate. A summary of changes in the subscription-based information technology agreement liabilities for the year ended June 30, 2023, is as follows:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Current
Subscription-based information technology liabilities	$ 4,007	$ 4,392	$ (2,867)	$ 5,532	$ 2,565

As of June 30, 2023, the principal and interest requirements for the subscriptions-based information technology agreement liabilities, net is as follows:

Year	Principal	Interest	Total
2024	$ 2,565	$ 186	$ 2,751
2025	1,953	81	2,034
2026	975	20	995
2027	39	-	39
Total	$ 5,532	$ 287	$ 5,819

Note 10. Accrued Compensated Absences

A summary of accrued compensated absences at June 30, 2023, is as follows:

Beginning balance	$ 24,350
Additions	2,902
Reductions	(2,295)
Ending balance	24,957
Less current portion	(2,078)
	$ 20,584

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

Note 11. Employee Benefit Plans

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

(Dollars in Thousands)

Note 11. Employee Benefit Plans (Continued)

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

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

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

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

Member contributions are set at the maximums authorized by the ORC. The plans' 2023 employer and member contribution rates on covered payroll to each system are:

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

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

	2023	
	Pension	OPEB
STRS	$ 16,766	$ -
OPERS	17,097	-
	$ 33,863	$ -

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

Note 11. Employee Benefit Plans (Continued)

Effective August 1, 2017-July 1, 2019, any member may retire who has: (1) five years of service credit and has attained age 60; (2) 27 years of service credit and has attained age 55; or (3) 30 years of service credit, regardless of age. Effective August 1, 2019-July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit, regardless of age. Effective August 1, 2021-July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or five years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or five years of service credit and age 60. Effective on or after August 1, 2023, any member can retire with unreduced benefits with 35 years of service credit at any age or five years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age or five years of service credit and age 60. The annual retirement allowance, payable for life, is based on the average of the member's five highest years of earnings multiplied by 2.2 percent for each year of credited service. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts.

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

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

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

OPERS benefits provided: Plan benefits are established under Chapter 145 of the ORC, as amended 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' 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 to $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

(Dollars in Thousands)

Note 11. Employee Benefit Plans (Continued)

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

Net pension (asset)/liability, deferrals and pension expense: At June 30, 2023, the University reported an (asset)/liability for its proportionate share of the net pension (asset)/liability of STRS/OPERS. For June 30, 2023, the net pension (asset)/liability was measured as of June 30, 2022 for the STRS plan, and December 31, 2022 for the OPERS plan. The total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension (asset)/liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability (Asset)	Proportionate Share	Percent Change 2023-2022
STRS	June 30	$ 209,831	0.94%	-0.04%
OPERS—traditional	December 31	205,267	0.69%	0.02%
OPERS—combined	December 31	(1,440)	0.59%	-0.02%
		$ 413,658		

(Dollars in Thousands)

Note 11. Employee Benefit Plans (Continued)

For the year ended June 30, 2023, the University recognized pension expense of $16,938 for STRS Ohio and $21,376 for OPERS. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS Ohio	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	$ 2,686	$ 7,026	$ 9,712
Changes in assumptions	25,110	2,264	27,374
Net difference between projected and actual earnings on pension plan investments	7,302	59,036	66,338
Changes in proportion and differences between University contributions and proportionate share of contributions	584	2,831	3,415
University contributions subsequent to the measurement date	16,766	8,531	25,297
Total	$ 52,448	$ 79,688	$ 132,136
Deferred inflows of resources:			
Differences between expected and actual experience	$ 803	$ 200	$ 1,003
Changes in assumptions	18,900	-	18,900
Changes in proportion and differences between University contributions and proportionate share of contributions	19,060	1,628	20,688
Total	$ 38,763	$ 1,828	$ 40,591

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

	STRS Ohio	OPERS	Total
Years ending June 30,			
2024	$ (7,259)	$ 8,142	$ 883
2025	(5,883)	14,629	8,746
2026	(11,219)	17,425	6,206
2027	21,280	28,956	50,236
2028	-	57	57
Thereafter	-	120	120
Total	$ (3,081)	$ 69,329	$ 66,248

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

(Dollars in Thousands)

Note 11. Employee Benefit Plans (Continued)

Net OPEB (asset)/liability, deferred outflows of resources, deferred inflows or resources, and OPEB expense: At June 30, 2023, the University reported an asset for its proportionate share of the net OPEB asset of STRS and a liability for its proportionate share of the net OPEB liability of OPERS. For June 30, 2023, the net OPEB (asset)/liability was measured as of June 30, 2022 for STRS, and December 31, 2022, for the OPERS plan. The total OPEB (asset)/liability used to calculate the net OPEB (asset)/liability was determined by an actuarial valuation as of June 30, 2022 for STRS, while OPERS used an actuarial valuation dated December 31, 2021, rolled forward to the measurement date (December 31, 2022) by incorporating the expected value of health care cost accruals, the actual health care payments and interest accruals during the year for the defined benefit health care plans.

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

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

For plan year ended December 31, 2022, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS's calculation of the employers' proportionate share is based on the total contributions to the plan for both pension and OPEB.

Plan	Measurement Date	Net OPEB (Asset)/Liability	Proportionate Share	Percent Change 2023-2022
STRS	June 30	$ (24,441)	0.94%	-0.04%
OPERS	December 31	4,324	0.69%	0.03%
		$ (20,117)		

(Dollars in Thousands)

Note 11. Employee Benefit Plans (Continued)

For the year ended June 30, 2023, the University recognized a decrease in OPEB expense of ($4,541) for STRS Ohio and ($12,553) for OPERS. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	STRS Ohio	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	$ 354	$ -	$ 354
Changes in assumptions	1,041	4,223	5,264
Net difference between projected and actual investment earnings	425	8,588	9,013
Changes in proportion and differences between University contributions and proportionate share of contributions	31	15	46
Total	$ 1,851	$ 12,826	$ 14,677
Deferred inflows of resources:			
Differences between expected and actual experience	$ 3,671	$ 1,078	$ 4,749
Changes in assumptions	17,331	348	17,679
Changes in proportion and differences between University contributions and proportionate share of contributions	345	256	601
Total	$ 21,347	$ 1,682	$ 23,029

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

	STRS Ohio	OPERS	Total
Year ending June 30,			
2024	$ (5,739)	$ 1,418	$ (4,321)
2025	(5,654)	2,894	(2,760)
2026	(2,690)	2,683	(7)
2027	(1,094)	4,149	3,055
2028	(1,432)	-	(1,432)
Thereafter	(2,887)	-	(2,887)
Total	(19,496)	11,144	(8,352)

(Dollars in Thousands)

Note 11. Employee Benefit Plans (Continued)

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

	STRS	OPERS
Valuation date—Pension	June 30, 2022	December 31, 2022
Valuation date—OPEB	June 30, 2022	December 31, 2021
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	2.05 percent – 3.00 percent
Salary increases, including inflation	2.50 percent - 8.50 percent	2.75 percent – 10.75 percent
Inflation	2.50 percent	2.75 percent
Investment rate of return—Pension	7.00 percent, net of investment expense, including inflation	6.90 percent, net of investment expense, including inflation
Investment rate of return—OPEB	7.00 percent, net of investment expense, including inflation	6.00 percent, net of investment expense, including inflation
Health care cost trend rate	-68.78 percent to -5.47% percent initial, 3.94 percent ultimate	5.50 percent initial, 3.50 percent ultimate in 2036
Experience study date	Period of 5 years ended June 30, 2021	Period of 5 years ended December 31, 2020
Mortality basis	Post-Retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020 Pre-Retirement mortality rates are based on the Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020 Post-Retirement Disabled mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

Pension discount rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the net pension liability for STRS was 7.00 percent for the plan year ended June 30, 2022. The discount rate used to measure the net pension asset/liability for OPERS was 6.90 percent for the plan year ended December 31, 2022.

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

(Dollars in Thousands)

Note 11. Employee Benefit Plans (Continued)

The discount rate used to measure the STRS OPEB asset was 7.00 percent for the plan year ended June 30, 2022. At June 30, 2022, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset/liability.

The discount rate used to measure the OPERS OPEB liability was 5.22 percent for the plan year ended December 31, 2022. This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following table as of the dates listed below:

	STRS - As of June 30, 2022			OPERS - As of December 31, 2022			
				Defined Benefit Portfolio		Health Care Portfolio	
Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	26.00%	6.60%	Fixed income	22.00%	2.62%	34.00%	2.56%
International equity	22.00%	6.80%	Domestic equities	22.00%	4.60%	26.00%	4.60%
Alternatives/Private Equity	19.00%	7.38%	Real estate/REITs	13.00%	3.27%	7.00%	4.70%
Fixed income	22.00%	1.75%	Alternatives/Private Equity	15.00%	7.53%	0.00%	0.00%
Real estate	10.00%	5.75%	International equity	21.00%	5.51%	25.00%	5.51%
Other	1.00%	1.00%	Risk Parity	2.00%	4.37%	2.00%	4.37%
			Other investments	5.00%	3.27%	6.00%	1.84%
Total	100%		**Total**	100%		100%	

(Dollars in Thousands)

Note 11. Employee Benefit Plans (Continued)

Sensitivity of the net pension (asset)/liability to changes in the discount rate at June 30, 2023: The following presents the net pension (asset)/liability of the University, calculated using the discount rate listed below, as well as what the University's net pension (asset)/liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
STRS	6.00%	$ 316,979	7.00%	$ 209,831	8.00%	$ 119,218
OPERS—traditional	5.90%	307,482	6.90%	205,267	7.90%	120,241
OPERS—combined	5.90%	(756)	6.90%	(1,440)	7.90%	(1,981)
		$ 623,705		$ 413,658		$ 237,478

Sensitivity of the net OPEB (asset)/liability to changes in the discount rate at June 30, 2023: The following presents the net OPEB (asset)/liability of the University, calculated using the discount rate listed below, as well as what the University's net OPEB asset would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
STRS	6.00%	$ (22,595)	7.00%	$ (24,441)	8.00%	$ (26,022)
OPERS	4.22%	14,717	5.22%	4,324	6.22%	(4,252)
		$ (7,878)		$ (20,117)		$ (30,274)

Sensitivity of the net OPEB (asset)/liability to changes in the health care cost trend rate at June 30, 2023: The following presents the net OPEB (asset)/liability of the University, calculated using the healthcare cost trend rate listed below, as well as what the University's net OPEB (asset)/liability would be if it were calculated using a health care trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00% Decrease	Current Trend Rate	1.00% Increase
STRS	$ (25,351)	$ (24,441)	$ (23,292)
OPERS	4,053	4,324	4,629
	$ (21,298)	$ (20,117)	$ (18,663)

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, 2022 and December 31, 2022, respectively, certain assumption changes were made by the plans. STRS mortality tables, projected salary increases and trend rates were updated based on a new experience study, which impacted the annual actuarial valuation for Pension and OPEB prepared as of June 30, 2022. The OPERS OPEB discount rate decreased from 6.00 percent to 5.22 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2022.

Note 11. Employee Benefit Plans (Continued)

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

Changes since the measurement date: There were no significant changes since the measurement date.

Payable to the pension plan: At June 30, 2023, the University reported a payable of $8,082 for the outstanding amount of contributions to the pension plans. There were no amounts due to the OPEB plans at June 30, 2023.

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

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of seven private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Department of Higher Education. That amount is 2.91 percent for STRS for the year ended June 30, 2023, and 2.24 percent for OPERS for the year ended June 30, 2023. The employer also contributes what would have been the employer's contribution under STRS or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting. The ARP does not provide disability benefits, survivor benefits, or postretirement healthcare. Benefits are entirely dependent on the sum of the contributions and investment returns earned by each participant's choice of investment options. STRS and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. For the year ended June 30, 2023, the pension expense for the ARP totaled $9,861.

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

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

(Dollars in Thousands)

Note 11. Employee Benefit Plans (Continued)

Therefore, in accordance with GASB Statement No. 97, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32*, the assets of this program are not reported in the accompanying financial statements.

At June 30, 2023, the amounts on deposit with the Ohio Public Employees Deferred Compensation Board were $30,644, which represents the fair market value as of that date.

Note 12. Contingencies and Commitments

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

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

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

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

	2023	2022
Liability at beginning of year	$ 12,373	$ 12,927
Claims incurred	79,888	72,016
Claims paid	(77,758)	(72,570)
Liability at end of year	$ 14,503	$ 12,373

As of June 30, 2023, the University had commitments related to construction projects totaling $80,486. These projects will be funded from a variety of sources.

The Federal Perkins Loan Program expired on September 30, 2017. As of June 30, 2023, the University has made $4,400 in institutional capital contributions, which are reflected as part of the University's net position. Under guidance issued by the Department of Education, at the time the University liquidates the loan portfolio and assigns the student loans to the Department of Education, the University will be forgoing its institutional capital contributions not yet received back through loan collections.

Note 13. Related Party Transactions

In January 2016, the University and the Foundation entered into a sublease agreement for building space in the Center of Philanthropy and Alumni Engagement. The lease meets the capitalization criteria and is recorded as an asset and liability at fair value on the Foundation's financial statements. The value of the building and the balance of the liability as of June 30, 2023 was $7,784 and $8,027, respectively. The University has recorded the expected payments within the lease receivable caption on the statement of net position.

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

Note 14. Component Units

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

Assets totaling $315,802 at June 30, 2023, most of which have been restricted by donors for specific purposes, are presented separately. The University receives financial support from gifts to the Foundation specifically restricted by donors for University use, including scholarships and private grants.

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

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

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

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

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

(Dollars in Thousands)

Note 14. Component Units (Continued)

The following table present information about the investments and liabilities measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Exchange traded funds	$ 2,633	$ -	$ -	$ 2,633
Mutual funds:				
Multi-asset funds	672	-	-	672
International equity funds	2,696	-	-	2,696
Total investments by fair value level	$ 6,001	$ -	$ -	6,001
Cash and cash equivalents				2,747
Investments measured at fair value based on net asset value (NAV): [a]				
Private equity				42,749
Commingled asset funds				176,123
Real assets				17,278
Total investments measured at NAV				236,150
Total investment assets				$ 244,898
Investment liabilities:				
Charitable remainder trusts	$ -	$ -	$ 1,166	$ 1,166
Charitable gift annuities	-	-	1,452	1,452
Total investment liabilities	$ -	$ -	$ 2,618	$ 2,618

[a] In accordance with ASC Subtopic 820-10, certain investments that are measured at 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 amounts presented in the statement of net position.

The following table sets forth the significant terms of the agreements with non-publicly traded funds reported at fair value based on net asset value at June 30, 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Private equity	$ 42,749	$ 27,933	5+ years	not applicable
Commingled asset funds	176,123	-	quarterly	90 days
Real assets	12,623	-	quarterly	90 days
Real assets (private)	4,655	5,860	5+ years	not applicable
Total	$ 236,150	$ 33,793		

(Dollars in Thousands)

Note 14. Component Units (Continued)

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

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

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

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

Restricted net positions of the Foundation are principally related to scholarships, specific schools within the University, department chairs and various other purposes. Net positions were as follows at June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions
Available for expenditure:		
Current operations	$ 19,516	$ 52,945
Term endowments	2,510	57,042
Accumulated earnings on endowments	-	36,256
Real estate	549	1,887
	22,575	148,130
Unavailable for expenditure:		
Endowments	-	78,590
Trusts	-	1,467
Beneficial interest in perpetual trusts	-	4,807
Uncollected pledges, net	-	36,359
	-	121,223
	$ 22,575	$ 269,353

(Dollars in Thousands)

Note 14. Component Units (Continued)

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

Statement of Net Position (condensed):	
Total assets	$ 3
Total liabilities	3
Net position	$ -
Statement of Revenues, Expenses and Changes in Net Position (condensed):	
Operating revenues	$ 510
Operating expenses	367
Operating income	143
Transfers to the University	(143)
Change in net position	$ -

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

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

The KSU Research Corporation is a separate not-for-profit entity that supports scholarly research activity for the benefit of the University. Under the provisions of GASB 61, the KSU Research Corporation has been determined to be a blended component of the University. Condensed financial statement information for the KSU Research Corporation is presented below:

Statement of Net Position (condensed):	
Total assets	$ 821
Total liabilities	-
Net position	$ 821
Statement of Revenues, Expenses and Changes in Net Position (condensed):	
Operating revenues	$ 350
Operating expenses	92
Operating income	258
Transfers to the University	(33)
Change in net position	$ 225

Required Supplementary Information

Kent State University

Retirement Plan Data
Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014
(Dollars in Thousands)

	2022		2021		2020		2019		2018		2017		2016		2015		2014	
	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS
Plan year end	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30	December 31,	June 30,
University's proportion of the collective net pension liability:																		
As a percentage	0.694875%	0.943905%	0.671566%	0.975149%	0.715525%	1.065073%	0.855023%	1.057958%	0.757658%	1.126500%	0.847190%	1.135790%	0.866780%	1.151210%	0.879430%	1.165490%	0.853250%	1.570200%
Amount	$ 203,827	$ 209,831	$ 55,920	$ 124,682	$ 103,800	$ 257,710	$ 167,315	$ 233,961	$ 206,691	$ 247,693	$ 131,735	$ 269,810	$ 196,348	$ 385,343	$ 151,914	$ 322,106	$ 102,582	$ 281,426
University's covered payroll (based on the plan year-end)	$ 138,901	$ 157,602	$ 130,007	$ 152,813	$ 135,330	$ 150,091	$ 145,213	$ 158,816	$ 145,858	$ 149,310	$ 145,395	$ 155,814	$ 144,315	$ 151,084	$ 140,497	$ 145,798	$ 136,758	$ 142,396
University's proportional share of the collective pension liability (amount) as a percentage of the University's covered payroll	146.74%	133.14%	43.01%	81.59%	76.70%	171.70%	115.22%	147.32%	141.71%	165.89%	90.60%	173.16%	136.06%	255.05%	108.13%	220.93%	75.01%	197.64%
Fiduciary net position as a percentage of the total pension liability	76.07%	78.90%	93.01%	87.80%	87.21%	75.50%	82.44%	77.40%	74.91%	77.30%	84.85%	75.29%	77.39%	66.80%	81.17%	72.10%	86.53%	74.70%

Schedule of the University's Contributions

	2023		2022		2021		2020		2019		2018		2017		2016		2015	
	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS
Statutorily required contribution	$ 17,097	$ 16,766	$ 15,686	$ 17,188	$ 14,798	$ 16,843	$ 17,099	$ 17,918	$ 17,322	$ 17,272	$ 16,604	$ 17,935	$ 15,262	$ 16,528	$ 16,680	$ 16,959	$ 16,360	$ 17,022
Contributions in relation to the actuarially determined contractually required contribution	$ 17,097	$ 16,766	$ 15,686	$ 17,188	$ 14,798	$ 16,843	$ 17,099	$ 17,918	$ 17,322	$ 17,272	$ 16,604	$ 17,935	$ 15,262	$ 16,528	$ 16,680	$ 16,959	$ 16,360	$ 17,022
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll (based on the University's fiscal year-end)	$ 142,963	$ 157,602	$ 132,859	$ 152,813	$ 127,745	$ 150,091	$ 146,329	$ 158,816	$ 146,462	$ 149,310	$ 144,780	$ 155,814	$ 146,087	$ 151,084	$ 142,041	$ 145,798	$ 139,224	$ 142,396
Contributions as a percentage of covered employee payroll	11.96%	10.64%	11.81%	11.25%	11.58%	11.22%	11.69%	11.28%	11.83%	11.57%	11.47%	11.51%	10.45%	10.94%	11.74%	11.63%	11.75%	11.95%

Notes to required supplementary information:

For the year ended June 30, 2023
Changes in assumptions: During the plan years ended, STRS mortality tables, projected salary increases and trend rates were updated based on a new experience study, which impacted the annual actuarial valuation for the retirement plans.

Kent State University

OPEB Plan Data
Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018 and 2017
(Dollars in Thousands)

	2022		2021		2020		2019		2018		2017	
	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS
Plan year end	December 31	June 30	December 31	June 30	December 31	June 30	December 31	June 30	December 31	June 30	December 31	June 30
University's proportion of the collective net OPEB liability (asset):												
As a percentage	0.685786%	0.943907%	0.662919%	0.975149%	0.707112%	1.065073%	0.844741%	1.057958%	0.930010%	1.126500%	0.841280%	1.135790%
Amount	$ 4,324	(24,441)	$ (20,763)	(20,560)	$ (12,598)	(18,719)	$ 116,681	(17,522)	121,253	(18,089)	91,357	44,315
University's covered payroll (based on the plan year-end)	$ 138,901	157,602	$ 130,007	152,813	$ 135,330	150,091	$ 145,213	158,816	145,848	149,310	145,395	155,814
University's proportional share of the collective OPEB liability/(asset) (amount), as a percentage of the University's covered-employee payroll	3.11%	-15.51%	-15.97%	-13.45%	-9.31%	-12.47%	80.35%	-11.03%	83.14%	-12.12%	62.83%	28.44%
Fiduciary net position as a percentage of the total OPEB liability/(asset)	94.79%	230.70%	128.23%	174.73%	115.57%	182.13%	47.80%	174.70%	46.33%	176.00%	54.14%	47.11%

Schedule of the University's Contributions

	2023		2022		2021		2020		2019		2018	
	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS
Statutorily required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 589	$ -
Contributions in relation to the actuarially determined contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 589	$ -
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll (based on the University's fiscal year-end)	$ 142,963	$ 157,602	$ 132,859	$ 152,813	$ 127,745	$ 150,091	$ 146,329	$ 158,816	$ 146,462	$ 149,310	$ 144,780	$ 155,814
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.41%	0.00%

Notes to required supplementary information:

For the year ended June 30, 2023
Changes in assumptions: During the plan years ended, STRS mortality tables, projected salary increases and trend rates were updated based on a new experience study, which impacted the annual actuarial valuation for the OPEB plans. In addition, the discount rate decreased from 6.00 to 5.22 percent for OPERS.

Supplementary Information

Kent State University

Uniform Guidance Requirements

Kent State University

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Student Financial Assistance Cluster				
U.S. Department of Education				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ -	$ 1,307,651
Federal Work-Study Program	84.033	N/A	-	1,569,873
Federal Perkins Loan Program:				
Loans outstanding at the beginning of the year	84.038	N/A	-	16,205,925
Federal Pell Grant Program	84.063	N/A	-	38,883,322
Federal Direct Student Loans	84.268	N/A	-	157,660,706
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	N/A	-	120,647
Total U.S. Department of Education			-	215,748,124
U.S Department of Health and Human Services				
Health Professions Student Loans, including Primary Care Loans and Loans for Disadvantaged Students	93.342	N/A	-	3,027,776
Health Professions Student Loans, including Primary Care Loans and Loans for Disadvantaged Students	93.342	N/A	-	270,601
			-	3,298,377
Nursing Student Loans	93.364	N/A	-	2,483,156
Total U.S. Department of Health and Human Services			-	5,781,533
Total Student Financial Assistance Cluster			-	221,529,657
Research and Development Cluster				
U.S. Department of Agriculture				
Pass-through Programs from:				
University of Connecticut - Agriculture and Food Research Initiative (AFRI)	10.310	CA-200165	-	3,800
The Ohio State University - Regional Conservation Partnership Program	10.932	KSU410910	-	19,402
Total U.S. Department of Agriculture			-	23,202
U.S. Department of Commerce				
Climate and Atmospheric Research	11.431	N/A	-	97,548
Pass-through Programs from:				
The Ohio State University - Sea Grant Support	11.417	60078675-GR120798	-	453
The Ohio State University - Sea Grant Support	11.417	60063785	-	22,254
			-	22,707
The Ohio State University - Coastal Zone Management Administration Awards	11.419	SPC-1000005878 GR125457	-	26,498
Total U.S. Department of Commerce			-	146,753
U.S. Department of Defense				
Basic and Applied Scientific Research	12.300	N/A	-	(7,105)
Military Medical Research and Development	12.420	N/A	-	258,247
Mathematical Sciences Grants	12.901	N/A	-	6,400
Pass-through Programs from:				
University of Massachusetts - Basic and Applied Scientific Research	12.300	18-010467 E 00	-	229,344
Lee Moffitt Cancer Center - Military Medical Research and Development	12.420	12-18717-99-01-G3	-	59,358
Northeast Ohio Medical University - Military Medical Research and Development	12.420	G020-A	-	10,000
			-	69,358
Aerodynamic Technologies LLC - Department of Defense Contract	12.U01	KSU410429	-	56,003
AlphaMicron, Incorporated - Department of Defense Contract	12.U02	EDEPD STTR PII-01	-	508
Defense Engineering Corp. - Department of Defense Contract	12.U03	J049	-	13,423
Defense Engineering Corp. - Department of Defense Contract	12.U04	YP001-19-STTR	-	26,772
Powdermet Inc - Department of Defense Contract	12.U05	YP001-20-STTR	-	19,219
Yanhai Power LLC - Department of Defense Contract	12.U06	POWDERMET-KSU-21	-	8,524
			-	124,449
Total U.S. Department of Defense			-	680,693
U.S. Department of the Interior				
U.S. Geological Survey Research and Data Collection	15.808	N/A	-	37,237
Pass-through Programs from:				
The Ohio State University - Assistance to State Water Resources Research Institutes	15.805	GR129183 | SPC1000007101	-	6,564
Total U.S. Department of the Interior			-	43,801

(Continued)

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Justice				
Pass-through Programs from:				
Ohio Office of Criminal Justice Services - Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-JG-E01-V6031	$ -	$ 17,300
Total U.S. Department of Justice			-	17,300
U.S. Department of State				
Pass-through Programs from:				
University of Fort Hare - Public Diplomacy Programs	19.040	KSU-412647	-	30,818
Total U.S. Department of State			-	30,818
National Aeronautics and Space Administration				
Science	43.001	N/A	-	55,017
Space Operations	43.007	N/A	-	69,637
Pass-through Programs from:				
Ohio Space Grant Consortium - NASA Contract	43.000	KSU418800	-	705
Ohio Space Grant Consortium - NASA Contract	43.000	KSU418810	-	1,207
Ohio Space Grant Consortium - NASA Contract	43.000	KSU418802	-	2,306
Ohio Space Grant Consortium - NASA Contract	43.000	KSU418775	-	4,038
Ohio Space Grant Consortium - NASA Contract	43.000	KSU418811	-	4,466
			-	12,722
University of the Virgin Island - Office of Stem Engagement (OSTEM)	43.008	219014-02	-	26,132
Total National Aeronautics and Space Administration			-	163,508
Institute of Museum and Library Services				
National Leadership Grants	45.312	N/A	-	28,475
Laura Bush 21st Century Librarian Program	45.313	N/A	19,668	92,714
Total Institute of Museum and Library Services			19,668	121,189
National Science Foundation				
Engineering	47.041	N/A	-	737,039
Mathematical and Physical Sciences	47.049	N/A	-	1,572,048
Geosciences	47.050	N/A	-	96,830
Computer and Information Science and Engineering	47.070	N/A	16,416	1,177,461
Biological Sciences	47.074	N/A	59,368	354,126
Social, Behavioral, and Economic Sciences	47.075	N/A	19,458	278,294
Education and Human Resources	47.076	N/A	195,701	965,389
Polar Programs	47.078	N/A	-	7,471
Office of International Science and Engineering	47.079	N/A	-	60,424
National Science Foundation Contract	47.U01	N/A	-	69,956
Pass-through Programs from:				
The University of Akron - Engineering	47.041	U01	-	1,000
US-Ireland R&D Partnership - Mathematical and Physical Sciences	47.049	2211347	-	64,302
Wayne State University - Mathematical and Physical Sciences	47.049	WSU20078	-	112,228
			-	176,530
Trustees of Columbia University in the City of New York - Geosciences	47.050	115(GG09393-04)	-	1,709
University of Texas as Austin - Geosciences	47.050	UTAUS-SUB00000359	-	4,215
			-	5,924
The Board of Trustees of the University of Illinois - Computer and Information Science and Engineering	47.070	106262-18718	-	17,631
Northeast Ohio Medical University - Biological Sciences	47.074	G0215-A	-	1,413
The University of Tennessee, Knoxville - Polar Programs	47.078	A20-0621-S001	-	89,015
University of Delaware - Office of International Science and Engineering	47.079	51689	-	46,027
Total National Science Foundation			290,943	5,656,578
U.S. Department of Veterans Affairs				
Pass-through Programs from:				
Louis Stokes Cleveland VA Medical Center - Depatment of Veterans Affairs Contract	64.U01	21105-001	-	33,616
Total U.S. Department of Veterans Affairs			-	33,616

(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Environmental Protection Agency				
Pass-through Programs from:				
The Ohio State University - Geographic Programs - Great Lakes Restoration Initiative	66.469	SPC-1000007573 | GR130249	$ -	$ 37,221
Total Environemental Protection Agency			-	37,221
U.S. Department of Energy				
Intergovernmental Personnel - Department of Energy	81.U01	N/A	-	375,983
Office of Science Financial Assistance Program	81.049	N/A	99,537	740,751
Pass-through Programs from:				
Brookhaven National Laboratory - Department of Energy	81.U02	378546	-	16,424
Precision Combustion, Inc. - Office of Science Financial Assistance Program	81.135	371	-	9,299
Total U.S. Department of Energy			99,537	1,142,457
U.S. Department of Education				
Education Research, Development and Dissemination	84.305	N/A	8,656	38,605
Pass-through Programs from:				
Ohio Department Of Education - Special Education Grants to States	84.027	CSP909314	-	53,655
Ohio Department Of Education - Special Education Grants to States	84.027	CSP007848	-	91,790
			-	145,445
University of Florida - Research in Special Education	84.324	UFDSP00012193	-	194,224
The University of Akron - English Language Acquisition State Grants	84.365	542324	-	23,626
Luminary Labs, LLC - Department of Education Contract	84.000	KSU413393	-	7,253
Total U.S. Department of Education			8,656	409,153
U.S. Department of Health and Human Serivces				
Research Related to Deafness and Communication Disorders	93.173	N/A	-	80,617
Research on Healthcare Costs, Quality and Outcomes	93.226	N/A	33,406	430,252
Mental Health Research Grants	93.242	N/A	191,846	683,479
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	-	439,035
Nursing Research	93.361	N/A	3,534	106,280
Cancer Detection and Diagnosis Research	93.394	N/A	-	153,493
Cancer Treatment Research	93.395	N/A	-	138,170
Cancer Biology Research	93.396	N/A	148,938	279,157
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	N/A	54,054	335,406
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	-	138,263
Allergy and Infectious Diseases Research	93.855	N/A	5,110	9,963
Biomedical Research and Research Training	93.859	N/A	-	1,358,723
Child Health and Human Development Extramural Research	93.865	N/A	-	467,726
Aging Research	93.866	N/A	575,688	1,337,826
Pass-through Programs from:				
Mental Health (MH) and Recovery Services Board of Stark County - Comprehensive Community MH Services f	93.104	KSU416450	-	17,600
Mental Health (MH) and Recovery Services Board of Stark County - Comprehensive Community MH Services f	93.104	KSU416462	-	25,055
				42,655
University of Kentucky - Environmental Health	93.113	3200002784-20-082	-	448
Gateway Technology - Research Related to Deafness and Communication Disorders	93.173	KSU001-GBI	-	19,047
HabitAware, Inc. - Mental Health Research Grants	93.242	KSU-SUB0001	-	39,328
Health Recovery Services, Inc. - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	PS-1028	-	62,611
Mental Health & Recovery Board of Portage County - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	KSU416451	-	110,989
University of Memphis - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	A22-0067-S001-A01	-	10,892
University of Memphis - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	A22-0066-S001-A01	-	10,925
			-	195,417
Northeas Ohio Medical Univesity - Alcohol Research Programs	93.273	G0476-A	-	1,580
Richland Public Health - Drug-Free Communities Support Program Grants	93.276	1H79SP081858-01-KSU	-	13,276
University of Connecticut - Drug Abuse and Addiction Research Programs	93.279	165109478	-	30,823

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Ponce Health Sciences University - Minority Health and Health Disparities Research	93.307	8645	$ -	$ 7,768
Ponce Health Sciences University - Minority Health and Health Disparities Research	93.307	8634	-	15,537
			-	23,305
The Ohio State University - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	51365	-	253,418
The Ohio State University - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	GR124411/SPC-1000005260	-	839
			-	254,257
Research	93.433	FP00010656_SA001	-	129,675
Research	93.433	FP00010584_SA002	-	165,709
			-	295,384
Northeast Ohio Medical University - Mental and Behavioral Health Education and Training Grants	93.732	G0443-MM	-	3,599
Northeast Ohio Medical University - Mental and Behavioral Health Education and Training Grants	93.732	G0443-B	-	10,191
			-	13,790
Northwestern University - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	60054977 KSU	-	1,216
Northwestern University - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	60054977 KSU	-	15,167
			-	16,383
Cleveland State University - Biomedical Research and Research Training	93.859	KSU467988	-	22,965
Cleveland State University - Biomedical Research and Research Training	93.859	200002142	-	38,436
			-	61,401
Gateway Technology - Aging Research	93.866	KSU418807	-	38,884
MD Anderson Cancer Center - Aging Research	93.866	3001715043	-	271,430
University of Florida - Aging Research	93.866	SUB00002669	-	6,269
			-	316,583
Minnesota Department of Health - Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	177821	-	(4,150)
Maryland Department of Health - Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	OPASS-21-19153G	-	72,163
			-	68,013
Indiana State Department of Health - Maternal and Child Health Services Block Grant to the States	93.994	55462	-	161,543
Total U.S. Department of Health and Human Serivces			1,012,576	7,511,623
Total Research and Development Cluster			1,431,380	16,017,912
U.S. Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster				
Pass-through Program from:				
Stark County Regional Planning - Community Development Block Grants/Entitlement Grants - Cluster	14.218	KSU467982	-	32,000
U.S. Department of Education				
TRIO Cluster				
TRIO Student Support Services	84.042	N/A	-	468,966
TRIO Upward Bound	84.047	N/A	-	1,324,154
TRIO Educational Opportunity Centers	84.066	N/A	-	342,050
TRIO McNair Post-Baccalaureate Achievement	84.217	N/A	-	311,797
Total TRIO Cluster			-	2,446,967
U.S. Department of Health and Human Services				
Medicaid Cluster				
Pass-through Program from:				
The Ohio State University - Medical Assistance Program	93.778	GR126219	-	5,715
The Ohio State University - Medical Assistance Program	93.778	SPC-1000006773 GR127477	-	14,640
			-	20,355
Other Programs				
U.S. Department of Agriculture				
Distance Learning and Telemedicine Loans and Grants	10.855	N/A	-	188,169
Pass-through Programs from:				
Cleveland Metroparks - Forest Health Protection	10.680	KSU415706	-	5,011
Total U.S. Department of Agriculture			-	193,180

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of the Interior				
Pass-through Programs from:				
National Writing Project - National Park Service Conservation, Protection, Outreach, and Education	15.954	97-OH03-NPS2021	$ -	$ 205
National Writing Project - National Park Service Conservation, Protection, Outreach, and Education	15.954	KSU415704	-	3,208
Total U.S. Department of the Interior			-	3,413
U.S. Department of Justice				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	N/A	-	72,825
U.S. Department of Labor				
Occupational Safety and Health Susan Harwood Training Grants	17.502	N/A	-	33,335
U.S. Department of State				
Public Diplomacy Programs	19.040	N/A	-	35,282
Pass-through Programs from:				
Partners of the Americas Inc. - Public Diplomacy Programs	19.040	100K-254COL-03	-	10,522
				45,804
Pass-through Programs from:				
International Research & Exchange Board, Incorporated - Academic Exchange Programs - Undergraduate Programs	19.009	KSU418602	-	26,773
World Learning - Academic Exchange Programs - Undergraduate Programs	19.009	KSU418631	-	66,173
			-	92,946
Institute of International Education - Academic Exchange Programs - Graduate Students	19.400	3000287544	-	7,427
International Research & Exchange Board, Incorporated - Academic Exchange Programs - Teachers	19.408	FY21-FTEA-ML-KSU-01	-	23,955
Total U.S. Department of State			-	170,132
U.S. Department of Transportation				
Airport Improvement Program	20.106	N/A	-	170,610
Pass-through Programs from:				
Embry-Riddle Aeronautical University - Air Transportation Centers of Excellence	20.109	61685-KSU	-	7,904
Total U.S. Department of the Transportation			-	178,514
U.S. Department of the Treasury				
Pass-through Programs from:				
COVID-19 - Ohio Ofice of Criminal Justice Services - Coronavirus Relief Fund	21.019	2022-AR-LEP-999	-	250,581
COVID-19 - City of Akron - Coronavirus State and Local Fiscal Recovery Funds	21.027	SC2023-000188	-	912
Total U.S. Department of the Treasury			-	251,493
National Aeronautics and Space Administration				
Pass-through Programs from:				
Ohio Space Grant Consortium - Office of Stem Engagement (OSTEM)	43.008	KSU411814	-	18,500
Total National Aeronautics and Space Administration			-	18,500
National Endowment for the Arts				
Promotion of the Arts Grants to Organizations and Individuals	45.024	N/A	-	49,896
Pass-through Programs from:				
Arts Midwest - Promotion of the Arts Grants to Organizations and Individuals	45.024	00029712	-	1,308
Arts Midwest - Promotion of the Arts Grants to Organizations and Individuals	45.024	00031791	-	2,500
			-	3,808
			-	53,704
Arts Midwest - Promotion of the Arts Partnership Agreements	45.025	00032312	-	4,000
Total National Endowment for the Arts			-	57,704
National Endowment for the Humanities				
Pass-through Program from:				
Ohio Humanities Council - Promotion of the Humanities Federal/State Partnership	45.129	ME21-035	-	291
Total National Endowment for the Humanities			-	291

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Institute of Museum and Library Services				
Pass-through Programs from:				
State Library of Ohio - Grants to States	45.310	54-22	$ -	$ (946)
State Library of Ohio - Grants to States	45.310	VIII-46-21	-	40
State Library of Ohio - Grants to States	45.310	55-22	-	181
	45.310	L-51-23	-	2,000
			-	1,275
WGBH Educational Foundation - Laura Bush 21st Century Librarian Program	45.313	K201066	-	11,102
Total Institute of Museum and Library Services			-	12,377
National Science Foundation				
Pass-through Programs from:				
Missouri State University - STEM Education (formerly Education and Human Resources)	47.076	21105-001	-	34,788
U.S. Small Business Administration				
Shuttered Venue Operators Grant Program	59.075	N/A	-	(5,281)
Pass-through Programs from:				
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU487956	-	1
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU418783	-	1
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-336	-	189
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU487908	-	2,490
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-334	-	42,924
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU418795	-	24,582
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU487970	-	92,486
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU487963	-	145,944
			-	308,617
Total U.S. Small Business Administration			-	303,336
U.S. Department of Education				
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	N/A	19,722	185,710
Postsecondary Education Scholarships for Veteran's Dependents	84.408	P408A220339	-	6,501
Education Stabilization Fund: COVID-19 Higher Education Emergency Relief Fund (HEERF) - Student Aid Portion	84.425E	N/A	-	1,538,926
Education Stabilization Fund: COVID-19 Higher Education Emergency Relief Fund (HEERF) - Institutional Portion	84.425F	N/A	-	2,086,690
			-	3,625,616
Pass-through Programs from:				
Education Stabilization Fund: Ohio Department of Higher Education - COVID-19 HEERF - Governor's Emergency Education Relief Fund	84.425C	KSU417615	-	(8,360)
Education Stabilization Fund: Ohio Department of Higher Education - COVID-19 HEERF - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	KSU415707	-	48,690
Education Stabilization Fund: Ohio Department of Higher Education - COVID-19 HEERF - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	KSU415711	-	154,418
Education Stabilization Fund: Terra State Community College - COVID-19 HEERF Elementary and Secondary School Emergency Relief Fund	84.425D	KSU415701	-	1,078
			-	195,826
			-	3,821,442
Ohio Department Of Education - Adult Education - Basic Grants to States	84.002	KSU413924	33,089	41,525
Ohio Department Of Education - Adult Education - Basic Grants to States	84.002	KSU413925	293,967	933,341
			327,056	974,866
Ohio Department Of Education - Career and Technical Education -- Basic Grants to States	84.048	KSU415698	-	11,156
Ohio Department Of Education - Career and Technical Education -- Basic Grants to States	84.048	KSU415710	-	99,580
			-	110,736
Ohio Department of Higher Education - Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	KSU417202	-	125,056
Total U.S. Department of Education			346,778	5,224,311
U.S. Department of Health and Human Serivces				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	534,766	641,821
Advanced Nursing Education Workforce Grant Program	93.247	N/A	462,197	510,808
Mental and Behavioral Health Education and Training Grants	93.732	N/A	-	278,506
Pass-through Programs from:				
National Association of Cuonty & City Health Officials - Strengthening Public Health Systems and Services	93.421	2022-031125	-	61,476
The MetroHealth System - Public Health Training Centers Program	93.516	9971011102	-	81,641
Total U.S. Department of Health and Human Serivces			996,963	1,574,252
Total Other Programs			1,343,741	8,128,451
Total Expenditures of Federal Awards			$ 2,775,121	$ 248,175,342

See notes to the schedule of expenditures of federal awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Kent State University (the University) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

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

Note 4. Federal Perkins Loan Program

The Federal Perkins Loan Program is administered directly by the University and balances and transactions relating to this program are included in the University's financial statements. There were no loans made during the current year. The balances of loans outstanding at June 30, 2023, consist of:

Program Name/Assistance Listing Number	Outstanding Balance at July 1, 2022	New Loans Issued	Repayments of Student Loans	Outstanding Balance at June 30, 2023
Federal Perkins Loan Program (84.038)	$ 16,205,925	$ -	$ (7,271,178)	$ 8,934,747

Note 5. Nursing Student Loan Program

The Nursing Student Loan Program is administered directly by the University and balances and transactions relating to this program are included in the University's financial statements. The balances of loans outstanding at June 30, 2023, consist of:

Program Name/Assistance Listing Number	Outstanding Balance at July 1, 2022	New Loans Issued	Repayments of Student Loans	Outstanding Balance at June 30, 2023
Nursing Student Loan Program (93.364)	$ 2,092,391	$ 390,765	$ (247,760)	$ 2,235,396

Note 6. Federal Direct Student Loans

The University also participates in the Federal Direct Student Loan Program, which includes subsidized and unsubsidized Federal Stafford Loans “Stafford” and Federal PLUS Loans “PLUS.” New loans processed for students during the year ended June 30, 2023, were as follows:

Federal Direct Student Loan Program	
Stafford:	
Subsidized	$ 38,659,716
Unsubsidized	84,431,982
GLPS	10,294,716
PLUS	24,274,292

The value of the loans issued for the Federal Direct Student Loan Program is based on disbursed amounts. The University is responsible only for the performance of certain administrative duties with respect to the Federally Guaranteed Student Loan Programs and, accordingly, balances and transactions relating to the loan programs are not included in the University’s basic financial statements. Therefore, it is not practical to determine the balance of loans outstanding to students and former students of Kent State University at June 30, 2023.

RSM US LLP

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

President and Board of Trustees of Kent State University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the business-type activities and the discretely presented component unit of Kent State University (the University), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 30, 2023.

This report does not extend to the Kent State University Foundation due to the Foundation issuing a separate report on Internal Control over Financial Reporting and on Compliance and Others Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated September 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

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

RSM US LLP

Cleveland, Ohio
October 30, 2023

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

Independent Auditor's Report

President and Board of Trustees of Kent State University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Kent State University's (the University) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kent State University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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

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

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

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

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

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

Other Matters
The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the business-type activities and the discretely presented component unit of the University as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated October 30, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Cleveland, Ohio
October 30, 2023

Kent State University

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

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

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.342, 93.364	Student Financial Assistance Cluster
84.425C	Higher Education Emergency Relief Fund – Governor's Emergency Education Relief Fund
84.425D	Higher Education Emergency Relief Fund – Elementary and Secondary School Emergency Relief Fund
84.425E	Higher Education Emergency Relief Fund – Student Aid Portion
84.425F	Higher Education Emergency Relief Fund – Institutional Portion
84.425U	American Rescue Plan Elementary and Secondary School
84.002	Adult Education - Basic Grants to States
92.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance

Dollar threshold used to distinguish between Type A and Type B programs:	$ 800,417			
Auditee qualified as a low risk auditee?	X	Yes		No

Section II – Financial Statement Findings

No findings were noted.

Section III – Findings and Questioned Costs for Federal Awards

Finding 2023-001

Identification of the federal program
Assistance Listing Number 59.037, U.S. Small Business Administration Pass through Program to the Ohio Development Services Agency – Small Business Development Centers for the fiscal years June 30, 2018 to June 30, 2023.

Criteria or specific requirement (including statutory, regulatory, or other citation)
During the fiscal years June 30, 2018 to June 30, 2023, the University incurred unallowed expenditures for a federal grant that were not identified by the internal controls in place over the grant program. According to 2 CFR § 200.413, *Direct Costs*, direct costs are those costs that can be directly assigned to a direct cost activity with a high degree of accuracy. In addition, according to 2 CFR § 200.516, *Audit Findings*, the auditor must report known fraud affecting a federal award as well as known questioned costs that are greater than $25,000 for a federal program which is not audited as a major program, as an audit finding.

Condition
From fiscal year 2018 through 2023, the University was not able to support that expenses paid from a federal grant for salary, benefits, and travel and other expense reimbursements for an adjunct faculty member were related to allowable activities to eligible clients under the terms of the grant agreement due to false reporting by the adjunct faculty member. More specifically, the adjunct faculty member misrepresented that services were or would be provided per the terms of the grant to eligible clients. In addition, the adjunct faculty member provided false reporting of the impact of services provided to the clients and utilized fraudulent documentation as evidence for their work performed. As a result, the University was reimbursed for expenses by the grant related to services that were not provided or were unallowable.

Cause
Lack of oversight and insufficient review of work performed of adjunct faculty member.

Effect
The University was reimbursed federal grant monies for work that was not performed under the terms and conditions of the grant award.

Questioned costs
For fiscal years 2018 to 2023, questioned costs totaled $209,101.

Identification as a repeat finding
Not applicable – this matter is not a repeat finding

Recommendation
We recommend the University, along with the internal audit function, continue to emphasize with staff existing job responsibilities, the critical task of secondary reviews and thoroughness of those reviews. The reviews should include ensuring compliance with grant terms and conditions, as well as adequate documentation is provided and maintained to support the federal expenditure and the secondary reviews.

View of responsible officials: Management concurs with this finding. See page 74 for corrective action.

Kent State University

Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2023

Section II – Financial Statement Findings

No findings were noted.

Section III – Findings and Questioned Costs for Federal Awards

No findings were noted.

KENT STATE UNIVERSITY

Corrective Action Plan
June 30, 2023

Identifying Number: 2023-001

Finding: The University was reimbursed for expenses for a federal grant related to services that were not provided or were unallowable as an adjunct faculty member misrepresented that services were or had been provided to eligible clients. In addition, the adjunct faculty member provided false reporting of the impact of services provided to the clients and utilized fraudulent documentation as evidence for their work performed.

Corrective Action Taken: Upon learning of the possibility of fraudulent activity, the University began an internal audit review and all activity on the grant was stopped. Throughout the process, the University coordinated with the Ohio Department of Development. The internal audit procedures led to the determination that $209,101 was incorrectly reported by the program advisor and was not detected by the program director. These funds were returned to the Ohio Department of Development on October 11, 2023. The program has been terminated and program income was returned. The individuals involved with this program are no longer employees of the University. The University is in the process of seeking reimbursement from the former employee. An internal controls questionnaire was prepared and reviewed for the other Small Business Development Center (SBDC) program noting no areas of concern. The FY24 internal audit plan will include additional review of the remaining SBDC program as well as review of controls within the department which previously managed the program noted in the finding. In addition, training related to roles and responsibilities for supervisors/approvers will be provided during FY24 to emphasize the guidance provided in the grants manual.

Contact person responsible for the corrective action:

Mark Polatajko, Senior Vice President for Finance and Administration

Senior Vice President for Finance and Administration

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