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

Financial Report
June 30, 2021

Contents

RSM

RSM US LLP

Independent Auditor's Report

President and Board of Trustees of Kent State University

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-15 as well as required supplementary information for certain retirement plan data and other postemployment benefits (OPEB) data on pages 60-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

RSM US LLP

Cleveland, Ohio
October 29, 2021

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 years ended June 30, 2021 and 2020. 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 Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* In fiscal year 2013, the University adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement supersedes paragraphs 10 and 12 of GASB Statement No. 35. GASB Statement No. 63 establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. The financial statements prescribed by GASB Statement No. 63 *(Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows)* 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 Statement No. 61, *The Financial Reporting Entity: Omnibus*. Since the issuance of Statement No. 61, the GASB issued Statement No. 80 *Blending Requirements for Certain Component Units*. Both of these standards require examination of significant operational or financial relationships with the University and establish criteria for identifying and presenting component units of the organization. Based on this examination and application of the criteria in these standards, the University has identified two component units: The Kent State University Foundation and the KSU Foot and Ankle Clinic. The Kent State University Foundation is discretely presented in the University's financial statements; however, it is excluded from Management's Discussion and Analysis. The KSU Foot and Ankle Clinic is a blended component unit and, therefore, is indirectly included in Management's Discussion and Analysis. See Note 12 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 accordance with this statement, the University recorded $145.1 million as a change in accounting principle adjustment to unrestricted net position as of July 1, 2017, thus restating the University's beginning net position from $444.3 million to $299.2 million. In fiscal year 2021, the University recognized OPEB revenue of $85.4 million, deferred outflows and deferred inflows of $8.5 million and $74.8 million, respectively and a net OPEB (asset) of $(31.3) million. In fiscal year 2020, the University recognized OPEB expense of $6.9 million, deferred outflows and deferred inflows of $23.7 million and $44.9 million, respectively and a net OPEB (asset) liability of $(17.5) million and $116.7 million, respectively.

Noteworthy Financial Activity (Continued)

In fiscal year 2015, the University implemented GASB 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. In accordance with these Statements, the University recorded $410.2 million as a change in accounting principle adjustment to unrestricted net position as of July 1, 2014, thus restating the University's beginning net position from $827.2 million to $417.0 million. In fiscal year 2021, the University recognized pension revenue of $10.4 million with related deferred outflows decreasing to $57.4 million, deferred inflows increasing to $76.8 million and the net pension liability decreasing to $361.5 million. In fiscal year 2020, the University recognized pension expense of $23.0 million with related deferred outflows decreasing to $77.9 million, deferred inflows increasing to $67.9 million and the net pension liability decreasing to $401.3 million.

Pension/OPEB expense or revenue was allocated to each functional category based on applicable salary expense. Starting in fiscal year 2020, the University presented these expense items as separate lines on the financial statements and have reclassified the prior years to reflect this. Each year the impacts to the University's financial statements are based on the assumptions and decisions implemented by each plan. The deferred outflows/inflows and net pension and OPEB liabilities for the University are equal to the University's proportionate share of each of these plan components, therefore if there are significant fluctuations in these components for the plan, the University will recognize those fluctuations in its financial statements. For fiscal year 2021 there were several changes to assumptions for the OPERS OPEB plan. The health care cost trend rates and discount rate were increased.

The table below illustrates the change in the increase or decrease in net position after GASB 68/75 was applied in the fiscal year noted below:

	(Dollars in Thousands)		
	2021	2020	2019
Increase (decrease) in net position prior to GASB 68/75 adjustment	$ 74,673	$ (21,512)	$ (30,761)
GASB 68/75 recognition of net pension and OPEB revenue (expense)	95,808	(29,949)	(3,424)
Increase (decrease) in net position after GASB 68/75 adjustment	$ 170,481	$ (51,461)	$ (34,185)

Noteworthy Financial Activity (Continued)

The impacts to the University's financial statements as a result of both GASB 68 and GASB 75 are further discussed in Note 9.

Toward the end of fiscal year 2020, the University (and the world at large) faced an unprecedented challenge due to the coronavirus (Covid-19) pandemic. During December 2019, a novel strain of coronavirus first surfaced in Wuhan, China, and subsequently spread world-wide, with resulting business and social disruptions. The coronavirus was declared a public health emergency of international concern by the World Health Organization on January 30, 2020.

On March 9, 2020, Governor Mike DeWine declared a state of emergency for Ohio as a result of the Covid-19 outbreak. On March 11, 2020, the University responded by issuing communications to its faculty and students to begin remote instruction through April 13, 2020 and subsequently through the remainder of the Spring 2020 semester and the Summer semesters. With the pandemic continuing through fiscal year 2021, the University offered hybrid options for course delivery for the 2021 academic year. For residential students, the University required regular COVID-19 testing and initiated random testing for non-residential students, faculty and staff. Although the University attempted to bring the campus back to life, student's behaviors and decision patterns had changed and the University recognized a decline in enrollments as well as in residential students. Also, due to isolation and quarantine requirements, some of the residence halls were taken off-line, thus reducing the number of students the University could have living on campus. With decisions to move to remote learning after the Thanksgiving holiday, the University refunded housing, dining, and parking charges for the Fall 2020 semester. For the Spring 2021 semester, the University prorated the billings for these services based on the transfer to remote learning after the Spring 2021 spring break. The total amount refunded in fiscal year 2021 amounted to $11.7 million.

University leadership took several steps to ensure the financial stability of the University. On April 27, 2020, President Todd Diacon communicated to the University community the necessary steps the University would take to ensure the short term and long-term financial health of the institution and laid out a plan to balance the fiscal year 2021 budget by strategically planning for the worst and working for the best. This included salary reductions (which were later re-instituted), negotiations with the collective bargaining units delaying salary increases, a voluntary separation incentive program (offered in fiscal year 2020, but the savings realization was in fiscal year 2021), and abolishing positions. A second voluntary separation plan was offered to faculty during the Spring 2021 semester. Further, a reduction in budgeted expenses was enacted to align revenues and expenses.

The federal government offered several stimulus programs, starting with the Higher Education Emergency Relief Fund (HEERF) that was rolled out with three separate programs. The first program, the CARES Act (HEERF I) was announced in March 2020 and provided $19.4 million, split between Student CARES and Institutional CARES. The Student CARES funding was to provide assistance to students impacted by the coronavirus pandemic. The Institutional CARES was to provide assistance for costs associated with the significant changes in delivery of instruction as well as PPE. As of June 30, 2021, the University recognized the remaining HEERF I funds for both institutional and student. In December 2020, Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), also known as HEERF II. This funding was again split between the student and institutional needs. The University was awarded $36.7 million. As of June 30, 2021, the University recognized $20.5 million for institutional needs and $9.7 million for students. Finally, in March 2021, the American Rescue Plan (ARP), also known as HEERF III was passed by Congress and provided $63.9 million to the University, split between student and institutional needs ($30.9 million for student and $33.0 million for institutional. It is expected that these funds will be spent in fiscal year 2022. There were other forms of funding received by the University to assist with pandemic relief, notably the Coronavirus Relief Fund (CRF), passed through the State of Ohio from the U.S. Department of Treasury. The University received $22.1 million of these funds that were applied to various needs related to securing the delivery of instruction and the protection and safety of the students, faculty, and staff. All of this funding has been spent as of June 30, 2021.

Noteworthy Financial Activity (Continued)

The overall financial position of the University has improved when comparing fiscal year 2021 to fiscal year 2020. The University's total assets and deferred outflows of resources increased by $13.1 million and total liabilities and deferred inflows of resources decreased by $157.4 million. Overall net position increased by $170.5 million. Excluding the impacts of GASB 68 and 75, total assets and deferred outflows of resources increased $35.1 million, mostly due to the increase in short-term and long-term investments of $58.4 million. During fiscal year 2021, the market remained strong resulting in increased investment holdings and a stronger cash position than in fiscal year 2020. This increase in investments was offset by a decrease in net capital assets of $31.0 million.

Excluding the impacts of GASB 68 and 75, total liabilities and deferred inflows of resources decreased by $39.6 million, primarily due to the decrease in debt and related liabilities. Excluding the impacts of GASB 68 and 75, the overall net position increased by $74.7 million.

Highlights of significant events (excluding the impacts of GASB 68 and GASB 75) are as follows:

- Operating revenues decreased by $53.4 million due primarily to auxiliary operations. Auxiliary revenue decreased for many reasons all related to the pandemic. The University continued to offer refunding for the Fall 2020 semester and prorated billings for the Spring 2021 semester, as well as reduced activities and on-campus presence.

- Operating expenses decreased $41.4 million. The net decrease in the functional expense categories supporting salaries decreased by $45.3 million. In fiscal year 2020, the university offered a voluntary separation plan and in fiscal year 2021, some of that salary and benefit savings were realized. Further due to the continued pandemic and most employees working from home, overall expenses decreased in the areas of supplies and travel, except for personal protective equipment (PPE).

- $60.1 million in pandemic relief funding for both student and institutional purposes was recognized.

- Investment income increased $69.6 million due to a strong market throughout fiscal year 2021.

- Interest expense on capital related debt decreased $5.8 million due to the refinancing in January 2020 as well as the recognition of $6.1 million in the amortization of the imputed borrowing related to the interest rate swap. See Note 7 for further details.

- Capital appropriations decreased $19.1 million due to the timing of completed capital projects. The majority of this was related to the Design Innovation building in fiscal year 2020.

- Short term and long-term investments increased $58.4 million primarily due to a strong market in fiscal year 2021.

- Net capital assets decreased $31.0 million in fiscal year 2021 primarily to suspended or delayed construction projects in fiscal year 2021 due to the pandemic.

Statements of Net Position

The statements 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:

	(Dollars in Thousands)		
	2021	2020	2019
Assets			
Current	$ 440,112	$ 385,172	$ 427,300
Capital assets	893,829	924,830	921,355
Net OPEB asset	31,317	17,522	18,089
Other assets	151,079	135,734	136,137
Total assets	$ 1,516,337	$ 1,463,258	$ 1,502,881
Deferred outflows of resources			
Deferred losses from refundings	$ 20,757	$ 22,191	$ 9,798
Accumulated change in derivative instrument - swap liability	3,986	6,779	1,906
Pensions	57,398	77,874	122,791
OPEB	8,464	23,709	18,099
Total deferred outflows of resources	90,605	130,553	152,594
Total assets and deferred outflows of resources	$ 1,606,942	$ 1,593,811	$ 1,655,475
Liabilities			
Current liabilities	$ 137,309	$ 136,956	$ 147,857
Long-term debt	409,984	439,268	426,330
Net pension liability	361,510	401,276	454,384
Net OPEB liability	-	116,681	121,253
Other	54,360	65,045	67,359
Total liabilities	$ 963,163	$ 1,159,226	$ 1,217,183
Deferred inflows of resources			
Pensions	$ 76,806	$ 67,940	$ 36,700
OPEB	74,787	44,940	28,426
Total deferred inflows of resources	$ 151,593	$ 112,880	$ 65,126
Net Position			
Net investment in capital assets	$ 473,629	$ 468,747	$ 454,994
Restricted			
Nonexpendable - permanent endowments	5,883	5,883	5,883
Expendable - loans, gifts and grant programs	11,858	11,372	10,884
Unrestricted (deficit)	816	(164,297)	(98,595)
Total net position	$ 492,186	$ 321,705	$ 373,166
Total liabilities, deferred inflows and net position	$ 1,606,942	$ 1,593,811	$ 1,655,475

Statements of Net Position (Continued)

The table below presents balances prior to any GASB 68 or GASB 75 adjustment. See pages 3 and 4 for a discussion on the impacts of GASB 68 and GASB 75:

	(Dollars in Thousands)		
	2021	2020	2019
Net position prior to the effects of GASB 68 and 75	$ 908,111	$ 833,438	$ 854,950
Net pension liability adjustment from fiscal year 2015	(410,232)	(410,232)	(410,232)
Net OPEB liability adjustment from fiscal year 2018	(145,116)	(145,116)	(145,116)
Pension revenue in fiscal year 2015	5,925	5,925	5,925
Pension (expense) in fiscal year 2016	(8,118)	(8,118)	(8,118)
Pension (expense) in fiscal year 2017	(37,570)	(37,570)	(37,570)
Pension and OPEB net (expense) in fiscal year 2018	116,751	116,751	116,751
Pension and OPEB net (expense) in fiscal year 2019	(3,424)	(3,424)	(3,424)
Pension and OPEB net (expense) in fiscal year 2020	(29,949)	(29,949)	-
Pension and OPEB net (expense) in fiscal year 2021	95,808	-	-
Cumulative effects of GASB 68 and 75	(415,925)	(511,733)	(481,784)
Net position after the effects of GASB 68 and 75	$ 492,186	$ 321,705	$ 373,166

This table shows just how volatile the impacts of these two standards are to the financial statements and there is no consistency to the adjustments as the assumptions and decisions of each plan can change significantly from year to year. GASB 68 and 75 are discussed further in Note 9 of the financial statements.

Comparison of Fiscal Year 2021 to Fiscal Year 2020
The University's current ratio increased from 2021 to 2020. At June 30, 2021, the University's current assets of $440.1 million were sufficient to cover current liabilities of $137.3 million (current ratio of 3.2). In fiscal year 2020, current assets of $385.2 million were sufficient to cover current liabilities of $137.0 million (current ratio of 2.8).

At June 30, 2021, total University assets and deferred outflows of resources were $1,607.0 million, compared to $1,593.8 million at June 30, 2020. Without the effects of GASB 68 and 75, assets and deferred outflows at June 30, 2021 and 2020 would be $1,509.8 million and $1,474.7 million. The increase of $35.1 million is mainly attributed to increased investments of $58.4 million offset by a decrease in net capital assets of $31.0 million.

University liabilities and deferred inflows of resources total $1,114.8 million at June 30, 2021 compared to $1,272.1 million at June 30, 2020. Without the effects of GASB 68 and 75, liabilities and deferred inflows of resources at June 30, 2021 and 2020 would be $601.7 million and $641.3 million respectively. The decrease is primarily due to the paydown of debt and amortization of related debt liabilities.

Total net position increased by $170.5 million to $492.2 million. Without the effects of GASB 68 and 75, net position would have increased by $96.2 million to $74.7 million. The primary drivers are discussed in the statements of revenues, expenses and changes in net position section of this Management's Discussion and Analysis.

Comparison of Fiscal Year 2020 to Fiscal Year 2019

The University's current ratio decreased slightly from 2020 to 2019. At June 30, 2020, the University's current assets of $385.2 million were sufficient to cover current liabilities of $137.0 million (current ratio of 2.8). In fiscal year 2019, current assets were $427.3 million and current liabilities were $147.9 million (current ratio of 2.9).

At June 30, 2020, total University assets and deferred outflows of resources were $1,593.8 million, compared to $1,655.5 million at June 30, 2019. Without the effects of GASB 68 and 75, assets and deferred outflows at June 30, 2020 and June 30, 2019 would be $1,474.7 million and $1,496.5 million. The decrease of $21.8 million is mainly attributed to a decrease in investments due to the liquidation of $20.0 million of intermediate term pool investments and the use of STAR Ohio for the Gateway Master Plan expense and operations.

University liabilities and deferred inflows of resources total $1,272.1 million at June 30, 2020 compared to $1,282.3 million at June 30, 2019. Without the effects of GASB 68 and 75, liabilities and deferred inflows of resources at June 30, 2020 and June 30, 2019 would be $641.3 million and $641.5 million respectively.

Total net position decreased by $51.5 million to $321.7 million. Without the effects of GASB 68 and 75, net position would have decreased by $21.5 million to $833.4 million. The primary drivers are discussed in the statements of revenues, expenses and changes in net position section of this Management's Discussion and Analysis.

Statements of Revenues, Expenses and Changes in Net Position

The statements 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 statements of revenues, expenses and changes in net position:

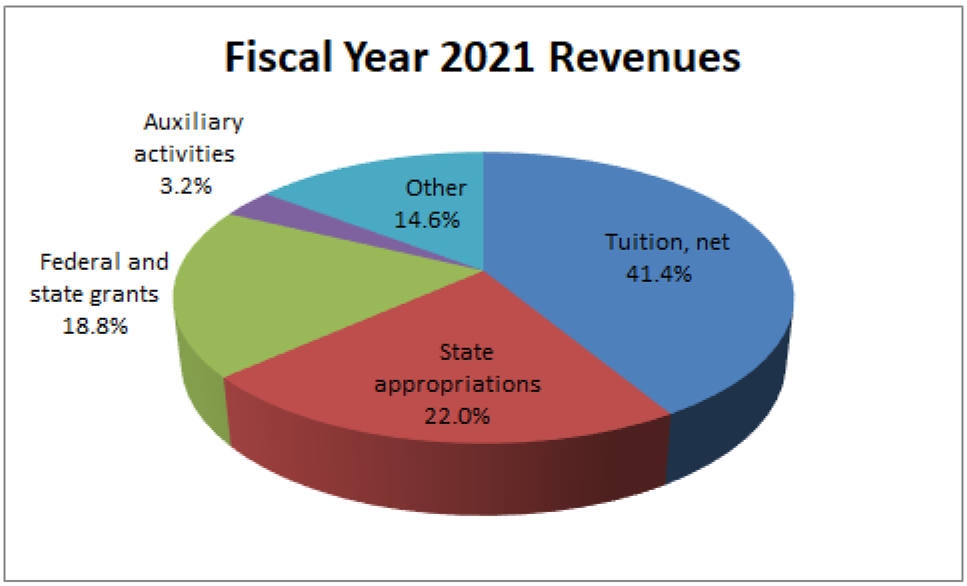
Included in the other operating revenue category on the above table is local and private grant revenue and sales and services of educational activities. Included in the other non-operating revenue category are gifts, investment income, capital appropriations, and other non-operating revenue. Also in fiscal year 2020, a new line item, Federal pandemic relief revenue was added and is also included in fiscal year 2021.

	(Dollars in Thousands)		
	2021	2020	2019
Operating revenues:			
Tuition, net	$ 297,616	$ 311,336	$ 313,781
Federal and state grants	33,252	33,823	29,917
Auxiliary activities	23,267	54,567	70,120
Other operating revenue	10,433	18,243	20,126
Total operating revenues	364,568	417,969	433,944
Non-operating revenues:			
State appropriations	158,448	153,887	155,044
Federal Pell grant revenue	41,644	45,961	47,729
Federal pandemic relief revenue	60,051	12,265	-
Other non-operating revenue	94,614	40,249	46,200
Total non-operating revenues	354,757	252,362	248,973
Total revenues	$ 719,325	$ 670,331	$ 682,917
Operating expenses:			
Instruction	$ 225,543	$ 249,856	$ 247,785
Institutional support	89,408	81,232	80,853
Scholarships and fellowships	49,915	47,171	40,166
Auxiliary activities	57,137	63,585	67,167
Pension expense (revenue)	(10,424)	23,049	28,593
OPEB expense (revenue)	(85,384)	6,900	(25,170)
Other operating expense	215,554	237,090	233,020
Total operating expense	541,749	708,883	672,414
Non-operating expense	7,095	12,909	16,021
Perkins loan program reclassification	-	-	28,667
Total expenses	$ 548,844	$ 721,792	$ 717,102

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

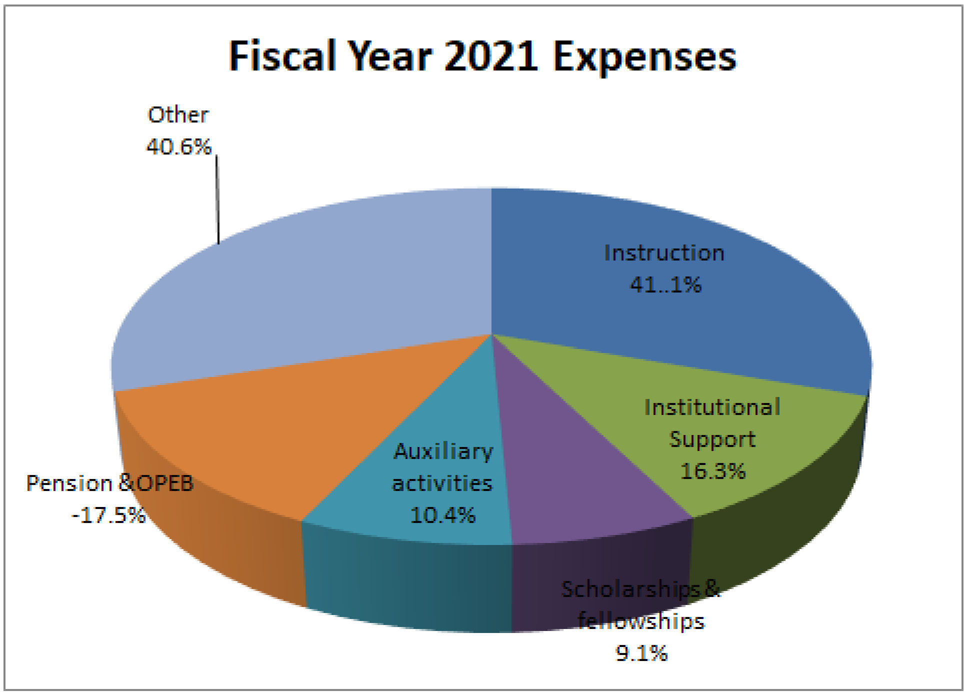
Included in the other operating expense category on the above table is research, public service, academic support, student services, operation and maintenance of plant and depreciation expense. Starting In fiscal year 2020, the University reported pension and OPEB expense/(revenue) as separate line items. In prior fiscal years, that expense/(revenue) was allocated based on salaries amongst all the functional expense categories. All the years presented have been reclassified to reflect this change in presentation. 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 41.4 percent followed by State appropriations at 22.0 percent. Due to the large amount of federal pandemic relief funding received by the University, the federal and state grant category realized a significant increase.



Statements 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 41.1% and other at 40.6%. 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, 2021

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, decreased by $53.4 million or 12.8%. Much of the decrease in operating revenues is due to a decrease in auxiliary revenue of $31.3 million primarily due to the University refunding approximately $11.7 million in housing, dining and parking charges due to the coronavirus pandemic, as well as reduced housing and dining charges with students moving to full remote learning after the Spring semester break. It was decided to prorate the charges for the Spring semester rather than issue refunds. The pandemic challenged the auxiliary units since the reduced presence on campus did not allow for typical university activities such as sporting events. Student tuition and fees decreased by $13.7 million or 4.41% due to dropping enrollments. Student's behavior patterns were disrupted with the pandemic and the University suffered enrollment declines along with the rest of the higher education industry.

The most significant non-operating revenue is State appropriations. State appropriations totaled $158.4 million in fiscal year 2021, which was a 2.96% increase over fiscal year 2020. Capital appropriations decreased by $19.1 million in fiscal year 2021 mostly due to the completion of the Design Innovation building in fiscal year 2020. In fiscal year 2021, the University also recognized $60.1 million in Federal pandemic relief funding for both student and institutional support related to the coronavirus pandemic.

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

Operating expenses, including depreciation of $55.8 million, totaled $541.7 million, a decrease of $167.1 million over fiscal year 2020. Without the effects of GASB 68 and 75, operating expenses would have been $637.6 million in fiscal year 2021 as compared to $678.9 million in fiscal year 2020, resulting in a $41.3 million decrease. Most of the functional expense categories decreased due to reductions in salaries, benefits and travel. In fiscal year 2020, the University offered a voluntary separation incentive plan for its employees and some of those savings were realized in fiscal year 2021. Due to the coronavirus pandemic, most of the University travel was suspended. Although the University saw an increase in supplies due to additional PPE providing proper protection and safety measures for its students, faculty and staff, overall expense was less. Because of the pandemic, many employees continued to work from home throughout fiscal year 2021.

Interest expense on capital related debt decreased $5.8 million primarily to recognizing amortization of the imputed borrowing liability related to the interest rate swap. See Note 7 for further information regarding the University's debt.

During the year ended June 30, 2020

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, decreased by $16.0 million or 3.7%. The majority of the decrease in operating revenues is due to a decrease in auxiliary revenue of $15.6 million primarily due to the University refunding approximately $9.4 million in housing and parking charges due to the coronavirus pandemic. Also due to refunding of meal plans, the guaranteed return from Aramark decreased in fiscal year 2020. All of the refunding was due to the coronavirus pandemic and the decisions the University made regarding the safety and health of its students, faculty, and staff.

The most significant non-operating revenue is State appropriations. State appropriations totaled $153.9 million in fiscal year 2020, which was a 0.75% decrease over fiscal year 2019. State appropriations received in the last two months of fiscal year 2020 were reduced by $6.1 million due to the anticipated impact of the coronavirus pandemic on State of Ohio revenues. Capital appropriations increased by $15.2 million in fiscal year 2020 mostly due to the completion of the Design Innovation building. In fiscal year 2020, the University also recognized $12.3 million in Federal CARES Act funding for both student and institutional support related to the coronavirus pandemic.

Operating expenses, including depreciation of $54.6 million, totaled $708.9 million, an increase of $36.5 million over fiscal year 2019. Without the effects of GASB 68 and 75, operating expenses would have been $678.9 million in fiscal year 2020 as compared to $669.0 million in fiscal year 2019, resulting in a $9.9 million dollar increase. This increase is attributed to the following factors: The University offered a voluntary separation incentive plan during fiscal year 2020 and as a result recognized an additional $9.1 million in salary expense due to the accrual recorded in fiscal year 2020; and scholarships and fellowship expense increased $7.0 million in large part to the additional grants provided to students through the CARES Act funding. These increases were offset by decreases in travel of $4.9 million and utilities of $1.9 million, mostly attributable to the coronavirus pandemic as all University sponsored travel was suspended during the 4th quarter of fiscal year 2020 along with the University limiting campus operations, as many buildings were closed or had reduced capacity.

Interest expense on capital related debt decreased $3.1 million due to the partial refunding of the 2012A and 2014A general receipts bonds in January 2020. See Note 7 for further information regarding the University's debt.

Capital Asset and Debt Administration

Capital Assets

At the end of 2021, the University had invested $893.8 million in a broad range of capital assets, including equipment, buildings, building improvements and land. This amount represents a net decrease (including additions and deductions) of $31.0 million, or 3.35%, over last year.

Net of depreciation (Dollars in Millions)	2021	2020	2019
Land	$ 32.5	$ 32.6	$ 32.6
Equipment	30.3	32.2	32.5
Buildings and improvements	819.1	810.6	813.7
Construction in progress	11.9	49.4	42.6
Total	$ 893.8	$ 924.8	$ 921.4

More detailed information about the University's capital assets is presented in Note 6 to the financial statements.

Debt

At year-end, the University had $439.3 million in bonds and notes outstanding—a decrease of $29.9 million over last year, primarily due to paydown of principal. More detailed information about the University's debt is presented in Note 7 to the financial statements.

(Dollars in Millions)	2021	2020	2019
General receipts bonds, backed by the University	$ 380.0	$ 402.6	$ 380.0
Tax revenue energy bonds	20.2	23.8	27.3
Capital leases	39.1	42.8	46.6
	$ 439.3	$ 469.2	$ 453.9

Factors Affecting Future Periods

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, legislative restrictions on tuition, changes in state support, and the ability to manage rising costs. In the upcoming year, the University will also continue to respond to the impact of the coronavirus pandemic. For the Fall 2021 semester, a majority of the classes returned to in-person delivery and the number of students living on-campus increased. Due to the rapidly changing environment due to the pandemic, many students chose to delay registering for classes which made budgeting for FY22 difficult. The FY22 budget estimated an enrollment decline of 4% with actual enrollment for the Fall semester coming in at 4%.

Factors Affecting Future Periods (Continued)

The University is continuing with its tuition guarantee program implemented in fiscal year 2018 for incoming students. This new cohort will see an increase of 2.9% in tuition rates; but these rates will remain frozen for four years. All continuing non-guarantee students and graduate students will not have an increase in rates for fiscal year 2022. The University's biggest revenue recovery this budget year is in the auxiliaries, with nearly $30 million in additional revenue compared to last year. This improvement is driven by more normal on-campus student residency and dining plan participation, and a return to a normal mode of Intercollegiate Athletics competition. For fall 2021, we welcomed 5,300 students into our residence halls, nearly 2,500 more than in the 2021 Spring Semester, with a similar increase in the number of students participating in dining plans. Intercollegiate Athletics also is doing better this year compared to last. Revenues are budgeted to increase $6.1 million as a result of once again playing three football guarantee games in which opposing teams pay us to play in their stadiums, the return to pre-pandemic NCAA and Mid-American Conference revenues and a slight increase in the general fee allocation.

The funding we receive from the State of Ohio, the State Share of Instruction or SSI, is projected to increase by $1.5 million, or 0.9% compared to last fiscal year based on the most recent State of Ohio budget.

Finally, the University has an available balance of approximately $33.7 million in unexpended federal pandemic relief funds which can be used to operate effectively throughout the pandemic with an emphasis on student, faculty and employee health and well-being, coupled with investments that will serve the University during the pandemic and in the long-term, such as improving classroom technology.

As the University grows out of the pandemic, there is a continued focus to balance expenses to projected revenues. The surest way to do this is to curb growth in staffing levels. A 2% wage increase will be implemented in FY22 for all faculty and staff to demonstrate appreciation of the efforts especially during the pandemic. Overall, the employee headcount is expected to remain about the same as last year, allowing the University to maintain the significant budgetary reductions realized from last year's highly successful voluntary separation incentive program. The University continues to emphasize quality and affordable healthcare benefits while, at the same time, combatting inflationary factors that could render this vital benefit financially unsustainable. As a result of efforts to manage the program and maintaining reduced staffing levels for the coming year, the healthcare budget will not increase.

Finally, several administrative functions are absorbing further budget cuts totaling $2.3 million so that the University can maintain or increase spending in the divisions of Academic Affairs, Student Affairs, and Enrollment Management.

Looking ahead to the 2023 fiscal year, the current state operating budget maintains an estimated 3.8% tuition cap for the Tuition Guarantee Model for the incoming freshman cohort for fall 2022 and SSI is planned to increase approximately 1%, for an additional $1.5 million in estimated revenue. Another round of state capital funding is also anticipated. The University has received on average $23.7 million over each of the most recent five biennia. This state funding helps address deferred maintenance and basic renovation needs of campus buildings.

The leadership and staff of the Division of Enrollment Management recently launched a Strategic Enrollment Management Plan for the years 2022-2024. The plan emphasizes action steps to attract more students to Kent State despite the region's ongoing demographic decline and the lasting effects of the pandemic. Kent State looks to broaden our reach into new markets, driven primarily by leading academic programs such as the School of Fashion Design and Merchandising, and by new programs in the College of Aeronautics and Engineering.

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

Statements of Net Position
June 30, 2021 and 2020
(Dollars in Thousands)

	University		University Foundation	
	2021	2020	2021	2020
Assets				
Current assets:				
Cash and cash equivalents	$ 47,170	$ 35,127	$ 6,444	$ 2,672
Short-term investments	356,522	317,827	226,589	176,018
Accounts and pledges receivable, net	28,873	24,135	5,638	7,455
Inventories	784	902	-	-
Deposits and prepaid expenses	5,731	6,215	219	-
Accrued interest receivable	1,032	966	-	1,955
Total current assets	440,112	385,172	238,890	188,100
Noncurrent assets:				
Restricted cash	8,223	8,358	-	-
Student loans receivable, net	21,465	25,716	-	-
Note receivable, net	-	-	-	14,426
Long-term investments	121,391	101,660	30,285	18,680
Long-term pledges receivable, net	-	-	9,401	9,469
Net OPEB asset	31,317	17,522	-	-
Capital assets, net	893,829	924,830	17,223	11,213
Other assets	-	-	5,682	5,075
Total noncurrent assets	1,076,225	1,078,086	62,591	58,863
Total assets	1,516,337	1,463,258	301,481	246,963
Deferred outflows of resources				
Deferred losses from refundings	20,757	22,191	-	-
Accumulated change in derivative instrument - swap liability	3,986	6,779	-	-
Pensions	57,398	77,874	-	-
OPEB	8,464	23,709	-	-
Total deferred outflows of resources	90,605	130,553	-	-
Total assets and deferred outflows of resources	$ 1,606,942	$ 1,593,811	$ 301,481	$ 246,963
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$ 34,738	$ 37,001	$ 321	$ 560
Accrued payroll	14,119	14,083	-	-
Payroll taxes and accrued fringe benefits	21,829	20,518	-	-
Unearned revenue and deposits	33,294	28,671	-	-
Derivative instrument - swap liability	3,986	6,779	-	-
Current portion of long-term debt	29,343	29,904	968	-
Total current liabilities	137,309	136,956	1,289	560
Noncurrent liabilities:				
Accrued compensated absences	25,573	25,017	-	-
Accrued liabilities	28,060	39,243	3,349	3,908
Net pension liability	361,510	401,276	-	-
Net OPEB liability	-	116,681	-	-
Unearned revenue and deposits	727	785	14,156	10,713
Debt, net	409,984	439,268	7,988	9,734
Total noncurrent liabilities	825,854	1,022,270	25,493	24,355
Total liabilities	963,163	1,159,226	26,782	24,915
Deferred inflows of resources				
Pensions	76,806	67,940	-	-
OPEB	74,787	44,940	-	-
Total deferred inflows of resources	151,593	112,880	-	-
Net Position				
Net investment in capital assets	473,629	468,747	-	-
Restricted				
Nonexpendable - permanent endowments	5,883	5,883	88,362	86,073
Expendable - loans, gifts and grant programs	11,858	11,372	166,890	117,344
Unrestricted (deficit)	816	(164,297)	19,447	18,631
Total net position	492,186	321,705	274,699	222,048
Total liabilities, deferred inflows and net position	$ 1,606,942	$ 1,593,811	$ 301,481	$ 246,963

See notes to financial statements.

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

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020
(Dollars in Thousands)

	University		University Foundation	
	2021	2020	2021	2020
Operating revenues:				
Student tuition and fees	$ 391,508	$ 406,071	$ -	$ -
Less scholarship allowances	(93,892)	(94,735)	-	-
Net student tuition and fees	297,616	311,336	-	-
Federal grants and contracts	22,827	24,022	-	-
State grants and contracts	10,425	9,801	-	-
Local grants and contracts	231	175	-	-
Nongovernmental grants and contracts	4,946	5,532	-	-
Sales and services of educational activities	5,256	12,536	-	-
Auxiliary activities, net of allowances for student scholarships of $4,896 and $5,814 for June 30, 2021 and 2020, respectively	23,267	54,567	-	-
Total operating revenues	364,568	417,969	-	-
Operating expenses:				
Instruction	225,543	249,856	-	-
Research	19,351	20,780	-	-
Public service	12,434	14,346	-	-
Academic support	54,450	64,195	-	-
Student services	35,162	39,971	-	-
Institutional support	89,408	81,232	12,150	9,802
Scholarships and fellowships	49,915	47,171	6,004	6,398
Operation and maintenance of plant	38,346	43,176	-	-
Auxiliary activities	57,137	63,585	-	-
Pension (revenue) expense	(10,424)	23,049	-	-
OPEB (revenue) expense	(85,384)	6,900	-	-
Depreciation	55,811	54,622	247	254
Total operating expenses	541,749	708,883	18,401	16,454
Net operating loss	(177,181)	(290,914)	(18,401)	(16,454)
Nonoperating revenues (expenses):				
State appropriations	158,448	153,887	-	-
Federal Pell Grant revenue	41,644	45,961	-	-
Federal pandemic relief revenue	60,051	12,265	-	-
Gifts	5,540	2,145	16,881	15,619
Investment income, net	82,333	12,783	60,940	3,499
Interest on debt	(7,095)	(12,909)	-	-
Other nonoperating revenues (expenses)	5,107	4,549	3,046	(1,495)
Net nonoperating revenues	346,028	218,681	80,867	17,623
Income (loss) before other revenues, expenses, gains or losses	168,847	(72,233)	62,466	1,169
Other revenues, expenses, gains or losses				
Capital appropriation	1,634	20,772	-	-
Loss due to acquisition of Downtown Kent Hotel, LLC			(9,815)	
Total other revenues, expenses, gains or losses	1,634	20,772	-	-
Change in net position	170,481	(51,461)	52,651	1,169
Total net position at beginning of year	321,705	373,166	222,048	220,879
Total net position at end of year	$ 492,186	$ 321,705	$ 274,699	$ 222,048

See notes to financial statements.

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

Statements of Cash Flows
Years Ended June 30, 2021 and 2020
(Dollars in Thousands)

	2021	2020
Cash flows from operating activities:		
Student tuition and fees	$ 133,793	$ 205,195
Auxiliary activities	22,608	55,159
Other sources	6,741	14,634
Grants and contracts	35,297	39,037
Payments for employee compensation and benefits	(295,866)	(334,587)
Payments to vendors for services and materials	(119,639)	(195,648)
Net cash used in operating activities	(217,066)	(216,210)
Cash flows from noncapital financing activities:		
State appropriations for instruction funds	158,448	153,887
Gifts	5,600	2,135
Cash received from Federal Pell grants	41,644	45,961
Cash received from federal pandemic relief grants	60,051	12,265
Student loans granted, net of repayments	(866)	(390)
Net cash provided by noncapital financing activities	264,877	213,858
Cash flows from capital and related financing activities:		
Principal payments on outstanding debt	(25,287)	(22,580)
Proceeds from debt issue	-	29,226
Interest paid	(16,534)	(17,114)
Payments to construct, renovate or purchase capital assets	(22,873)	(37,298)
Other capital and related receipts	7,041	6,822
Net cash used in capital and related financing activities	(57,653)	(40,944)
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	62,833	49,827
Purchases of investments	(63,237)	(27,337)
Other investment income	22,154	14,872
Net cash provided by investing activities	21,750	37,362
Net increase (decrease) in cash and cash equivalents	11,908	(5,934)
Cash and cash equivalents, including restricted cash:		
Beginning	43,485	49,419
Ending	$ 55,393	$ 43,485

(Continued)

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

Statements of Cash Flows (Continued)
Years Ended June 30, 2021 and 2020
(Dollars in Thousands)

	2021	2020
Reconciliation of net operating loss to net cash flows used in operating activities:		
Net operating loss	$ (177,181)	$ (290,914)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	55,811	54,622
Adjustments to reconcile change in net position to net cash used in operating activities:		
Accounts and pledges receivable, net	(4,798)	3,643
Inventories	118	145
Deposits and prepaid expenses	484	1,071
Net OPEB asset	(13,795)	567
Deferred outflows of pension resources	20,476	44,917
Deferred outflows of OPEB resources	15,245	(5,610)
Accounts payable and accrued liabilities	(2,160)	(10,995)
Net pension liability	(39,766)	(53,108)
Net OPEB liability	(116,681)	(4,572)
Accrued payroll	36	(333)
Payroll taxes and accrued fringe benefits	1,311	(1,520)
Unearned revenue and deposits	4,565	(4,816)
Accrued compensated absences	556	2,939
Deferred inflows of pension resources	8,866	31,240
Deferred inflows of OPEB resources	29,847	16,514
Net cash used in operating activities	$ (217,066)	$ (216,210)

Noncash capital and financing activities:
During the year ended June 30, 2020, the University issued General Receipts Bonds in the amount of $195,355. The bond proceeds were used for a partial advance refunding on the Series 2012A and 2014A bonds for $158,170. See Note 7 for further discussion.

During the years ended June 30, 2021 and 2020, the University received non-cash capital appropriations from the State in the amount of $1,634 and $20,772, respectively.

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 Comprehensive Annual 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 12 provides additional information on the Foundation. Certain disclosures concerning the Foundation are not included because it has been audited separately and reports have been issued under separate cover. Financial statements for the Foundation may be obtained by writing to Kent State University Foundation, Kent, Ohio 44242.

Additionally, the financial statements of the University include the operations of its blended component unit, KSU Foot and Ankle Clinic dba The Cleveland Foot and Ankle Clinic (the Clinic). This entity was included in the July 1, 2012 merger of the University with the Ohio College of Podiatric Medicine. The Clinic is a separate 501(c)(3) organization whose main purpose is to provide clinical experience for students of the KSU College of Podiatric Medicine. The Clinic almost exclusively benefits the University even though services are provided to the public and the University is the sole member of the Clinic. Therefore, according to the provisions of GASB Statement No. 61, the Clinic is considered a blended component unit of the University. See Note 12 for further discussion and presentation of condensed financial information for the Clinic.

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

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

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

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

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

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

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

Note 2. Summary of Significant Accounting Policies

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

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

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

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

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

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, 2021 and 2020 was $21,173 and $20,617, respectively.

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, 2021 and 2020 was $4,400 and $4,400, respectively.

Note 2. Summary of Significant Accounting Policies

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

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

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

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

Operating and nonoperating revenues and expenses: The University defines operating activities for purposes of reporting on the statements 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 Statement No. 35, including state appropriations, Federal Pell grant revenue, investment income, and state capital grants.

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

Note 2. Summary of Significant Accounting Policies (Continued)

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

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

Subsequent events: The University has evaluated subsequent events occurring between the end of our most recent fiscal year and October 29, 2021, the date the financial statements were available to be issued. See Note 14 for further discussion.

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

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter. The University is currently evaluating the impact of this standard, however, based on the operating leases in effect today, the new lease standard is not expected to have a significant effect on the University's financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

Effective July 1, 2020, the University adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. There was no material impact on the University's financial statements due to the adoption of Statement No. 89.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The University has not yet determined the impact this statement will have on the financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for reporting periods ending after December 31, 2021. The University does not anticipate the adoption of this standard will have a significant impact on the financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

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

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The University has not yet determined the impact this statement will have on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Note 2. Summary of Significant Accounting Policies (Continued)

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The University has not yet determined the impact this statement will have on the financial statements.

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

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, 2021 and 2020, the bank amount of the University's deposits were $41,449 and $36,575, respectively. Of that amount, $40,783 and $36,445, respectively, was insured. The remaining $666 and $130 at June 30, 2021 and 2020, respectively, was uninsured and uncollateralized. The University does not require deposits to be insured or collateralized.

(Dollars in Thousands)

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

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

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

The University has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the 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, 2021. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

The values of investments at June 30 are as follows:

	2021		2020	
	Market	Cost	Market	Cost
Private equities	$ 121,390	$ 88,343	$ 101,660	$ 89,855
Mutual funds:				
Fixed income	185,514	182,541	149,683	150,458
Equity	136,024	108,062	128,516	133,586
STAR Ohio	34,985	34,985	39,628	39,628
Total	$ 477,913	$ 413,931	$ 419,487	$ 413,527

(Dollars in Thousands)

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

Net appreciation/depreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the years ended June 30, 2021 and 2020, the University realized a net realized gain of $14,768 and $5,832, respectively. 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 years ended June 30, 2021 and 2020 was $73,270 and $1,888, respectively. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year.

The unrealized appreciation (depreciation) on investments for the years ended June 30, 2021 and 2020 was $58,502 and ($3,944), respectively.

The components of the net investment income at June 30 are as follows:

	2021	2020
Interest and dividends, net	$ 9,063	$ 10,895
Net appreciation in market value of investments	73,270	1,888
Total net investment income	$ 82,333	$ 12,783

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 are as follows:

	2021				
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Fixed income mutual funds	$ 185,514	$ 13,989	$ 71,071	$ 42,645	$ 57,809

	2020				
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Fixed income mutual funds	$ 149,683	$ 14,175	$ 46,264	$ 36,303	$ 52,941

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

(Dollars in Thousands)

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

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

	2021	2020
Credit Rating (S&P):		
AAA	$ 5,634	$ 4,501
AA+	69,077	40,325
AA	15,745	21,251
AA-	1,535	2,224
A+	2,901	2,497
A	3,693	4,027
Other (not rated)	86,929	74,858
Total	$ 185,514	$ 149,683

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, 2021 and 2020, the University had no exposure to foreign currency risk.

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

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

	2021	2020
SEI World Equity	$ 71,119	$ 67,133
SEI High Yield Bond Fund	25,835	24,418
SEI Core Fixed Income Fund	96,970	73,070
SEI Core Property Fund, LP	29,617	26,602
SEI Hedge Fund SPC	54,374	43,949

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.

(Dollars in Thousands)

Note 4. Fair Value Measurements (Continued)

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

	2021			
	Level 1	Level 2	Level 3	Total
Investments assets:				
Fixed income mutual funds	$ 185,514	$ -	$ -	$ 185,514
Equity securities	136,024	-	-	136,024
Private equity funds - international	-	-	14,595	14,595
	$ 321,538	$ -	$ 14,595	336,133
Investments measured at net asset value (NAV):				
Equity funds				22,231
Multi-strategy hedge funds				54,947
U.S. core real estate				29,617
Total investments assets				$ 442,928
Derivative instruments:				
Interest rate swap liability	$ -	$ (3,986)	$ -	$ (3,986)

	2020			
	Level 1	Level 2	Level 3	Total
Investments assets:				
Fixed income mutual funds	$ 149,683	$ -	$ -	$ 149,683
Equity securities	128,971	-	-	128,971
Private equity funds - international	-	-	12,589	12,589
	$ 278,654	$ -	$ 12,589	291,243
Investments measured at net asset value (NAV):				
Equity funds				12,153
Multi-strategy hedge funds				48,820
U.S. core real estate				27,643
Total investments assets				$ 379,859
Derivative instruments:				
Interest rate swap liability	$ -	$ (6,779)	$ -	$ (6,779)

Short-term investments on the statements of net position at June 30, 2021 and 2020 includes investments of STAR Ohio of $34,985 and $39,628, respectively. The investments in STAR Ohio are measured at amortized cost; therefore, they are not included in the tables above.

(Dollars in Thousands)

Note 4. Fair Value Measurements (Continued)

Fixed income mutual funds and equity securities 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, 2021 and 2020 is determined primarily based upon information received from the Investee Funds (such as investor reports and audited financial statements), discounted cash flow analysis or a market-multiple based approach. The University records the fair value of these investments using estimated values obtained from the fund managers. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years.

The interest rate swap liability, 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 rules of those investments are as follows:

	Fair Value		Unfunded	Redemption Frequency,	Redemption Notice
	2021	2020	Commitments	if Eligible	Period
Equity funds	$ 22,231	$ 12,153	$ 20,203	None	None
Multi-strategy hedge funds	54,947	48,820	-	Monthly	10 days
U.S. core real estate	29,617	27,643	-	Quarterly	95 days
Total	$ 106,795	$ 88,616	$ 20,203		

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

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

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

(Dollars in Thousands)

Note 5. Accounts and Student Loans Receivable, Net

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

	2021	2020
Accounts receivable:		
Sponsor accounts	$ 9,893	$ 5,366
Student accounts	16,674	15,537
Other	7,927	8,813
Total accounts receivable	34,494	29,716
Less allowances for doubtful accounts	(5,621)	(5,581)
Net accounts receivable	$ 28,873	$ 24,135
Student loans receivable	$ 27,141	$ 31,986
Less allowances for student loans receivable	(5,676)	(6,270)
Net student loans receivable	$ 21,465	$ 25,716

Note 6. Capital Assets, Net

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

	2021			
	Beginning Balance	Additions/ Transfers	Net Retirements	Ending Balance
Land	$ 32,581	$ -	$ (125)	$ 32,456
Infrastructure	165,010	2,308	-	167,318
Buildings	1,304,699	54,797	(306)	1,359,190
Equipment	236,987	5,364	(4,513)	237,838
Construction in progress	49,381	(37,523)	-	11,858
Total capital assets	1,788,658	24,946	(4,944)	1,808,660
Less accumulated depreciation				
Infrastructure	(99,447)	(6,106)		(105,553)
Buildings	(559,611)	(42,196)	80	(601,727)
Equipment	(204,770)	(7,151)	4,370	(207,551)
Total accumulated depreciation	(863,828)	(55,453)	4,450	(914,831)
Total capital assets, net	$ 924,830	$ (30,507)	$ (494)	$ 893,829

Included in depreciation expense of $55,811 for the year ended June 30, 2021 is a loss of $358 from the disposal of obsolete capital assets. As of June 30, 2021, assets acquired under a capital lease obligation totaled $59,393 and the associated amortization expense on those assets is included in depreciation expense. During fiscal year 2021, amortization of $2,418 was recorded.

(Dollars in Thousands)

Note 6. Capital Assets, Net (Continued)

Capital assets consist of the following as of June 30:

	2020			
	Beginning Balance	Additions/ Transfers	Net Retirements	Ending Balance
Land	$ 32,581	$ -	$ -	$ 32,581
Infrastructure	154,564	10,509	(63)	165,010
Buildings	1,270,909	33,790	-	1,304,699
Equipment	232,004	7,063	(2,080)	236,987
Construction in progress	42,635	6,746	-	49,381
Total capital assets	1,732,693	58,108	(2,143)	1,788,658
Less accumulated depreciation				
Infrastructure	(93,509)	(6,031)	93	(99,447)
Buildings	(518,448)	(41,163)	-	(559,611)
Equipment	(199,381)	(7,347)	1,958	(204,770)
Total accumulated depreciation	(811,338)	(54,541)	2,051	(863,828)
Total capital assets, net	$ 921,355	$ 3,567	$ (92)	$ 924,830

Included in depreciation expense of $54,622 for the year ended June 30, 2020 is a loss of $81 from the disposal of obsolete capital assets. As of June 30, 2020, assets acquired under a capital lease obligation totaled $59,322 and the associated amortization expense on those assets is included in depreciation expense. During fiscal year 2020, amortization of $2,404 was recorded.

Note 7. Debt, Net

General receipt bonds: In January 2020, the University issued $195,355 in General Receipt Bonds. The 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 $13,469. The unamortized difference of $12,602 and $13,214 at June 30, 2021 and 2020, respectively, is reported in the statements of net position as a deferred outflow of resources and will be amortized over the remaining term of the debt.

Note 7. Debt, Net (Continued)

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, 2021 and 2020, the unamortized net bond premium was $5,622 and $5,639, respectively.

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, 2021, the outstanding principal balance of the Series 2019 General Receipts bonds was $18,300. 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, 2021 and 2020, the unamortized net bond premium was $3,489 and $3,922, respectively.

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 $7,349 and $8,097 at June 30, 2021 and 2020, respectively, is reported in the statements of net position as a deferred outflow of resources and will be amortized over the remaining term of the debt. As of June 30, 2021, the outstanding principal of the 2016 General Receipts bond was $83,935. 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, 2021 and 2020, the unamortized net bond premium was $8,447 and $10,904, respectively.

During fiscal year 2014, the University issued $28,415 in Series 2014A General Receipts bonds. The proceeds from the bond sale were used for renovating, equipping and furnishing University residence hall facilities at the University's Tri-Towers complex. As of June 30, 2021, the outstanding principal of the 2014A bonds was $1,315 due to the partial current refunding of these bonds in January 2020. In connection with the bond issuance, the University also recognized a net bond premium totaling $1,894, which is being amortized over the life of the bond. As of June 30, 2021 and 2020, the unamortized net bond premium was $106 and $288, respectively.

In April 2013, the University issued $60,000 in Series 2013A General Receipts bonds. The proceeds from the bond sale were used for the early redemption of Series 2008B General Receipts bond with an outstanding principal balance of $60,000. As of June 30, 2021, the outstanding principal of the 2013A General Receipts bonds was $60,000.

In June 2012, the University issued $170,000 in Series 2012A General Receipts bonds. The proceeds from the bond sale were used for constructing, renovating, equipping and furnishing various University academic, administrative and other campus buildings. As of June 30, 2021, the outstanding principal of the 2012A bonds was $4,105 due to the partial current refunding of these bonds in January 2020. In connection with the bond issuance, the University also recognized a net bond premium totaling $16,185 which is being amortized over the life of the bond. As of June 30, 2021 and 2020, the unamortized net bond premium was $1,448 and $2,990, respectively.

Note 7. Debt, Net (Continued)

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, 2021, the outstanding principal of Series A and Series B bonds was $3,514 and $7,500 respectively.

During fiscal year 2011, the University entered into two separate loan agreements with the Ohio Air Quality Development Authority. The first loan agreement totaled $5,388, with $2,694 in Series A bonds and $2,694 in Series B bonds. The proceeds were used to fund the University's energy efficiency and conservation projects at its Ashtabula, East Liverpool, Geauga, Salem and Trumbull campuses. As of June 30, 2021, the outstanding principal of the Series B bonds was $1,687. 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, 2021, the outstanding principal of the Series A and Series B bonds was $513 and $7,000, respectively.

During fiscal year 2010, the University entered into a loan agreement with the Ohio Air Quality Development Authority for a total of $1,344. The Ohio Air Quality Authority issued $672 in 2010 Series A bonds and $672 in 2010 Series B bonds, with the proceeds being used to fund the University’s energy efficiency and conservation project at its Stark campus. The Series B bonds were fully paid during the year ended June 30, 2020. The Series A bond was fully paid in fiscal year 2016.

Capital leases: During fiscal year 2016, the University entered into a capital lease 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, 2021 was $13,847.

Note 7. Debt, Net (Continued)

In fiscal year 2015, the University entered into a capital lease 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 capital lease with the Portage County Port Authority for 3.75 acres of property near the northwest edge of the Kent campus for $3,680 beginning in fiscal year 2013. This is the land where the new building resides. The two leases were combined totaling $20,460 with principal payments beginning in fiscal year 2016. Payments will continue through fiscal year 2028 and carry an interest rate of 3.26%. As of June 30, 2021, the principal balance was $11,385. The University and the Foundation entered into a sublease agreement in January 2016. The sublease meets the capitalization criteria and is recorded as an asset and liability on the Foundation's financial statements. See Note 11 for additional information regarding this related party transaction.

In fiscal year 2011, the University entered into a capital lease 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, 2021, the total outstanding principal on the capital lease was $11,439.

All of the Ohio Air Quality Development Authority loan agreements and capital lease 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 leases then outstanding (if not then due and payable) and the interest accrued on those loans or leases to be due and payable immediately. Further, the lease 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. There is a pledge of available receipts to the Portage County Port Authority included in the lease agreement.

(Dollars in Thousands)

Note 7. Debt, Net (Continued)

Long-term debt consists of the following as of June 30, 2021:

	Interest Rates	Maturity	Beginning Balance	Additions	Retirements	Ending Balance
General Receipts Bonds of 2012A	3.0 - 5.0	2021-2022	$ 8,015	$ -	$ (3,910)	$ 4,105
General Receipts Bonds of 2013A	3.79	2028-2032	60,000	-	-	60,000
General Receipts Bonds of 2014A	2.0 - 5.0	2021-2022	2,565	-	(1,250)	1,315
General Receipts Bonds of 2016	4.0 - 5.0	2021-2030	93,900	-	(9,965)	83,935
General Receipts Bonds of 2019	4.0 - 5.0	2021-2031	18,970	-	(670)	18,300
General Receipts Bonds of 2020A	5.0	2021-2050	22,530	-	(340)	22,190
General Receipts Bonds of 2020B	1.72 -3.38	2021-2042	172,825	-	(1,785)	171,040
Direct Placement:						
Ohio Air Quality Development Authority Series B - Regional Campuses	4.86	2021-2025	2,096	-	(409)	1,687
Ohio Air Quality Development Authority Series A - Residence Halls & Dining Svcs	2.62	2021-2025	1,921	-	(1,408)	513
Ohio Air Quality Development Authority Series B - Residence Halls & Dining Svcs	5.32	2022-2026	7,000	-	-	7,000
Ohio Air Quality Development Authority Series A - Kent Campus	1.38	2021-2023	5,235	-	(1,721)	3,514
Ohio Air Quality Development Authority Series B - Kent Campus	3.65	2024-2027	7,500	-	-	7,500
Capital leases	various	various	42,872	71	(3,827)	39,116
			445,429	71	(25,285)	420,215
Plus unamortized discount and premium			23,743	-	(4,631)	19,112
Total bonds and leases payable			469,172	71	(29,916)	439,327
Less current portion long-term debt			(29,904)			(29,343)
			$ 439,268			$ 409,984

(Dollars in Thousands)

Note 7. Debt, Net (Continued)

Long-term debt consists of the following as of June 30, 2020:

	Interest Rates	Maturity	Beginning Balance	Additions	Retirements	Ending Balance
General Receipts Bonds of 2012A	3.0 - 5.0	2020-2022	$ 150,620	$ -	$ (142,605)	$ 8,015
General Receipts Bonds of 2013A	3.79	2028-2032	60,000	-	-	60,000
General Receipts Bonds of 2014A	2.0 - 5.0	2020-2022	23,045	-	(20,480)	2,565
General Receipts Bonds of 2016	4.0 - 5.0	2020-2030	103,590	-	(9,690)	93,900
General Receipts Bonds of 2019	4.0 - 5.0	2020-2031	19,595	-	(625)	18,970
Air Quality Dev. Tax Exempt						-
Rev. Bond - Stark (A)	2.99	2010-2016	-			-
General Receipts Bonds of 2020A	5.0	2021-2050	-	22,530	-	22,530
General Receipts Bonds of 2020B	1.72 -3.38	2021-2042	-	172,825	-	172,825
Direct Placement:						
Ohio Air Quality Development Authority Series B - Stark	5.63	2020	148	-	(148)	-
Ohio Air Quality Development Authority Series B - Regional Campuses	4.86	2020-2025	2,501	-	(405)	2,096
Ohio Air Quality Development Authority Series A - Residence Halls & Dining Svcs	2.62	2020-2025	3,294	-	(1,373)	1,921
Ohio Air Quality Development Authority Series B - Residence Halls & Dining Svcs	5.32	2022-2026	7,000	-	-	7,000
Ohio Air Quality Development Authority Series A - Kent Campus	1.38	2020-2023	6,933	-	(1,698)	5,235
Ohio Air Quality Development Authority Series B - Kent Campus	3.65	2024-2027	7,500	-	-	7,500
Capital leases	various	various	46,562	37	(3,727)	42,872
			430,788	195,392	(180,751)	445,429
Plus unamortized discount and premium			23,136	5,639	(5,032)	23,743
Total bonds and leases payable			453,924	201,031	(185,783)	469,172
Less current portion long-term debt			(27,594)			(29,904)
			$ 426,330			$ 439,268

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
2022	$ 18,660	$ 11,510	$ 1,945	$ 32,115
2023	19,020	10,879	1,945	31,844
2024	18,180	10,267	1,945	30,392
2025	17,870	9,623	1,945	29,438
2026	18,345	9,078	1,945	29,368
2027-2031	143,235	32,265	6,357	181,857
2032-2036	57,135	16,920	130	74,185
2037-2041	48,275	9,424	-	57,699
2042-2046	14,970	2,437	-	17,407
2047-2050	5,195	665		5,860
Subtotal	360,885	113,068	16,212	490,165

	Direct Placements			
Year	Principal	Interest	Hedging Derivatives, Net	Total
2022	$ 7,511	$ 1,787	$ -	$ 9,298
2023	8,009	1,565	-	9,574
2024	7,573	1,296	-	8,869
2025	7,260	1,062	-	8,322
2026	6,953	844	-	7,797
2027-2031	15,021	2,328	-	17,349
2032-2036	2,964	1,139	-	4,103
2037-2041	3,258	492	-	3,750
2042-2046	781	22		803
Subtotal	59,330	10,535	-	69,865
Total	$ 420,215	$ 123,603	$ 16,212	$ 560,030

Note 7. Debt, Net (Continued)

Hedging derivative instrument payments and hedged debt: As of June 30, 2021, 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).

Interest rate swap: The University has entered into a 30-year interest rate swap agreement for $60,000 of the variable-rate 2002 Series General Receipts bonds. The University entered into this agreement at the same time and for the same amount of the variable rate debt, with the intent of creating a synthetic fixed-rate debt, at an interest rate that was lower than if fixed-rate debt would have been issued directly. During 2009, the interest rate swap agreement became associated with the new bonds in connection with refunding of the 2002 Series General Receipt bonds through the issuance of 2008B Series General Receipt bonds. During fiscal year 2010, the counterparty on the agreement was changed from Woodlands Commercial Bank (formerly known as Lehman Brothers Commercial Bank) to Loop Financial Products LLP. Based on the swap agreement, the University owes interest calculated at a fixed rate (3.34 percent) to the counterparty to the swap. In return, the counterparty owes the University interest based on a variable rate (67 percent of London Inter-Bank Offered Rate (LIBOR)). The $60,000 in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The University continues to pay interest to the bondholders at the variable rate provided by the bonds. The debt service requirements to maturity for these bonds, as presented in this note, are based on that fixed rate. The notional amount on the swap is $60,000 as of June 30, 2021.

During 2013, the interest rate swap became associated with new bonds in connection with the refunding of the 2008B Series General Receipt bonds through the issuance of the 2013A Series General Receipt bond. An imputed borrowing of $9,846 and $15,912 at June 30, 2021 and 2020, respectively, (representing the fair value of the interest rate swap) is reflected as a noncurrent accrued liability on the statements of net position and a new synthetic, at the market swap, was created as of the refinance date.

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

As of June 30, 2021, the University has recorded a deferred outflow of resources and a related swap liability in the amount of $3,986 for the at-the-market swap. The change in fair value totaled ($2,793) in fiscal year 2021 and resulted in a deferred outflow of resources. As of June 30, 2020, the University has recorded a deferred outflow of resources and a related swap liability in the amount of $6,779 for the at-the-market swap. The change in fair value totaled $4,873 in fiscal year 2020 and resulted in a deferred outflow of resources. Due to the termination of hedge accounting from the refunding of the 2008B General Receipts bonds in fiscal year 2013, the University recognized $1,398 as a deferred cost of refunding (included in deferred outflows of resources) and increased its accrued liability from $14,514 to $15,912. The deferred cost of refunding was $806 and $880 at June 30, 2021 and 2020, respectively, and is being amortized through 2032, which represents the maturity date of the original and refunded debt.

(Dollars in Thousands)

Note 7. Debt, Net (Continued)

The interest rate swaps are subject to the following risks:

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

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

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

Credit risk: The University is exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the University's policy to require counterparty collateral posting provisions. The fair value of the derivative instrument was in a liability position of $3,986 and $6,779 at June 30, 2021 and 2020, respectively, such that the University was not exposed to credit risk.

Note 8. Accrued Compensated Absences

A summary of accrued compensated absences at June 30 is as follows, see Note 2 for the accounting policy for accrued compensated absences:

	2021	2020
Beginning balance	$ 25,017	$ 22,078
Additions	5,318	4,493
Reductions	(4,762)	(1,554)
Ending balance	$ 25,573	$ 25,017

(Dollars in Thousands)

Note 9. Employee Benefit Plans

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

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

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

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

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

Member contributions are set at the maximums authorized by the ORC. The plans' 2021 and 2020 employer and member contribution rates on covered payroll to each system are:

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

(Dollars in Thousands)

Note 9. Employee Benefit Plans (Continued)

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

	2021		2020	
	Pension	OPEB	Pension	OPEB
STRS	$ 16,843	$ -	$ 17,918	$ -
OPERS	14,798	-	17,099	-
	$ 31,641	$ -	$ 35,017	$ -

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.

Any member may retire who has (1) five years of service credit and has attained age 60; (2) 25 years of service credit and has attained age 55; or (3) 30 years of service credit regardless of age. Beginning on August 1, 2015, eligibility requirements for an unreduced benefit changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years) and multiplies by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30, depending on retirement age. Additionally, there are no cost-of-living adjustments.

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

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

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

OPERS benefits provided: Plan benefits are established under Chapter 145 of the ORC, as amended in 2012 by Substitute Senate Bill 343. The requirement to retire depends on years of service (15 to 30 years) and on attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years' service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15-30 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.

(Dollars in Thousands)

Note 9. Employee Benefit Plans (Continued)

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

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

Net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense: At June 30, 2021 and 2020, the University reported a liability for its proportionate share of the net pension liability of STRS/OPERS. For June 30, 2021, the net pension liability was measured as of June 30, 2020 for the STRS plan and December 31, 2020 for the OPERS plan. For June 30, 2020, the net pension liability was measured as of June 30, 2019 for the STRS plan and December 31, 2019 for the OPERS plan and rolled forward to the respective measurement date. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates except STRS' net pension liability's actuarial valuation for the June 30, 2019 measurement date was dated July 1, 2018, which was rolled forward to the measurement date. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability 2021	Net Pension Liability 2020	Proportionate Share 2021	Proportionate Share 2020	Percent Change 2021-2020	Percent Change 2020-2019
STRS	June 30	$ 257,710	$ 233,961	1.07%	1.06%	0.01%	-0.07%
OPERS	December 31	103,800	167,315	0.72%	0.86%	-0.14%	0.10%
		$ 361,510	$ 401,276				

For the years ended June 30, 2021 and 2020, the University recognized a decrease in pension expense of $10,424 due to changes in actuarial assumptions and expense of $23,049, respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Differences between expected and actual experience	$ 644	$ (6,470)	$ 1,985	$ 3,540
Changes of assumptions	13,965	-	36,685	-
Net difference between projected and actual earnings on pension plan investments	12,532	(41,614)	-	45,368
Changes in proportion and differences between University contributions and proportionate share of contributions	5,966	(28,722)	12,926	19,032
University contributions subsequent to the measurement dates	24,291	-	26,278	-
Total	$ 57,398	$ (76,806)	$ 77,874	$ 67,940

(Dollars in Thousands)

Note 9. Employee Benefit Plans (Continued)

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

Year ending June 30,		
2022	$	(20,818)
2023		(10,981)
2024		(12,208)
2025		301
2026		(4)
Thereafter		11
Total	$	(43,699)

In addition, the contributions subsequent to the measurement date will be included in the overall calculation of the net pension liability, deferred inflows and outflows, and related impacts to pension expense in the next year.

Net OPEB liability/(asset), deferred outflows of resources, deferred inflows or resources, and OPEB expense: At June 30, 2021, the University reported a liability/(asset) for its proportionate share of the net OPEB liability/(asset) of STRS/OPERS. For June 30, 2021, the net OPEB (asset) was measured as of June 30, 2020 for STRS, and December 31, 2020 for the OPERS plan. At June 30, 2020, the University reported a liability/(asset) for its proportionate share of the net OPEB liability/(asset) of STRS/OPERS. For June 30, 2020, the net OPEB liability/(asset) was measured as of June 30, 2019 for STRS, and December 31, 2019 for the OPERS plan. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of those dates, except OPERS, which used an actuarial valuation dated December 31, 2019 and 2018, respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans.

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

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

For plan years ending December 31, 2021 and 2020, 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.

	Measurement	Net OPEB Liability (Asset)				Proportionate Share		Percent Change	Percent Change
Plan	Date		2021		2020	2021	2020	2020-21	2019-20
STRS	June 30	$	(18,719)	$	(17,522)	1.07%	1.06%	0.01%	-0.07%
OPERS	December 31	$	(12,598)	$	116,681	0.71%	0.84%	-0.13%	-0.09%

(Dollars in Thousands)

Note 9. Employee Benefit Plans (Continued)

For the year ended June 30, 2021 and 2020, the University recognized a decrease in OPEB expense of $85,384 due to changes in actuarial assumptions and OPEB expense of $6,900, respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,199	$ (15,098)	$ 1,592	$ 11,562
Changes of assumptions	6,502	(38,192)	18,837	19,211
Net difference between projected and actual earnings on pension plan investments	656	(6,710)	-	7,042
Changes in proportion and differences between University contributions and	107	(14,787)		
proportionate share of contributions	-	-	3,280	7,125
Total	$ 8,464	$ (74,787)	$ 23,709	$ 44,940

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

Year ending June 30,	
2022	$ (31,449)
2023	(20,741)
2024	(7,267)
2025	(5,046)
2026	(918)
Thereafter	(902)
Total	$ (66,323)

(Dollars in Thousands)

Note 9. Employee Benefit Plans (Continued)

Actuarial assumptions: The total pension liability and OPEB liability/(asset) is based on the results of an actuarial valuation and determined using the following actuarial assumptions for the year ended June 30, 2021:

	STRS	OPERS
Valuation date - Pension	June 30, 2020	December 31, 2020
Valuation date - OPEB	June 30, 2020	December 31, 2019
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	0.50 percent - 3.00 percent
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	3.25 percent
Investment rate of return - Pension	7.45 percent, net of investment expense, including inflation	7.20 percent, net of investment expense, including inflation
Investment rate of return - OPEB	7.45 percent, net of investment expense, including inflation	6.00 percent, net of investment expense, including inflation
Health care cost trend rate	-6.69 percent to 11.87 percent initial, 4.00 percent ultimate	8.50 percent initial, 3.50 percent ultimate in 2035
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016.	RP-2014 Healthly Annuitant mortality table

Actuarial assumptions used for the year-ended June 30, 2020:

	STRS	OPERS
Valuation date - Pension	June 30, 2019	December 31, 2019
Valuation date - OPEB	June 30, 2019	December 31, 2018
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	1.40 percent - 3.00 percent
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	3.25 percent
Investment rate of return - Pension	7.45 percent, net of investment expense, including inflation	7.20 percent, net of investment expense, including inflation
Investment rate of return - OPEB	7.45 percent, net of investment expense, including inflation	6.00 percent, net of investment expense, including inflation
Health care cost trend rate	4.93 percent to 9.62 percent initial, 4.00 percent ultimate	10.50 percent initial, 3.50 percent ultimate in 2030
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016.	RP-2014 Healthly Annuitant mortality table

Note 9. Employee Benefit Plans (Continued)

Pension discount rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rates used to measure the total pension liabilities for STRS were 7.45 percent for the plan years ended June 30, 2020 and 2019. The discount rates used to measure the total pension liability for OPERS were 7.20 percent for the plan years ended December 31, 2020 and 2019, respectively.

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

The discount rate used to measure the total STRS OPEB (assets)/liabilities was 7.45 percent for the plan years ended June 30, 2020 and 2019. At June 30, 2020 and 2019, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

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

(Dollars in Thousands)

Note 9. Employee Benefit Plans (Continued)

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPERS has two different portfolios of 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 7/1/20			OPERS - As of 12/31/20			
				Defined Benefit Portfolio		Health Care Portfolio	
Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	28.00%	7.35%	Fixed income	25.00%	1.32%	34.00%	1.07%
International equity	23.00%	7.55%	Domestic equities	21.00%	5.64%	25.00%	5.64%
Alternatives	17.00%	7.09%	Real estate	10.00%	5.39%	0.00%	0.00%
Fixed income	21.00%	3.00%	Private equity	12.00%	10.70%	0.00%	0.00%
Real estate	10.00%	6.00%	International equity	23.00%	7.36%	25.00%	7.36%
Liquidity reserves	1.00%	2.25%	REITs	0.00%	0.00%	7.00%	6.48%
			Other investments	9.00%	4.75%	9.00%	4.02%
Total	100%		**Total**	100%		100%	

	STRS - As of 7/1/19			OPERS - As of 12/31/19			
				Defined Benefit Portfolio		Health Care Portfolio	
Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	28.00%	7.35%	Fixed income	25.00%	1.83%	36.00%	1.53%
International equity	23.00%	7.55%	Domestic equities	19.00%	5.75%	21.00%	5.75%
Alternatives	17.00%	7.09%	Real estate	10.00%	5.20%	0.00%	0.00%
Fixed income	21.00%	3.00%	Private equity	12.00%	10.70%	0.00%	0.00%
Real estate	10.00%	6.00%	International equity	21.00%	7.66%	23.00%	7.66%
Liquidity reserves	1.00%	2.25%	REITs	0.00%	0.00%	6.00%	5.69%
			Other investments	13.00%	4.98%	14.00%	4.90%
Total	100%		**Total**	100%		100%	

(Dollars in Thousands)

Note 9. Employee Benefit Plans (Continued)

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

2021

Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
STRS	6.45%	$ 366,934	7.45%	$ 257,710	8.45%	$ 165,152
OPERS	6.20%	200,591	7.20%	103,800	8.20%	23,373
		$ 567,525		$ 361,510		$ 188,525

2020

Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
STRS	6.45%	$ 341,908	7.45%	$ 233,961	8.45%	$ 142,578
OPERS	6.20%	277,721	7.20%	167,315	8.20%	68,184
		$ 619,629		$ 401,276		$ 210,762

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

2021

Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
STRS	6.45%	$ (16,286)	7.45%	$ (18,719)	8.45%	$ (20,782)
OPERS	5.00%	(3,133)	6.00%	(12,598)	7.00%	(20,379)
		$ (19,419)		$ (31,317)		$ (41,161)

2020

Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
STRS	6.45%	$ (14,952)	7.45%	$ (17,522)	8.45%	$ (19,684)
OPERS	2.16%	152,695	3.16%	116,681	4.16%	87,845
		$ 137,743		$ 99,159		$ 68,161

(Dollars in Thousands)

Note 9. Employee Benefit Plans (Continued)

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

2021

Plan	1.00% Decrease	Current Trend Rate	1.00% Increase
STRS	$ (20,654)	$ (18,719)	$ (16,361)
OPERS	(12,905)	(12,598)	(12,254)
	$ (33,559)	$ (31,317)	$ (28,615)

2020

Plan	1.00% Decrease	Current Trend Rate	1.00% Increase
STRS	$ (19,870)	$ (17,522)	$ (14,648)
OPERS	113,238	116,681	120,080
	$ 93,368	$ 99,159	$ 105,432

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

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

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

Payable to the pension plan: At June 30, 2021 and 2020, the University reported a payable of $7,023 and $5,254 for the outstanding amount of contributions to the pension plans, respectively. There were no amounts due to the OPEB plans at June 30, 2021 and 2020.

Note 9. Employee Benefit Plans (Continued)

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

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of seven private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Department of Higher Education. That amount is 4.47 percent for STRS for the years ended June 30, 2021 and 2020 and 2.44 percent for OPERS for the years ended June 30, 2021 and 2020. 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, 2021 and 2020, employee contributions and pension expense recognized totaled $6,860 and $7,814, respectively.

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.

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

At June 30, 2021 and 2020, the amounts on deposit with the Ohio Public Employees Deferred Compensation Board were $31,607 and $24,004, respectively, which represent the fair market value at such dates.

(Dollars in Thousands)

Note 10. 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 statements of net position. A summary of self-insured activity for the years ended June 30 is as follows:

	2021	2020	2019
Liability at beginning of year	$ 14,322	$ 13,379	$ 13,329
Claims incurred	70,242	73,164	70,291
Claims paid	(71,637)	(72,221)	(70,241)
Liability at end of year	$ 12,927	$ 14,322	$ 13,379

The University has operating leases for the use of real property and moveable equipment. Total expenditures during 2021 and 2020 for operating leases amounted to approximately $811 and $845, respectively.

Future minimum payments on noncancelable operating leases subsequent to June 30, 2021 are as follows:

2022	$ 818
2023	403
2024	370
2025	353
2026	300
2027-2030	300
	$ 2,544

As of June 30, 2021, the University had commitments related to construction projects totaling $6,263. These projects will be funded from a variety of sources.

Note 10. Contingencies and Commitments (Continued)

The Federal Perkins Loan Program expired on September 30, 2017. As of June 30, 2021, 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 11. 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, 2021 and 2020 was $8,278 and $8,363, respectively.

The University, together with The University of Akron and Youngstown State University, created a 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 12. 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 $301,481 and $246,963 at June 30, 2021 and 2020 respectively, most of which have been restricted by donors for specific purposes, are presented separately. The University receives financial support from gifts to the Foundation specifically restricted by donors for University use, including scholarships and private grants. At June 30, 2021 and 2020, the University had outstanding receivables from the Foundation of approximately $101 and $161, respectively.

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.

(Dollars in Thousands)

Note 12. Component Units (Continued)

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 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.

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

	2021			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Exchange traded funds	$ 5,416	$ -	$ -	$ 5,416
Mutual funds:				
Multi-asset funds	668	-	-	668
International equity funds	4,949	-	-	4,949
Fixed income funds	5,659	-	-	5,659
Total investments by fair value level	$ 16,692	$ -	$ -	16,692
Investments measured at fair value based on net asset value: [(a)]				
Private equity				29,319
Hedge funds				2,499
Commingled asset funds				199,788
Real assets				8,576
Total investments measured at NAV				240,182
Total investment assets				$ 256,874
Investment liabilities:				
Charitable remainder trusts	$ -	$ -	$ 1,578	$ 1,578
Charitable gift annuities	-	-	1,771	1,771
Total investment liabilities	$ -	$ -	$ 3,349	$ 3,349

(Dollars in Thousands)

Note 12. Component Units (Continued)

	2020			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Exchange traded funds	$ 4,724	$ -	$ -	$ 4,724
Mutual funds:				
Multi-asset funds	556	-	-	556
International equity funds	5,287	-	-	5,287
Fixed income funds	5,062	-	-	5,062
Total investments by fair value level	$ 15,630	$ -	$ -	15,630
Investments measured at fair value based on net asset value: [a]				
Private equity				18,190
Hedge funds				6,930
Commingled asset funds				141,117
Real assets				12,831
Total investments measured at NAV				179,068
Total investment assets				$ 194,698
Investment liabilities:				
Charitable remainder trusts	$ -	$ -	$ 1,562	$ 1,562
Charitable gift annuities	-	-	2,346	2,346
Total investment liabilities	$ -	$ -	$ 3,908	$ 3,908

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

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

	Fair Value		Unfunded	Redemption Frequency, if	Redemption Notice
	2021	2020	Commitments	Eligible	Period
Private equity	$ 29,319	$ 18,190	$ 27,402	5+ years	not applicable
Hedge funds	2,499	6,930	-	quarterly	90 days
Commingled asset funds	199,788	141,117	-	quarterly	90 days
Real assets	7,611	12,341	-	quarterly	90 days
Real assets (private)	965	490	4,252	5+ years	not applicable
Total	$ 240,182	$ 179,068	$ 31,654		

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 (3-5). As underlying companies are sold, issue an initial public offering, or are otherwise recapitalized, managers distribute the realized proceeds to limited partner investors.

(Dollars in Thousands)

Note 12. Component Units (Continued)

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

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

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

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

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Available for expenditure:				
Current operations	$ 16,039	$ 45,142	$ 15,959	$ 40,390
Term endowments	2,859	60,729	2,123	57,531
Accumulated earnings on endowments	-	59,132	-	17,535
Real estate	549	1,887	549	1,887
	19,447	166,890	18,631	117,344
Unavailable for expenditure:				
Endowments	-	65,071	-	60,924
Trusts	-	2,735	-	3,151
Beneficial interest in perpetual trusts	-	5,682	-	5,074
Uncollected pledges, net	-	14,874	-	16,924
	-	88,362	-	86,073
	$ 19,447	$ 255,252	$ 18,631	$ 203,417

(Dollars in Thousands)

Note 12. 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:

	2021	2020
Statements of Net Position (condensed):		
Total assets	$ 45	$ 45
Total liabilities	45	45
Net position	$ -	$ -

	2021	2020
Statements of Revenues, Expenses and Changes in Net Position (condensed):		
Operating revenues	$ 459	$ 560
Operating expenses	845	1,043
Operating loss	(386)	(483)
Transfers from the University	386	483
Change in net position	$ -	$ -

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

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

Note 13. Pandemic

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

During the years ended June 30, 2021 and 2020, the University was awarded $100,755 and $19,309, respectively, from the U.S. Department of Education/Higher Education Emergency Relief Fund (HEERF). Also during the year ended June 30, 2021, the University was awarded $23,499 of additional Coronavirus Relief Funding from the Ohio Department of Education, which was passed through the U.S. Department of Treasury. All of this funding was awarded to provide economic relief to support the costs of remote learning, grants to students, technology and other purposes related to the disruption of campus operations due to the COVID-19 pandemic. As of June 30, 2021 and June 30, 2020, the University recognized revenue associated with pandemic relief funding totaling $60,051 and $12,265, respectively.

Note 14. Subsequent Events

Effective July 1, 2021, the University ended its partnership with Aramark and resumed direct management of dining services on all campuses. This transition will allow the University to continue enhancing the dining experience for its university community.

The Kent State University Board of Trustees gave approval for the University to enter into a public service operating agreement with Ideastream Public Media for the management and operations of the WKSU stations at its September 15, 2021 meeting. Under the agreement, the University would continue to be the license holder of WKSU and its sister stations, and Ideastream Public Media will provide operating oversight of the stations. The agreement went into effect October 1, 2021.

In September 2021, the University received a gift from the Podiatry Foundation in the amount of $10,000 to be paid $5,000 initially in September 2021, with remaining payments of $250 over the next twenty years. The Podiatry Foundation’s gift – the largest single gift commitment in the history of the University – will fund scholarships, research and continuing medical education programs within the College of Podiatric Medicine. The Kent State University Board of Trustees voted during its Sept. 15 meeting to accept naming recognition for its Foot and Ankle Clinic in acknowledgement of the gift.

On October 22, 2021, during a special meeting, the Kent State University Board of Trustees approved the construction of a new College of Business and Entrepreneurship building. The project was approved at a budget not to exceed $74,000 which will be funded through $24,700 million in gifts, $6,700 million of bond proceeds and $42,600 million of University funds. The construction period is expected to begin in December 2021 with occupancy expected in August 2024.

Required Supplementary Information

Kent State University

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

	2020		2019		2018		2017		2016		2015		2014	
	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,
University's proportion of the collective net pension liability:														
As a percentage	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	$ 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	$ 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	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	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

	2021		2020		2019		2018		2017		2016		2015	
	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS
Statutorily required contribution	$ 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	$ 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	$ 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	11.58%	11.22%	11.69%	11.28%	11.83%	11.57%	11.47%	11.51%	10.45%	10.94%	11.74%	11.63%	11.75%	11.95%

Notes to required supplementary information:

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

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

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

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

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

	2020		2019		2018		2017	
	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,
University's proportion of the collective net OPEB liability (asset):								
As a percentage	0.707112%	1.065073%	0.844741%	1.057958%	0.930010%	1.126500%	0.841280%	1.135790%
Amount	$ (12,598)	(18,719)	$ 116,681	(17,522)	121,253	(18,089)	91,357	44,315
University's covered payroll	$ 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	-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)	115.57%	182.13%	47.80%	174.70%	46.33%	176.00%	54.14%	47.11%

Schedule of the University's Contributions

	2021		2020		2019		2018	
	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	$ 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%	0.41%	0.00%

Notes to required supplementary information:

For the year ended June 30, 2021

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

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

For the year ended June 30, 2020

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

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

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

Kent State University

Uniform Guidance Requirements

Kent State University

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

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	$ -	$ 1,702,446
Federal Work-Study Program	84.033	N/A	-	1,227,719
Federal Perkins Loan Program:	84.038	N/A		
Loans outstanding at the beginning of the year			-	26,693,308
Federal Pell Grant Program	84.063	N/A	-	41,643,561
Federal Direct Student Loans	84.268	N/A	-	176,451,515
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	N/A	-	221,347
Total U.S. Department of Education			-	247,939,896
U.S Department of Health and Human Services				
Health Professional	93.342	N/A	-	3,059,263
Loans for Disadvantaged Students	93.342	N/A	-	302,800
			-	3,362,063
Nursing Student Loans - loans outstanding at the beginning of the year	93.364	N/A	-	1,732,396
Total U.S. Department of Health and Human Services			-	5,094,459
Total Student Financial Assistance Cluster			-	253,034,355
Research and Development Cluster				
U.S. Department of Agriculture				
Pass-through Programs from:				
Cleveland Metroparks - Forest Health Protection	10.680	KSU415684	-	2,364
U.S. Department of Commerce				
Climate and Atmospheric Research	11.431	N/A	-	25,308
Pass-through Programs from:				
The Ohio State University - Sea Grant Support	11.417	60063785	-	12,482
The Ohio State University - Sea Grant Support	11.417	KSU410881	-	41,497
The Ohio State University - Sea Grant Support	11.417	60078675-GR120798	-	5,222
			-	59,201
The Ohio State University - Coastal Zone Management Administration Awards	11.419	KSU410856	-	151
The Ohio State University - Coastal Zone Management Administration Awards	11.419	KSU410886	-	28,539
			-	28,690
Total U.S. Department of Commerce			-	113,199
U.S. Department of Defense				
Basic and Applied Scientific Research	12.300	N/A	-	74,958
Military Medical Research and Development	12.420	N/A	-	7,732
Basic Scientific Research	12.431	N/A	-	72,872
Pass-through Programs from:				
University of Massachusetts - Basic and Applied Scientific Research	12.300	18-010467 E 00	-	239,307
Lee Moffitt Cancer Center - Military Medical Research and Development	12.420	12-18717-99-01-G3	-	316,721
United States Army Research Office - Basic Scientific Research	12.431	W911NF-17-1-0456	-	48,194
Aerodynamic Technologies LLC - Department of Defense Contract	12.U01	KSU410429	-	41,790
Azimuth Corp - Department of Defense Contract	12.U02	238-5404-KSU	-	77,383
Zymergen Inc. - Department of Defense Contract	12.U03	KSU412065	-	6,547
AlphaMicron, Incorporated - Department of Defense Contract	12.U04	EDEPD STTR PII-01	-	57,317
Defense Engineering Corp. - Department of Defense Contract	12.U05	PO 10286	-	25,192
Defense Engineering Corp. - Department of Defense Contract	12.U06	J049	-	27,350
Yanhai Power LLC - Department of Defense Contract	12.U07	YP001-20-STTR	-	14,358
Powdermet Inc - Department of Defense Contract	12.U08	POWDERMET-KSU-21	-	1,254
			-	855,413
Total U.S. Department of Defense			-	1,010,975

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of the Interior				
U.S. Geological Survey Research and Data Collection	15.808	N/A	$ -	$ 66,855
National Cooperative Geologic Mapping	15.810	N/A	-	11,757
Total U.S. Department of the Interior			-	78,612
U.S. Department of Justice				
Pass-through Program from:				
Ohio Criminal Justice Studies - Project Safe Neighborhoods	16.609	2018-PS-PND-432	-	74,493
Ohio Criminal Justice Studies - Project Safe Neighborhoods	16.609	2019-PS-PSN-432	-	4,062
Total U.S. Department of Justice			-	78,555
National Aeronautics and Space Administration				
Science	43.001	N/A	104,385	114,399
Space Operations	43.007	N/A	-	40,467
Pass-through Program from:				
Ohio Space Grant Consortium - NASA Contract	43.U01	KSU418770	-	3,367
Ohio Space Grant Consortium - NASA Contract	43.U02	KSU418771	-	797
Ohio Space Grant Consortium - NASA Contract	43.U03	KSU418775	-	962
Ohio Space Grant Consortium - NASA Contract	43.U04	KSU418785	-	3,966
Ohio Space Grant Consortium - NASA Contract	43.U05	KSU418786	-	4,873
Case Western Reserve University - NASA Contract	43.U06	RES511813	-	172
			-	14,137
Total National Aeronautics and Space Administration			104,385	169,003
National Endowment for the Humanitities				
Pass-through Program from:				
Ohio Humanities Council - Promotion of the Humanities Federal/State Partnership	45.129	ME20-009	-	3,354
Institute of Museum and Library Services				
Laura Bush 21st Century Librarian Program	45.313	N/A	66,994	143,312
National Science Foundation				
Engineering	47.041	N/A	4,320	658,899
Mathematical and Physical Sciences	47.049	N/A	-	1,658,587
Geosciences	47.050	N/A	-	37,217
Computer and Information Science and Engineering	47.070	N/A	69,724	438,458
Biological Sciences	47.074	N/A	54,192	299,562
Social, Behavioral, and Economic Sciences	47.075	N/A	-	35,107
Education and Human Resources	47.076	N/A	47,089	920,770
Pass-through Program from:				
The University of Akron - Engineering	47.041	03433-KSU05	-	2,046
The University of Akron - Engineering	47.041	03433-KSU3	-	756
The University of Akron - Engineering	47.041	03433-KSU3	-	1,841
The University of Akron - Engineering	47.041	03433-KSU06	-	337
The University of Akron - Engineering	47.041	03433-KSU1	-	2,072
The University of Akron - Engineering	47.041	03433-KSU2	-	361
The University of Akron - Engineering	47.041	03433-KSU2A	-	1,500
			-	8,913

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
North Carolina State University - Computer and Information Science and Engineering	47.070	2020-2068-01	$ -	$ 15,222
Northeast Ohio Medical University - Biological Sciences	47.074	G0215-A	-	12,047
San Diego State University - Social, Behavioral, and Economic Sciences	47.075	SA0000404	-	3,314
Carnegie Mellon University - Social, Behavioral, and Economic Sciences	47.075	1122573-390590	-	18,026
				21,340
Missouri State University - Education and Human Resources	47.076	16043-002	-	1,756
The University of Tennessee, Knoxville - Polar Programs	47.078	A20-0621-S001	-	72,267
University of Delaware - Office of International Science and Engineering	47.079	51689	-	22,757
Total National Science Foundation			175,325	4,202,902
U.S. Department of Energy				
Office of Science Financial Assistance Program	81.049	N/A	284,590	1,498,531
Pass-through Program from:				
AquaNRG Consulting Inc. - Office of Science Financial Assistance Program	81.049	DE-SC0018510-KSU	-	27,126
Precision Combustion, Inc. - Office of Science Financial Assistance Program	81.049	KSU418781	-	35,418
			-	62,544
Los Alamos National Security LLC - Department of Energy	81.U01	503145	-	80,034
Brookhaven Science Associates, LLC - Department of Energy	81.U02	364754	-	1,517
Brookhaven Science Associates, LLC - Department of Energy	81.U03	365892	-	2,529
Lawrence Livermore National Laboratory - Department of Energy	81.U04	B643424	-	14,600
Lawrence Livermore National Laboratory - Department of Energy	81.U05	B644161	-	19,967
			-	118,647
Total U.S. Department of Energy			284,590	1,679,722
U.S Department of Education				
Education Research, Development and Dissemination	84.305	N/A	-	89,800
Pass-through Program from:				
Ohio Department Of Education - Special Education Grants to States	84.027	CSP909314	-	183,304
The Ohio State University - Education Research, Development and Dissemination	84.305	60071609	-	157,298
University of Florida - Research in Special Education	84.324	UFDSP00012193	-	35,864
The University of Akron - English Language Acquisition State Grants	84.365	542324	-	17,613
Total U.S. Department of Education			-	483,879
U.S. Department of Health and Human Serivces				
Research Related to Deafness and Communication Disorders	93.173	N/A	-	39,910
Research on Healthcare Costs, Quality and Outcomes	93.226	N/A	31,045	545,011
Mental Health Research Grants	93.242	N/A	49,315	756,625
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	-	387,325
Drug Abuse and Addiction Research Programs	93.279	N/A	119,551	426,852
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	N/A	-	49,043
Nursing Research	93.361	N/A	22,599	215,176
Cancer Cause and Prevention Research	93.393	N/A	-	32,997
Cancer Detection and Diagnosis Research	93.394	N/A	-	21,891
Cancer Treatment Research	93.395	N/A	-	37,486
Cancer Biology Research	93.396	N/A	97,758	268,986
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	N/A	-	218,274
Cardiovascular Diseases Research	93.837	N/A	13,584	52,386
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	-	60,180
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	N/A	-	71,740
Biomedical Research and Research Training	93.859	N/A	-	246,239
Child Health and Human Development Extramural Research	93.865	N/A	50,502	699,393
Aging Research	93.866	N/A	325,118	900,344

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Pass-through Program from:				
Stark County Mental Health & Addiction Recovery - Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	KSU416387	$ -	$ 7,334
Mental Health and Recovery Services Board of Stark County - Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	KSU416446	-	14,965
			-	22,299
Einstein Institute - Research Related to Deafness and Communication Disorders	93.173	492101	-	35,444
Richland Public Health - Drug-Free Communities Support Program Grants	93.276	1H79SP081858-01-KSU	-	12,005
MD Anderson Cancer Center - Research Infrastructure Programs	93.351	3001480941	-	26,157
Maryland Department of Health - Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	M00B84006676	-	6,065
Sanford Research - Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	SR-2019-208	-	12,935
MD Anderson Cancer Center - Aging Research	93.866	3001715043	-	33,697
The MetroHealth System - Special Projects of National Significance	93.928	7411064102	-	4,954
Indiana State Department of Health - Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	00000000000000019082	-	101,104
Maryland Department of Health - Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	M00B84006676	-	61,332
Minnesota Department of Health - Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	177821	-	34,174
Maryland Department of Health - Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	OPASS-21-19153G	-	7,993
			-	204,603
Indiana State Department of Health - Maternal and Child Health Services Block Grant to the States	93.994	00000000000000019082	-	76,882
Florida International University - Environmental Health	93.113	800008800-01UG	-	97,857
University of Memphis - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5-40756	-	11,616
University of Memphis - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5-40755	-	11,615
				23,231
Ponce Health Sciences University - Minority Health and Health Disparities Research	93.307	2 U54 MD007579-34	-	(33,951)
Ponce Health Sciences University - Minority Health and Health Disparities Research	93.307	5U54MD007579-35	-	87,327
Ponce Health Sciences University - Minority Health and Health Disparities Research	93.307	8625	-	13,693
			-	67,069
Virginia Commonwealth University - ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	FP00010656_SA001	-	94,845
Virginia Commonwealth University - ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	FP00010584_SA002	-	134,250
			-	229,095
North Dakota State University - Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	FAR0027328	-	11,715
Northwestern University - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	60054977 KSU	-	126
West Virginia University - Child Health and Human Development Extramural Research	93.865	14-452-KSU	-	91,087
University of Florida - Aging Research	93.866	SUB00002669	-	13,729
Total U.S. Department of Health and Human Serivces			709,472	5,998,808
Executive Office of the President				
Pass-through Program from:				
University of Memphis - Research and Data Analysis	95.007	5-40868	-	10,822
Total Research and Development Cluster			1,340,766	13,975,507

(Continued)

Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Year Ended June 30, 2021

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 Housing and Urban Development				
Pass-through Program from:				
Stark County Regional Planning - Community Development Block Grants/Entitlement Grants - Cluster	14.218	KSU467972	$ -	$ 31,420
U.S. Department of Education				
TRIO Cluster				
TRIO Student Support Services	84.042	N/A	-	519,079
TRIO Upward Bound	84.047	N/A	-	1,029,006
TRIO McNair Post-Baccalaureate Achievement	84.217	N/A	-	206,233
Total TRIO Cluster			-	1,754,318
Other Programs				
U.S. Department of the Interior				
Pass-through Programs from:				
National Writing Project - National Park Service Conservation, Protection, Outreach, and Education	15.954	7-OH03-NPS2020	-	3,500
National Writing Project - National Park Service Conservation, Protection, Outreach, and Education	15.954	97-OH03-NPS2021	-	526
Total U.S. Department of the Interior				4,026
U.S. Department of Justice				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	N/A	-	1,369
Pass-through Programs from:				
Ohio Attorney General - Crime Victim Assistance	16.575	2020-VOCA-13293572	-	26,791
Total U.S. Department of Justice			-	28,160
U.S. Department of State				
Pass-through Programs from:				
International Research & Exchange Board, Incorporated - Academic Exchange Programs - Teachers	19.408	FY-20-FTEA-ML-KSU-01	-	57,791
International Research & Exchange Board, Incorporated - Academic Exchange Programs - Teachers	19.408	FY21-FTEA-ML-KSU-01	-	99,782
Total U.S. Department of State			-	157,573
U.S. Department of Transportation				
Airport Improvement Program	20.106	N/A	-	15,097
U.S. Department of the Treasury				
Pass-through Programs from:				
COVID-19 - Ohio Department of Mental Health and Addiction Services - Coronavirus Relief Fund	21.019	KSU416399	-	20,414
COVID-19 - Prevention Action Alliance - Coronavirus Relief Fund	21.019	KSU487958	-	30,356
COVID-19 - The Ohio State University - Coronavirus Relief Fund	21.019	60078505	-	111,327
COVID-19 - The Ohio State University - Coronavirus Relief Fund	21.019	KSU410887	-	90,755
COVID-19 Ohio Department of Higher Education - Coronavirus Relief Fund	21.019	KSU417609	-	22,280,657
Total U.S. Department of the Treasury				22,533,509
National Aeronautics and Space Administration				
Pass-through Programs from:				
Ohio Space Grant Consortium - Office of Stem Engagement (OSTEM)	43.008	KSU411814	-	19,000
Paragon TEC, Inc. - NASA Contract	43.695	KSU415695	-	761
Total National Aeronautics and Space Administration			-	19,761
National Endowment for the Arts				
Promotion of the Arts Grants to Organizations and Individuals	45.024	N/A	-	767
Pass-through Programs from:				
Arts Midwest - Promotion of the Arts Partnership Agreements	45.025	KSU487955	-	3,100
Total National Endowment for the Arts			-	3,867
National Endowment for the Humanities				
Promotion of the Humanities Professional Development	45.163	N/A	-	3,778
Promotion of the Humanities Public Programs	45.164	N/A	-	122,943
Total National Endowment for the Humanities			-	126,721
Institute of Museum and Library Services				
Museums for America	45.301	N/A	-	2,891
Pass-through Program from:				
Sacramento Public Library - Grants to States	45.310	SPL-KSU-FY20	-	10,818
State Library of Ohio - Grants to States	45.310	VIII-46-21	-	962
			-	11,780
Total Institute of Museum and Library Services			-	14,671
U.S. Small Business Administration				
Pass-through Programs from:				
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-327	-	89,282
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-334	-	75,113
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-334	-	4,400
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU418783	-	94,404
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU445004	-	1,428
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU487908	-	5,358
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-321	-	36,479
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU467975	-	68,253
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-322	-	60,850
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-20-336	-	88,499
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU487956	-	70,948
Total U.S. Small Business Administration			-	595,014
U.S. Department of Homeland Security				
Pass-through Programs from:				
Ohio Department of Higher Education - Adult Education - Basic Grants to States	84.002	BOR01-0000006662	30,839	45,018
Ohio Department of Higher Education - Adult Education - Basic Grants to States	84.002	BOR01-0000007063	-	51,679
Ohio Department of Higher Education - Adult Education - Basic Grants to States	84.002	BOR01-0000007063	278,672	948,940
Total U.S. Department of Homeland Security			309,511	1,045,637

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Kent State University

Schedule of Expenditures of Federal Awards (Continued)
For the Year Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	N/A	$ 9,520	$ 480,153
COVID-19 Higher Education Emergency Relief Fund - Student Aid Portion	84.425E	N/A	-	13,187,644
COVID-19 Higher Education Emergency Relief Fund - Institutional Portion	84.425F	N/A	-	24,185,262
			-	37,372,906
Pass-through Programs from:				
Ohio Department Of Education - Career and Technical Education -- Basic Grants to States	84.048	KSU415679	-	537
Ohio Department Of Education - Career and Technical Education -- Basic Grants to States	84.048	062976	-	98,077
Total			-	98,614
Ohio Department of Higher Education - Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	KSU417202	-	125,994
Total U.S. Department of Education			9,520	38,077,667
U.S. Department of Health and Human Serivces				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	-	193,663
Advanced Nursing Education Workforce Grant Program	93.247	N/A	261,243	311,335
Provider Relief Fund	93.498	N/A	-	10,302
Mental and Behavioral Health Education and Training Grants	93.732	N/A	-	290,024
Pass-through Programs from:				
Northeast Ohio Medical University - Grants for Primary Care Training and Enhancement	93.884	G0098-II	-	366
Total U.S. Department of Health and Human Serivces			261,243	805,690
Agency for International Development				
Pass-through Programs from:				
American University of Nigeria - USAID Foreign Assistance for Programs Overseas	98.001	AUN 2019/01/72062019CA00002	-	193,320
Total Other Programs			580,274	63,620,713
Total Expenditures of Federal Awards			$ 1,921,040	$ 332,416,313

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, 2021. 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, 2021 consist of:

Program Name	Outstanding Balance at July 1, 2020	New Loans Issued	Repayments of Student Loans	Outstanding Balance at June 30, 2021
Federal Perkins Loan Program	$ 26,693,308	$ -	$ (5,127,857)	$ 21,565,451

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, 2021 consist of:

Program Name	Outstanding Balance at July 1, 2020	New Loans Issued	Repayments of Student Loans	Outstanding Balance at June 30, 2021
Nursing Student Loan Program	$ 1,732,396	$ 522,504	$ (308,325)	$ 1,946,575

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, 2021, were as follows:

Federal Direct Student Loan Program	
Stafford:	
Subsidized	$ 45,511,167
Unsubsidized	97,400,957
GLPS	10,150,469
PLUS	23,388,922

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, 2021.

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, 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, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and the related notes to the financial statements, and have issued our report thereon dated October 29, 2021.

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 October 29, 2021.

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 may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 29, 2021

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

Independent Auditor's Report

President and Board of Trustees of Kent State University

Report on Compliance for Each Major Federal Program
We have audited Kent State University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2021. The University's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

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

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the business-type activities and the discretely presented component unit of Kent State University as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collective comprise the University's basic financial statements. We have issued our report thereon dated October 29, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Cleveland, Ohio
March 30, 2022

Kent State University

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

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.342 and 93.364	Student Financial Aid Cluster
84.425E	Higher Education Emergency Relief Fund - Student Aid Portion
84.425F	Higher Education Emergency Relief Fund - Institutional Portion
21.019	Coronavirus Relief Fund
84.042, 84.047 and 84.217	TRIO Student Support Services, Upward Bound and McNair Post-Baccalaureate Achievement

Dollar threshold used to distinguish between Type A and Type B programs:	$ 2,381,459			
Auditee qualified as a low risk auditee?	X	Yes		No

Section II – Financial Statement Findings

No findings were noted.

Section III – Findings and Questioned Cost for Federal Awards

No findings were noted.

Kent State University

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

Section II – Financial Statement Findings

No findings were noted.

Section III – Findings and Questioned Cost for Federal Awards

No findings were noted.