

**WRIGHT STATE UNIVERSITY**

**A COMPONENT UNIT OF THE STATE OF OHIO  
GREENE COUNTY, OHIO**

**SINGLE AUDIT**

FOR THE YEAR ENDED JUNE 30, 2023



# OHIO AUDITOR OF STATE KEITH FABER



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Board of Trustees  
Wright State University  
3640 Col. Glenn Highway  
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We have reviewed the *Independent Auditor's Report* of the Wright State University, Greene County, prepared by FORVIS, LLP, for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA, CGFM  
Chief Deputy Auditor  
Columbus, Ohio

December 20, 2023

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# WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

ANNUAL REPORT AND SINGLE AUDIT REPORTS FOR FEDERAL AWARDS

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## Independent Auditor's Report

Board of Trustees  
Wright State University  
Dayton, Ohio

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the University adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis 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 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 GAAS. 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

**FORVIS,LLP**

Cincinnati, Ohio  
October 16, 2023

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The following discussion and analysis provide an overview of the financial position and activities of Wright State University (University) as of and for the year ended June 30, 2023 with selected comparative information for the year ended June 30, 2022. The discussion contains highly summarized information and should be read in conjunction with the accompanying financial statements and footnotes, which follow this section.

### **Using the Annual Report**

This annual report includes three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. These financial statements were prepared by management in accordance with principles established by the Governmental Accounting Standards Board (GASB). In conformance with those principles, the Wright State University Foundation (the Foundation) has been determined to be a component unit of the University. The statements and selected notes for the Foundation are discretely (separately) presented with the University's financial statements. Management's Discussion and Analysis relates only to the University and not to the Foundation unless specifically noted.

The Statement of Net Position presents the financial position of the University as of June 30<sup>th</sup> by reporting all assets, liabilities, deferred inflows of resources and deferred outflows of resources of the University. The University's net position is the residual after subtracting liabilities and deferred inflows of resources from the sum of assets and deferred outflows of resources. Net position is one indicator of the overall financial condition of the University.

The Statement of Revenues, Expenses and Changes in Net Position presents the total revenues earned and expenses incurred by the University during the fiscal year, along with the increase or decrease in net position. This statement depicts the University's revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of the change in the University's overall financial condition.

The Statement of Cash Flows presents detailed information about cash inflows and cash outflows during the fiscal year. The statement reports the major sources and uses of cash and is useful in the assessment of the University's ability to meet cash obligations when due.

### **Financial Highlights for Fiscal Year Ended June 30, 2023**

- In fiscal year 2023, the University adopted new accounting standard GASB No. 96, *Subscription-Based Information Technology Arrangements*. The results of this implementation affected the financial statements as described throughout this report. Data included herein, from Fiscal Year 2022, has not been restated for the adoption of GASB 96 because 2022 financial statements are not presented in the basic financial statements.
- The University's net position improved \$35.0 million during fiscal year 2023. Of that amount, \$21.7 million is attributable to improvements in operations and \$13.3 million is attributable to the effects of GASB 68 & 75, pension and other postemployment benefits (OPEB).
- Overall operating revenues declined 1.0% or \$1.6 million in 2023 vs. 2022. Tuition and fee revenue (net) increased \$1.1 million, primarily the result of an increase in the relative proportion of out-of-state international graduate students in select degree programs, helping stabilize tuition and fee revenue.

- Operating expenses increased \$17.7 million in 2023 over 2022. While spend across the University declined \$20.7 million this was offset by an increase of \$38.5 million attributable to pension and OPEB adjustments. This resulted in a reduction in overall operating performance of \$19.4 million in 2023 vs. 2022.

### Financial Highlights for Fiscal Year Ended June 30, 2022

- In response to the COVID-19 emergency, the State of Ohio issued shelter-in-place orders and other measures that limited business operations and public gatherings. As a result, the University moved the majority of instruction to a remote delivery model in March 2020. In August 2021, the University returned to in-person course deliveries. This resulted in an increase in revenue from the University's auxiliary operations including housing, food, and parking services along with athletic and entertainment events.
- The University's net position improved \$64.7 million during fiscal year 2022. Of that amount, \$13.0 million is attributable to improvements in operations and \$51.7 million is attributable to the effects of GASB 68 & 75, pension and other postemployment benefits (OPEB).
- Overall operating revenues increased 0.4% or \$.7 million in 2022 vs. 2021. Tuition and fee revenue (net) declined \$4 million, primarily the result of a decline in student headcount of 765 in fall 2021 from fall 2020 (12,234 to 11,469).
- Operating expenses decreased \$15.6 million in 2022 over 2021, of which a \$3.0 million increase in spend across the University was more than offset by an \$18.6 million decrease attributable to pension and OPEB adjustments. This resulted in an increase in overall operating performance of \$16.3 million in 2022 vs. 2021.

### Statement of Net Position

A summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30 is as follows:

	2023	2022
	<u>(All dollar amounts in thousands)</u>	
Current assets	\$ 126,914	\$ 102,868
Noncurrent assets:		
Capital assets, net	313,395	317,932
Lease assets, net	8,283	9,489
Subscription assets, net	5,246	
Other	83,390	98,681
Deferred outflows of resources	<u>49,085</u>	<u>33,390</u>
Total assets and deferred outflows	<u>586,313</u>	<u>562,360</u>
Current liabilities	60,476	60,572
Noncurrent liabilities	217,009	140,052
Deferred inflows of resources	<u>40,579</u>	<u>128,459</u>
Total liabilities and deferred inflows	<u>318,064</u>	<u>329,083</u>
Net position:		
Net investment in capital assets	267,445	264,627
Restricted	15,131	21,284
Unrestricted (deficit)	<u>(14,328)</u>	<u>(52,634)</u>
Total net position	<u>\$ 268,249</u>	<u>\$ 233,277</u>

## **Assets and Deferred Outflows of Resources**

*Current assets*, comprised primarily of cash and cash equivalents, short-term investments, student and sponsor receivables, prepaid expenses, and advanced charges increased \$24.0 million in 2023, which is primarily the result of increases in cash and cash equivalents of \$16.5 million, short-term investments of \$8.8 million, and advanced charges of \$.69 million offset by a decrease in accounts receivable of \$2.2 million. In 2022, current assets decreased by \$35.0 million. Cash and cash equivalents decreased \$28.1 million during 2022 and receivables decreased \$10.3 million, offset by increases in short-term investments of \$3.0 million, advanced charges of \$.22 million and prepaid expenses of \$.26 million.

*Capital assets, net of depreciation* decreased \$4.5 million in 2023 to \$313.4 million. Additions of \$13.3 million were offset by \$17.6 million in depreciation, less net retirements of \$.1 million. In 2022 capital assets decreased \$9.1 million to \$317.9 million. Additions in 2023 included \$4.4 million of land improvements and infrastructure projects and \$3.5 million of building and leasehold improvements. Routine moveable equipment and library acquisitions were also made during both years.

*Lease assets, net of amortization* decreased \$1.2 million in 2023 to \$8.3 million due to amortization. In 2022 lease assets decreased \$1.2 million to \$9.5 million.

Subscription assets, net of amortization total \$5.2 million in 2023. Subscription assets were initially recorded with implementation of GASB 96, *Subscription-Based Information Technology Agreements*. 2023 includes \$0.05 million in additions and amortization of \$2.6 million.

*Other noncurrent assets* are comprised of long-term investments, noncurrent student loans receivable, noncurrent prepaid expenses, and other postemployment benefit assets. Other noncurrent assets decreased \$15.3 million in 2023 due to decreases in other long-term investments of \$8.9 million and in net other postemployment benefits asset of \$6.2 million. In 2022 other noncurrent assets increased \$48.8 million, due to increases in other long-term investments of \$46.5 million and in net other postemployment benefits asset of \$3.4 million.

*Deferred outflows of resources* represent consumption of resources that does not require a further exchange transaction of goods and services and is applicable to a future reporting period. For 2023 deferred outflows increased \$15.7 million driven by the change in pension and OPEB related balances from \$33.4 million to \$49.1 million. In 2022 deferred outflows increased \$9.6 million driven largely by the change in pension and OPEB related balances from \$23.8 million to \$33.4 million.

*Total assets and deferred outflows of resources* increased \$24.0 million in 2023 as compared to an increase of \$13.1 million in 2022.

## **Liabilities and Deferred Inflow of Resources**

*Current liabilities* are comprised of accounts payable, accrued and other liabilities, unearned revenues from both student fees and advance payments for contracts and grants, refunds, and the current portion of noncurrent liabilities. Current liabilities decreased \$0.1 million in 2023 to \$60.5 million. Increases included \$2.3 million in unearned revenue and \$0.3 million current portion of noncurrent liabilities. Decreases include \$1.8 million in accrued liabilities, \$.8 million in accounts payable trade and other, and \$.1 million in refunds and other liabilities.

In 2022 these balances increased \$0.7 million to \$60.6 million. Increases included \$4.3 million in accounts payable trade and other. Decreases included \$2.2 million from the current portion of noncurrent liabilities related to the current portion of leases, compensated absences and employee severance, \$.6 million in unearned revenue, and \$.8 million in accrued liabilities.

*Noncurrent liabilities* are comprised of unearned revenue, net pension liability, OPEB liability, refundable advances for Federal Perkins loans, noncurrent portion of leases, and other noncurrent liabilities including compensated absences, an accrual for voluntary retirement incentive programs, and the noncurrent portion of University debt. Noncurrent liabilities increased by \$76.9 million in 2023 compared to 2022. This is

driven largely by an increase of \$82.8 million in pension liability. The increase in the pension liability was primarily due to investment performance with the Ohio Public Employees Retirement System (OPERS) and State Teachers Retirement System of Ohio (STRS) plans. The decline in other noncurrent liabilities includes \$6.2 million in bonds and notes payable, \$0.5 million in compensated absences, and \$1.2 million in lease obligations, offset by an increase of \$5.0 million in subscription liabilities.

In 2022 these balances declined by \$97.5 million to \$140.1 million at June 30, 2022. This decrease was primarily attributable to a reduction of \$82.3 million in pension liabilities, \$7.9 million in bonds and notes payable, \$.8 million in compensated absences, and \$1.0M in refundable advances for Perkins loans.

*Deferred inflows of resources* represent an acquisition of resources that does not require a further exchange of goods and services and is applicable to a future reporting period. In 2023 deferred inflows for pensions decreased \$75.9 million. OPEB contributed a \$12.1 million decrease to deferred inflows.

In 2022, the deferred inflows of resources related to pension increased \$52.1 million from \$51.3 million at June 30, 2021 to \$103.4 million at June 30, 2022. These increases were mostly attributed to improved investment performance for OPERS and the reduction in the University's proportionate share of the OPERS and STRS pension plan balance. OPEB changes resulted in a \$8.3 million decrease to deferred inflows.

## Net Position

*Net position* represents the remaining balance of the University's assets after adding deferred outflows of resources and deducting liabilities and deferred inflows of resources. The University's net position improved \$35.0 million in 2023 over 2022. The improvement during the year is attributed to \$21.7 million in operational improvements and \$13.3 million to pension and OPEB adjustments.

The University's net position improved \$64.7 million in 2022 over 2021, with \$13.0 million in operational improvements and \$51.7 million from pension and OPEB adjustments.

A more detailed summary of the University's net position as of June 30 is as follows:

	2023	2022
	(All dollar amounts in thousands)	
Net investment in capital assets	\$ 267,445	\$ 264,627
Restricted expendable	15,131	21,284
Unrestricted:		
Designated	(80,906)	(105,074)
Undesignated	66,579	52,440
Total net position	<u>\$ 268,249</u>	<u>\$ 233,277</u>

*Net investment in capital assets* represents the University's capital, lease, and subscription assets after subtracting accumulated depreciation and amortization, and lease and subscription liabilities and the principal amount of outstanding debt attributable to the acquisition, construction or improvement of those assets. The decline of \$2.2 million in 2023 occurred across all asset categories, except land, land improvements and infrastructure, and equipment, as depreciation expense outpaced capital improvements. In 2022 net investment in capital assets declined \$3.4 million.

*Restricted expendable* net position represents funds externally restricted to specific purposes, such as student loans or sponsored projects. The majority of the restricted expendable balance, excluding the OPEB assets, represents funds restricted for student loans. The decrease of \$6.2 million in 2023 is the result of a \$6.2 million decrease in other postemployment benefits. The increase of \$3.1 million in 2022 is the result of an increase of \$3.4 million in other postemployment benefits, partially offset by a decrease of \$.3 million in student loan funds.

*Unrestricted net position* represents the portion of net position that is not subject to external restrictions. The University may designate these funds internally for various academic, research, student aid, and capital purposes. Unrestricted net position increased \$43.3 million in 2023 over 2022 and increased \$65 million in 2022 vs. 2021.

GASB Nos. 68 and 75 have had a significant effect on the University's unrestricted net position. The cumulative impact of the implementation of the pension and OPEB standards is (\$151.1) million and (\$170.6) million for 2023 and 2022, respectively, as presented in the following table:

	2023	2022
	<u>(All dollar amounts in thousands)</u>	
Unrestricted net position		
Balance before reporting for pensions & OPEB	\$ 136,817	\$ 117,925
Impact of implementation of pension & OPEB standards		
Deferred outflows of resources - pensions & OPEB	49,085	33,390
Net pension and OPEB liability	(161,508)	(77,299)
Deferred inflows of resources - pensions & OPEB	<u>(38,722)</u>	<u>(126,650)</u>
Net impact of implementation of pension & OPEB	<u>(151,145)</u>	<u>(170,559)</u>
Total unrestricted net position	<u>\$ (14,328)</u>	<u>\$ (52,634)</u>

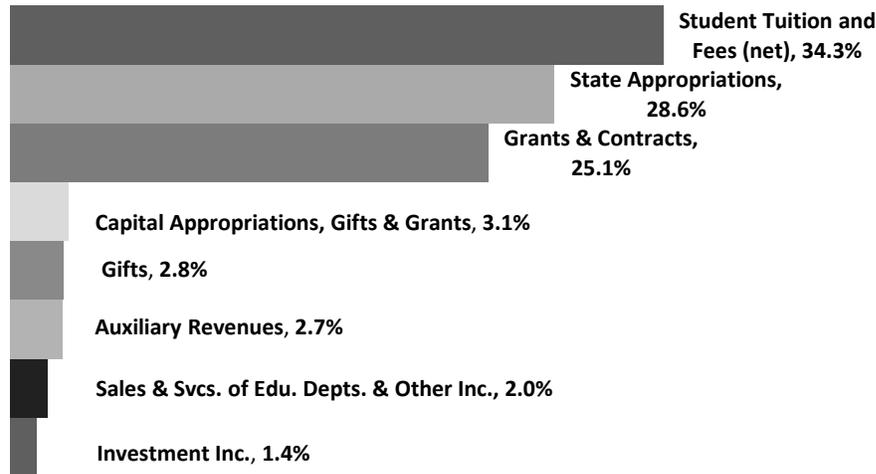
Additionally, the cumulative impact of the OPEB standards has resulted in \$10.9 million and \$17.1 million of other postemployment benefits assets, which is reflected in the University's restricted net position, for 2023 and 2022, respectively.

### Statements of Revenues, Expenses and Changes in Net Position

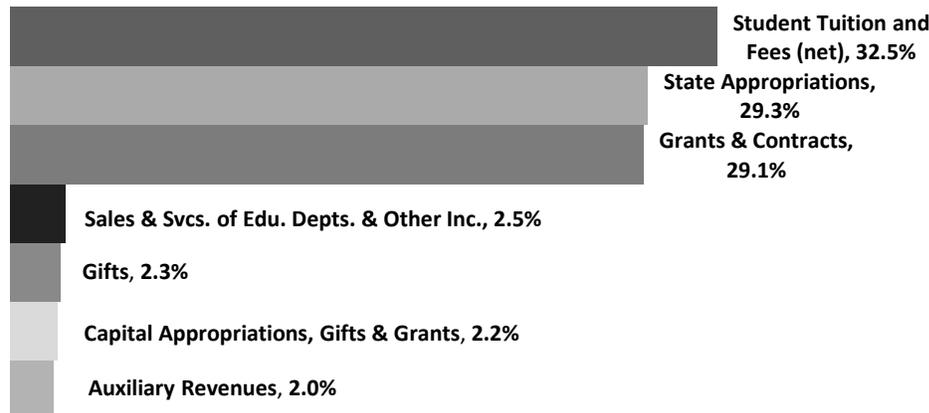
The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the University. A summary of the University's revenues, expenses and changes in net position for the years ended June 30 is as follows:

	2023	2022
	<u>(All dollar amounts in thousands)</u>	
Operating revenues:		
Student tuition & fees - net	\$ 98,482	\$ 97,428
Grants and contracts	47,442	49,999
Sales and services	3,972	3,317
Auxiliary enterprises	7,846	6,032
Other	<u>1,665</u>	<u>4,280</u>
Total	159,407	161,056
Operating expenses	<u>251,085</u>	<u>233,342</u>
Operating loss	<u>(91,678)</u>	<u>(72,286)</u>
Nonoperating revenues (expenses):		
State appropriations	82,049	87,839
Federal grants	20,965	33,755
State grants	3,670	3,491
Gifts	8,032	6,938
Investment income (loss)	4,007	(219)
Interest expense	(881)	(1,544)
Other revenue (loss)	(33)	210
Capital appropriations	6,308	3,920
Capital grants and gifts	<u>2,533</u>	<u>2,632</u>
Total	<u>126,650</u>	<u>137,022</u>
Increase in net position	34,972	64,736
Net position - beginning of year	<u>233,277</u>	<u>168,541</u>
Net position - end of year	<u>\$ 268,249</u>	<u>\$ 233,277</u>

Revenues by source for the year ended June 30, 2023.



Revenues by source for the year ended June 30, 2022.



### Operating Revenues

Overall operating revenues declined \$1.6 million or 1.0% in 2023 vs. 2022, from \$161.1 million to \$159.4 million. The largest factors include a \$2.6 million decline in Federal grants and contracts and a \$2.6 million decline in other operating revenues offset by a \$1.0 million increase in student tuition and fees (net) and a \$1.8 million increase in auxiliary enterprises sales (net). Student headcount for Fall 2022 declined 671 from Fall 2021 (11,469 to 10,798) but was somewhat offset by an increase in tuition rates as noted below. Headcount enrollment was 12,234 in Fall 2020.

*Student tuition and fees, net*, were \$98.5 million and \$97.4 million, in 2023 and 2022, respectively, which resulted in an 1.1% increase from 2022 to 2023 and a 4.0% decrease from 2021 to 2022. Fee rates for continuing resident undergraduate students increased in fiscal 2023 by 2% vs. 2022. The tuition rate for the new Wright Guarantee Cohort (Cohort 5) increased by 4.6% over the rate for Cohort 4 and will remain

unchanged for four years. Graduate and non-resident fee rates were unchanged from fiscal 2022 with the exception of a \$25 per credit hour increase for MBA and Marketing Analytics tuition, MIS Information Systems and MS Logistics Program tuition differential is discontinued and a 4.6% increase of both in state and out of state tuition for the Boonshoft School of Medicine, School of Professional Psychology, and Doctor of Nursing Practice. Tuition revenue before the application of scholarships (financial aid applied to students' bills) in 2023 was up \$.5 million, or .4%, from 2022 and in 2022 was down \$2.4 million, or 1.7%, from 2021.

*Grants and contracts* totaled \$47.4 million in 2023 vs. \$50.0 million in 2022. Operating grants and contracts income fluctuates as individual awards begin and end, as well as the extent to which awards include capital expenditures displayed as nonoperating revenues. Combined operating and nonoperating grants and contracts income as a percent of total income decreased 4.0% from 29.1% in 2022 to 25.1% in 2023.

*Sales and services*, which are primarily revenues generated from specific departmental sales activities to organizations external to the University, were \$4.0 million and \$3.3 million, for the years ended June 30, 2023 and 2022, respectively. Approximately 50% of these revenues in 2023 were generated by the Boonshoft School of Medicine and telecommunications.

*Auxiliary revenues* were \$7.8 million and \$6.0 million, for the years ended June 30, 2023 and 2022, respectively. Auxiliary enterprises are comprised of residence life and housing, bookstores, hospitality (dining and catering) services, vending, parking and transportation, intercollegiate athletics, the Student Union, and the Nutter Center.

*Other operating revenues*, which include rebates, administrative fees, and other miscellaneous revenues were \$1.7 million and \$4.3 million for the years ended June 30, 2023 and 2022, respectively.

## **Nonoperating Revenues**

*State appropriations* declined \$5.8 million to \$82.0 million from 2022 to 2023. State appropriations remained flat at \$87.8 million for 2022. Although the accounting standards classify state appropriations as a nonoperating revenue source in the financial statements, the University continues to manage state funding as an operating revenue item because it is intended to support instructional activities.

*Investment income* increased \$4.2 million to \$4.0 million in 2023 from \$(.2) million in 2022. The \$4.0 million increase in 2023 resulted from realized and unrealized gains in the University's bond and equity holdings and private equity portfolio.

*Federal grants and state grants* have been primarily composed of restricted funding for Pell, SEOG (Supplemental Educational Opportunity Grant), and OCOG (Ohio College Opportunity Grants) programs. In fiscal 2021 and 2020, CARES Act and CRF funding were also added here, as part of the federal government's response to COVID. These grants were \$47.6 million in 2021, \$27.0 million in 2020, and \$20.9 million in 2019 and they are fully spent as of June 30, 2023.

*Gifts* revenues, all of which are received through the Foundation, increased \$1.1 million from \$6.9 million in 2022 to \$8.0 million in 2023.

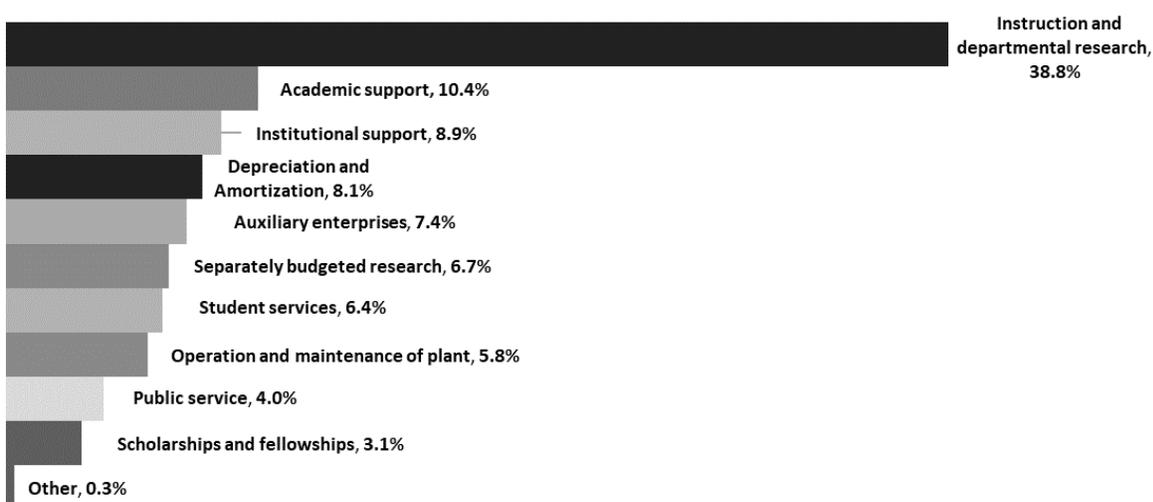
*Capital Appropriations, Gifts and Grants* were \$8.8 million in 2023 vs. \$6.6 million in 2022. The change in capital appropriations is dependent on the level of authorized construction activity. Large projects in 2023 included technology infrastructure upgrades (\$1.3 million), campus energy efficiency and controls (\$.6 million), the University safety initiative (\$2.7 million), lab animal research safety (\$.5 million), and elevator upgrades (\$.3 million).

## Expenses

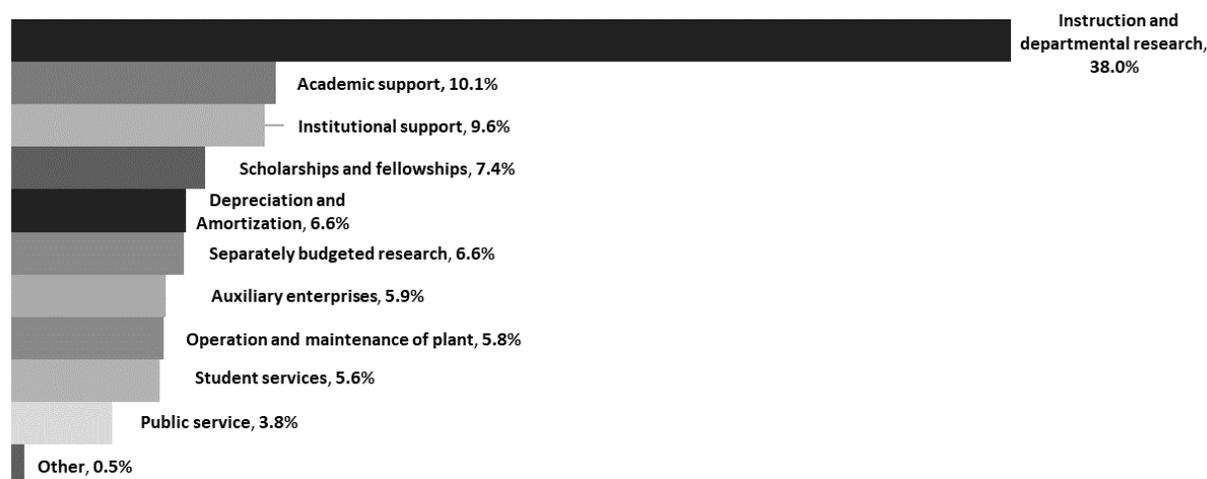
A summary of the University's expenses for the years ended June 30 is as follows:

	2023	2022
	(All dollar amounts in thousands)	
Operating expenses		
Instruction and departmental research	\$ 102,790	\$ 108,926
Separately budgeted research	17,784	18,866
Public service	10,674	11,015
Academic support	27,562	28,858
Student services	17,045	16,130
Institutional support	23,506	27,616
Operation and maintenance of plant	15,485	16,622
Scholarships and fellowships	8,305	21,166
Auxiliary enterprises	19,739	16,842
Pension and OPEB	(13,259)	(51,732)
Depreciation and amortization	21,454	19,033
Total operating expenses	<u>251,085</u>	<u>233,342</u>
Nonoperating expenses		
Interest on capital asset-related debt	881	1,544
Other nonoperating (revenues)/expenses	33	(210)
Total nonoperating (revenues) expenses	<u>914</u>	<u>1,334</u>
Total expenses	<u>\$ 251,999</u>	<u>\$ 234,676</u>

The following is a graphical illustration of expenses by function, excluding pension and OPEB, for the year ended June 30, 2023.



The following is a graphical illustration of expenses, excluding pension and OPEB, by function for the year ended June 30, 2022.



Total expenses were \$252.0 million in 2023 vs. \$234.7 million in 2022. Operating expenses increased \$17.7 million in 2023 over 2022, of which \$20.7 million is attributed to a decrease in operations, offset by an \$38.5 million increase attributable to pension and OPEB adjustments. The \$15.6 million decrease in 2022 was a combination of a \$3.0 million increase in operations offset by an \$18.6 million decrease attributable to pension and OPEB adjustments. Salaries and wages represent the largest part of the University's expenses at more than half of both 2023 and 2022 total operating expenses, excluding the impact of pension and OPEB adjustment.

Nonoperating expenses, net of nonoperating revenue, chiefly relate to capital, lease, and subscription assets including interest expense on capital assets-related debt and gains/losses on the disposition of capital assets. Nonoperating expenses were \$.9 million in 2023 and \$1.3 million in 2022.

### Statements of Cash Flows

The Statement of Cash Flows also provides information about the University's financial health by reporting the cash receipts (inflows) and cash payments (outflows) of the University during the year.

A summary of the Statements of Cash Flows is as follows:

	2023	2022
	<u>(All dollar amounts in thousands)</u>	
Cash provided (used) by:		
Operating activities	\$ (87,678)	\$ (103,728)
Noncapital financing activities	114,618	137,743
Capital and related financing activities	(14,467)	(12,222)
Investing activities	<u>4,067</u>	<u>(49,871)</u>
Net increase (decrease) in cash and cash equivalents	16,540	(28,078)
Cash and cash equivalents-beginning of year	68,682	96,760
Cash and cash equivalents-end of year	<u>\$ 85,222</u>	<u>\$ 68,682</u>

Total cash and cash equivalents increased \$16.5 million in 2023 as compared to a \$28.1 million decrease in 2022. Net cash outflow for operating activities decreased by \$16.1 million from \$103.7 million in 2022 to \$87.7 million in 2023. Cash from operating revenues increased \$3.4 million mainly due to an increase in

student tuition and fees of \$4.1 million and auxiliary enterprise sales of \$.8 million offset by reductions in grant and contract revenue of \$1.0 million and in sales and service of \$.5 million. Payments for salaries and benefits declined \$5.8 million. Payments to suppliers increased \$3.5 million. There was a decrease of \$11.2 million for scholarships and fellowships. Cash inflow for noncapital financing activities decreased by \$23.1 million, primarily due to a decrease in grant funding for noncapital purposes. Cash outflow for capital and related financing activities increased \$2.2 million. Cash inflows provided by investing activities increased \$53.9 million related to the change in purchase of investments with funds from the cash pool.

### Capital Assets and Debt

*Capital Assets* The University's investment in capital assets was \$313.4 million, net of accumulated depreciation at June 30, 2023, as compared to \$317.9 million at June 30, 2022. Depreciation expense for the years ended June 30, 2023 and 2022 was \$17.6 million and \$17.8 million, respectively.

A summary of net capital assets for the year ended June 30 is as follows:

	2023	2022
	<u>(All dollar amounts in thousands)</u>	
Land, land improvements and infrastructure	\$ 41,677	\$ 39,350
Buildings	250,270	258,236
Machinery and equipment	13,689	11,468
Library books and publications	<u>7,759</u>	<u>8,878</u>
Total capital assets - net	<u>\$ 313,395</u>	<u>\$ 317,932</u>

Depreciation expense and retirement of assets has exceeded the growth in assets over the last three years. During 2023, major projects included \$2.7 million for the University Safety Initiative, \$1.3 million for IT Infrastructure Upgrades, \$.6 million for campus energy efficiency and controls, and \$.5 million in lab animal research safety. During 2022, major projects included \$.3 million in Elevator upgrades, \$1.4 million for the University Safety Initiative, \$.2 Million for the Pedestrian Tunnel Renewal, \$.6 million for Electrical Infrastructure upgrades, and \$1 million for IT Infrastructure Upgrades.

*Debt* As of June 30, 2023, bonds and notes payable totaled \$44.7 million vs. \$51.0 million as of June 30, 2022. The 2023 balance was comprised of \$35.5 million of general obligation bonds and \$9.2 million in outstanding notes. The 2022 balance was comprised of \$40.0 million of general obligation bonds and \$10.9 million in outstanding notes.

In March 2023, Moody's Investors Service upgraded the University's ratings to A3 with a positive outlook. The University's previous rating had been issued in May 2021 as Baa1, stable; an upgrade from the 2019 rating of Baa2, negative.

### Leases

*Leases* are comprised of lease assets including equipment and space the University has contracted for the right-to-use and leases receivable where the University has contracted with others for use of University assets. As of June 30, 2023 and 2022, the lease assets were \$8,283,467 and \$9,488,727, respectively. In addition, leases receivable were \$565,378 and \$331,372 as of June 30, 2023 and 2022, respectively.

A summary of right-to-use lease assets for the year ended June 30 is as follows:

	Balance 7/1/2022	Additions	Retirements	Balance 6/30/2023
Buildings and leasehold improvements	\$ 10,897,400	\$ -	\$ -	\$ 10,897,400
Equipment	987,859	-	-	987,859
Total right-to-use lease assets	11,885,259	-	-	11,885,259
Less accumulated amortization:				
Buildings and leasehold improvements	1,960,474	980,237	-	2,940,711
Equipment	436,058	225,023	-	661,081
Total accumulated amortization	2,396,532	1,205,260	-	3,601,792
Right-to-use lease assets, net	<u>\$ 9,488,727</u>	<u>\$ (1,205,260)</u>	<u>\$ -</u>	<u>\$ 8,283,467</u>

	Balance 7/1/2021	Additions	Retirements	Balance 6/30/2022
Buildings and leasehold improvements	\$ 10,897,400	\$ -	\$ -	\$ 10,897,400
Equipment	987,859	-	-	987,859
Total right-to-use lease assets	11,885,259	-	-	11,885,259
Less accumulated amortization:				
Buildings and leasehold improvements	980,237	980,237	-	1,960,474
Equipment	211,034	225,024	-	436,058
Total accumulated amortization	1,191,271	1,205,261	-	2,396,532
Right-to-use lease assets, net	<u>\$ 10,693,988</u>	<u>\$ (1,205,261)</u>	<u>\$ -</u>	<u>\$ 9,488,727</u>

## Subscriptions

*Subscriptions* are comprised of subscription-based information technology arrangements (SBITAs) the University has contracted for the right-to-use. As of June 30, 2023, the subscription assets were \$5,246,366.

A summary of right-to-use subscription assets for the year ended June 30 is as follows:

	Balance 7/1/2022	Additions	Retirements	Balance 6/30/2023
Total right-to-use subscription assets	\$ 7,793,381	\$ 51,713	\$ -	\$ 7,845,094
Less accumulated amortization	-	(2,598,728)	-	(2,598,728)
Right-to-use subscription assets, net	<u>\$ 7,793,381</u>	<u>\$ (2,547,015)</u>	<u>\$ -</u>	<u>\$ 5,246,366</u>

## Future Economic Factors / Concluding Thoughts

Stabilizing and eventually growing tuition and fees and State Share of Instruction (SSI), the two largest sources of revenues, will continue to present challenges given the headwinds of demographic changes, both locally and statewide, as well as consumers' increasing skepticism regarding the value of a college degree.

The landscape of higher education continues to be crowded and competitive coupled with the challenge of supply exceeding demand. A declining and evolving customer base is placing new demands requiring institutions to innovate and offer not only in demand programs but also through multiple delivery modes. The need for institutions to be not only innovative but also nimble will continue to be paramount.

The University's swift response to the COVID-19 challenge by pivoting to remote instruction in Spring 2020 and the resulting investments in infrastructure will be critical to its delivery of the highest quality education in traditional, remote and online formats.

The University's fall census (preliminary) headcount enrollment increased 2.2% from 10,798 in fall 2022 (fiscal 2023) to 11,036 in fall 2023 (fiscal 2024). Until now, fall census headcount enrollment had declined each year from 18,059 in fall 2015 (fiscal 2016). The University's remediation efforts in recent years successfully reduced operating expenditures and strengthened the balance sheet.

In March 2023, Moody's Investors Service upgraded the University's credit rating from Baa1 to A3 and revised the institution's outlook from stable to positive. The improved rating was driven by a material strengthening of the balance sheet and continued demonstration of budgetary discipline amid challenging revenue and operating conditions.

In May 2021, Moody's Investors Service upgraded the University's credit rating from Baa2 to Baa1 and revised the institution's outlook from negative to stable. Benefitting from the 2021 credit upgrade and a low interest rate environment, the University issued \$36.3 million of General Receipt Bonds to refund \$42.3 million of previously issued debt. The new bonds have an effective interest rate of 1.31% and will save the University \$7.1 million by maturity in 2032.

The University is leveraging its already affordable tuition through continuation of a four-year tuition guarantee program, which is intended to promote timely graduation, increase degree completion and lower the cost of the student's degree. The guarantee program also enhances tuition revenue with each entering cohort of new students. The State of Ohio passed a biennial budget in June 2023 that included authority to increase undergraduate fees for continuing students by 0% for each year of the biennium, and to increase fees in the tuition guarantee program by 3%, with no factor for inflation, in each year of the biennium. The tuition rate for the sixth cohort was increased by 3% and will be locked in for four years. Wright State continues to maintain its cost competitiveness by having the fourth lowest annualized full-time guaranteed undergraduate tuition rate of the fourteen public universities in Ohio.

The State of Ohio establishes a pool of funds, State Share of Instruction (SSI), to subsidize instruction at the 14 state institutions of higher education. The University's share fluctuates based on degree and course completions. While there are additional influences and factors affecting the actual allocation of the subsidy, the formula promotes the importance of the academic success of the student. The University's share for FY 23 declined significantly by 6.6% and the allocation for FY 24 is another decline of 4.8% reflecting the decline in enrollment during the past few years. This support from the State of Ohio is critical as SSI is the second largest source of revenues for the University.

Susan Edwards, Ph.D. took office on January 1, 2020 as the eighth president of Wright State University. Moving into this new role from that of Wright State Provost she was able to immediately align all operational efforts on recruitment, retention, and relationships. The importance of stabilizing enrollment and improving retention are key to economic stability and have become both more important and more challenging given the disruption to higher education resulting from the pandemic.

Supported by the University's Board of Trustees, President Edwards is restructuring the administrative and academic footprint to be student centric and focused on the region's workforce needs. Administrative offices are being transformed to generate efficiencies and savings and new college level leadership has been installed to lead the academic enterprise. This new academic leadership team is driving the five colleges and two schools to achieve economic alignment, efficiencies and future success on a large scale. Wright State leadership realizes that industry swings will continue to occur. However, they also recognize that in order to navigate those challenges successfully the university must remain completely focused on

the student customer through offering high quality, affordable education which leads to employability and meets the workforce needs of the region.

**WRIGHT STATE UNIVERSITY**  
**A Component Unit of the State of Ohio**  
**Statement of Net Position**  
**June 30, 2023**

Current assets:	
Cash and cash equivalents	\$ 85,221,747
Short-term investments	11,703,098
Accounts receivable (net of allowance for doubtful accounts of \$1,350,000 in 2023)	24,496,558
Loans receivable (net of allowance for doubtful loans of \$893,000 in 2023)	1,400,530
Inventories	73,736
Prepaid expenses	1,274,931
Advanced charges	2,743,646
Total current assets	126,914,246
Noncurrent assets:	
Loans receivable (net of allowance for doubtful loans of \$26,000 in 2023)	2,510,577
Net other postemployment benefits asset	10,947,214
Other assets	1,840,939
Long-term investments	68,089,948
Capital assets, net	313,395,056
Lease assets, net	8,283,467
Subscription assets, net	5,246,366
Total noncurrent assets	410,313,567
Total assets	537,227,813
Deferred outflows of resources:	
Pension related	43,982,344
Other postemployment benefits related	5,102,941
<b>Total assets and deferred outflows of resources</b>	<b>\$ 586,313,098</b>
Current liabilities:	
Accounts payable trade and other	\$ 10,770,604
Accrued liabilities	8,544,978
Unearned revenue	23,662,858
Refunds and other liabilities	680,580
Current portion of noncurrent liabilities (other than unearned revenue)	16,817,370
Total current liabilities	60,476,390
Noncurrent liabilities:	
Refundable advances for Federal Perkins loans	1,608,325
Net pension liability	160,068,574
Net other postemployment benefits liability	1,439,097
Other noncurrent liabilities	53,893,158
Total noncurrent liabilities	217,009,154
Deferred inflows of resources:	
Pension related	27,493,465
Other postemployment benefits related	11,228,365
Lease related	551,146
Bond refunding	1,305,976
<b>Total liabilities and deferred inflows of resources</b>	<b>318,064,496</b>
Net Position:	
Net investment in capital assets	267,445,206
Restricted - expendable:	
Separately budgeted research	2,081
Institutional support	105
Loans	4,182,029
Other postemployment benefits - STRS and OPERS	10,947,214
Unrestricted (deficit)	(14,328,033)
Total net position	268,248,602
<b>Total liabilities and deferred inflows of resources and net position</b>	<b>\$ 586,313,098</b>

**WRIGHT STATE UNIVERSITY**  
**A Component Unit of the State of Ohio**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2023**

**OPERATING REVENUES**

Student tuition and fees (net of scholarship allowances of \$37,757,000)	\$ 98,481,646
Federal grants and contracts	23,348,068
State grants and contracts	3,983,288
Local grants and contracts	214,421
Nongovernmental grants and contracts	19,895,765
Sales and services	3,972,171
Auxiliary enterprises sales (net of scholarship allowances of \$2,074,000)	7,846,079
Other operating revenues	1,665,414
<b>Total operating revenues</b>	<b>159,406,852</b>

**OPERATING EXPENSES**

Educational and general:	
Instruction and departmental research	102,790,420
Separately budgeted research	17,783,805
Public service	10,674,325
Academic support	27,561,977
Student services	17,044,534
Institutional support	23,506,249
Operation and maintenance of plant	15,485,314
Scholarships and fellowships	8,305,185
Total educational and general	223,151,809
Auxiliary enterprises	19,738,958
Pension and OPEB	(13,258,876)
Depreciation and amortization	21,453,106
<b>Total operating expenses</b>	<b>251,084,997</b>

**Operating loss** (91,678,145)

**NONOPERATING REVENUES (EXPENSES)**

State appropriations	82,049,131
Federal grants	20,964,669
State grants	3,669,768
Gifts	8,031,750
Investment income (net of investment expenses of \$48,000)	4,007,474
Interest on capital, lease, and subscription asset-related debt	(880,572)
Other nonoperating expenses	(33,089)
Net nonoperating revenues	117,809,131

Income before other revenues, expenses, gains or losses 26,130,986

Capital appropriations from the State of Ohio	6,307,910
Capital grants and gifts	2,533,033

**Increase in net position** **34,971,929**

**NET POSITION**

Net position - beginning of year	233,276,673
<b>Net position - end of year</b>	<b>\$ 268,248,602</b>

**WRIGHT STATE UNIVERSITY**  
**A Component Unit of the State of Ohio**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Student tuition and fees	\$ 100,609,612
Federal, state, local, and nongovernmental grants and contracts	51,289,595
Sales and services of educational and other departmental activities	2,271,369
Payments to employees	(140,143,727)
Payments for benefits	(40,417,373)
Payments to suppliers	(60,160,916)
Payments for scholarships and fellowships	(9,654,342)
Student loans issued	(290,169)
Student loans collected	883,553
Student loan interest and fees collected	318,712
Auxiliary enterprise sales	7,615,448
	<hr/>
<b>Net cash (used) by operating activities</b>	<b>(87,678,238)</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State appropriations	82,049,131
Direct lending receipts	64,603,863
Direct lending disbursements	(64,595,447)
Federal nonexchange grant - Perkins loans	(975,005)
Grants for noncapital purposes	24,979,413
Gifts	8,556,362
	<hr/>
<b>Net cash provided by noncapital financing activities</b>	<b>114,618,317</b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital appropriations from the State of Ohio	6,503,575
Capital grants and gifts received	2,533,033
Purchases of capital assets	(11,813,977)
Payments on subscription contracts	(2,834,579)
Principal paid on capital debt	(6,239,306)
Interest paid on capital debt	(830,449)
Bond interest subsidy	126,206
Principal received on leases receivable	96,848
Interest received on leases receivable	15,052
Principal paid on leases payable	(1,198,778)
Interest paid on leases payable	(211,241)
Interest paid on subscription liability	(21,201)
Other uses	(592,007)
	<hr/>
<b>Net cash (used) by capital and related financing activities</b>	<b>(14,466,824)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	8,614,648
Interest and dividends on investments	4,943,088
Purchase of investments	(9,491,024)
	<hr/>
<b>Net cash provided by investing activities</b>	<b>4,066,712</b>

**Net increase in Cash and Cash Equivalents** **16,539,967**

Cash and Cash Equivalents - Beginning of Year **68,681,780**

**Cash and Cash Equivalents - End of Year** **\$ 85,221,747**

**WRIGHT STATE UNIVERSITY**  
**A Component Unit of the State of Ohio**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2023**

**Reconciliation of operating loss to net cash (used) by operating activities:**

Operating loss	\$ (91,678,145)
Depreciation and amortization	21,132,905
Provision for doubtful accounts	35
Collections on doubtful loans	(160,232)
Changes in assets and liabilities:	
Accounts receivable	1,773,261
Inventories	(25,825)
Prepaid expenses	(376,580)
Advanced charges	(691,349)
Other assets	(230,756)
Net other postemployment benefits asset	6,156,415
Deferred outflows of resources - pensions and OPEB	(15,695,515)
Accounts payable	(2,287,652)
Accrued liabilities	(1,776,273)
Unearned revenue	2,591,492
Compensated absences	(500,000)
Refundable advances for Federal Perkins loans	79,610
Voluntary retirement incentive	(3,097,257)
Refunds and other liabilities	(77,166)
Loans to students and employees	674,002
Net liabilities - pensions and OPEB	84,208,452
Deferred inflows of resources - pensions, OPEB and leases	(87,697,660)
<b>Net cash (used) by operating activities</b>	<b><u><u>\$ (87,678,238)</u></u></b>

**Noncash investing, capital, and financing activities:**

Net unrealized gain (loss) in fair value of investments	\$ <u><u>(805,912)</u></u>
Purchases of capital assets in accounts payable	\$ <u><u>2,880,381</u></u>
Donated capital assets	\$ <u><u>4,000</u></u>
Lease receivables recognized	\$ <u><u>330,855</u></u>
SBITAs recognized	\$ <u><u>51,713</u></u>

**WRIGHT STATE UNIVERSITY FOUNDATION, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**

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**ASSETS**

Cash and cash equivalents	\$	2,286,610
Pledges receivable (net)		5,634,200
Gifts receivable from trusts held by others		1,507,600
Investment in securities		147,128,404
Other investments		193,599
Interest and dividends receivable		402,236
Capital assets (net)		1,691,663
Annuity assets		803,867
Other assets		494,941

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>160,143,120</b>
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**LIABILITIES AND NET ASSETS**

**LIABILITIES:**

Accounts payable:		
Wright State University	\$	643,260
Trade and other		666,893
Deposits held in custody for others		2,298,714
Annuities payable		324,800

<b>TOTAL LIABILITIES</b>		<b>3,933,667</b>
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**NET ASSETS:**

Without donor restrictions		
Designated by Board		3,260,970
Undesignated		9,091,179
With donor restrictions		
Purpose/time restricted		87,467,380
Perpetually restricted		56,389,924

<b>TOTAL NET ASSETS</b>		<b>156,209,453</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>160,143,120</b>
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**WRIGHT STATE UNIVERSITY FOUNDATION, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2023**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT:</b>			
Gifts and contributions	\$ 70,570	\$ 9,112,099	\$ 9,182,669
Gift fee charged to certain restricted gifts	150,085	(150,085)	-
Investment earnings:			
Interest and dividends	1,606,784	6,885,558	8,492,342
Net realized and unrealized gains/(losses)	354,006	1,867,840	2,221,846
Administrative fee charged to certain restricted accounts	1,356,775	(1,356,775)	-
Change in value of split interest agreements	-	(51,183)	(51,183)
Other income (loss)	140,098	311,195	451,293
Net assets released from restrictions	7,131,121	(7,131,121)	-
	<u>10,809,439</u>	<u>9,487,528</u>	<u>20,296,967</u>
<b>EXPENSES AND LOSSES:</b>			
Program services:			
Scholarships	3,144,682	-	3,144,682
University programs	3,325,109	-	3,325,109
Athletic programs	768,341	-	768,341
Research	320,171	-	320,171
Miscellaneous grants	31,234	-	31,234
Other program expenses and losses (gains)	1,650	1,700	3,350
Fund raising	761,439	-	761,439
Management and general	1,322,847	-	1,322,847
	<u>9,675,473</u>	<u>1,700</u>	<u>9,677,173</u>
CHANGE IN NET ASSETS	1,133,966	9,485,828	10,619,794
<b>NET ASSETS</b>			
Beginning of year	11,218,183	134,371,476	145,589,659
End of year	<u>\$ 12,352,149</u>	<u>\$ 143,857,304</u>	<u>\$ 156,209,453</u>

WRIGHT STATE UNIVERSITY  
A Component Unit of the State of Ohio  
Notes to Financial Statements  
Year Ended June 30, 2023

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(1) **Organization and Summary of Significant Accounting Policies**

Organization

Wright State University (the University) is a state-assisted institution of higher education created in 1967. The University currently operates five colleges, two schools, and other individual departments on its Dayton and Lake Campuses. The University's Board of Trustees consists of nine voting members and two student members, who have been appointed by the governor of the State of Ohio and four National Trustees, who have been invited as ex officio members. Ex officio members of the Board (Student / National Trustee) have voting privileges only on committees and may serve as a committee chair. The Board of Trustees approves the policies and procedures by which the University is governed.

Basis of Presentation

The University is a political subdivision of the State of Ohio and accordingly, its financial statements are discretely presented in the State of Ohio's Annual Comprehensive Financial Report in accordance with GASB Statement No. 14, and amended by GASB Statement Nos. 39, 61 and 80. Under the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the University reports certain entities as discretely presented component units. Component units are legally separate organizations which have a fiscal dependency and financial benefit or burden relationship with the primary government and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

Wright State University Foundation (the Foundation) is the primary fund-raising organization for the University and contributions to the Foundation are primarily restricted to the activities of the University. These contributions are relied upon for the on-going operations of the University. The Foundation is exempt for federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the Foundation can be obtained by sending a request to the Wright State University Foundation Bldg., 3640 Colonel Glenn Highway, Dayton, OH 45435.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards that have been codified in Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences. The Foundation has a separate and independent governing board. The University's Board of Trustees does not provide governance or administrative oversight for the discretely presented component unit. Further description and selected disclosures of the Foundation may be found in footnote 12.

Double Bowler Properties Corp. (Double Bowler) operates and maintains certain real property used by the University. Wright State University Alumni Association (Alumni Association) engages alumni in supporting the University. The University has determined that although both entities meet the

definition of a component unit in accordance with GASB Statement No. 61, they are individually and, in the aggregate, immaterial to the financial statements. Accordingly balances with these organizations, including lease assets and liabilities, have not been eliminated.

#### *Basis of Accounting*

The University's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements of the University have been prepared using the economic resources measurement focus and on the full accrual basis of accounting, whereby revenue is recognized in the period earned, or in the case of advances from other governments, when all eligibility requirements are met in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Expenses are recognized when the related liabilities are incurred.

#### *Financial Statements*

The University reports as a business-type activity, as defined by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

#### *Net position*

The University's financial resources are classified for accounting and reporting purposes into the following net position categories:

- Net investment in capital assets comprises total investment in capital and lease subscription assets, net of accumulated depreciation and amortization, reduced by lease and subscription liabilities and the outstanding balances of bonds, mortgages, leases, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets, deferred inflows of resources attributable to bonds, and related debt.
- Restricted net position consists of restricted assets, deferred outflows of resources, liabilities, and deferred inflows of resources related to those assets. Expendable restricted net position is available for purposes as determined by external entities that have placed time or purpose restrictions on the use of the assets.
- Unrestricted net position represents the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. This net position is not subject to external restrictions. Management or the Board of Trustees designates most of the unrestricted net position for specific purposes in research, academic, capital acquisition, or other initiatives.

It is the University's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted net position and unrestricted net position are available.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include amounts held in the State Treasury Asset Reserve of Ohio (STAROhio). In addition, external investment managers may maintain balances in a money market fund. These balances are included as cash equivalents due to their high liquidity and short-term nature. Other investments purchased with three months or less to maturity are also considered cash equivalents.

#### *Accounts and Loans Receivable*

Accounts and loans receivable are recorded net of allowances for uncollectible accounts and loans. These allowances are based on management's judgment of potential uncollectible amounts, based on historical experience and type of receivable. Accounts receivable primarily include tuition and fee charges to students, charges to grant sponsors, amounts due from the Foundation and the State, and charges for auxiliary enterprise services provided to students, faculty and staff. Loans receivable are mainly funds borrowed by students under various federal and other loan programs.

### *Investments*

All investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investments of publicly traded securities are reported at fair value, as established by the major securities markets. Money market investments (U.S. Treasury and Agency obligations) that have a remaining maturity of one year or less at the time of purchase are reported at amortized cost and approximate fair value. Investment income is recognized on an accrual basis. Purchases and sales of investments are accounted for on the trade date basis. Investment trade settlements receivable and payable represent investment transactions occurring on or before June 30, which settle after such date. Realized and unrealized gains and losses are reported as investment income or loss.

All securities purchased by external investment managers in the University's "liquidity" and "diversified" investment pools, with the exception of money market purchases and redemptions, are considered investments regardless of maturity date, as these investment pools are designed more for capital appreciation and have average durations of at least two years. Investments with maturities of less than one year are considered short-term or current.

Alternative investments are generally less liquid than publicly traded securities and include private equity, investments in real assets, and other strategies. These alternative investments are intended to reduce market risk, credit risk and interest rate risk. The University believes the carrying amounts of these holdings (net asset values) are reasonable estimates of the fair values as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for the investment existed. Such difference could be material.

### *Inventories*

Inventories - which consist principally of publications, general merchandise and other goods - are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

### *Capital Assets and Collections*

Capital assets include land, land improvements, infrastructure, buildings, machinery, equipment, software, library books, publications and construction in progress. They are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. Normal repairs and maintenance are expensed in the year in which the expenses are incurred. The threshold for capitalizing moveable equipment with an estimated useful life of more than one year is \$5,000. Using the straight-line method, capital assets are depreciated over their estimated useful lives; generally, 40 years for buildings, 30 years for land improvements and infrastructure, 15 years for library books and publications, and 5 to 10 years for machinery and equipment. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements. The capitalization threshold for the purchase of moveable equipment may be waived when the acquisition is related to a major project. Moveable equipment items attributable to a major project may be capitalized and depreciated over a 5 year useful life. A major project is defined as a project in which: (1) the total construction cost (building improvement, land improvement, infrastructure, etc.) is anticipated to be \$100,000 or more and the moveable capital equipment expenditures are expected to be at least \$100,000; or (2) although the construction costs are anticipated to be less than \$100,000, the total project costs, including moveable equipment, are anticipated to be at least \$200,000.

### *Lease Assets*

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

### *Subscription Assets*

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any incentives received at or before the commencement of the contract, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying asset.

### *Capital, Lease and Subscription Asset Impairment*

The University evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service of a capital, lease, or subscription asset has occurred. No impairment losses were recognized during the year ended June 30, 2023.

### *Perkins Loan Program*

Funds provided by the United States government under the Federal Perkins Loan program are loaned to qualified students and re-loaned after collection. The Federal Perkins Loan program expired on September 30, 2017. These funds could not be re-loaned after June 30, 2018 and are ultimately refundable to the government. A liability has been recorded, accordingly, in the accompanying Statement of Net Position, as prescribed by National Association of College and University Business Officers (NACUBO).

### *Compensated Absences*

Compensated absences are comprised of vacation and sick leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to service already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes employees currently eligible to receive termination benefits and those identified as probable of receiving payment in the future.

### *Unearned Revenue*

Unearned revenue primarily consists of the amounts received in advance from grant and contract sponsors that have not yet been earned under the terms of the agreement and amounts received in advance for tuition and fees not yet earned.

### *Deferred Outflows and Inflows of Resources*

Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period but do not require any further exchange of goods or services. Deferred outflows of resources in the University's financial statements consist of pension and OPEB related balances.

Deferred inflows of resources represent an acquisition of resources that apply to a future period and will not be recognized as revenue until that time. Deferred inflows in the University's financial statements are related to the unamortized deferred refunding balance, leases receivable, and pension and OPEB related balances.

### *Revenues and Expenses*

Revenues and expenses are classified as operating or nonoperating. Operating revenues are resources primarily from exchange transaction activities. These include payments received for services, such as tuition and fees, and most grants and contracts. Nonoperating revenues are from non-programmatic sources and have the characteristics of nonexchange transactions. They include state appropriations, some federal and state grants, gifts, and investment income. Nearly all of the University's expenses are a result of exchange transactions, and therefore classified as operating expenses. The major recurring nonoperating expenses are net losses on the disposition of capital assets and interest expense on capital asset-related debt.

### *State Support*

The University is a state-assisted institution of higher education which receives a student subsidy from the State of Ohio primarily based upon the number of successful degree and course completions. This subsidy is calculated annually by the Ohio Department of Higher Education, Ohio's higher education advising and coordinating board.

In addition to student subsidies, the State of Ohio provides funding for construction of major plant facilities. The funding is obtained from the issuance of general obligation bonds by the Ohio Public Facilities Commission (OPFC), which in turn results in construction and subsequent transfer of the facility to the University by the Ohio Department of Higher Education. Costs incurred during construction are included in construction in progress and recognized as capital appropriations. Upon completion of a facility, the Ohio Department of Higher Education turns control over to the University.

University facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State. As a result of the above described financial assistance provided by the State to the University, outstanding debt issued by OPFC is not included in the University's financial statements.

### *Cost-Sharing Defined Benefit Pension Plans*

The University participates in two cost-sharing, multiple-employer defined benefit pension plans, the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement system of Ohio (STRS) (the Plans).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from their fiduciary net positions have been determined on the same basis as reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Cost-Sharing Defined Benefit Other Postemployment Benefit Plans*

The Plans also provide other postemployment benefits (OPEB) in addition to pension benefits. For purposes of measuring the net OPEB asset, liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plans and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Scholarship Allowances*

Scholarship allowances represent aid awarded to the student in the form of reduced tuition and are computed and reported in the financial statements under the alternate method as prescribed by NACUBO. Financial aid in the form of a cash payment to the student is reported as scholarship and fellowship expense in the financial statements. Third party loans such as Federal Direct loans and certain aid awarded to the students by third parties are credited to the student's account as if the student made the payment.

### *Income Taxes*

The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, certain revenues are considered unrelated business income and are taxable under Internal Revenue Code Sections 511 through 513.

### *Estimates*

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *Recent Accounting Pronouncements*

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, effective for the University's fiscal year ending June 30, 2025. The unified recognition and measurement in this statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement also updates the disclosure requirement to net change vs. disclosing both gross additions and deductions. The University is currently evaluating the effects of this statement on its financial statements.

### *Change in Accounting Principle*

On July 1, 2022, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This Statement improves accounting and financial reporting by providing uniform guidance for transactions meeting the definition of a subscription-based information technology arrangement (SBITA). The 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. GASB 96 requires retroactive application to all prior periods presented. The University is presenting single-year statements that conform to the requirements of GASB 96. See footnote 7 for additional information.

## **(2) Cash, Cash Equivalents and Investments**

The classifications of cash, cash equivalents and investments in the financial statements are based on criteria set forth by GASB. Cash equivalents are defined to include investments with original maturities of three months or less. Consistent with this definition, University funds on deposit in STAROhio are classified as cash equivalents in the Statements of Net Position. However, for GASB Statement No. 3 disclosure purposes (see below), the funds in STAROhio are classified as investments.

### *Deposits*

Under state law, the University's deposits must be secured by Federal Deposit Insurance and collateralized for amounts in excess of FDIC coverage. Collateral may be pledged or pooled. Pooled collateral may be held on the financial institution's premises or held by its trust department or agent on its behalf. The fair value of the pledged securities plus the federal deposit insurance must at all times equal one hundred five percent of the total amount of public deposits to be secured by the pooled securities. These securities may be held in the name of the University or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. The University does not have a deposit policy for custodial credit risk.

As of June 30, 2023, the University's bank balance is \$10,744,844. Of this balance, \$5,937,373 is uninsured with collateral held by pledging banks not in the University's name.

At June 30, the carrying amount of deposits (book balances) is as follows:

Petty cash	\$	41,315
Demand deposits		648,189
Money market funds		<u>4,307,511</u>
Total	\$	<u>4,997,015</u>

The difference in the carrying amount and bank balances is caused by items in-transit (primarily outstanding checks) and by cash on hand.

*Investments - Fair Value*

The University utilizes a discretionary model in which a fiduciary manager is responsible for investing the University's portfolio utilizing a fund of funds approach. This Investment Policy provides for the prudent investment of the University's assets in a manner which will meet three main objectives: safety, liquidity and return on investment. The Investment Policy parallels state law which requires an amount equal to at least twenty-five 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 two hundred seventy days or less which are eligible for purchase by the federal reserve system.

The University categorizes its investments within the fair value hierarchy established by generally accepting accounting principles. Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) on the measurement date in the University's principal or most advantageous market. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Some investments are valued at net asset value (NAV) and are therefore not subject to the hierarchy classification.

The fair value of University investments at June 30 is as follows:

	<u>Totals</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>NAV</u>
Investment in securities:					
Stocks and traded securities	\$ 2,142,031	\$ 2,142,031	\$ -	\$ -	\$ -
State Treasury Asset Reserve of Ohio (STAROhio)					
	80,224,733	80,224,733	-	-	-
Bonds	23,483,824	-	23,483,824	-	-
Mutual funds:					
Fixed income	46,735,428	46,735,428	-	-	-
Alternative assets:					
Private equity partnerships	<u>7,428,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,428,562</u>
securities	160,014,578	129,102,193	23,483,824	-	7,428,562
Other investments:					
Real estate	<u>3,200</u>	<u>-</u>	<u>-</u>	<u>3,200</u>	<u>-</u>
Total other investments	<u>3,200</u>	<u>-</u>	<u>-</u>	<u>3,200</u>	<u>-</u>
Total investments	<u>\$ 160,017,778</u>	<u>\$ 129,102,193</u>	<u>\$ 23,483,824</u>	<u>\$ 3,200</u>	<u>\$ 7,428,562</u>

The balance of deposits and investments reported above are included in the Statement of Net Position as follows:

Deposits	\$ 4,997,015
Investments	<u>160,017,778</u>
Total	<u>\$ 165,014,793</u>
Included in the Statement of Net Position	
Cash and cash equivalents	\$ 85,221,747
Short-term investments	11,703,098
Long-term investments	<u>68,089,948</u>
Total	<u>\$ 165,014,793</u>

Balances held in STAROhio are included in the total fair value of investments for disclosure purposes. However, these balances are considered cash and cash equivalents for reporting on the Statement of Net Position.

The following presents a reconciliation of the fair value of investments reported above to the investments reported on the Statement of Net Position:

Total fair value of investments	\$ 160,017,778
State Treasury Asset	
Reserve (STAROhio)	<u>80,224,733</u>
Fair value of investments less STAROhio	<u>\$ 79,793,046</u>
Included in the Statement of Net Position	
Short-term investments	\$ 11,703,098
Long-term investments	<u>68,089,948</u>
Total	<u>\$ 79,793,046</u>

Because alternative investments - hedge funds, private equity, distressed debt and private real estate – have no active market, they are valued using NAV which is based on information such as historical and current performance of the underlying assets; cash flow projections; liquidity and credit premiums required by a market participant; and financial trend analysis with respect to the individual fund manager. Furthermore, the liquidity of these investments may be impacted by the lack of a present market for the interest in the funds, lock-up periods, redemption notice periods and limits to the frequency of redemptions.

The following table provides additional information for those assets valued using NAV:

	<u>Fair Value June 30</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Unfunded Commitment</u>
Alternative assets:				
Private equity	\$ 7,428,562	not liquid	not liquid	\$ 1,613,142

For private equity, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual securities. Due to current market conditions as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market value volatility.

Approximately 67% of the University's private equity fund partnership is structured as a domestic partnership in which the University is a limited partner. The investment's objective is to achieve an attractive risk-adjusted return relative to other asset class alternatives through the identification and selection of a set of private assets managers across a broad spectrum of private equity, real estate, infrastructure and real assets whose stated terms are 5 to 7 years.

The remaining 33% of the University's private equity partnership is a domestic partnership for the purpose of making private equity investments. The partnership is typically invested in venture capital, growth equity and buyout funds focusing on oil and gas exploration, technology, healthcare and telecom sectors. The investments consist of nonmarketable limited partnership interests in a select group of nonregistered private investment partnerships for long term capital appreciation.

### *Investments Risk*

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible 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 University. The Investment Policy has established asset allocations and permissible asset classes in order to minimize the various risks and the probability of loss. The Investment Policy provides for a portfolio comprised of mutual funds managed in accordance with the diversification and industry concentration restrictions set forth in the Investment Company Act of 1940 which provides, among other things, protection in terms of concentration of risk for issuers and for industry sectors.

### *Interest Rate Risk*

The University's Investment Policy minimizes the risk of the loss of value due to changing interest rates through the use of target durations for each of the University's investment pools. The Cash Pool is maintained to meet the daily obligations of the University and consists of highly liquid instruments with little to no risk of loss of principal. The Liquidity Pool provides a source of funds in the event the Cash Pool is insufficient to meet the University's cash needs and maintains a weighted average life of less than five years. The Diversified Investment Pool provides the University an opportunity to earn a higher rate of return through investments with longer durations.

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

Investment Type	Investment Maturities (in years)			
	Fair Value	Less Than 1	1-5	6-10
Bonds	\$ 23,483,824	\$ 10,416,231	\$ 13,067,593	\$ -
Fixed income mutual funds	46,735,428	-	46,735,428	-

### *Credit Risk*

Credit risk is the risk the issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Credit quality information, commonly expressed in terms of credit ratings issued by nationally recognized rating organizations such as Moody's Investors Service; Standard & Poor's; or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk. The vast majority of portfolio mutual fund holdings are required to invest in investment grade funds. Credit quality, as commonly expressed in terms of credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk.

The University's credit risk at June 30 is as follows:

Investment Type	Total	Credit Ratings					
		AAA/Aaa	AA/Aa	A	BBB/Baa	BB/Ba	B
State Treasury Asset Reserve (STAROhio)	\$ 80,224,733	\$ 80,224,733	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds and fixed income mutual funds	70,219,252	15,331,708	37,980,593	10,214,200	6,457,399	165,877	69,475
Total	<u>\$ 150,443,984</u>	<u>\$ 95,556,441</u>	<u>\$ 37,980,593</u>	<u>\$ 10,214,200</u>	<u>\$ 6,457,399</u>	<u>\$ 165,877</u>	<u>\$ 69,475</u>

### *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 investments or collateral securities in the possession of an outside party. As of June 30, 2023, none of the University's investments were exposed to custodial, counterparty credit risk. The University's Investment Policy minimizes

custodial credit risk through the use of mutual funds and other pooled asset portfolios transacted through national reputable brokerage firms protected by the Securities Investor Protection Corporation.

*Concentration of Credit Risk*

Concentration of credit risk is the risk associated with a lack of diversification. It is the risk of loss attributed to the magnitude of the University's investment in a single issuer. Investments are diversified within asset classes with the intent to minimize the risk of losses to the portfolio. As previously mentioned, concentration of credit risk is managed at the mutual fund level as required by the Investment Company Act of 1940. As of June 30, 2023, the University has no reportable concentration of credit risk as no one single issuer constitutes more than five percent of the University's investment portfolio.

*Foreign Currency Risk*

Foreign currency risk relates to the possible adverse changes that exchange rates can have on the fair value of investments. The University's Investment Policy allows the fiduciary manager to invest in stocks, traded securities, and mutual funds with foreign investments as part of its Global Equity, Global Fixed Income, and Cash Equivalent Reserve asset classes. Private equity partnerships and equity mutual funds are subject to foreign currency exposures.

*Investment (Loss) Income*

The composition of investment (loss) income is as follows:

Net interest and dividend income	\$	5,046,512
Realized losses on sales		(233,126)
Unrealized losses in fair value		<u>(805,912)</u>
Total	\$	<u><u>4,007,474</u></u>

**(3) Accounts and Loans Receivable**

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

Sponsor receivables	\$	5,544,542
Student and student-related accounts		14,935,100
Wright State University Foundation		643,260
Parallax Advanced Research Corporation		53,699
Interest receivable		342,797
State appropriations		422,083
Lease receivable, current		96,854
Other, primarily departmental sales and services		<u>3,808,224</u>
Total		25,846,558
Less: Allowance for doubtful accounts		<u>1,350,000</u>
Net accounts receivable	\$	<u>24,496,558</u>

Loans receivable consist primarily of Perkins loans and are net of an allowance for doubtful loans of \$919,000 at June 30, 2023. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2023 is summarized as follows:

	Balance 7/1/2022	Additions	Retirements	Balance 6/30/2023
Land	\$ 4,750,973	\$ -	-	\$ 4,750,973
Land improvements and infrastructure	68,679,686	4,355,232	-	73,034,918
Buildings	503,919,562	3,489,081	-	507,408,643
Machinery and equipment	75,557,238	5,075,504	(2,052,981)	78,579,761
Library books and publications	<u>56,086,335</u>	<u>335,722</u>	<u>(108,552)</u>	<u>56,313,505</u>
Total	708,993,794	13,255,539	(2,161,534)	720,087,800
Less accumulated depreciation:				
Land improvements and infrastructure	34,055,616	2,052,961	-	36,108,577
Buildings	245,708,562	11,430,254	-	257,138,816
Machinery and equipment	64,089,816	2,711,332	(1,910,089)	64,891,059
Library books and publications	<u>47,208,271</u>	<u>1,454,572</u>	<u>(108,552)</u>	<u>48,554,291</u>
Total accumulated depreciation	<u>391,062,265</u>	<u>17,649,119</u>	<u>(2,018,642)</u>	<u>406,692,743</u>
Capital assets, net	\$ <u>317,931,529</u>	\$ <u>(4,393,580)</u>	\$ <u>(142,892)</u>	\$ <u>313,395,056</u>

No impairments were identified for the year ended June 30, 2023.

(5) **Noncurrent Liabilities**

Activity for noncurrent liabilities for the year ended June 30, 2023 is summarized as follows:

	<u>07/01/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 06/30/2023</u>	<u>Current Portion</u>
Bonds and notes payable:					
General obligation bonds	\$ 40,013,918	\$ -	\$ 4,474,713	\$ 35,539,207	\$ 4,519,003
Notes payable	<u>10,944,571</u>	<u>-</u>	<u>1,764,592</u>	<u>9,179,979</u>	<u>1,796,001</u>
Total bond and notes payable	50,958,489	-	6,239,305	44,719,186	6,315,004
Other liabilities:					
Compensated absences	11,000,000	4,826,006	5,326,006	10,500,000	5,000,000
Refundable advances for Federal Perkins loans	3,263,625	-	895,395	2,368,230	759,905
Unearned revenue	21,391,568	133,895,538	131,624,248	23,662,858	23,662,858
Lease liabilities	9,459,792	-	1,198,776	8,261,014	1,207,766
Subscription liabilities	7,793,381	51,713	2,834,579	5,010,515	2,074,787
Net pension liability	77,299,219	82,769,355	-	160,068,574	-
Net OPEB liability	-	1,439,097	-	1,439,097	-
Voluntary retirement incentive	<u>4,557,165</u>	<u>-</u>	<u>3,097,257</u>	<u>1,459,908</u>	<u>1,459,908</u>
Total other liabilities	<u>134,764,751</u>	<u>222,981,709</u>	<u>144,976,261</u>	<u>212,770,196</u>	<u>34,165,224</u>
Total noncurrent liabilities	<u>\$ 185,723,240</u>	<u>\$ 222,981,709</u>	<u>\$ 151,215,566</u>	<u>\$ 257,489,382</u>	<u>\$ 40,480,228</u>

Unearned revenue received in advance from grant and contract sponsors and for tuition and fees were \$5.1 million and \$17.5 million, respectively, for the year ended June 30, 2023.

The University recognized a liability in the amount of \$2,368,230 for the refundable advances associated with the Federal Perkins Loan program expiration at June 30, 2023. This amount reflects the federal portion of the loans due to be returned to the federal government.

Bonds payable on June 30, 2023 consist of Series 2021 and 2022 General Obligation Serial bonds.

The maturity dates, interest rates, and the outstanding principal balances at June 30, 2023 are as follows:

<u>Description</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>	<u>Unamortized Premium</u>	<u>Total</u>
Bonds payable:					
Series 2021A	2022-2031	4.00% - 5.00%	\$22,335,000	\$3,993,644	\$26,328,645
Series 2022A	2022-2032	5.00%	<u>8,015,000</u>	<u>1,195,563</u>	<u>9,210,563</u>
Total bonds payable			<u>\$30,350,000</u>	<u>\$5,189,207</u>	<u>\$35,539,207</u>
Notes payable:					
Ohio Air Quality Development:					
Series A	2022-2024	1.78%	867,279	-	867,279
Series B	2024-2028	4.16%	<u>8,312,700</u>	<u>-</u>	<u>8,312,700</u>
Total notes payable			<u>9,179,979</u>	<u>-</u>	<u>9,179,979</u>
Total			<u>\$39,529,979</u>	<u>\$5,189,207</u>	<u>\$44,719,186</u>

The scheduled maturities of bonds and notes payable for the next five years and for the subsequent periods of five years are as follows:

Year Ended June 30	Principal	Interest	Total
2024	\$ 5,236,001	\$ 1,855,196	\$ 7,091,197
2025	5,250,169	1,652,673	6,902,842
2026	5,447,278	1,405,454	6,852,732
2027	5,639,549	1,148,524	6,788,073
2028	5,846,982	882,124	6,729,106
2029-2032	<u>12,110,000</u>	<u>1,243,500</u>	<u>13,353,500</u>
Total	<u>\$ 39,529,979</u>	<u>\$ 8,187,472</u>	<u>\$ 47,717,451</u>

The scheduled maturities of lease liabilities for the next five years and for the subsequent periods of five years are as follows:

Year Ended June 30	Principal	Interest	Total
2024	\$ 1,207,766	\$ 158,085	\$ 1,365,851
2025	1,152,780	132,596	1,285,376
2026	679,234	112,650	791,884
2027	652,326	99,713	752,039
2028	651,016	86,876	737,892
2029-2033	3,229,014	242,961	3,471,974
2034-2035	<u>688,878</u>	<u>10,994</u>	<u>699,872</u>
Total	<u>\$ 8,261,014</u>	<u>\$ 843,874</u>	<u>\$ 9,104,887</u>

The scheduled maturities of subscription liabilities for the next four years are as follows:

Year Ended June 30	Principal	Interest	Total
2024	\$ 2,074,787	\$ 96,861	\$ 2,171,648
2025	1,448,442	47,287	1,495,729
2026	813,843	22,555	836,398
2027	<u>673,443</u>	<u>1,644</u>	<u>675,087</u>
Total	<u>\$ 5,010,515</u>	<u>\$ 168,347</u>	<u>\$ 5,178,862</u>

Interest expense incurred on indebtedness for the year ended June 30, 2023 was \$880,572.

During fiscal year 2022, the University issued fixed rate general receipts obligations in two series totaling \$36,315,000 with a combined original issue premium of \$7,131,877. Bond proceeds were utilized to refund existing debt, namely bond principal in the amounts of \$27,265,000 for Series 2011A and \$10,270,000 for Series 2012. Series 2021A generated net cash flow savings totaling

\$6,566,108 that will be realized over a 10-year period. The net present value economic gain totaled \$6,073,894. Series 2022A generated net cash flow savings totaling \$1,190,862 that will be realized over a 10-year period. The net present value economic gain totaled \$1,100,795.

On February 1, 2022, the University issued General Receipts bonds ("2022A Bonds") as forward delivery of an advance refunding of \$10,270,000 outstanding Series 2012 General Receipts serial and term bonds and cover issuance expenses. Proceeds from the 2022A Bonds consisted of \$9,050,000 in new bond debt and \$1,574,135 in Original Issue Premium. Following the refunding, \$1,115,000 of Series 2012 bonds remained outstanding because they were not eligible to be called. The \$10,270,000 Series 2012 bonds were called and/or paid on May 1st 2022. The 2022A Bonds carry a coupon rate of 5% with an effective interest rate of 1.74%. The 2022A Bonds at the time of issuance carry a weighted average maturity of approximately 5.3 years with the last serial bond paying off May 1<sup>st</sup> 2032.

All general receipts of the University, except for state appropriations, are pledged for payment of the General Obligation Bonds. Available receipts have been pledged for the Series A and Series B notes payable. The notes payable are subordinated to the University's obligations to pay debt service on all General Obligation Bonds.

The Series 2013B Note is related to an Ohio Air Quality Development Authority Qualified Energy Conservation Bond (QECB) which is eligible for a 70% federal rebate based on the Qualified Tax Credit Rate as of the bond sale date (4.6%). The benefit of this rebate has been assigned to the University. The rebates for the 2009 Bonds and the 2013B Note were \$126,204 for the year ended June 30, 2023. The rebates were reported as Other Nonoperating Revenues and do not reduce the amount reported as interest expense for the year. Likewise, the amounts reported above for future interest expense have not been reduced by the federal rebates anticipated for future years. The University expects to receive approximately \$1.2 million in future federal rebates.

The outstanding bonds and notes payable contain provisions, that in an event of default, all principal and interest payments may become due immediately.

Related to the notes payable, in the event of (1) an acceleration of payment (2) a determination of QECB Disqualification or (3) enactment of legislation reversing the tax-exempt treatment of interest on the underlying tax-exempt bond issuances, the notes payable will be redeemed at 102%.

**(6) Leases**

University as Lessor:

The University leases portions of its property to Wright Patt Credit Union, the State of Ohio, and Wright State Physicians the terms of which expire 2025, 2031, and 2038, respectively. The payments of each are fixed for the duration of the lease.

Revenue recognized under lease contracts during the year ended June 30, 2023 were \$100,283, which includes both lease revenue and interest.

University as Lessee:

Right-to-use asset activity for the year ended June 30, 2023 is summarized as follows:

	Balance 7/1/2022	Additions	Retirements	Balance 6/30/2023
Buildings and leasehold improvements	\$ 10,897,400	\$ -	\$ -	\$ 10,897,400
Equipment	987,859	-	-	987,859
Total right-to-use lease assets	<u>11,885,259</u>	<u>-</u>	<u>-</u>	<u>11,885,259</u>
Less accumulated amortization:				
Buildings and leasehold improvements	1,960,474	980,237	-	2,940,711
Equipment	436,058	225,022	-	661,080
Total accumulated amortization	<u>2,396,532</u>	<u>1,205,259</u>	<u>-</u>	<u>3,601,791</u>
Right-to-use lease assets, net	<u>\$ 9,488,727</u>	<u>\$ (1,205,259)</u>	<u>\$ -</u>	<u>\$ 8,283,467</u>

The University leases equipment from Comdoc, Ricoh, and Rumpke, the terms of which expire in 2025, 2024, and 2024, respectively. The leases are all measured using the University's incremental borrowing rate at commencement except for Ricoh which includes an implicit rate.

The University leases space from Double Bowler Properties Corp., Kettering 3123 Research LLC., and Auglaize/Mercer YMCA, the terms of which expire in 2034, 2025, and 2025, respectively. The leases are all measured using the University's incremental borrowing rate at commencement of the lease amortization with the exception of the Double Bowler lease which included an explicit rate.

During the year ended June 30, 2023 the University recognized amortization expense of \$1,205,259 for these right-to-use lease assets.

**(7) Subscription-based information technology arrangements**

Subscription assets activity for the year ended June 30, 2023 is summarized as follows:

	Balance 7/1/2022	Additions	Disposals	Balance 6/30/2023
Subscription assets	\$ 7,793,381	\$ 51,713	\$ -	\$ 7,845,094
Less accumulated amortization	<u>-</u>	<u>(2,598,728)</u>	<u>-</u>	<u>(2,598,728)</u>
Subscription assets, net	<u>\$ 7,793,381</u>	<u>\$ (2,547,015)</u>	<u>\$ -</u>	<u>\$ 5,246,366</u>

The University has subscription-based information technology arrangements which expire in 2024, 2025, 2026, and 2027. The arrangements are all measured using the University's incremental borrowing rate at commencement.

During the year ended June 30, 2023 the University recognized amortization expense of \$2,598,728 for these subscription assets.

## **(8) Pension Plans**

### Pensions and Net Pension Liability

Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that have occurred already.

GASB No. 68 requires governmental employers to report a net pension liability on the Statement of Net Position. The net pension liability represents the University's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position (assets available to pay the pension benefits). The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

GASB 68 assumes the net pension liability for each plan is solely the obligation of the employers because (1) the employer's benefit from the employee services, and (2) state statute requires all funding to come from these employers. The University cannot control benefit terms or the manner in which pensions are financed; however, the University does receive the benefit of employee services in exchange for compensation including pension.

### Plan Descriptions

University faculty are provided pensions through the State Teachers Retirement System of Ohio (STRS). Substantially all other University employees are provided pensions through the Ohio Public Employees Retirement System (OPERS). Both OPERS and STRS are statewide cost-sharing multiple employer defined benefit pension plans. Authority to establish and amend benefits for OPERS and STRS are authorized by Chapters 145 and 3307, respectively, of the Ohio Revised Code. Both OPERS and STRS issue publicly available financial reports. The OPERS report can be obtained at <https://www.opers.org/financial/reports.shtml>. The STRS report can be obtained at <https://www.strsoh.org/employer/publications.html#other>.

OPERS and STRS each offer three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

Defined Benefit Plans pay service retirement benefits using a fixed formula based on age, years of service and salary. In addition to service retirement, participants are eligible for disability and survivor benefits.

Defined Contribution Plans are member-directed, optional retirement plans available to new members. Participants allocate both member and employer contributions in investment choices provided by the plans. Retirement benefits are based on the member's account value.

Combined Plans offer features of both a defined benefit plan and a member-directed, defined contribution plan. In the combined plans, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit in addition to disability and survivor benefits.

## Benefits Provided

OPERS and STRS defined benefit plans provide retirement, disability, annual cost-of-living adjustments, and survivor benefits for plan members and beneficiaries. The benefit provisions stated in the following paragraphs are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

### *OPERS Benefits*

Under OPERS, retirement benefits are specific to each plan and members must meet the eligibility requirements based on their age and years of service within the plan. Retirement eligibility also varies by division and transition group.

Defined Benefit members who were eligible to retire before January 7, 2023 under law in effect prior to SB 343 are included in transition Groups A and B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

University members in transition Group A are eligible for full retirement benefits at any age with 30 years of service or at age 65 with 5 years of service. Group B members are eligible for full benefits at age 52 with 31 years of service, at any age with 32 years of service, or at age 66 with 5 years of service. Group C members are eligible for full benefits at age 55 with 32 years of service or at age 67 with 5 years of service. Members in Groups A and B are eligible for retirement with reduced benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit.

Members of Group C are eligible for reduced retirement benefits at age 57 with 25 years of service or at age 62 with 5 years of service.

Under the Traditional Plan (the defined benefit plan), the annual benefit for Groups A and B is based on 2.2% of final average salary (FAS) multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. FAS for Group C is based on the average of the five highest years of earnings over a member's career.

The OPERS law enforcement program consists of two separate divisions: Law Enforcement and Public Safety. Both groups of members are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed Defined Contribution or Combined plans. Public Safety Group members of Groups A and B may file an application for full retirement benefits at age 48 or older with 25 or more years of credited service or at age 52 or older with 15 or more years of credited service. Public Safety Group C is eligible for benefits at age 52 or older with 25 years or at age 56 or older with 15 years. Those members classified as Law Enforcement officers are eligible for full retirement as follows: for Group A, at age 52 or older with 15 or more years of credited service; for Group B, at age 48 or older with 25 years or at age 52 or older with 15 years of service; and for Group C, at age 48 or older with 25 years of service or at age 56 with 15 years of service. Annual benefits under both divisions are calculated by multiplying 2.5% of FAS by the actual years of service for the first 25 years of service credit, and 2.1% of FAS for each year of service over 25 years.

In the Combined Plan, the benefit formula for the defined benefit component of the plan for University members in transition Groups A and B applies a factor of 1% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1% to the member's FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. These options also permit early retirement with a reduced benefit as early as age 48 under qualifying circumstances.

Members of the Defined Benefit and Combined Plans who become disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. Law enforcement

officers are immediately eligible for disability benefits if disabled by an on-duty illness or injury. Members participating in the Defined Contribution Plan are not eligible for disability benefits. Disability benefits are determined in the same manner as retirement benefits.

After a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual cost-of-living adjustment of 3% is provided on the member's base benefit. Members retiring under the Combined Plan receive an annual cost-of-living adjustment of 3% on the defined benefit portion of their benefit.

#### *STRS Benefits*

Members of the Defined Benefit plan are eligible for full retirement benefits at any age with 30 years of service or at age 65 with five years of service. Age and service requirements for full retirement benefits increased effective August 1, 2015 and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026. Employees are eligible to retire with reduced benefits at age 60 with five years of qualifying service credit, at age 55 with 25 years of service, or with 30 years of service regardless of age. Age and service requirements for reduced retirement benefits increased effective August 1, 2015 and will continue to increase periodically until age 55 with 29 years of service on August 1, 2021.

Prior to August 1, 2015, benefits under the Defined Benefit Plan benefits were based on 2.2% of FAS for the three highest years of earnings, multiplied by years of total Ohio service credit and the percentage increased if the member has 35 or more years of contributing service credit. Effective August 1, 2015, benefits are now based on an annual amount equal to 2.2% of FAS for the five highest years of earnings, multiplied by all years of service. Under the Combined Plan, benefits are based on the balance in the member's defined contribution account plus an annual amount equal to 1% of FAS for the three highest paid years multiplied by years of total Ohio service credit. Effective August 1, 2015, FAS is the average of the member's five highest salary years.

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 the individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Disability benefits are determined in the same manner as retirement benefits.

Under the Defined Benefit Plan, members will receive an annual cost of living adjustment of 2% beginning on the fifth anniversary of retirement. Under the Combined Plan, a cost of living adjustment is not available on the service retirement benefit. For disability and survivor benefits, the basic benefit is increased each year by 2% of the original base benefit.

#### Contributions

Ohio Revised Code Chapters 145 and 3307 set the rates for employer and employee contributions for OPERS and STRS, respectively. Contribution rates can only be modified by the state legislature.

#### *OPERS Contributions*

Under OPERS, the employee contribution rate for the plan year ended December 31, 2022 was 10% for all employees with the exception of law enforcement and public safety, which are 13% and 12%, respectively. The employer contribution rate is 14% for all employees with the exception of law enforcement and public safety, whose rate is 18.1%.

For Member-Directed Plans, for the fiscal year ended June 30, 2023, 11.76% was paid into the member's member-directed account and the remaining 2.24% was paid to OPERS to cover unfunded liabilities, as required by state legislation. The University's contribution to OPERS was \$5,812,079 for the fiscal year ended June 30, 2023. The University's contributions were equal to the required contributions as set by state statute.

### *STRS Contributions*

Under STRS plans, the employee contribution rate was 14% for the year ended June 30, 2023. Under the Combined Plan, 2.0% of the employee contributions were used to fund the defined benefit for the year ended June 30, 2023. The employer contribution rate is 14%. Under the Defined Contribution Plan, 2.91% of the employer contribution is used to amortize the unfunded actuarial accrued liability of the defined benefit plan. The University's contribution to STRS for the year ended June 30, 2023 was \$6,982,804. The University's contributions were equal to the required contributions as set by state statute.

### *Pension Liabilities, Pension Expense/(Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2023 the University reported liabilities of \$160,068,574 for its proportionate share of the OPERS and STRS net pension liabilities which were measured as of December 31, 2022 and June 30, 2023, respectively. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those respective dates. The University's proportion of the net pension liabilities for STRS as well as the OPERS Combined Plan were based on the University's share of contributions to each plan relative to the total employer contributions received from all participating employers of each plan. The calculation of proportionate share for the Member-Directed Plan is based on employer contributions to the plan as contributions specific to purchased defined benefit annuities are identifiable only to retirees purchasing the annuities. The University's proportion of the net pension liability for the OPERS Traditional Plan was based on the combined University employer and member contributions relative to the total combined employer and member contributions received from all participating employers and members of the plan.

Information for each plan's proportionate share and pension expense/(revenue) for the year ended June 30, 2023 is as follows:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Measurement date	December 31, 2022	June 30, 2022	
Proportionate share of the net pension liability	\$ 66,083,774	\$ 93,984,800	\$ 160,068,574
Proportion of the net pension liability	0.22556858%	0.42278123%	
Pension expense / (revenue)	\$ (1,548,549)	\$ (3,275,250)	\$ (4,823,799)

At June 30, 2023 the University reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 2,296,647	\$ 1,203,126	\$ 3,499,773
Net effect of changes in assumptions	740,249	11,247,157	11,987,406
Net difference between projected and actual earnings on pension plan investments	19,194,537	3,270,466	22,465,003
University contributions subsequent to the measurement date	2,731,804	2,956,544	5,688,348
Net effect of change in proportionate share	<u>341,814</u>	<u>-</u>	<u>341,814</u>
<b>Total</b>	<b><u>\$ 25,305,051</u></b>	<b><u>\$ 18,677,293</u></b>	<b><u>\$ 43,982,344</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ (75,965)	\$ (359,522)	\$ (435,487)
Net effect of changes in assumptions	-	(8,465,876)	(8,465,876)
Net effect of change in proportionate share	<u>(2,026,165)</u>	<u>(16,565,937)</u>	<u>(18,592,102)</u>
<b>Total</b>	<b><u>\$ (2,102,130)</u></b>	<b><u>\$ (25,391,335)</u></b>	<b><u>\$ (27,493,465)</u></b>

As of June 30, 2023, the University reported \$2,731,804, as deferred outflows of resources related to pensions resulting from University contributions to OPERS made subsequent to the measurement date. As of June 30, 2023, the University reported deferred outflows of resources related to pensions of \$2,956,544, resulting from University contributions to STRS made subsequent to the measurement date. These contributions will be/(were) recognized as reductions of the net pension liabilities in the years ending/ended June 30, 2024 and 2023, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
2024	\$ 1,020,198	\$ (7,305,677)	\$ (6,285,479)
2025	4,145,081	(5,575,187)	(1,430,107)
2026	5,702,066	(6,321,307)	(619,240)
2027	9,447,625	9,531,585	18,979,210
2028	48,118	-	48,118
Thereafter	<u>108,029</u>	<u>-</u>	<u>108,029</u>
<b>Total</b>	<b><u>\$ 20,471,117</u></b>	<b><u>\$ (9,670,586)</u></b>	<b><u>\$ 10,800,531</u></b>

## Actuarial Assumptions

### OPERS

The total pension liabilities in the December 31, 2022 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2022:

Inflation	2.75%
Salary increases	2.75% – 10.75%, including inflation
Investment rate of return	6.9%, net of pension plan investment expense, including inflation

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. The OPERS Board of Trustees sets target allocations as well as minimum and maximum allowable allocations, or ranges, surrounding each asset class target. The purpose of these ranges is to appropriately and cost-effectively balance the Board's investment policy with the investment strategies pursued over shorter time periods. 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the plan year ended December 31, 2022 is summarized in the following table:

<u>OPERS Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	22%	2.62%
Domestic Equity	22%	4.60%
International Equity	21%	5.51%
Real Estate	13%	3.27%
Private Equity	15%	7.53%
Other Investments	5%	3.27%
Risk Parity	2%	4.37%
<b>Total</b>	<b>100%</b>	

## STRS

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

### 2022:

Inflation	2.50%
Salary increases	Varies by service from 2.5% to 8.5%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

The long-term expected rate of return on pension plan investments was determined by STRS's investment consultant by developing best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class. The STRS Board of Trustees sets target allocations as well as minimum and maximum allowable allocations, or ranges, surrounding each asset class target. The purpose of these ranges is to appropriately and cost-effectively balance the Board's investment policy with the investment strategies pursued over shorter time periods. 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.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan year ended June 30, 2022 is summarized in the following table:

STRS Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	26%	6.60%
International Equity	22%	6.80%
Alternatives	19%	7.38%
Fixed Income	22%	1.75%
Real Estate	10%	5.75%
Liquidity Reserves	1%	1.00%
Total	100%	

### *Discount Rates*

The discount rate used to measure the total pension liabilities for OPERS was 6.9% for the plan year ended December 31, 2022. The discount rate used to measure the total pension liabilities for STRS was 7.00% for plan year ended June 30, 2022. The projection of cash flows used to determine the discount rates assumed employee and University contributions will be made at the statutorily required rates, as actuarially determined. Based on those assumptions, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the respective long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities.

### *Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the University's proportionate share of the net pension liabilities calculated using the discount rate of 6.9% for OPERS, and 7.0% for STRS, is compared to what the University's proportionate share of the net pension liabilities would be if calculated using a discount rate 1 percentage point lower (5.9% for OPERS and 6.0% for STRS) or 1 percentage point higher (7.9% for OPERS and 8.0% for STRS) than the current rate.

The following table provides the results of the sensitivity analysis at June 30:

	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	5.90%	6.90%	7.90%
STRS Range	6.00%	7.00%	8.00%
University's proportionate share:			
OPERS net pension liability/(asset)	99,515,030	66,083,774	38,285,157
STRS net pension liability	141,976,818	93,984,800	53,398,411
<b>Total</b>	<b>\$ 241,491,848</b>	<b>\$ 160,068,574</b>	<b>\$ 91,683,569</b>

### *Pension Plan Fiduciary Net Position*

Detailed information about OPERS and STRS fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained online at [www.opers.org](http://www.opers.org) or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS may be obtained at [www.strsoh.org](http://www.strsoh.org) or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

### *Alternative Retirement Plan (ARP) Contributions*

Certain full-time University staff and faculty have the option to choose the ARP in place of OPERS or STRS. The ARP is a defined contribution plan which provides employees with the opportunity to establish individual retirement accounts with a defined group of investment options, with each participant having control of the assets and investment options associated with those assets. The administrators of the plan are the providers of the plan investment options. Authority to establish and amend benefits and contribution requirements for the ARP is provided by state statute per the Ohio Revised Code.

Under the provisions of ARP, the required contribution rate for plan participants for employees who would otherwise participate in OPERS was 10% of the employees' covered compensation for the year ended June 30, 2023. The required rate for plan participants who would otherwise

participate in STRS was 14% for the year ended June 30, 2023. Effective June 1, 2022, the University's contributions to a participating faculty member's account and to STRS are 11.09% and 2.91%, respectively. From July 1, 2017 through June 30, 2022, the University's contributions to a participating faculty member's account and to STRS were 9.53% and 4.47% of a participant's compensation, respectively. Prior to July 1, 2017, those rates were 9.5% and 4.5%, respectively. The University's contributions to a participating staff member's account and to OPERS were 13.23% and 0.77% of a participant's compensation, respectively through December 31, 2016. Effective July 1, 2017, the contribution rates to a participating staff member's account and to OPERS are 11.56% and 2.44%, respectively. Plan participants' contributions amounted to \$5,971,690, and the University's contributions to the plan amounted to \$5,289,219 for the year ended June 30, 2023, respectively.

In addition, the amount contributed to STRS by the University on behalf of ARP participants was \$957,493 for the year ended June 30, 2023. The amount contributed to OPERS by the University on behalf of ARP participants was \$324,633 for the year ended June 30, 2023.

#### *Payables to the Pension Plans*

At June 30, 2023 the University reported payables of \$473,100 to OPERS and \$953,954 to STRS Ohio for the outstanding amounts of contributions to the pension plans required for the year ended June 30, 2023.

### **(9) Other Postemployment Benefits (OPEB)**

#### *Plan Descriptions*

The University contributes to the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS). STRS and OPERS are statewide cost-sharing multiple-employer retirement plans that offer pension and other postemployment benefits (OPEB) covering substantially all faculty and staff. Both OPERS and STRS are administered by each plan's board of trustees appointed by the governor of Ohio or by plan member elections. The legislature of the state of Ohio maintains the authority to establish and amend benefits for both plans as authorized by Chapters 145 and 3307 of the Ohio Revised Code. Both STRS and OPERS issue publicly available financial reports. The OPERS report can be obtained at <https://www.opers.org/financial/reports.shtml>. The STRS report can be obtained at <https://www.strsoh.org/employer/publications.html#other>.

#### *Benefits Provided*

##### *OPERS Benefits*

OPERS provides post-employment health care benefits to eligible members of the Traditional and Combined pension plans with OPEB funding assets accumulated in a single health care trust (the 115 Trust.) Coverage under the current program includes hospitalization, medical expenses, and prescription drugs. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries.

Beginning in 2016, OPERS Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their Health Reimbursement Account (HRA) that can be used to reimburse eligible health care expenses.

### *STRS Benefits*

STRS provides access to health care coverage to eligible retirees who participated in the Traditional or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and reimbursement of a portion of the Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. Pursuant to the Ohio Revised Code, the STRS Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan.

All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Additionally, Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows OPERS and STRS Ohio to recover part of the cost for providing prescription coverage since all eligible health care plans include creditable prescription drug coverage.

### Contributions

The Ohio state legislature as authorized by Chapters 145 and 3307 of the Ohio Revised Code has the authority to establish and amend the contribution requirements of the University for OPERS and STRS. Under Ohio law, funds to pay health care costs are permitted but not mandated to be deducted from employer contributions.

OPERS has not allocated any contributions of covered payroll to health care for the plan year ended December 31, 2022. Similarly, STRS has not allocated any contributions of covered payroll to health care for the plan year ended June 30, 2022.

### OPEB Liabilities/(Assets), OPEB Expense/(Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the University reported a liability of \$1,439,097 for its proportionate share of the OPERS net OPEB liability measured as of December 31, 2022. At June 30, 2023, the University reported an asset of \$10,947,214 for its proportionate share of the STRS net OPEB asset measured as of June 30, 2022. The total OPEB liability and asset used to calculate the net OPEB liability and asset was determined by actuarial valuations as of those respective dates. The University's proportions of the net OPEB liability and asset for OPERS and STRS were based on actual University employer contributions to the Plans during the respective measurement periods in relation to total employer contributions to the Plans for the same periods.

Information for each plan's proportionate share and pension expense/(revenue) for the year ended June 30, 2023 is as follows:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Measurement date	December 31, 2022	June 30, 2022	
Proportionate share of the net OPEB liability/(asset)	\$ 1,439,097	\$ (10,947,214)	\$ (9,508,117)
Proportion of the net OPEB liability/(asset)	0.228240%	0.42278123%	
OPEB expense/(revenue)	\$ (4,174,952)	\$ (4,260,125)	\$ (8,435,077)

At June 30, 2023, the University reports deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 159,000	\$ 159,000
Net effect of changes in assumptions	1,405,599	466,000	1,871,599
Net difference between projected and actual earnings on OPEB plan investments	2,858,097	191,000	3,049,097
Net effect of change in proportionate share	-	23,245	23,245
<b>Total</b>	<b>\$ 4,263,696</b>	<b>\$ 839,245</b>	<b>\$ 5,102,941</b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ (358,967)	\$ (1,644,000)	\$ (2,002,967)
Net effect of changes in assumptions	(115,658)	(7,763,000)	(7,878,658)
Net effect of change in proportionate share	(173,647)	(1,173,093)	(1,346,740)
<b>Total</b>	<b>\$ (648,272)</b>	<b>\$ (10,580,093)</b>	<b>\$ (11,228,365)</b>

At June 30, 2023, the University reported no deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability or asset in the year ending June 30, 2023, as no portion of the employer contributions to OPERS or STRS were allocated to health care. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2023, will be recognized in OPEB expense as follows:

Year Ended June 30	OPERS	STRS	Total
2024	\$ 301,451	\$ (3,054,565)	\$ (2,753,114)
2025	1,042,028	(3,016,345)	(1,974,317)
2026	891,247	(1,241,637)	(350,390)
2027	1,380,697	(498,469)	882,228
2028	-	(640,821)	(640,821)
Thereafter	-	(1,289,011)	(1,289,011)
<b>Total</b>	<b>\$ 3,615,424</b>	<b>\$ (9,740,848)</b>	<b>\$ (6,125,424)</b>

### Actuarial Assumptions

#### **OPERS**

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75% - 10.75%, including inflation
Health care cost trend rates	5.50% initial, 3.50% ultimate in 2036
Investment rate of return	6.00%

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term expected rate of return on 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 OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the plan year ended December 31, 2022 are summarized in the following table:

OPERS Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	34%	2.56%
Domestic equity	26%	4.60%
REITs	7%	4.70%
International equity	25%	5.51%
Risk parity	2%	4.37%
Other investments	6%	1.84%
<b>Total</b>	<b>100%</b>	

### STRS

The total OPEB asset in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service from 2.5% to 8.5%
Health care cost trend rates	(68.78%) – 9.00% Medicare initial, 3.94% ultimate
Investment rate of return	7.00%, net of investment expense, including inflation

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a six-year period actuarial experience study ended June 30, 2021.

The long-term expected rate of return on OPEB Plan investments was determined by STRS Ohio's

investment consultant by developing an estimate range of investment return based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class for the plan year ended June 30, 2022 are summarized in the following table:

STRS Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	26%	6.60%
International equities	22%	6.80%
Alternatives	19%	7.38%
Fixed income	22%	1.75%
Real estate	10%	5.75%
Liquidity reserves	1%	1.00%
Total	<u>100%</u>	

#### *Discount Rate*

The discount rate used to measure the total OPEB liability was 5.22% for OPERS for the plan year ended December 31, 2022. The discount rate used to measure the total OPEB asset was 7.0% for STRS for the plan year ended June 30, 2022.

For OPERS, a single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that participating employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projected period through which projected health care payments are fully funded.

For STRS, a discount rate of 7.0% was used to measure the OPEB assets on the measurement date of June 30, 2022. The projection of cash flows used to determine the discount rates assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.0% was applied to all periods of projected health care costs to determine the total OPEB asset as of June 30, 2022.

*Sensitivity of the University's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate and Health Care Cost Trend Rates*

The University's proportionate share of the net OPEB liability/(asset) has been calculated using the discount rates of 5.22% for OPERS and 7.0% for STRS for the year ended June 30, 2023. The following presents the University's proportionate share of the net OPEB liability/(asset) calculated using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	4.22%	5.22%	6.22%
STRS Range	6.00%	7.00%	8.00%
University's proportionate share:			
OPERS net OPEB liability	\$ 4,898,030	\$ 1,439,097	\$ (1,415,088)
STRS net OPEB asset	(10,120,410)	(10,947,214)	(11,655,440)
<b>Total</b>	<b>\$ (5,222,380)</b>	<b>\$ (9,508,117)</b>	<b>\$ (13,070,528)</b>

The following presents the University's proportionate share of the net OPEB liability/(asset) calculated using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates noted above for OPERS and STRS as of June 30, 2023.

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
University's proportionate share:			
OPERS net OPEB liability	\$ 1,348,898	\$ 1,439,097	\$ 1,540,620
STRS net OPEB asset	(11,354,923)	(10,947,214)	(10,432,579)
<b>Total</b>	<b>\$ (10,006,025)</b>	<b>\$ (9,508,117)</b>	<b>\$ (8,891,959)</b>

*OPEB Plans' Fiduciary Net Position*

Detailed information about OPERS and STRS fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained online at [www.opers.org](http://www.opers.org) or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS may be obtained at [www.strsoh.org](http://www.strsoh.org) or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

*Payables to the OPEB Plans*

At June 30, 2023, the University reported no payables to OPERS and STRS for the outstanding amounts of contributions to the OPEB plans required for the year ended June 30, 2023.

**(10) Commitments and Contingencies**

At June 30, 2023, the University is committed under contractual obligations for:

Capital expenditures	\$ 4,575,099
Non-capital goods and services	10,314,404
Total contractual commitments	<u>\$ 14,889,503</u>

These commitments are being funded from the following sources:

State Appropriations requested and approved	\$ 3,134,467
University funds	11,755,036
Total sources	<u>\$ 14,889,503</u>

The University is presently involved as a defendant or codefendant in various matters of litigation. The University is also subject to various federal and/or state investigations and audits. The University's administration believes that the ultimate disposition of these matters would not have a material adverse effect upon the financial statements of the University.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the University. No impairments related to COVID-19 have been recognized as of June 30, 2023.

During the year ended June 30, 2020, the University was appropriated federal grant funds of \$10,140,846 from the Congressional Higher Education Emergency Relief Fund (HEERF I), a subset of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Conditions of the award require 50% to be used for emergency financial aid grants to students and 50% to be used to support any institutional costs associated with significant changes to the delivery of instruction due to COVID-19. During the years ended June 30, 2021 and 2020, the University awarded \$599,839 and \$4,470,584, respectively, to students as emergency financial aid grants. The University was also reimbursed for \$3,278,403 and \$1,715,005, respectively, for COVID-related expenditures.

During the year ended June 30, 2021, the University was appropriated federal grant funds of \$17,372,092 from Congressional Higher Education Emergency Relief Fund (HEERF II), a subset from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Conditions of the HEERF II award require the student aid portion equal the dollar amount of student aid contractually allocated under an institution's CARES Act funding and represents the minimum amount an institution must use for financial aid grants to students. Additionally, the University was appropriated \$28,721,641 from Congressional Higher Education Emergency Relief Fund (HEERF III), as subset from the American Rescue Plan Act (ARPA). Conditions of the ARPA award utilize the same model as the HEERF I funding. During the year ended June 30, 2021, the University awarded \$5,070,423 and \$662,444 from HEERF II and HEERF III for financial aid grants to students. The University was reimbursed \$12,301,669 and \$18,471 from HEERF II and HEERF III, of which \$8,292,367 relates to revenue replacement and the remainder was for COVID-related expenditures.

During the year ended June 30, 2022, the University awarded \$13,776,254 from HEERF III for financial aid grants to students. The University was reimbursed \$6,419,645 from HEERF III, for COVID-related expenditures.

During the year ended June 30, 2023, the University awarded \$69,850 from HEERF III for financial aid grants to students. The University was reimbursed \$7,774,977 from HEERF III, of which

\$5,000,000 relates to revenue replacement and the remainder was for COVID-related expenditures.

The funding for HEERF I, II and III for year ended June 30, 2023 is reflected in nonoperating revenue federal grants in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

The University maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The University also carries professional coverage for employees and its Board of Trustees. Over the past three years, settlement amounts related to these insured risks have not exceeded the University's coverage amounts. There has been no significant change in coverage from last year.

The University is self-insured for all employee health care benefits with Anthem, Delta Dental, and Vision Service Plan as the third party administrators. Under the terms of the policy, the University is billed for actual claims on a weekly or monthly basis. In addition, liabilities for estimates of outstanding claims and claims incurred but not reported under self-insurance programs have been recorded in accrued liabilities.

Changes in the self-insured health care liabilities for year ended June 30, 2023 is as follows:

Liability at beginning of fiscal year	\$	1,645,500
Current year claims including changes in estimates		19,545,651
Claim payments		<u>(20,141,151)</u>
Liability at end of fiscal year	\$	<u>1,050,000</u>

Health insurance claims are based upon estimates of the claims liabilities. Estimates are based upon past experience, medical inflation trends, and current claims outstanding, including year-end lag analysis. Differences between the estimated claims payable and actual claims paid are reported in the Statement of Revenues, Expenses and Changes in Net Position.

#### *Collective Bargaining Agreements*

Chapter 4117 of the Ohio Revised Code constitutes collective bargaining law for employees in the state of Ohio. The University is a party to a collective bargaining agreement with the American Association of University Professors (AAUP); representing tenure eligible, tenured faculty and non-tenure eligible faculty. The contract expired June 30, 2023. A new contract is currently in the process of fact finding. The University is a party to collective bargaining agreements with the Fraternal Order of Police Ohio Labor Council; one representing non-supervisory on-campus police officers and sergeants and another representing communication center operators. These contracts have been renegotiated and expire on June 30, 2025. Additionally, the University is a party to a collective bargaining agreement with the International Brotherhood of Teamsters Local 957 which covers skilled, semi-skilled and labor employees. The agreement was finalized and expires June 30, 2025.

(11) **Operating Expenses by Natural Classification**

The University reports operating expenses by functional classification on the Statement of Revenues, Expenses and Other Changes in Net Position. Operating expenses by natural classification for the University for the year ended June 30, 2023 is summarized as follows:

Salaries	\$137,173,083
Benefits	37,154,391
Contracted services	16,910,476
Supplies	7,786,951
Repairs & maintenance	16,899,510
Scholarships & fellowships	8,802,078
Other operating	18,164,278
Subtotal	242,890,767
Pension and OPEB	(13,258,876)
Depreciation	21,453,106
Total operating expenses	<u>\$251,084,997</u>

(12) **Selected Disclosures of the Wright State University Foundation (a component unit)**

The University is the sole beneficiary of the Wright State University Foundation, Inc., a separate, not-for-profit entity governed by a separate Board of Trustees, organized for the purpose of promoting educational and research activities. Assets of the Foundation relate principally to donor restricted funds and are discretely presented in the accompanying financial statements. Amounts transferred to the University from the Foundation are recorded as nonoperating “gifts” and “capital grants and gifts” in the accompanying financial statements. Following are selected disclosures from the Wright State University Foundation, Inc. financial statements.

**A. Summary of Significant Accounting Policies**

In accordance with generally accepted accounting principles as applied to not-for-profit organizations, the consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. The Financial Accounting Standards Board (“FASB”) is the accepted standards setting body for establishing accounting principles generally accepted in the United States (“GAAP”). The following is a summary of the Foundation’s significant accounting and reporting policies presented to assist the reader in interpreting the consolidated financial statements and other data in this report.

*Principles of Consolidation:*

The consolidated financial statements include the accounts of Wright State University Foundation and its wholly-owned subsidiaries WSUF Emergence Center No. 1, LLC (formerly known as Fairborn Office Property LLC) and Raider Food Pantry, Inc (Raider Food Pantry). The consolidated entities are collectively referred to as “the Foundation”. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

*Cash and Equivalents:*

The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents, except cash equivalent holdings in its investment portfolios that have resulted from recent security sales that will be used to purchase other long-term securities.

*Pledges Receivable:*

Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are recorded in the period in which the conditions have been met. Payments on pledges to be collected in future years are recorded at net present value. All pledges are presented net of an allowance for doubtful collections.

*Gifts Receivable from Trusts Held by Others:*

Irrevocable trusts which will benefit the Foundation are recognized as gift revenue and as a receivable in an amount equal to the present value of the estimated future benefits to be received when trust assets are distributed. Adjustments to the receivable to reflect revaluation of the present value of the estimated future payments to the donor-designated beneficiaries and changes in actuarial assumptions during the term of the trust will be recognized as changes in the value of the asset.

*Investment in Securities:*

Investments in debt and equity securities are stated at fair value. The fair values of investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments, when appropriate. Investments are initially recorded at their acquisition cost if they were purchased and at fair value if they are received through a contribution or exchange transaction. Securities traded on a national exchange are valued at their last reported sales price on the exchange on which they are traded.

Alternative investments, such as hedge funds, private equity, distressed debt and limited partnerships for which there is no ready market, are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Because of the inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments may differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material.

Realized gains or losses are included in the consolidated statements of activities. Unrealized gains or losses are based on the differences between cost and fair value of each classification of security and are reported in the consolidated statements of activities. Investments are managed by professional investment managers. Investment return is net of direct and indirect investment expenses.

*Annuity Assets/Payable:*

Under charitable gift annuity agreements, the Foundation has recorded the donated assets at fair value and the liabilities to the donor and/or his/her beneficiaries at the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the gift is the difference between the asset and liability and is recorded as gift revenue.

*Capital Assets:*

Expenditures for property and equipment and items that substantially increase the useful lives of existing assets are capitalized at cost. It is the policy of the Foundation to capitalize additions with an original cost of \$5,000 or more. Assets acquired by gift are valued at fair value as of the date donated. The Foundation provides for depreciation using the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	<u>Years</u>
Land improvements	10-25
Buildings	20-65
Machinery and equipment	5-10

Long-lived assets, such as buildings, machinery and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. At June 30, 2023 and 2022, management has concluded that they are unaware of any impairments to be recorded.

*Deposits Held in Custody for Others:*

These assets represent resources received and held by the Foundation as custodian. The assets are placed in the Foundation's investment portfolio and receive a pro-rata share of net investment earnings.

*Functional Allocation of Expenses:*

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs paid by the Foundation that relate to operations of the University's Advancement Division are classified as fund raising expenses. Costs specific to the operation of the Foundation as an independent entity are classified as management and general expenses.

*Net Assets:*

The Foundation's net assets are classified into two categories: (1) net assets without donor restriction, which include gifts made with no donor-imposed restrictions and (2) net assets with donor restrictions, which include donor-imposed restrictions that will be satisfied in the future, as well as donor-imposed restrictions that the assets be maintained in perpetuity (endowments).

The net assets without donor restrictions consist of operating funds available for any purpose authorized by the Board of Trustees. Included in these net assets without donor restrictions are funds that have been designated as endowments by the board (quasi-endowments). The board may elect to reverse its decision to designate these net assets.

Net assets with donor restriction consist of funds arising from a gift in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent. Also categorized as net assets with donor restrictions are unspent gains on donor designated endowment gifts by virtue of the Foundation's spending policy. This policy, which was approved by the Board of Trustees, aims to protect the Foundation's donor-designated endowments from the effects of inflation by reinvesting a portion of the earnings on these funds as if they were endowment funds.

Quasi-endowment funds may also be established by request of a University college or department in accord with the Foundation's quasi-endowment policy adopted by the Board of Trustees in fiscal year 2011. The objective of this policy is to allow significantly large donor restricted funds to generate earnings that may be used by the requesting unit for the purpose(s) specified by the donor.

Net assets with donor restriction that are perpetual in nature consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor.

*Gifts and Contributions:*

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions.

The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<p><i>Conditional gifts with or without restriction</i>            Gifts that depend on the Foundation overcoming a donor imposed barrier to be entitled to the funds</p>	Not recognized until the gift becomes unconditional, i.e. the donor imposed barrier is met
<p><i>Unconditional gifts, with or without Restriction</i>            Received at date of gift – cash and other assets</p>	Fair value
<p>Received at date of gift – property, equipment and long-lived assets</p>	Estimated fair value
<p>Expected to be collected within one year</p>	Net realizable value
<p>Collected in future years</p>	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

***Investment Earnings:***

Interest and dividends from endowment investments are credited to restricted funds and spent in compliance with donor stipulations and the Foundation's spending policy. Interest and dividends from non-endowment investments are credited to the unrestricted fund for expenditure at the discretion of the Foundation's Board of Trustees. Realized gains or losses are determined based on the average cost method.

***Net Assets Released from Restrictions:***

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

*Federal Income Taxes:*

The Foundation and Raider Food Pantry have been approved under the Internal Revenue Code Section 501(c)(3) as nonprofit organizations exempt from federal taxes on its normal activities. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation and Raider Food Pantry file tax returns in the U.S. federal jurisdiction. WSUF Emergence Center No. 1, LLC is a disregarded entity for tax purposes.

GAAP prescribes recognition thresholds and measurement attributes for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2023.

The Foundation and Raider Food Pantry do not have any tax benefits recorded at June 30, 2023 and do not expect that position to significantly change in the next year. The Foundation and Raider Food Pantry would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at June 30, 2023.

*Transfers Between Fair Value Hierarchy Levels:*

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

*Subsequent Events:*

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023, to determine the need for any adjustments to and/or disclosures within the audited consolidated financial statements for the year ended June 30, 2023. Management has performed their analysis through October 12, 2023, the date the consolidated financial statements were available to be issued.

*Estimates:*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**B. Business and Concentrations of Credit Risk**

The Foundation’s financial instruments that are exposed to various risks, such as interest rate, market and concentrations of credit risk consist primarily of cash and investments. The Foundation deposits its cash in federally insured banks. At June 30, 2023, the Foundation’s cash accounts exceeded federally insured limits by approximately \$1,809,000.

Investments are managed by a professional investment management company under an outsourced chief investment officer arrangement. The investment manager is subject to the Foundation’s investment policy, approved by the Board of Trustees, which contains objectives, guidelines and restrictions designed to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the funds without undue exposure to risk. Certain funds have been pooled for ease of management and to achieve greater diversification in investments. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible the changes in risks in the near term would result in material changes in the fair value of long-term investments and net assets of the Foundation.

For the year ended June 30, 2023, approximately 42% of the Foundation's gift revenue was from a single donor.

### C. Fair Value of Financial Instruments

Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market on the measurement date.

The fair value hierarchy established by U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.
- Net Asset Value: Alternative to fair value hierarchy using net asset value practical expedient as defined by Accounting Standards Codification 820, Fair Value Measurement.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Assets measured at fair value on a recurring basis are summarized below for the year ended June 30, 2023.

	Fair Value Measurements at June 30, 2023 Using				Totals
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	
<b>ASSETS</b>					
Gifts receivable from trusts held by others	\$ -	\$ -	\$ 1,507,600	\$ -	\$ 1,507,600
Investment in securities:					
Cash and equivalents	-	-	-	-	-
Mutual funds:					
Equity	80,456,701	-	-	-	80,456,701
Fixed income	44,442,457	-	-	-	44,442,457
Alternative assets:					
Hedge funds	-	-	-	17,247,215	17,247,215
Private equity	-	-	-	4,136,307	4,136,307
Distressed debt	-	-	-	845,724	845,724
Total investment in securities	124,899,158	-	-	22,229,246	147,128,404
Other investments - limited partnerships	-	-	-	193,599	193,599
Other assets - equity	211,389	-	-	-	211,389
Annuity assets:					
Cash and equivalents	30,447	-	-	-	30,447
Mutual funds-securities	773,420	-	-	-	773,420
Total annuity assets	803,867	-	-	-	803,867
Total	\$ 125,914,414	\$ -	\$ 1,507,600	\$ 22,422,845	\$ 149,844,859

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2023. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

*Investments in securities, annuity assets, and other assets* - Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

*Gifts receivable from trusts held by others* - Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Fair value determinations for Level 3 measurements of securities are the responsibility of the Foundation's finance office. The finance office contracts with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. The finance office challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

The table below presents a reconciliation and consolidated statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

	<b>Gifts Receivable from Trusts Held by Others</b>
Beginning balance, July 1	\$ 1,521,700
Redemptions	-
Change in value of split interest agreements	(14,100)
Ending balance, June 30	<u>\$ 1,507,600</u>

The fair value of gifts receivable from trusts held by others is based on a valuation model that calculates the present value of estimated residual trust value. The valuation model incorporates assumptions that market participants would use in estimating future investment earnings. Management determines the fair value based on best information available (Level 3 inputs). Investments in securities consist primarily of mutual fund shares managed by a professional investment management company utilizing the "outsourced chief investment officer" model of portfolio administration, as described in Note 3. The fair value of mutual funds is based on quoted prices in active markets (Level 1 inputs).

For private equity, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual securities. Due to current market conditions, as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market value volatility.

With respect to hedge funds and distressed debt, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual security valuations.

Part of the Foundation's hedge fund allocation is invested in a "fund of funds" structured as an offshore company. The fund's investment objective is to seek to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market cycle. The fund is broadly diversified and invests in various private funds such as hedge funds that pursue hedged or other alternative investment strategies, private equity funds, hybrid funds and any other alternative investment funds, while also opportunistically investing directly in any other securities and financial instruments. The fund generally invests in 15-20 funds and the fund of funds manager requires full transparency of each of the underlying funds' investment positions. The Foundation is no longer subject to the fund's initial two-year lock-up period and may, therefore, request liquidation on a semi-annual basis with 95 days prior notification. At June 30, 2023, the Foundation has no significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on NAV.

The Foundation's second hedge fund allocation is structured more like a mutual fund, but also sited offshore. The fund's investment objective is to seek to generate attractive risk-adjusted returns by employing a "global macro" thematic investment strategy, which is based on a top-down assessment of global monetary and fiscal policies, economic conditions, political developments, market expectations and other "macro" factors. The focus of the fund's investment strategy is targeted on liquid asset classes with most trading strategies expressed in markets for global government fixed income, currency and equity, typically via derivatives and primarily with medium to longer-term investment horizons. Other asset classes such as commodities and credit may also be employed as a part of the fund's investment strategy. The main focus of the investment strategy will be on developed markets, though opportunities may arise in various emerging markets from time to time. There is no lock-up period for this fund. Liquidation requests may be made quarterly with 95 days prior notification and subject to a 10% holdback of total redemptions on the final payment pending completion of the fund's final audit. At June 30, 2023, the Foundation has no significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on NAV.

The Foundation's investment in the private equity space is in a fund also structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to invest the capital contributed to it in a highly diversified pool of long-term investments in non-publicly traded companies with relatively short durations and a focus on cash returns. Diversification is accomplished by investing over five sub-class targets: buyouts, venture capital, debt, real estate and real assets/infrastructure. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2023, the Foundation's total capital commitment of \$6,400,000 was 80.3% (\$5,142,018) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

The Foundation's latest investment in the private equity space is in a fund also structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to achieve an attractive risk-adjusted return relative to other asset class alternatives through the identification and selection of a set of private assets managers that manage underlying funds across a board spectrum of venture capital, buyouts, debt, real estate and real asset/infrastructure investments. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2023, the Foundation's total capital commitment of \$6,400,000 was 18.4% (\$1,175,883) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

The Foundation's investment in distressed debt is in the form of a fund that invests directly and indirectly in below investment grade bonds and loans (and other debt and equity instruments) of U.S. and international energy companies. The fund is structured as a domestic limited partnership. The fund seeks to generate high absolute returns by investing in securities which are purchased or acquired at a significant discount to fair value and/or offer high coupon rates. The fund will maintain a flexible approach to attempt to identify the most attractive risk-adjusted returns primarily within the energy debt space primarily through: 1) below investment grade bonds and loans of U.S. energy companies which trade at a discount to fair value; 2) direct lending at attractive risk-adjusted rates to U.S. energy companies; and/or 3) smaller allocations to U.S. investment grade and emerging markets companies. The Foundation's investment in this asset class was fully funded at June 30, 2023. The fund's lockup period of three years, ended in August 2018. However, upon recommendation of the fund manager and in order to enhance the fund's performance, the Foundation agreed to a further three-year lockup period which ended in April 2022. Once the lockup period is over, liquidations may be requested on a semi-annual basis with a 95 days prior notice, subject to fund director consent and certain gate, holdback and suspension restrictions. The valuation of this investment is based on NAV and subject to a monthly lag.

Valuation of limited partnership shares reported as "other investments" are derived from reports issued by the general partners adjusted for capital contributions and withdrawals throughout the fiscal year. Although the fund custodians provide annual audited financial statements for each of the funds, the value of the underlying securities is difficult to ascertain as there is no active market associated with these ownership interests. There are no unfunded capital commitments with respect to these investments. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, these investments are generally considered illiquid. The valuation of this investment is based on NAV.

#### D. Pledges Receivable

Pledges receivable at June 30, 2023, by fund type, are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
Less than one year	\$ 4,172	\$ 2,652,116	\$ 2,656,288
One to five years	-	1,739,589	1,739,589
Six years or greater	-	2,071,970	2,071,970
Gross pledges receivable	<u>4,172</u>	<u>6,463,675</u>	<u>6,467,847</u>
Present value discount	(72)	(774,075)	(774,147)
Allowance for uncollectible pledges	<u>-</u>	<u>(59,500)</u>	<u>(59,500)</u>
Pledges receivable (net)	<u>\$ 4,100</u>	<u>\$ 5,630,100</u>	<u>\$ 5,634,200</u>

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 0.29% to 4.13%.

#### E. Gifts Receivable from Trusts Held by Others

The Foundation is a party to charitable gift trusts. Third party trustees maintain trust assets in irrevocable trusts for the benefit of the Foundation. The fair values of the trusts are estimated based upon the fair value of the assets contributed by the donor less the present value of the payment expected to be made to other beneficiaries. The present value is calculated using the discount rate the year in which the trust was established. Rates ranged from 1.72% to 4.92%. The balance at June 30, 2023, was \$1,507,600, and are included in net assets with donor restrictions.

## F. Investment in Securities

The fair value of the Foundation's investments, at June 30, 2023, are as follows:

Mutual funds:		
Equity	\$	80,456,701
Fixed income		44,442,457
Alternative assets		<u>22,229,246</u>
Totals	\$	<u>147,128,404</u>

Net realized gains on sales of investments were \$269,795 for the year ended June 30, 2023. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains/(losses) amounted to \$1,952,051 for the year ended June 30, 2023.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

## G. Other Assets

Included in other assets are unrestricted funds set aside for a specific group of University students to invest to provide them experience in managing a "live" portfolio. The project is known as Raider Asset Management (RAM). As the funds are not under the direct control of the Foundation's investment management system, they have been separately classified from investments in securities. The balance at June 30, 2023 was \$211,389. Gains and losses generated from the project are included in other income. Total net gains for 2023 amounted to \$28,575.

## H. Capital Assets

Capital assets activity for the year ended June 30, 2023 is summarized as follows:

	Beginning Balance	Additions	Ending Balance
Capital assets:			
Land	\$ 173,000	\$ -	\$ 173,000
Buildings and improvements	2,644,131	-	2,644,131
Machinery and equipment	<u>28,632</u>	<u>-</u>	<u>28,632</u>
Total capital assets	<u>2,845,763</u>	<u>-</u>	<u>2,845,763</u>
Less accumulated depreciation:			
Buildings and improvements	1,007,446	118,022	1,125,468
Machinery and equipment	<u>28,632</u>	<u>-</u>	<u>28,632</u>
Total accumulated depreciation	<u>1,036,078</u>	<u>118,022</u>	<u>1,154,100</u>
Capital assets, net	<u>\$ 1,809,685</u>	<u>\$ (118,022)</u>	<u>\$ 1,691,663</u>

## I. Debt Guaranty

During fiscal year 2011, the Foundation entered into agreement with Dayton Regional STEM Schools, Incorporated (“STEM”) guaranteeing payments on a lease (and such other obligations imposed by the lease) related to the purchase and renovation of an existing building that is utilized by STEM in fulfillment of its corporate purposes. STEM is one of ten Ohio schools offering students a relevant, real world educational experience that will prepare them for college and opportunities in the work world. Wright State University has acted as STEM’s fiscal agent as well as providing space, supplies and personnel in support of its operations. The agreement pledges unrestricted net assets of the Foundation in an amount not to exceed \$3,000,000 and the designation of unrestricted net assets in the amount of one year of maximum debt service (\$600,000) on bonds associated with the project. Since the guaranty may expire without being drawn upon, the total guaranty does not necessarily represent future cash requirements. As of June 30, 2023, no amounts have been recognized as a liability under the financial guaranty in the Foundation’s consolidated statements of financial position, as the likelihood that STEM would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

## J. Endowment Composition

The Foundation’s endowment primarily consists of three separate portfolios, all of which are held by SEI Investments. Its endowment includes donor-restricted endowment funds, funds that accumulate excess net earnings on the donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Totals
Donor restricted endowment funds	\$ -	\$ 67,137,976	\$ 67,137,976
Board-designated funds	606,538	37,433,855	38,040,393
Totals	<u>\$ 606,538</u>	<u>\$ 104,571,831</u>	<u>\$ 105,178,369</u>

Changes in endowment net assets for the year ended June 30, 2023:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 608,948	\$ 97,118,825	\$ 97,727,773
Investment return			
Investment income (net)	-	6,548,632	6,548,632
Net appreciation (depreciation)	-	1,923,525	1,923,525
Total investment return	<u>-</u>	<u>8,472,157</u>	<u>8,472,157</u>
Contributions	-	4,197,487	4,197,487
Change in value of split interest agreements	-	(37,083)	(37,083)
Other income	-	73,840	73,840
Change in donor restrictions	-	66,405	66,405
Net assets released from restrictions	26,978	-	26,978
Appropriation of assets for expenditure	<u>(29,388)</u>	<u>(5,319,800)</u>	<u>(5,349,188)</u>
Net assets, end of year	<u>\$ 606,538</u>	<u>\$ 104,571,831</u>	<u>\$ 105,178,369</u>

Interpretation of UPMIFA: On June 1, 2009, the State of Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective for all non-profit, charitable organizations, including the Foundation. The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original and subsequent gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, per policies adopted during the fiscal year ended June 30, 2010, the Foundation may expend up to 20% of the fair value of the original gift(s) when no other net earnings (current or accumulated) are available for distribution.

The Foundation classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund, while not permanently restricted, is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under the Foundation's formally adopted investment policy, the primary investment objective of the endowment portfolio is to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the endowment without undue exposure to risk. The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five-year period) without undue exposure to risk. In quantitative terms, the portfolio is invested to earn a total return equal to inflation (CPI) plus the current spending rate (4.5%) and administrative expenses (currently 1.5%) without exceeding a standard deviation of 1.2 times a weighted benchmark index. The benchmark index will be comprised of each asset class index weighted by its target allocation. It is also expected that the investment results will outperform their weighted benchmark indices over a full market cycle. Return is calculated on a total return basis, which includes income (interest and dividends), realized and unrealized capital gains (losses).

Strategies Employed for Achieving Objectives: The purpose of endowment funds is to facilitate donors' desire to make substantial long-term gifts to the University and to develop a significant source of revenue for the Foundation. In so doing, the funds will provide a secure, long-term source of funds to: (i) stabilize funding for University schools, colleges and departments, especially in times characterized by declining State support of higher education, (ii) enhance the quality and variety of learning opportunities for Wright State students, (iii) fund special grants, (iv) ensure long-term growth of the University, (v) enhance the University's ability to meet changing educational needs and demands in both the short- and long-term and (vi) support the administrative expenses of the Foundation as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. For the fiscal year ended June 30, 2023, the spending rate for the Foundation was 4.50% of the previous twelve-quarter average of the endowment portfolio's market value, respectively. The spending rate is determined annually by the Foundation Board of Trustees, who may elect to make no distribution in any given year.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Such amounts totaled \$117,165 as of June 30, 2023. Endowment fund principal, unless otherwise directed by the originating donor(s), may be disbursed in accord with Foundation policy so long as the principal amount shall not fall below 80% of the fair value of the original gift and any subsequent gifts to the fund.

Foundation's Reserve Policy: Prompted by the market downturn of 2001-2003, the Foundation implemented a policy establishing a reserve fund, the primary purpose of which was to provide matching grants to endowment funds that suffer investment losses resulting in fund deficiencies. The policy stipulates that the reserve fund will make grants in an amount equal to or less than 50% of the amount that would normally have been generated by the endowment had earnings been available so long as the benefitting school, college or department provides a dollar-for-dollar match. No such grants were necessary in fiscal year 2023.

The reserve policy further stipulates that in those years in which the net assets without donor restrictions of the Foundation increase, 5% of the increase is to be transferred into the reserve fund so long as the transfer does not cause the value of the fund to exceed \$1 million. No transfer is required if the reserve amount is greater than \$1 million. Since the value of the reserve exceeded \$1 million in fiscal year 2023, no such transfer was required.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE  
OPERS NET PENSION LIABILITY AND CONTRIBUTIONS**

(Dollar amounts in thousands)  
(Percentages rounded to thousandths)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 <sup>(1)</sup></u>
University's proportion of the net pension liability (asset) <sup>(2)</sup>	0.226%	0.235%	0.259%	0.276%	0.304%	0.350%	0.421%	0.444%	0.455%
University's proportionate share of the net pension liability (asset) <sup>(2)</sup>	\$ 66,084	\$ 19,453	\$ 37,515	\$ 54,024	\$ 82,802	\$ 54,473	\$ 95,392	\$ 76,754	\$ 54,649
OPERS fiduciary net position as a percentage of the total pension liability <sup>(2)</sup>	76.074%	93.006%	87.207%	82.443%	74.909%	84.854%	77.386%	81.192%	86.533%
University's covered-employee payroll <sup>(2)</sup>	\$ 38,448	\$ 37,553	\$ 41,083	\$ 44,343	\$ 46,830	\$ 52,295	\$ 61,511	\$ 62,769	\$ 61,994
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll <sup>(2)</sup>	171.879%	51.801%	91.315%	121.832%	176.814%	104.165%	155.081%	122.280%	88.152%
Statutorily required contribution <sup>(3)</sup>	\$ 5,812	\$ 5,713	\$ 5,779	\$ 6,537	\$ 7,035	\$ 7,498	\$ 8,315	\$ 9,035	\$ 9,046
Contributions in relation to the statutorily required contribution <sup>(3)</sup>	\$ 5,812	\$ 5,713	\$ 5,779	\$ 6,537	\$ 7,035	\$ 7,498	\$ 8,315	\$ 9,035	\$ 9,046
Annual contribution deficiency (excess) <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll <sup>(3)</sup>	\$ 38,881	\$ 38,123	\$ 38,111	\$ 42,650	\$ 46,018	\$ 48,994	\$ 57,571	\$ 62,672	\$ 62,945
Contributions as a percentage of covered-employee payroll <sup>(3)</sup>	14.948%	14.986%	15.164%	15.327%	15.287%	15.304%	14.443%	14.416%	14.371%

*(1) Information prior to 2015 is not available*

*(2) Amount presented determined as of the OPERS December 31<sup>st</sup> fiscal year end occurring during the respective university June 30<sup>th</sup> fiscal year-end*

*(3) Amount presented determined as of the respective University June 30<sup>th</sup> fiscal year-end*

**SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE  
STRS NET PENSION LIABILITY AND CONTRIBUTIONS**

(Dollar amounts in thousands)  
(Percentages rounded to thousandths)

	2023	2022	2021	2020	2019	2018	2017	2016	2015 <sup>(1)</sup>
University's proportion of the net pension liability (asset) <sup>(2)</sup>	0.423%	0.452%	0.505%	0.541%	0.601%	0.681%	0.726%	0.729%	0.713%
University's proportionate share of the net pension liability (asset) <sup>(2)</sup>	\$ 93,985	\$ 57,846	\$ 122,077	\$ 119,728	\$ 132,220	\$ 161,733	\$ 242,899	\$ 201,492	\$ 173,487
STRS fiduciary net position as a percentage of the total pension liability <sup>(2)</sup>	78.882%	87.775%	75.478%	77.398%	77.310%	75.288%	66.778%	72.088%	74.707%
University's covered-employee payroll <sup>(2)</sup>	\$ 44,041	\$ 44,986	\$ 49,580	\$ 51,953	\$ 56,101	\$ 61,792	\$ 63,346	\$ 63,798	\$ 61,581
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll <sup>(2)</sup>	213.403%	128.587%	246.222%	230.454%	235.682%	261.738%	383.448%	315.828%	281.722%
Statutorily required contribution <sup>(3)</sup>	\$ 6,983	\$ 7,692	\$ 7,841	\$ 8,553	\$ 8,894	\$ 9,571	\$ 10,531	\$ 10,739	\$ 10,757
Contributions in relation to the statutorily required contribution <sup>(3)</sup>	\$ 6,983	\$ 7,692	\$ 7,841	\$ 8,553	\$ 8,894	\$ 9,571	\$ 10,531	\$ 10,739	\$ 10,757
Annual contribution deficiency (excess) <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll <sup>(3)</sup>	\$ 43,015	\$ 44,303	\$ 45,191	\$ 49,761	\$ 52,118	\$ 56,186	\$ 62,056	\$ 63,321	\$ 64,347
Contributions as a percentage of covered-employee payroll <sup>(3)</sup>	16.234%	17.362%	17.351%	17.188%	17.065%	17.034%	16.970%	16.960%	16.717%

(1) Information prior to 2015 is not available

(2) Amount presented determined as of the STRS June 30<sup>th</sup> fiscal year-end occurring one year prior to the respective university June 30<sup>th</sup> fiscal year-end

(3) Amount presented determined as of the respective University June 30<sup>th</sup> fiscal year-end

**SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE  
OPERS NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

(Dollar amounts in thousands)

(Percentages rounded to thousandths)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018<sup>(1)</sup></u>
University's proportion of the net OPEB liability (asset) <sup>(2)</sup>	0.228%	0.242%	0.270%	0.291%	0.321%	0.368%
University's proportionate share of the net OPEB liability (asset) <sup>(2)</sup>	\$ 1,439	\$ (7,565)	\$ (4,811)	\$ 40,145	\$ 41,838	\$ 39,917
OPERS fiduciary net position as a percentage of the total OPEB liability <sup>(2)</sup>	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%
University's covered-employee payroll <sup>(2)</sup>	\$ 38,448	\$ 37,553	\$ 41,083	\$ 44,343	\$ 46,830	\$ 52,295
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll <sup>(2)</sup>	3.743%	-20.145%	-11.710%	90.533%	89.340%	76.330%
Statutorily required contribution <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305,775
Annual contribution deficiency (excess) <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (305,775)
University's covered-employee payroll <sup>(3)</sup>	\$ 38,881	\$ 38,123	\$ 38,111	\$ 42,650	\$ 46,018	\$ 48,994
Contributions as a percentage of covered-employee payroll <sup>(3)</sup>	0.000%	0.000%	0.000%	0.000%	0.000%	0.624%

(1) Information prior to 2018 is not available

(2) Amount presented determined as of the OPERS December 31<sup>st</sup> fiscal year end occurring during the respective university June 30<sup>th</sup> fiscal year-end

(3) Amount presented determined as of the respective University June 30<sup>th</sup> fiscal year-end

**SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE  
STRS NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

(Dollar amounts in thousands)  
(Percentages rounded to thousandths)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 <sup>(1)</sup></u>
University's proportion of the net OPEB liability (asset) <sup>(2)</sup>	0.423%	0.452%	0.505%	0.541%	0.601%	0.681%
University's proportionate share of the net OPEB liability (asset) <sup>(2)</sup>	\$ (10,947)	\$ (9,539)	\$ (8,867)	\$ (8,967)	\$ (9,663)	\$ 26,564
STRS fiduciary net position as a percentage of the total OPEB liability <sup>(2)</sup>	230.728%	174.732%	182.134%	174.743%	175.996%	47.114%
University's covered-employee payroll <sup>(2)</sup>	\$ 44,041	\$ 44,986	\$ 49,580	\$ 51,953	\$ 56,101	\$ 61,792
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll <sup>(2)</sup>	-24.856%	-21.204%	-17.884%	-17.260%	-17.224%	42.989%
Statutorily required contribution <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual contribution deficiency (excess) <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll <sup>(3)</sup>	\$ 43,015	\$ 44,303	\$ 45,191	\$ 49,761	\$ 52,118	\$ 56,186
Contributions as a percentage of covered-employee payroll <sup>(3)</sup>	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

*(1) Information prior to 2018 is not available*

*(2) Amount presented determined as of the STRS June 30<sup>th</sup> fiscal year-end occurring one year prior to the respective university June 30<sup>th</sup> fiscal year-end*

*(3) Amount presented determined as of the respective University June 30<sup>th</sup> fiscal year-end*

## Notes to Required Supplementary Information

### Changes of Assumptions

#### Pension Plan – OPERS:

1. The salary increase assumptions changed from 2.75% - 10.75%, including inflation to 2.75% - 8.25% including inflation.

#### Pension Plan – STRS:

1. The salary increase assumptions changed from 2.50% - 12.50%, including inflation to 2.50% - 8.50% including inflation.

#### OPEB Plan – OPERS:

1. A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022. The single discount rate used at the beginning of the year was 6.00%.

#### OPEB Plan – STRS:

1. There was a change in mortality tables for both pension benefits and health care coverage.
2. The health care cost trend rates changed from (16.18%) – 29.98% initial, 4.0% ultimate to (68.78%) – 9.00% initial, 3.94% ultimate.
3. The salary increase assumptions changed from 12.5% at age 20 to 2.5% at age 65 to a range which varies by service from 2.5% to 8.5%.

**SUPPLEMENTARY INFORMATION**

**WRIGHT STATE UNIVERSITY**

A Component Unit of the State of Ohio

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>				
<b>U.S. Department of Education Direct Programs -</b>				
Federal Supplemental Educational Opportunity Grant	84.007			\$ 751,921
Federal Direct Loan Program	84.268			64,595,447
Federal Work Study Program	84.033			398,317
Federal Perkins Loan Program	84.038			3,835,345
Federal Pell Grant Program	84.063			12,341,870
Total U.S. Department of Education Direct Programs				<u>81,922,900</u>
<b>U.S. Department of Health and Human Services Direct Programs -</b>				
Health Professions Student Loans	93.342			11,014
Loans for Disadvantaged Students	93.342			22,059
Nurse Faculty Loan Program	93.264			11,347
Nursing Student Loans	93.364			879,939
Primary Care Loans	93.342			215,213
Total U.S. Department of Health and Human Services Direct Programs				<u>1,139,570</u>
<b>TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER</b>				<u><b>83,062,471</b></u>

**WRIGHT STATE UNIVERSITY**

A Component Unit of the State of Ohio

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>				
<b>U.S. Department of Agriculture, Prime -</b>				
Influence of Plant Secondary Metabolites on Abiotic CO2 Efflux from Soils	10.001			\$ 11,325
Long-term Influences of Deer Densities on Tree Regeneration in the Allegheny Plateau	10.664			4,054
Total U.S. Department of Agriculture, Prime				15,379
<b>U.S. Department of Agriculture, Subcontract -</b>				
Assessment of Deer Impacts on Decadal Timescales: The Kinzua Quality Deer Cooperative	10.707	Allegheny Hardwood Utilization Group	RSP SIGNED 4/19/21	8,311
Immune Evasion in Aquatic Rhabdoviral Pathogens	10.001	University of Toledo	F-2018-10 AMENDMENT 5	(1,951)
Nutrient and Sediment Retention Potential of a Saturated Buffer in Grand Lake St Marys	10.923	Ohio Farm Bureau Federation, Inc.	2020-0162-01	14,096
Total U.S. Department of Agriculture, Subcontract				20,456
<b>Total U.S. Department of Agriculture</b>				
				35,835
<b>U.S. Agency for International Development, Subcontract -</b>				
Identification of Electrophysiological Markers for Early Diagnosis of Amyotrophic Later	98.001	National Academy of Sciences	NAS SUBAWARD# 2000009148 05	13,930
<b>U.S. Department of Commerce, Subcontract -</b>				
Assessing Nitrogen Dynamics in a Closed Integrated Aquaponics System	11.417	The Ohio State University	SPC1000004043 GR118179 #7	25
Rapid Mobilization to Establish Baseline Conditions and Assess Post-treatment Effects	11.417	The Ohio State University	GR119347 SPC-1000004117	3,380
The Dayton MedTech Nexus Initiative	11.303	Parallax Advanced Research Corp	111888-004:ED1PHDQ0200061	(1,275)
Total U.S. Department of Commerce, Subcontract				2,130
<b>Total U.S. Department of Commerce</b>				
				2,130
<b>U.S. Department of Defense, Prime -</b>				
A Holistic Automatic Deep Understanding and Protection of Technical Documents	12.300			11,535
Assured Digital Microelectronics Education & Training Ecosystem (ADMETE)	12.910			4,352,927
Comprehensive Learning Objectives for Warfighter Needs	12.800			384,567
DURIP High-Throughput Luminometry to Support AFRL Collaborative Projects	12.800			88,563
Lesbian/Gay and Bisexual Couples in the Military: A Post-DADT Examination of Relationships	12.420			271,502
Lipin 1 Improves Dystrophic Pathology and Muscle Function	12.420			204,542
Precision High Intensity Training through Epigenetics (PHITE)	12.300			53,726
Science Technology and Research for Exploiting Sensor Systems (STRESS)	12.800			1,088,278
Seeing the World from Above: Uncovering the Neurocognitive Basis of Human Expertise	12.300			144,608
Single-cell Dispensing to Accelerate Generation of Clonal or Rare Cell Populations; Aug	12.800			(700)
Synthesis Exploitation Analysis and Belief for Autonomous Sensor Systems (SEABASS)	12.800			739,150
Synthetic Aperture Radar Image Formation and Exploitation SARIFEX	12.800			76,106
The Assessment Prediction and Prevention of Destructive Employee Behaviors	12.300			105,979
To Establish a Joint DOD and WSU Center of Neuroimaging and NeuroEvaluation	12.800			82,515
Toward Undifferentiated Cognitive Agents: Determining Gaps in Comprehension	12.800			34,722
Up-Armoring At-Risk Military Couples	12.800			407,242
Total U.S. Department of Defense, Prime				8,045,260
<b>U.S. Department of Defense, Subcontract -</b>				
2020-2021 Aerospace Propulsion Outreach Program -APOP	12.800	Universal Technology Corporation	SUB 142411-16F2639-20-53-C8	(1,396)
2021/2022 Aerospace Propulsion Outreach Program (APOP)	12.800	ARCTOS Technology Solutions LLC	212014.05.00.2016.00.19-C8 #1	2,553
2022/2023 Aerospace Propulsion Outreach Program (APOP)	12.800	ARCTOS Technology Solutions LLC	212014.05.00.2016.00.22-C8 #1	10,031
AI-Enhanced Camouflaged Movement Detection (CMD) in Battlefield	12.800	Spectral Energies, LLC	SB2234-001-1; 2234-001	23,759
An Experimental Investigation into the Effect of Inlet Swirl on the Compression System	12.800	Strategic Ohio Council for Higher Education	RQ21-WSU-19-3-AFRL2	33,540
APEX Analytics	12.800	Parallax Advanced Research Corp	11188-001 #5	15,159
Automated Analysis of Supplier Capabilities for Ensuring National Dominance (ASCEND) 22	12.800	Kairos Research LLC	KR202103SP2	89,461
Bi Static MASINT and GEOINT R&D	12.800	Riverside Research	DRC.11287-054RR00182220MOD2	2,584
Brain-Computer Interfaces for Assessment and Enhancement of Airman and Teams in Operati	12.800	Ball Aerospace	20S0114C MOD 05 & 06	53,752
CFD Analysis of a Celestial Icosahedron Shaped Vacuum Lighter than Air Vehicle	12.800	MacAulay-Brown, Inc.	DSC3150-03MOD4	1,757
Cognitive and Neurology Research	12.800	KBR	PURCHASE ORDER NO. LX060000069	96,241
Cognitive and Neurology Research 6.1-6.4	12.800	KBR	PO NO. SMS0015129	162,557
CTRA - AQUEOUS-PREP	12.800	University of Maryland	SR00005274; 1802254 AMEND #3	20,699
Design and Fabrication of a Hybrid Unmanned Air Vehicle	12.800	P.C. Krause and Associates	PO-0003580	5,190
Design and Fabrication of a Hybrid Unmanned Air Vehicle	12.800	P.C. Krause and Associates	PRIME FA8650-18-C-2800	(250)
Design and Optimization of a Scramjet Fuel Delivery System-Federal	12.800	Strategic Ohio Council for Higher Education	RQ22-WSU-20-4-AFRL2	(140)
Design Approaches for Hypersonic Inlet and Isolator Operability	12.800	Strategic Ohio Council for Higher Education	RQ49-WSU-21-5-AFRL2 MOD 04	22,808
Developing Novel Colloidal Quantum Dots for Mid-IR Optoelectronics	12.800	Azimuth Corporation	292-001 P292001046	1,693
Development of HfO2 Based Ferroelectric Materials for BGa2O3 Transistors-Federal	12.800	Strategic Ohio Council for Higher Education	RY19-WSU-21-3-AFRL2	2,521
Dielectrics Integration in III-V and III-O Based Semiconductors	12.800	KBR	PO LX10000027 CO3	4,065
Direct Integrated/Computational/Testing and Onsite Research (DICTATOR)	12.800	Riverside Research	ESI.11384.V10024.RR002722	14,055
Dynamic Multi-objective Beamforming Optimization for Phased Arrays	12.800	Strategic Ohio Council for Higher Education	RY5-WSU-21-2-AFRL2 MOD 04	42,717
Electrical and Optical Characterization	12.800	KBR	LX13000016 MOD 14	235,503
EMBEDDED SPLIT RING RESONATORS FOR PASSIVE TEMPERATURE SENSING WIRELESSLY	12.800	Strategic Ohio Council for Higher Education	RY2-WSU-21-1-AFRL2 MOD 03	38,548
Event Sequence Learning Using Natural Language Processing Techniques	12.800	Strategic Ohio Council for Higher Education	RY8-WSU-23-22-AFRL2	1,432
Fabrication and Characterization of Doped ZnSe Nanoparticles	12.800	Universal Energy Systems Inc. (UES Inc.)	SUB S-114-014-001	16,070
fMRI Scanning to Examine the Neural Effects of Transcutaneous Vagus Nerve Stimulation	12.800	Universal Energy Systems Inc. (UES Inc.)	SUBCONTRACT NO. S-168-11S-001	94,940
FORE: fNIRS Operational Readiness Estimation	12.800	Aptima, Inc.	1507-2227	48,492

**WRIGHT STATE UNIVERSITY**

A Component Unit of the State of Ohio

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>				
<b>U.S. Department of Defense, Subcontract (Continued) -</b>				
FORE: fNIRS Operational Readiness Estimation	12.800	Aptima, Inc.	1578-2227 MOD #1	\$ 64,308
FY22 Bistatic and EO Support	12.800	Riverside Research	11287-V10024	217,516
FY23 Bistatic and EO Support	12.800	Riverside Research	11418 TASK ORDER 101	113,198
Human-Centered Science Laboratory (HCSSL) Support of AFRL Activities 20-21	12.800	Parallax Advanced Research Corp	11112-002 CHANGE ORDER 4	19,200
Hybrid UAV Capstone Design Project	12.800	P.C. Krause and Associates	PO-0002150 CHANGE ORDER 1	250
Laser Defined Printed Capacitive Strain Gauge	12.800	Strategic Ohio Council for Higher Education	RY-11-WSU-22-4-AFRL2	38,264
Low Velocity Impact Response of Periodic Cellular Structures	12.800	Alion Science and Technology	P000032449-001	6,000
Millimeter-Wave-to-THz Characterization of Solid-State Smith-Purcell Radiators	12.800	KBR	PR #1 1706CC	709
Mission Effects Analysis of Multi-domain Sensing (MEAMS)	12.800	InfoSciTex Corp	FPH70-S041	8,900
Moving Target Recognition Proposal	12.800	Space Dynamics Laboratory	CP0069525 MOD 2 TRUNCATION	47,124
Optics Plasma Technology and Electro-Magnetic Antenna Structures (OPTEMAS)	12.800	Riverside Research	RR002486 MOD 02	49,653
Phase II: AF181029 Intelligent Robust Controller for Hybrid Electric UAVs	12.800	Intelligent Automation, Inc.	2528-1; FA8650-20-C-2306	6,347
Power/Thermal Management of Hypersonic Air Vehicles	12.800	Strategic Ohio Council for Higher Education	RQ9-WSU-19-7-AFRL2 MOD 02	19,049
Reduction of Entropy for Probabilistic Organization (REPO)	12.910	Georgia Tech	SUB NO. D9592-S1 AMEND #1	122,466
Research into the Structural Dynamics and Mechanics of Gas Turbine Engine Components	12.800	ARCTOS Technology Solutions LLC	212014.04.00.2015.00.06-C1 #7	36,447
Secure/Live/Virtual and Constructive Operations in Personnel Recovery Missions and Trai	12.800	L3Harris Technologies, Inc.	PO JN-1006208 CHANGE ORDER 1	7,609
SOARING OTTER	12.800	University of Dayton	RSC22077; SUB-22-000082;MLV142	167,910
Support for Medic Surgical Technical Assistance Tool (mSTAT) Development and Testing	12.420	University of Maryland	3001341 PO1000005726 #2	17,155
Technical support for use of the CALPHAD approach to materials modeling	12.300	Applied Optimization, Inc.	22-01-074-WSU-01	2,497
Training for AFWERKS	12.800	Parallax Advanced Research Corp	11186-006 CO 9	17,452
Twin-disk Friction Test Project	12.800	Rolls-Royce	PO 5100003446	20,455
Utilization of Advanced Analytical Techniques and Development of Novel Methodologies fo	12.800	Universal Energy Systems Inc. (UES Inc.)	S-168-4X2-001_REV 1 MOD #01	112,621
Utilization of Advanced Analytical Techniques and Methods for the Identification of Pro	12.800	Universal Energy Systems Inc. (UES Inc.)	SUBCONTRACT NO. S-168-4X7-001	13,506
Total U.S. Department of Defense, Subcontract				<u>2,146,977</u>
<b>Total U.S. Department of Defense</b>				<u>10,192,237</u>
<b>U.S. Department of Education, Subcontract -</b>				
Intelligent Diagnostic Assessment Platform for School Statistics Education	84.305A	University of Notre Dame	203469WSU AMENDMENT 4	<u>23,578</u>
<b>Total U.S. Department of Education</b>				<u>23,578</u>
<b>U.S. Department of Energy, Prime -</b>				
Accelerating Additive Manufacturing Process Design for Energy Conversion Materials	81.086			<u>211,051</u>
<b>U.S. Department of Energy, Subcontract -</b>				
High Power Density Carbon Neutral Electrical Power Generation for Air Vehicles	81.135	Tennessee Technological Univ Foundation	BL147616527	<u>14,815</u>
<b>Total U.S. Department of Energy</b>				<u>225,866</u>
<b>U.S. Environmental Protection Agency, Prime -</b>				
A Soil Bulk Density Metric to Improve Level 2 Assessments of Wetland Condition	66.461			<u>3,224</u>
<b>U.S. Environmental Protection Agency, Subcontract -</b>				
Cascading Grassed Waterway Water Quality Monitoring	66.485	Ohio EPA	WRIGHTU-FDGULF22	7,421
High Fidelity Library Based THz Air Toxic Monitoring System for Neighborhood Level Sur	66.511	UES, Inc.	SUB NO. 220-000-001	20,499
Sample Analysis Using XPS	66.509	Pegasus Technical Services, Inc	PO WSU-22-183	39,605
Total U.S. Environmental Protection Agency, Subcontract				<u>67,526</u>
<b>Total U.S. Environmental Protection Agency</b>				<u>70,749</u>
<b>U.S. Department of Health and Human Services, Prime -</b>				
A Natural History Study of Buprenorphine Diversion Self-Treatment and Use of Drug Abuse	93.279			919
Determining if there is a Primary Myopathy in Huntington's Disease	93.853			140
Differential Clearance of Pyroglutamate Abeta through Arachnoid and Meningeal Lymphatic	93.866			219,757
Disruption of excitable axonal domains by glucose metabolite methylglyoxal	93.853			300,821
DNA Damage Response Kinase Signaling in Non-Replicating Human Cells and Tissues	93.859			286,588
DNA Replication Checkpoint in Fission Yeast	93.859			270,824
Dual Targeting Redox-active Gold(I) Therapeutics	93.395			10,580
Gene Regulatory Functions for the Nuclear Speckle Protein SON	93.859			87,094
Genetic Analysis of Mitochondria-dependent Cellular Toxicity of Alpha-synuclein	93.866			77,124
Mechanisms of Augmented UVB Immunosuppressive Responses by Polyaromatic Hydrocarbons	93.113			88,750
Mechanisms of Neuroinflammatory Burden Following Early-life Stress	93.865			123,364
Mechanisms of Replication - Dependent Microsatellite Instability in Human Disease	93.859			16,404
Mechanisms of RNA Binding Proteins Rescuing FUS Induced Toxicity in Yeast	93.853			38,618
Mechanisms of the Renoprotective Properties of Zinc Supplementation in Mouse Models of	93.847			314,807
Mechanisms Underlying Excitability Regulation of Motoneuron Types in ALS Year 6-10	93.853			393,461
Noninvasive Characterization of Secondary Brain Injuries after Severe Acute Brain Injur	93.853			90,913
Novel Approaches to Therapy of Muscle Ion Channelopathies	93.846			699,710
Platelet Activating Factor and Epidermal Cytotoxicity	93.839			395,026
Prevention of Adenovirus Pathogenesis Through Downregulation of the Apical Adenovirus R	93.855			298,280
Quantitative Diffuse Correlation Spectroscopy for Assessing Human Brain Function	93.286			107,081

# WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>				
<b>U.S. Department of Health and Human Services, Prime (Continued) -</b>				
Quantitative Fluorescence Imaging-Guided Detection and Targeted Therapy Monitoring	93.394			\$ 31,339
Real-time Assessment of Dialogue in Motivational Interviewing training (ReadMI)	93.226			3,312
Role of Calcineurin Isoforms in Renal Regulation of Blood Pressure	93.847			21,339
Role of Nuclear IL-2Ra in Regulation of Vascular Smooth Muscle Cell Senescence	93.866			44,544
Sodium Influx Assay for Measurement of TRPM7 Channel Activity in Intact Cells	93.855			30,315
The Offender Reentry Program	93.243			431,705
The Role of Lipin1 in Myofiber Stability and Integrity	93.846			425,957
The Role of NFkB in Calcineurin Inhibitor-induced Renal Fibrosis	93.846			34,810
Treating Hyperkalemic Periodic Paralysis	93.847			24,362
TRPM7 and Cellular pH	93.855			(1,527)
Unfolding the Link Between the Endoplasmic Reticulum; AIS Shortening; and Cognitive Imp	93.853			40,483
UVB Radiation-generated Microvesicle Particles as Effectors for Photosensitivity	93.113			382,198
Wounding Therapy and Photocarcinogenesis	93.866			174,760
Total U.S. Department of Health and Human Services, Prime				5,463,857
<b>U.S. Department of Health and Human Services, Subcontract -</b>				
A Histamine Pharmacodynamic Biomarker to Guide Treatment in Pediatric Asthma	93.865	Children's Mercy Hospitals and Clinics	41613121 AMEND 2	7,870
ACHIEVE: Successfully Achieving and Maintaining Euglycemia During Pregnancy for Type 2	93.226	The Ohio State University	SPC #1000007105 / GR #129228	23,586
Adoption and Implementation of an Evidence-based Safe Driving Program for High-Risk Tee	93.865	Nationwide Children's Hospital	700232-0822-00	31,041
Blood Flow Velocimetry Using Digital Subtraction Angiography	93.837	Radiation Monitoring Devices, Inc.	RMD C19-09 #3	12,848
Campus Wastewater Monitoring WSU Campus	93.323	Ohio Department of Health	VENDOR OAKS #: 0000000638-12	335,974
Circadian Clock Disruption: A Risk Factor for Environmental Carcinogenesis	93.113	North Carolina State University	2021-0640-01 MOD 1	24,454
Crystal in the Gem City: Characterizing a Methamphetamine Outbreak in the Area of a High	93.279	Arizona State University	ASU80000582: AMENDMENT #2	7,890
CTRA - RICODIFY	93.360	Syneos Health, LLC	PROTOCOL SMT19969/C005	1,382
Developing Statistical Methods for Analyzing Somatic Mutations 20/21	93.393	Fred Hutchinson Cancer Research Center	SUB0001110059 (WAS 1045919)	8,120
Development and Analysis of New Mathematical and Statistical Models for Chronic Pain	93.213	Northwestern University	60057011WSU AMENDMENT A02	48,220
Dormitory Wastewater Monitoring of SARS-CoV-2 at Wright State University	93.323	The Ohio State University	GR124540 SPC1000005321	45,371
Evaluating the decriminalization of non-prescribed buprenorphine in Rhode Island	93.279	Rhode Island Hospital	SUB NO. 7137808	33,145
Linking Science Mathematics and Literacy for All Learners	93.859	Curators of the University of Missouri	C00075780-1 #1	2,329
Motoneuronal Mechanisms Underlying Age-related Muscle Weakness	93.866	Ohio University	PO OU32024; UT21846 AMEND #3	370,105
Pharmacokinetics of Oral L-citrulline in Infants at High Risk of Developing Pulmonary H	93.838	University of Utah	1004741-03 PO U000230459	14,944
Physics-informed Machine Learning Approach for a Selective Sensitive and Rapid Sensor f	93.113	Prometheus Technologies, LLC	1R41ES034936-01-02	23,355
Physiological-based Pharmacokinetics Approach to Determine the Extent of Drug Exposure	93.865	University of Minnesota	P008869301 AMENDMENT #1	12,781
SCH: INT: Collaborative Research: Development and Analysis of Integrative Models	93.213	Northwestern University	SP0050754-PROJ0014203 A05	33,151
Spinal Muscular Atrophy	93.853	The Ohio State University	GR124267 SPC-1000005737	(3,846)
Strengthening Middle School Science and Health Education by Linking Grade-Level Inquiry	93.859	Curators of the University of Missouri	C00054701-1 AMENDMENT #5	17,402
The Maternal-Fetal Adiponectin Differential and Fetal Fat Deposition	93.847	UC San Diego	PO# PUR0386730	74
Total Engagement and Activation Measure (TEAM): Developing a measure of the capacity	93.866	The Ohio State University	SPC-1000006727 / GR129258	10,849
Total U.S. Department of Health and Human Services, Subcontract				1,061,045
<b>Total U.S. Department of Health and Human Services</b>				<b>6,524,902</b>
<b>U.S. Department of Justice, Subcontract -</b>				
Linkage to Hope Project	16.838	Public Health Dayton and Montgomery County	22-166	55,525
<b>Total U.S. Department of Justice</b>				<b>55,525</b>
<b>National Aeronautics and Space Administration, Subcontract -</b>				
MAVEN Mission	43.001	University of Colorado	PO 1000013110 REF 1546525 #39	165,789
SAE Baja Project 2022-2023	43.008	Ohio Space Grant Consortium	CHECK #062211	3,722
Solar Splash 2022-2023	43.008	Ohio Space Grant Consortium	LETTERED DATED 10/18/22	3,565
<b>Total National Aeronautics and Space Administration</b>				<b>173,076</b>
<b>National Science Foundation, Prime -</b>				
Collaborative Research: Cyanobacteria; Nitrogen Cycling; and Export Production	47.050			63,829
Collaborative Research: Data-driven integration of biological with in-silico experiment	47.074			126,056
Collaborative Research: US GEOTRACES GP17-OCE and -ANT Sections: External Sources Cycli	47.050			22,823
EAGER: Investigating changes to forest soil microorganism communities due to the intera	47.074			120,795
Smart and Connected Health (SCH) Pls Meeting 2022 Smart Health through the Life Course	47.070			23,940
Student & Early Career Researcher Support for the 2022 U.S. SemanticTechnologies Sympos	47.070			13,468
WSU Students ASK A Success & Scholarship Program for Students Applying Scientific Knowl	47.076			108,363
Total National Science Foundation, Prime				479,274
<b>National Science Foundation, Subcontract -</b>				
A1: KnowWhereGraph: Enriching and Linking Cross-Domain Knowledge Graphs using Spatially	47.084	The Regents of the Univ of California	KK2316	45,000
Anchoring High School Students in Real-life Issues that Integrate STEM Content and Lite	47.076	Curators of the University of Missouri	C00069314-1 #2	57,579
DISES: Coproducing Actionable Science to Understand/Mitigate/and Adapt to Cyanobacteria	47.050	University of Connecticut	152033637;466100 MOD 1	43,682
Investigation of Mercury Contamination of Stream Water and Nearshore Biota Collected At	47.050	University of Alaska at Fairbanks	INVOICES 1, 2&3	1,176
Ohio LSAMP Alliance	47.076	Ohio State University	SPC-1000004486 GR121333 #5	45,940

**WRIGHT STATE UNIVERSITY**

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>				
<b>National Science Foundation, Subcontract (Continued)-</b>				
Refinement and Expansion of the Community College Anatomy and Physiology Education Rese	47.076	University of Minnesota	P009454904	\$ 18,683
Restructuring Middle School Science around Grand Challenges	47.076	Univ of North Carolina at Chapel Hill	5125341	13,141
Total National Science Foundation, Subcontract				<u>225,200</u>
<b>Total National Science Foundation</b>				<u>704,474</u>
<b>U.S. Department of Transportation, Subcontract -</b>				
AI-Driven Intelligent Firmware Analysis	20.614	Transportation Research Center, Inc.	20F000084; PO#33067	13,499
Induction In-Road Charging for Electric Vehicles	20.205	Ohio Department of Transportation	38584 A	14,878
Source-Code-Based Function Search	20.614	Transportation Research Center, Inc.	20F000084 SUB 14 PO38274	34,380
<b>Total U.S. Department of Transportation</b>				<u>62,757</u>
<b>U.S. Department of Veterans Affairs, Prime -</b>				
Dayton VAMC IPA Henkels 2022-2023	64.054			62,110
Dayton VAMC IPA Howard 2022-2024	64.054			51,782
Dayton VAMC IPA Ketter 2022-2024	64.054			38,500
Dayton Veterans Affairs Medical Center IPA Agreement - Knisely	64.054			14,593
Dayton Veterans Affairs Medical Center IPA Agreement Cates 2021-2024	64.054			52,664
Laboratory Animal Resources Care 2019-2023	64.054			16,174
VA Medical Center IPA Carpenter GY22-25	64.054			52,689
VA Medical Center IPA Hong GY22-25	64.054			28,921
VA Medical Center IPA Rapp GY21	64.054			54,354
VA Medical Center IPA Rider GY23-25	64.054			10,391
VA Medical Center IPA Thyagarajan GY21	64.054			49,078
Veterans Affairs Medical Center IPA Agreement - Khan GY22-25	64.054			5,650
<b>Total U.S. Department of Veterans Administration</b>				<u>436,906</u>
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER</b>				<u>18,521,965</u>
<b>MEDICAID CLUSTER</b>				
Cardiovascular Disease Practices Network (CVD BPN) Project Cardi-OH	93.778	Case Western Reserve University	RES600476	202,250
Diabetes Quality Improvement Project (QIP-Federal) FY22	93.778	Case Western Reserve University	RES516773; GR123547	1,584
Medicaid Care Experience Simulations	93.778	The Ohio State University	SPC-1000006767 GR127402	478,584
Medicaid Simulation Project FY22	93.778	The Ohio State University	SPC-1000005351	1,137
MEDTAPP Diabetes Consortium FY22	93.778	Case Western Reserve University	RES516714	2,352
Ohio Colleges of Medicine Regional Quality Improvement Hub (QI Hub) - FEDERAL	93.778	The Ohio State University	SPC-1000007215 GR129734	124,667
<b>TOTAL MEDICAID CLUSTER</b>				<u>810,573</u>
<b>477 CLUSTER</b>				
Moms2Be Program	93.558	The Ohio State University	GR127399; SPC-1000006477 #02	106,600
Moms2Be: TANF 23	93.558	The Ohio State University	GR129805 SPC-1000011886	66,962
<b>TOTAL 477 CLUSTER</b>				<u>173,562</u>
<b>IDEA CLUSTER</b>				
I Educate Montgomery County	84.027	University of Cincinnati	PO4600006660 013684-00004 #2	124,657
I Educate Montgomery County FY23	84.027	University of Cincinnati	P4600012582; 0014548-00002 A#1	139,305
<b>TOTAL IDEA CLUSTER</b>				<u>263,961</u>
<b>U.S. Department of Defense, Prime -</b>				
Advanced Trauma Life Support Program	12.800			1,250
Advanced Trauma Life Support Program 21-22	12.800			10,467
Advanced Trauma Life Support Program 22-23	12.800			18,590
Aerospace Medicine Primary Course 101 (AMP 101) 21-22	12.800			12,564
Fundamentals of Aerospace Medicine Course 101 (AFOM 101) 22-23	12.800			6,289
National Space Intelligence Center (NSIC) Activation Ceremony	12.800			4,454
United States Air Force School of Aerospace Medicine (USAFSAM) CBRNE Training Classes 2	12.800			27,413
Total U.S. Department of Defense, Prime				<u>81,027</u>
<b>U.S. Department of Defense, Subcontract -</b>				
Dayton Biomufacturing Camp for Underserved Communities	12.800	Universal Energy Systems Inc. (UES Inc.)	S-211-001-002	2,029
Enhancing STEM Education Through the iGEM Competition	12.800	UES, Inc.	S-111-05L-002 MOD #03	42,595

# WRIGHT STATE UNIVERSITY

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2023

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Defense, Subcontract (Continued)-</b>				
Enhancing STEM Education Through the iGEM Competition	12.800	Universal Energy Systems Inc. (UES Inc.)	S-210-113-002	\$ 90,537
Science Mathematics and Research for Transformation (SMART) Defense Scholarship Program	12.631	Logistics Management Institute (LMI)	LETTER DATED 8/01/22	46,476
Total U.S. Department of Defense, Subcontract				181,637
<b>Total U.S. Department of Defense</b>				<b>262,664</b>
<b>U.S. Department of Education, Prime -</b>				
ACHIEVE: A Chance to Have and Improve the Experience and Value of Education	84.335			69,280
ACHIEVE: A Chance to Have and Improve the Experience and Value of Education 2022-2026	84.335			266,467
COVID-19 Higher Education Emergency Relief Fund-Institutional Supplemental Funding	84.425E			69,850
COVID-19 Higher Education Emergency Relief Fund-Institutional Supplemental Funding	84.425F			7,774,977
Total U.S. Department of Education, Prime				8,180,574
<b>U.S. Department of Education, Subcontract -</b>				
GEAR UP Scholarship Program	84.334	Ohio Department of Higher Education	EMAILED DATED 9/20/22	18,831
GEER Funding for College Student Mental Health	84.425C	Ohio Department of Higher Education	LETTER DATED 2/19/21	10,316
High Dosage Tutoring Dayton Region	84.425U	Ohio Department of Education	EDUFAR21	116,548
I Educate Dayton Region	84.425U	Ohio Department of Education	EDUFAR21	136,102
Senior Associate Director SCTAI FY2023 Parrot	84.048	Ohio Department of Higher Education	AMENDMENT SIGNED 4/20/23	75,341
Senior Director of Career Technical Transfer Initiatives FY2023 Wearly	84.048	Ohio Department of Higher Education	RSP SIGNED 4/20/23	44,008
Support for Position of Senior Associate Director SCTAI FY2021 Conrad	84.048	Ohio Department of Higher Education	BOR01-0000007118	(7,690)
Support for Position of Senior Associate Director SCTAI FY2022 Conrad	84.048	Ohio Department of Higher Education	RSP SIGNED 6/23/21 AMEND #1	7,690
Support for Position of Senior Associate Director SCTAI FY2023 Conrad	84.048	Ohio Department of Higher Education		38,303
Support for Position of Senior Associate Director SCTAI FY2023 Holstrom	84.048	Ohio Department of Higher Education	FULLY EXECUTED 01/09/23	40,998
Total U.S. Department of Education, Subcontract				480,447
<b>Total U.S. Department of Education</b>				<b>8,661,021</b>
<b>U.S. Department of Health and Human Services, Prime -</b>				
Accelerating Primary Care Transformation Wright (APCT-Wright)	93.884			880
Day-TREE	93.243			467,618
Minority AIDS Initiative (MAI) - High Risk Populations "Reachable Teachable and Includi	93.243			279,839
Peer Movement Project (PMP)	93.243			42,279
Primary Care Training and Enhancement & Residency Training in Mental and Behavioral Hea	93.884			174,140
Virtual Office Space (VOS): Improving Employment Opportunities for Individuals FY20-21	93.433			126,334
Wright MAT	93.243			79,248
Wright OUTT (Opioid Use Treatment Training) Program	93.243			128,619
Wright State University Family Medicine Rural Residency Program	93.155			253,174
WSU Testing/Vaccination Site	93.498			1,650
Total U.S. Department of Health and Human Services, Prime				1,553,782
<b>U.S. Department of Health and Human Services, Subcontract -</b>				
Behavioral Health Education Curriculum in Ohio	93.788	Ohio Department of Mental Health and Addiction Services	2300810	46,503
Child Welfare Workforce Professional Education Program FY20/FY21	93.658	Ohio Department of Job and Family Services	G-2021-06-0242 JFS010000026908	(3,004)
Evaluation of the Zero Suicide Project for Montgomery County 21-22	93.243	ADAMHS Board for Montgomery County	BOARD RESOLUTION #20-138	9,333
Evaluation of the Zero Suicide Project for Montgomery County 22-23	93.243	ADAMHS Board for Montgomery County	BOARD RESOLUTION #20-138	57,075
GPRA Training/Data/Report SOR 2.0 2021-2022	93.788	Ohio Department of Mental Health and Addiction Services	2200495	144,441
Ohio's Coordinating Center of Excellence in Mental Health/Intellectual Disability FY22	93.958	Ohio Department of Mental Health and Addiction Services	ALLOC336614	3,279
Ohio's Coordinating Center of Excellence in Mental Health/Intellectual Disability FY23	93.958	Ohio Department of Mental Health and Addiction Services	ALLOC336614	72,018
PECE-PACT- Parents Early Childhood Education-Positive Action Choices Training FY2022	93.959	ADAMHS Board for Montgomery County	BOARD RES #21-024; 2022-005	65
Program Evaluation for the Pickaway Addiction Action Coalition's (PAAC) Drug-Free Commu	93.276	Pickaway Addiction Action Coalition	RSP SIGNED 01/26/22	3,225
Program Evaluation for the Pickaway Addiction Action Coalition's (PAAC) Drug-Free Commu	93.276	Pickaway Addiction Action Coalition	MOU SIGNED 12/05/22	8,862
Program Evaluation: Mitigation of Trauma-Related Mental Health Conditions Experienced b	93.137	ADAMHS Board for Montgomery County	BOARD RESOLUTION #22-064	44,480
Refugee Healthcare	93.576	Catholic Social Services	RSP SIGNED 5/05/22	17,013
SARDI Evaluation of the Ohio Disaster Relief Project	93.243	ADAMHS Board for Montgomery County	RESOLUTION #20-125	54,603
SARDI Program Evaluation of SOR 2.0 NCE Project	93.788	Ohio Department of Mental Health and Addiction Services	2300503	342,767
The OMHAS/WSU BSOM Intellectual Disability/Mental Illness Training Series	93.958	Ohio Department of Mental Health and Addiction Services	ALLOC20226751	160,833
University Partnership Program FY2022-2023	93.645	Ohio Department of Job and Family Services	G-2223-06-0082-02; JFS01-29247	128,812
Total U.S. Department of Health and Human Services, Subcontract				1,090,307
<b>Total U.S. Department of Health and Human Services</b>				<b>2,644,089</b>
<b>U.S. Department of Justice, Prime -</b>				
Building Coordinated Community Response to Address Sexual Assault/Domestic & Dating	16.525			(397)
<b>U.S. Department of Justice, Subcontract -</b>				
On-Going Wraparound Services for Victims of Crime 21/22	16.575	Ohio Office of the Attorney General	2022-VOCA-134715060	8,079
<b>Total U.S. Department of Justice</b>				<b>7,683</b>

**WRIGHT STATE UNIVERSITY**

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
<b>National Aeronautics and Space Administration, Subcontract -</b>				
OSGC Campus Allocation Funds AY 21-22	43.008	Ohio Space Grant Consortium	LETTER DATED 3/04/22	\$ 698
OSGC Student Awards AY 2022-2023 Federal	43.001	Ohio Space Grant Consortium	LETTER DATED 7/21/22	9,500
SAE Aero Design Competition 2022	43.008	Ohio Space Grant Consortium	LETTER DATED 02/18/22	<u>2,368</u>
<b>Total National Aeronautics and Space Administration</b>				<u>12,566</u>
<b>U.S. National Archives and Records Administration, Subcontract -</b>				
Digitization of Dr. Arthur E. Thomas' Program "Like It Is" Interviewing Leaders	89.003	Ohio Historical Records Advisory Board	LETTER DATED 4/22/22	<u>4,200</u>
<b>Total U.S. National Archives and Records Administration`</b>				<u>4,200</u>
<b>Institute of Museum and Library Services</b>				
Paul Laurence Dunbar First Edition Books for Conservation	45.310	State Library of Ohio	L-29-22	<u>4,999</u>
<b>Total Institute of Museum and Library Services</b>				<u>4,999</u>
<b>Small Business Administration, Prime -</b>				
Shuttered Venue Grant Program - Nutter Center	59.075			<u>(6,152)</u>
<b>Total Small Business Administration</b>				<u>(6,152)</u>
<b>U.S. Department of Veterans Affairs, Prime -</b>				
Internship at VA Archives Fall 2022 Puhl	64.054			1,482
Internship at VA Archives Spring 2023 Puhl	64.054			2,797
Veterans Affairs Annual Reporting Fee	64.032			<u>20,207</u>
<b>Total U.S. Department of Veterans Administration</b>				<u>24,486</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><u>\$ 114,448,089</u></u>

# WRIGHT STATE UNIVERSITY

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

### Schedule of Amounts Passed-Through to Subrecipients

<u>Subrecipient Name</u>	<u>Federal Assistance Listing Number</u>	<u>Program Title</u>	<u>Total Federal Expenditures</u>
ARCTOS Technology Solutions LLC	81.086	Accelerating Additive Manufacturing Process Design for Energy Conversion Materials	\$ 41,960
Bowling Green State University	11.417	Assessing Nitrogen Dynamics in a Closed Integrated Aquaponics System	25
Cal Poly Pomona Foundation, Inc.	93.853	Determining if there is a Primary Myopathy in Huntington's Disease	140
Central State University	84.027	I Educate Montgomery County	36,944
Central State University	84.027	I Educate Montgomery County FY23	20,764
Central State University	84.425U	I Educate Dayton Region	39,173
<b>Central State University Total</b>			<b>96,881</b>
Colorado School of Mines	81.086	Accelerating Additive Manufacturing Process Design for Energy Conversion Materials	54,005
Elon University	12.300	The Assessment Prediction and Prevention of Destructive Employee Behaviors	50,305
George Washington University	81.086	Accelerating Additive Manufacturing Process Design for Energy Conversion Materials	82,811
Indiana University	93.866	Wounding Therapy and Photocarcinogenesis	49,460
Kansas State University	12.800	Toward Undifferentiated Cognitive Agents: Determining Gaps in Comprehension	37,721
Learn To Earn Dayton	84.027	I Educate Montgomery County	41,700
Lorain County Community College	12.910	Assured Digital Microelectronics Education & Training Ecosystem (ADMETE)	472,841
Miami University	84.027	I Educate Montgomery County	8,544
Miami University	84.027	I Educate Montgomery County FY23	37,319
Miami University	84.425U	I Educate Dayton Region	7,920
<b>Miami University Total</b>			<b>53,783</b>
MonDay Community Correctional Institute	93.243	The Offender Reentry Program	69,884
Montgomery County Educational Services	84.027	I Educate Montgomery County FY23	4,866
Mount Olive Baptist Church	93.243	Minority AIDS Initiative (MAI) - High Risk Populations "Reachable Teachable and Inclusive	78,750
New York University	12.420	Lesbian/Gay and Bisexual Couples in the Military: A Post-DADT Examination of Relationship	261,769
Ohio University	12.910	Assured Digital Microelectronics Education & Training Ecosystem (ADMETE)	261,625
Richard E. Heyman	12.800	Up-Armoring At-Risk Military Couples	198,729
Rush University Medical Center	93.866	Differential Clearance of Pyroglutamate Abeta through Arachnoid and Meningeal Lymphatic	40,358
Sinclair Community College	84.027	I Educate Montgomery County FY23	21,438
State University of New York at Buffalo	93.394	Quantitative Fluorescence Imaging-Guided Detection and Targeted Therapy Monitoring	31,339
The Ohio State University	12.800	Synthesis Exploitation Analysis and Belief for Autonomous Sensor Systems (SEABASS)	228,211
The Ohio State University	93.855	Prevention of Adenovirus Pathogenesis Through Downregulation of the Apical Adenovirus R	12,357
<b>The Ohio State University Total</b>			<b>240,568</b>
The Research Foundation for SUNY	12.420	Lesbian/Gay and Bisexual Couples in the Military: A Post-DADT Examination of Relationship	9,733
The Research Foundation for SUNY	12.800	Up-Armoring At-Risk Military Couples	28,935
<b>The Research Foundation for SUNY Total</b>			<b>38,668</b>
The Salk Institute for Biological Studies	12.300	Precision High Intensity Training through Epigenetics (PHITE)	2,809
The University of Akron	12.910	Assured Digital Microelectronics Education & Training Ecosystem (ADMETE)	899,080
The University of Michigan	12.800	Synthesis Exploitation Analysis and Belief for Autonomous Sensor Systems (SEABASS)	59,016
University of Alabama at Birmingham	12.300	Precision High Intensity Training through Epigenetics (PHITE)	2,528
University of Arizona	12.800	Synthesis Exploitation Analysis and Belief for Autonomous Sensor Systems (SEABASS)	15,187
University of Dayton	84.027	I Educate Montgomery County	26,500
University of Dayton	84.027	I Educate Montgomery County FY23	21,022
University of Dayton	84.425U	High Dosage Tutoring Dayton Region	26,302
University of Dayton	84.425U	I Educate Dayton Region	14,626
<b>University of Dayton Total</b>			<b>88,450</b>
University of Pennsylvania	12.800	Synthesis Exploitation Analysis and Belief for Autonomous Sensor Systems (SEABASS)	226,761
University of Pittsburgh	93.853	Disruption of excitable axonal domains by glucose metabolite methylglyoxal	80,828
University of Toledo	12.910	Assured Digital Microelectronics Education & Training Ecosystem (ADMETE)	350,486
Urban Minority Alcoholism & Drug	93.243	Minority AIDS Initiative (MAI) - High Risk Populations Reachable Teachable and Inclusive	61,552
Youngstown State University	12.910	Assured Digital Microelectronics Education & Training Ecosystem (ADMETE)	1,081,919
			<b>\$ 5,098,242</b>

**WRIGHT STATE UNIVERSITY**  
**A Component Unit of the State of Ohio**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2023**

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**A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared using the accrual basis of accounting in accordance with the format as set forth in 2 CFR 200 (Uniform Guidance) Subpart F, *Audit Requirements*, issued by the United States Office of Management and Budget. The Schedule reflects the expenditures of Wright State University under programs financed by the U.S. government for the year ended June 30, 2023. 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.

For purposes of the Schedule, expenditures of federal awards include the following:

- Direct federal awards
- Federal Direct Student Loans processed by the University
- Outstanding balances of federal loan programs administered by the University
- Pass-through funds received from non-Federal organizations made under federally sponsored programs conducted by those organizations.

Awards are classified into major program and non-major program categories in accordance with the provisions of the Office of Management and Budget (OMB) 2 CFR 200 (Uniform Guidance) Subpart F, *Audit Requirements*. Federal Assistance Listing Numbers (FALN) or Primary Grant Numbers are presented for those programs for which such numbers are available.

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.

The University did not elect to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

**B. FEDERAL DIRECT STUDENT LOANS**

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan program (FALN Number 84.268). Therefore, only new loans made during the year are reflected in the schedule.

**C. FEDERAL LOAN PROGRAMS**

The federal loan programs listed subsequently are administered directly by the University and balances and transactions relating to the programs are included in the University's financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule.

Total loan balances outstanding of the U.S. Department of Education and the U.S. Department of Health and Human Services student financial assistance loan programs for the fiscal year are identified below:

	<b>Federal Assistance Listing Number</b>	<b>Outstanding Balance at June 30, 2023</b>
Federal Perkins Loan Program	84.038	\$ 2,584,071
Nurse Faculty Loan Program	93.264	9,141
Health Professions Student Loans	93.342	11,014
Loans for Disadvantaged Students	93.342	18,976
Nursing Student Loan Program	93.364	818,490
Primary Care Loans	93.342	177,166

## **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**

Board of Trustees  
Wright State University  
Dayton, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the business-type activities and discretely presented component unit of Wright State University (University), collectively a component unit of the State of Ohio, as of June 30, 2023, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 16, 2023, which contained an emphasis of matter paragraph regarding a change in accounting principle.

#### ***Report on Internal Control Over Financial Reporting***

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

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

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

## ***Report on Compliance and Other Matters***

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

## ***Purpose of This Report***

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

**FORVIS,LLP**

Cincinnati, Ohio  
October 16, 2023

## Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

Board of Trustees  
Wright State University  
Dayton, Ohio

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

##### *Opinion on Each Major Federal Program*

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

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

##### *Basis for Opinion on Each Major Federal Program*

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

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

##### *Responsibilities of Management for Compliance*

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

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

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

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

**FORVIS,LLP**

Cincinnati, Ohio  
December 13, 2023

**Wright State University**  
**A Component Unit of the State of Ohio**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

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

Unmodified       Qualified       Adverse       Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified?       Yes       None reported

Material weakness(es) identified?       Yes       No

3. Noncompliance material to the financial statements noted?       Yes       No

*Federal Awards*

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified?       Yes       None reported

Material weakness(es) identified?       Yes       No

5. Type of auditor’s report issued on compliance for major federal programs:

Unmodified       Qualified       Adverse       Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?       Yes       No

**Wright State University**  
**A Component Unit of the State of Ohio**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2023**

7. Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 93.264, 93.342, 93.364	Student Financial Assistance Cluster
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance
84.425	COVID-19 Higher Education Emergency Relief Funds

8. Dollar threshold used to distinguish between Type A and Type B programs: \$941,568.

9. Auditee qualified as a low-risk auditee?  Yes  No

**Wright State University**  
**A Component Unit of the State of Ohio**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2023**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
	No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
	No matters are reportable.

**Wright State University**  
**A Component Unit of the State of Ohio**  
**Summary Schedule of Prior Audit Finding**  
**Year Ended June 30, 2023**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
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No matters are reportable.

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# OHIO AUDITOR OF STATE KEITH FABER



**WRIGHT STATE UNIVERSITY**

**GREENE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 1/2/2024**

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

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