

Bowling Green State University
(a component unit of the State of Ohio)

Financial Report
with Supplemental Information
June 30, 2020



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Board of Directors
Bowling Green State University
1851 Research Drive
Bowling Green, Ohio 43403

We have reviewed the *Independent Auditor's Report* of the Bowling Green State University, Wood County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery

Former Senior Financial Aid Coordinator, Gail Houtz, was responsible for verifying requested supporting documentation related to dependency status was received in order for financial aid to be processed.

The University discovered that Ms. Houtz had changed the dependency status of her son's fiancée, Cassandra Steiner, without the required supporting documentation. The change in dependency status resulted in Ms. Steiner receiving \$15,266 more in federal and state financial aid than she would have otherwise received.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public property which has been converted or misappropriated is hereby issued against Gail Houtz and Cassandra Steiner, jointly and severally for \$15,266 and in favor of the Federal Pell Grant Fund for \$8,702; Ohio College Opportunity Grant Fund for \$2,064; Federal Supplemental Educational Opportunity Grant Fund for \$1,500; and BGSU Transfer Opportunity Scholarship Fund for \$3,000.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which an illegal expenditure is discovered, is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St.47 (1929); 1980 Op. Att'y Gen. No.80-074; Ohio Rev. Code § 9.39; *State, ex. rel. Village of Linndale v. Masten*, 18 Ohio St.3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

Board of Directors
Bowling Green State University
1851 Research Drive
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Page 2

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



Keith Faber
Auditor of State
Columbus, Ohio

March 02, 2021

Report Letter	1-3
Management’s Discussion and Analysis	4-22
Financial Statements	
Statements of Net Position – Bowling Green State University	23
Statements of Revenues, Expenses, and Changes in Net Position – Bowling Green State University	24
Statements of Cash Flows – Bowling Green State University	25-26
Consolidated Statements of Financial Position – The Bowling Green State University Foundation, Inc. and Subsidiary	27
Consolidated Statement of Activities – The Bowling Green State University Foundation, Inc. and Subsidiary	28-29
Consolidated Statements of Financial Position – Centennial Falcon Properties, Inc. and Subsidiaries	30
Consolidated Statements of Activities and Changes in Net Assets – Centennial Falcon Properties, Inc. and Subsidiaries	31
Notes to Financial Statements	32-82
Required Supplemental Information	83-89
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	90-91
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	92-93
Schedule of Expenditures of Federal Awards	94-96
Notes to Schedule of Expenditures of Federal Awards	97
Schedule of Findings and Questioned Costs	98-100

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Independent Auditor's Report

To the Board of Directors
Bowling Green State University

Report on the Financial Statements

We have audited the accompanying financial statements of Bowling Green State University (the "University"), a component unit of the State of Ohio, and its discretely presented component units as of and for the years ended June 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise Bowling Green State University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of Bowling Green State University Foundation, Inc. and Subsidiary (the Foundation), which represents 93 percent, 98 percent, and 100 percent of the assets, net position, and revenue, respectively, of the discretely presented component units. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Trustees
Bowling Green State University

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Bowling Green State University and its discretely presented component units as of June 30, 2020 and 2019 and the changes in its financial position and, where applicable, cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the COVID-19 pandemic has impacted the operations of Bowling Green State University. Our opinion is not modified with respect to this matter.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension and OPEB funding progress, and schedules of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Bowling Green State University and its discretely presented component units' basic financial statements. The other supplemental information, the schedule of expenditures of federal awards, is presented for the purpose of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The other supplemental information, the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, the schedule of expenditures of federal awards, is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
Bowling Green State University

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2020 on our consideration of Bowling Green State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Bowling Green State University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 8, 2020

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Bowling Green State University

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

This section of Bowling Green State University's (the "University") annual financial report presents management's discussion and analysis of the financial performance of the University during the fiscal years ended June 30, 2020, 2019 and 2018. This discussion provides an overview of the University's financial activities and should be read in conjunction with the accompanying financial statements and footnotes.

Using the Annual Financial Statements

This annual report consists of financial statements prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. The financial statements prescribed by GASB Statement No. 63 (the statement of net position, statement of revenues, expenses and changes in net position, and the statement of cash flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Under the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Bowling Green State University Foundation, Inc. and Subsidiary (the "Foundation") and Centennial Falcon Properties, Inc. and Subsidiaries (the "Corporation") have been determined to be component units of the University. Accordingly, the Foundation and the Corporation are discretely presented in the University's financial statements. The Foundation and the Corporation are excluded from management's discussion and analysis. Complete financial statements for the Foundation can be obtained from the vice president for university advancement at Mileti Alumni Center, Bowling Green, Ohio 43403. Complete financial statements for the Corporation can be obtained from the vice president, 230 McFall Center, Bowling Green, Ohio 43403.

Noteworthy Financial Activity

During a challenging academic year, the University's financial position remained strong at June 30, 2020, with total assets of \$885.9 million, net deferred inflows of \$4.5 million, and total liabilities of \$589.1 million, for a total net position of \$292.3 million. Net position declined from \$309.9 million at June 30, 2019, reflecting a decrease of \$17.6 million.

Bowling Green State University

Management's Discussion and Analysis (continued)

In October 2011, the University's Board of Trustees approved the planning, programming and schematic design work supporting a \$200 million reinvestment in core academic buildings on the Bowling Green campus. The scope of the capital project renewal included renovations in four of the campus' oldest, historical buildings.

Initial funding for this major capital project renewal was approved by the Board of Trustees in February 2013. On May 7, 2014, the University issued \$40,000,000 General Receipts, Series 2014, tax exempt, variable interest rate bonds.

Additional funding for this major project was approved by the Board of Trustees in September, 2015. On February 11, 2016, the University issued \$70,000,000 General Receipts, Series 2016A, tax exempt, variable interest rate bonds.

In December 2016, the Board of Trustees approved additional funding for the project. On June 29, 2017, the University issued \$35,000,000 General Receipts, Series 2017A, tax exempt, fixed rate bonds.

In February 2017, the Board of Trustees approved funding that was used to acquire two student housing facilities from the Corporation. On August 10, 2017, the University issued \$73,560,000 General Receipts, Series 2017B, tax exempt, fixed rate bonds.

In September 2019, the Board of Trustees approved a new bond issuance, which would refund the remaining 2010 bonds and fund various construction projects and campus improvements. In January 2020, the University issued \$53,685,000 General Receipts, Series 2020A, tax exempt, fixed rate bonds.

In June 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). Throughout the following discussion, the impact of GASB Statement No. 68 is highlighted.

Bowling Green State University

Management's Discussion and Analysis (continued)

In June 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires governments providing postemployment benefits other than pensions (e.g. healthcare) to recognize their unfunded benefit obligation as a liability, and to more comprehensively and comparably measure the annual costs of these other postemployment benefits (“OPEB”). The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the Statement, the University reported a net OPEB liability of \$68.2 million as a change in accounting principle adjustment to unrestricted net position as of July 1, 2017. Throughout the following discussion, the impact of GASB Statement No. 75 is highlighted.

In March 2020, the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus was declared a pandemic by the World Health Organization, and a national emergency by the President of the United States. In response, federal and state governments have implemented measures to combat the outbreak which have impacted business operations worldwide. Effective March 16, 2020, the University cancelled all in-person classes for the remainder of the spring semester and remote instruction began for all classes on March 23, 2020. The University has reduced the scope of its on-site operations and certain courses have been converted to hybrid or online delivery. Where possible, certain employees are teleworking from their homes or minimizing their presence on campus. The University received funding under the Education Stabilization Fund of the Federal Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) to offset a portion of cost associated with mitigating the economic consequences of health and safety protocols necessary to operate during the pandemic as well as provide direct emergency relief aid to students. Subsequent to year end it is expected that the state of Ohio will be providing additional CARES Act funding received by the state of Ohio to public institutions of higher education.

Bowling Green State University

Management's Discussion and Analysis (continued)

Statement of Net Position

The Statement of Net Position includes all assets and liabilities. Over time, an increase or decrease in net position (the difference between assets and liabilities) is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

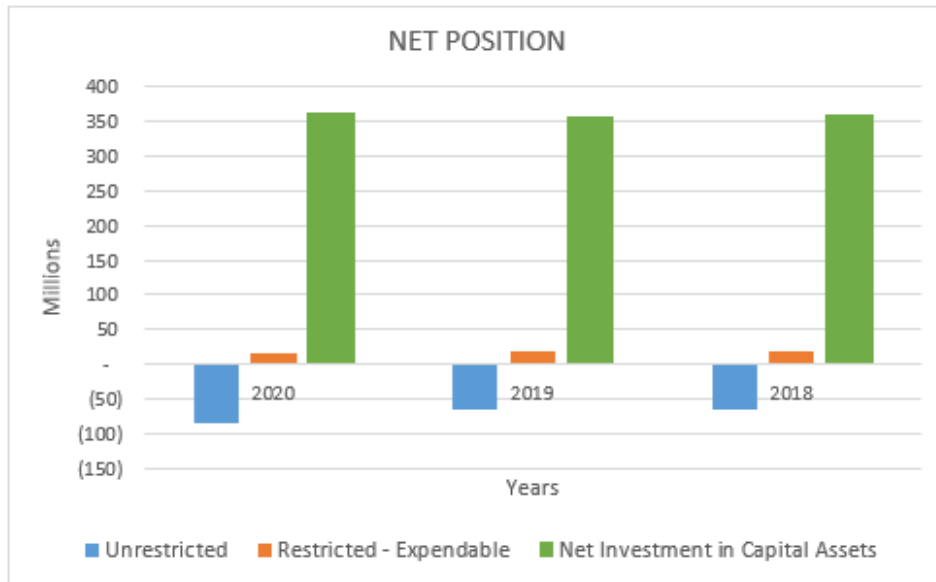
Bowling Green State University Condensed Statement of Net Position as of June 30, 2020, 2019 and 2018 (in thousands)

	2020	2019	2018
Assets			
Current assets	\$ 243,152	\$ 254,000	\$ 245,346
Non-current assets:			
Capital assets	600,359	600,383	601,008
Other	50,846	40,883	43,204
Total non-current assets	651,205	641,266	644,212
Total assets	894,357	895,266	889,558
Deferred outflows	41,468	66,508	55,991
Liabilities			
Current liabilities	54,242	64,545	48,930
Non-current liabilities	543,320	561,486	552,546
Total liabilities	597,562	626,031	601,476
Deferred inflows	46,010	25,892	31,204
Net position			
Net investment in capital assets	361,997	357,096	359,364
Restricted, expendable	15,528	17,123	17,680
Unrestricted	(85,272)	(64,368)	(64,175)
Total net position	\$ 292,253	\$ 309,851	\$ 312,869

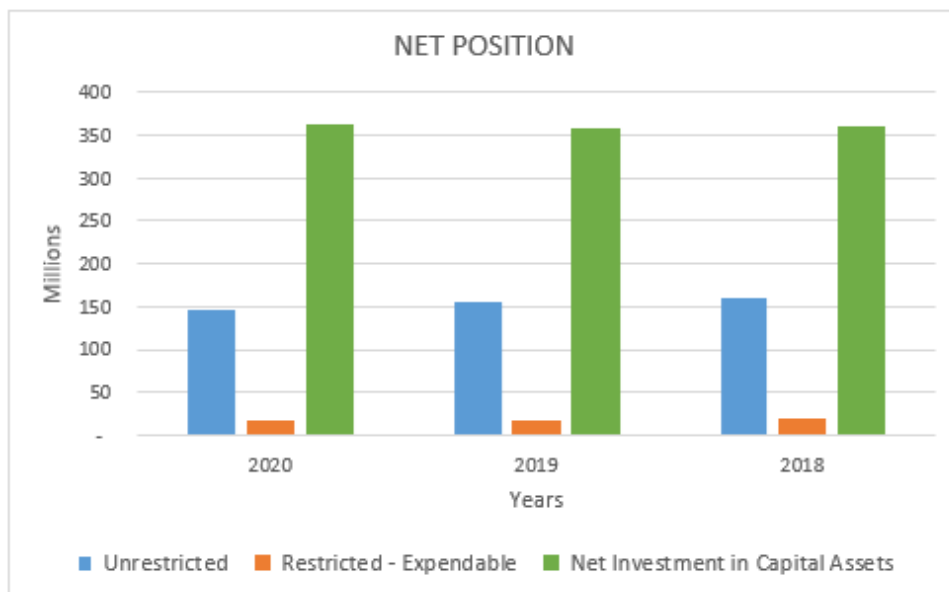
Bowling Green State University

Management's Discussion and Analysis (continued)

The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2020, 2019 and 2018 – *with* the impact of GASB Statement No. 68 and GASB Statement No. 75 adoption:



The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2020, 2019 and 2018 – *without* the impact of GASB Statement No. 68 and GASB Statement No. 75 adoption:



Bowling Green State University

Management's Discussion and Analysis (continued)

2020 Versus 2019

University assets totaled \$894.4 million at June 30, 2020, compared to \$895.3 million at June 30, 2019, reflecting a decrease of \$0.9 million.

- In fiscal year 2020, the University's current assets of \$243.2 million were sufficient to cover current liabilities of \$54.2 million (current ratio of 4.5).
- Accounts receivable, net of allowance for doubtful accounts were \$9.7 million at June 30, 2020, reflecting an overall increase of \$0.7 million from the prior year.
- University investments were \$219.0 million, or 24.7 percent of total assets at June 30, 2020, and decreased by \$11.2 million over 2019. Net investment income of \$10.5 million was recorded during the year.
- Cash and cash equivalents were \$10.2 million at June 30, 2020 and increased \$1.6 million over 2019 primarily due to the timing of transfers between the investment pool and the operating cash account at the fiscal year end.
- Restricted assets are funds held by trustees from long-term debt issues. At June 30, 2020, restricted investments were \$30.4 million and increased by \$9.9 million over 2019, related to bonds issued during the year.
- Capital assets (net of depreciation) were \$600.4 million (67.8 percent of total assets) at June 30, 2020 compared to \$600.4 million (67.7 percent of total assets) at June 30, 2019, reflecting no change from the prior year. This reflects the slowing of construction as the University nears completion of its 2011 master plan.
- The University reported net deferred inflows of \$4.5 million at June 30, 2020 related to GASB Statement No. 68 and GASB Statement No. 75. Certain amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and post-retirement benefits are subject to amortization and will be expensed through recognition of annual amortization amounts in subsequent years' pension and OPEB expense. Employer contributions subsequent to the measurement date are recognized as a reduction in the net pension and OPEB liability balances in the following year.

Bowling Green State University

Management's Discussion and Analysis (continued)

University liabilities totaled \$597.6 million at June 30, 2020 compared to \$626.0 million at June 30, 2019.

- Total current liabilities at June 30, 2020 of \$54.2 million reflect a decrease over June 30, 2019 current liabilities of \$64.5 million primarily due to a large bond (balloon) payment that was due in 2020.
- Long-term debt and other obligations increased in 2020 by \$15.7 million due to new bonds that were issued in 2020.
- Net pension and OPEB obligations (asset) at June 30, 2020 were \$235.1 million compared to \$269.1 million at June 30, 2019. The decrease of \$34.0 million is the result of the change in the net pension and OPEB liabilities directly related to GASB Statement No. 68 and GASB Statement No. 75.

The University's total net position at June 30, 2020 is \$292.3 million, compared to the prior year of \$309.9 million, a decrease of \$17.6 million. This decrease is attributable to a number of factors including:

- The change in net position for 2020 included expense of \$11.2 million related to the current year change in net pension and OPEB liabilities related to GASB Statement No. 68 and GASB Statement No. 75.
- Operating revenues were consistent with the prior year until the national emergency declaration in response to COVID-19 in March of 2020. As a result of initiating safety and health protocols in response to COVID-19 and suspending in-person classes, BGSU issued refunds of revenues related to auxiliary operations of \$12 million. Further decreases in Auxiliary enterprise net revenue were seen in a \$2.5 million reduction in facility rentals and retail sales, as well as a reduction in non-meal plan dining sales of \$3.5 million. This was offset by a \$1.1 million increase in nongovernmental grants, a \$2.3 million increase in other revenues and an increase of approximately \$4.4 million in tuition and fees.

Bowling Green State University

Management's Discussion and Analysis (continued)

- Operating expenses increased by \$11.6 million in 2020 compared to 2019. Approximately \$15.0 million of this increase is directly related to GASB Statement No. 68 and GASB Statement No. 75 pension and OPEB expense (2020 results include additional expense of \$11.2 million related to GASB 68/75 while 2019 includes an expense reduction of \$3.8 million). Auxiliary expenses decreased by \$6.7 million in 2020 due to reduced operations during the spring 2020 semester as a result of the University's response to implement health and safety protocols related to the COVID-19 outbreak. Student aid expense increased by \$5.1 million primarily related to emergency grants awarded to students and funded via the CARES Act. Operations and maintenance of plant expenses decreased \$1.5 million offset by an increase in depreciation and amortization of \$0.5 million.
- A decrease in state appropriations of approximately \$0.6 million.
- A \$1.8 million decrease in net investment earnings due to market performance in 2020.

Of the total net assets, \$377.5 million is invested in capital assets or is restricted. The remaining (\$85.3) million in unrestricted net assets has been designated or allocated for specific academic, research and support purposes, reserves, and quasi-endowments.

2019 Versus 2018

University assets totaled \$886.9 million at June 30, 2019, compared to \$889.6 million at June 30, 2018, reflecting a decrease of \$2.7 million.

- In fiscal year 2019, the University's current assets of \$254.0 million were sufficient to cover current liabilities of \$64.5 million (current ratio of 3.9).
- Accounts receivable, net of allowance for doubtful accounts were \$9.0 million at June 30, 2019, reflecting an overall decrease of \$0.8 million from the prior year.
- University investments were \$230.3 million, or 26.0 percent of total assets at June 30, 2019, and increased by \$9.0 million over 2018. Net investment income of \$12.4 million was recorded during the year.
- Cash and cash equivalents were \$8.6 million at June 30, 2019, and increased \$0.5 million over 2018 primarily due to the timing of transfers between the investment pool and the operating cash account at the fiscal year end.
- Restricted assets are funds held by trustees from long-term debt issues. At June 30, 2019, restricted investments were \$20.5 million and decreased by \$10.1 million over 2018, related to bond draws made during the year.

Bowling Green State University

Management's Discussion and Analysis (continued)

- Capital assets (net of depreciation) were \$600.4 million (67.7 percent of total assets) at June 30, 2019 compared to \$601.0 million (67.6 percent of total assets) at June 30, 2018, reflecting a decrease of \$0.6 million. The decrease reflects the slowing of construction as the University nears completion of its 2011 master plan.
- The University reported net deferred outflows of \$40.6 million at June 30, 2019 related to GASB Statement No. 68 and GASB Statement No. 75. Certain amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and post-retirement benefits are subject to amortization and will be expensed through recognition of annual amortization amounts in subsequent years' pension and OPEB expense. Employer contributions subsequent to the measurement date are recognized as a reduction in the net pension and OPEB liability balances in the following year.

University liabilities totaled \$617.7 million at June 30, 2019 compared to \$601.5 million at June 30, 2018.

- Total current liabilities at June 30, 2019 of \$64.5 million reflect an increase over June 30, 2018 current liabilities of \$48.9 million primarily due to a large bond (balloon) payment due in 2020.
- Long-term debt and other obligations decreased in 2019 overall by \$19.1 million due to annual principal payments on outstanding debt.
- Pension and OPEB obligations at June 30, 2019 were \$269.1 million compared to \$249.4 million at June 30, 2018. The increase of \$19.7 million is the result of the change in the net pension and OPEB liabilities directly related to GASB Statement No. 68 and GASB Statement No. 75.

The University's total net position at June 30, 2019 is \$309.9 million, compared to the prior year of \$312.9 million, a decrease of \$3.0 million. This decrease is attributable to a number of factors including:

- The change in net position for 2019 included expense of \$3.9 million related to the current year change in net pension and OPEB liabilities related to GASB Statement No. 68 and GASB Statement No. 75.
- An overall decrease in operating revenues including a \$2.0 million decrease in auxiliary enterprise net revenue, a \$1.5 million decrease in nongovernmental grants, and a \$1.8 million decrease in other revenues, offset by an increase of approximately \$2.2 million in tuition and fees.

Bowling Green State University

Management's Discussion and Analysis (continued)

- Operating expenses increased by \$54.0 million in 2019 compared to 2018. Approximately \$56.1 million of this increase is directly related to GASB Statement No. 68 and GASB Statement No. 75 pension and OPEB expense (2018 results include a reduction in expense of \$52.3 million related to GASB 68/75 while 2019 includes additional expense of \$3.8 million). Other expenses decreased by \$7.3 million in 2019 related to the defeasance of debt associated with two student housing facilities the University acquired from the Corporation in 2018.
- An increase in state appropriations of approximately \$1.3 million.
- A \$0.6 million increase in net investment earnings due to market performance in 2019.

Of the total net assets, \$374.2 million is invested in capital assets or is restricted. The remaining (\$64.4) million in unrestricted net assets has been designated or allocated for specific academic, research and support purposes, reserves, and quasi-endowments.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. A public university's dependency on state aid and gifts typically results in operating deficits because the financial reporting model classifies state appropriations and gifts as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Bowling Green State University

Management's Discussion and Analysis (continued)

Bowling Green State University Condensed Statement of Revenues, Expenses and Changes in Net Position For years ended June 30, 2020, 2019 and 2018 (in thousands)

	2020	2019	2018
Operating revenues:			
Student tuition and fees	\$ 161,804	\$ 157,388	\$ 155,225
Auxiliary enterprises	61,532	78,043	80,059
Grants and contracts	16,439	14,962	17,426
Sales and service	3,252	3,693	3,721
Other operating revenues	9,373	7,072	8,830
Total operating revenues	252,400	261,158	265,261
Operating expenses:			
Educational and general	250,830	237,982	182,301
Scholarships and fellowships	22,054	16,931	17,439
Auxiliary enterprises	62,521	69,196	68,021
Operations of maintenance of plant	20,099	21,580	17,692
Depreciation and amortization	38,235	37,744	36,731
Other expenses	3,376	2,077	9,372
Total operating expenses	397,115	385,510	331,556
Operating loss	(144,715)	(124,352)	(66,295)
Non-operating revenues (expenses):			
State appropriations	77,916	78,539	77,246
Other non-operating revenues and expenses	39,180	30,891	17,092
Total non-operating revenues	117,096	109,430	94,338
(Loss) Income before other changes	(27,619)	(14,922)	28,043
Capital appropriations, grants and gifts	10,021	11,904	7,976
Change in net position	(17,598)	(3,018)	36,019
Net position			
Net position at the beginning of the year	309,851	312,869	345,041
Adjustment for change in accounting principle - GASB 75	-	-	(68,191)
Net position at the end of year	\$ 292,253	\$ 309,851	\$ 312,869

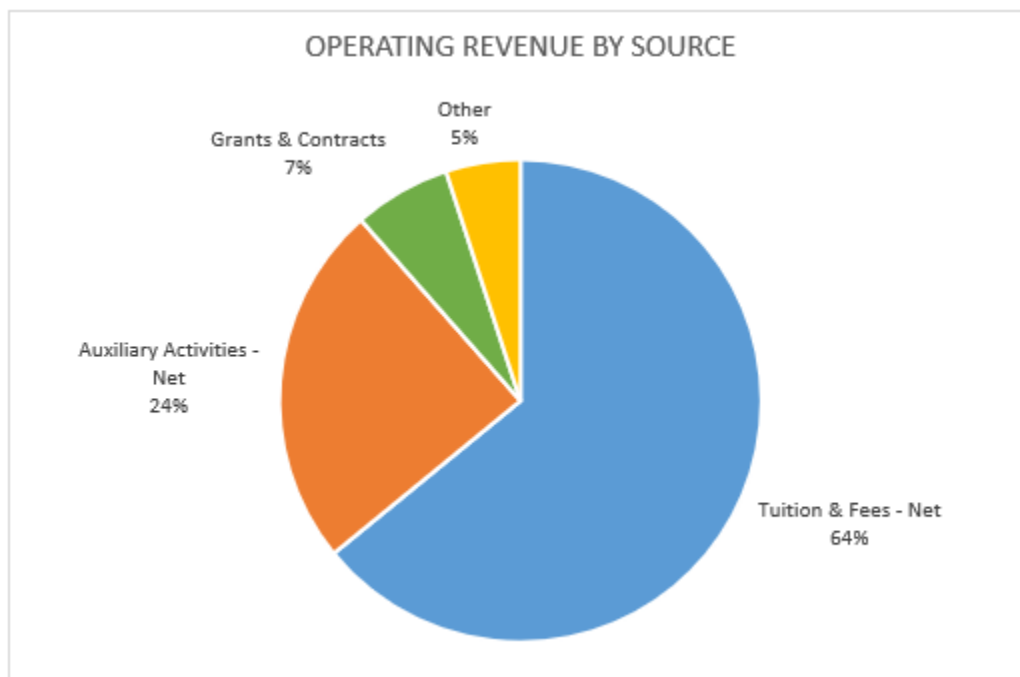
Bowling Green State University

Management's Discussion and Analysis (continued)

Operating Revenues

Operating revenues include all transactions that result from the sales and/or receipts of goods and services such as tuition and fees, student housing, and other auxiliary units. In addition, certain federal, state and private grants are considered operating if they are a contract for services and not for capital purposes.

Following is a graphic illustration of operating revenue by source at June 30, 2020:



2020 versus 2019

The most significant sources of operating revenues for the University are tuition and fees of \$161.8 million, which increased \$4.4 million, or 2.8 percent over 2019. Increases in student tuition and fees are due to the University's Winter Session and the Falcon Tuition Guarantee (a four year program which provides a guaranteed rate of tuition and general fees), which provided for a one-time increase in tuition for the University's 2019-2020 freshman cohort (all other tuition rates and fees remained flat for fiscal year 2020). Winter Session and the Falcon Tuition Guarantee resulted in an increase of \$2.1 million in student tuition and fees. Additional increases were realized by a \$2.3 million increase in summer tuition fees, due to higher enrollment.

Bowling Green State University

Management's Discussion and Analysis (continued)

Auxiliary enterprises, another significant source of University revenues, decreased from \$78.0 million in 2019 to \$61.5 million in 2020. The decline in auxiliary revenue was primarily due to reduced housing, dining and parking services in spring 2020, due to the COVID-19 pandemic.

Grants and contracts revenue of \$16.4 million for the year ending June 30, 2020 reflect an increase of \$1.4 million over 2019 and is due to timing fluctuations of grant expenditures year over year, and the timing of grant end dates and the beginning dates of renewals/new grants.

2019 versus 2018

The most significant sources of operating revenues for the University are tuition and fees of \$157.4 million, an increase of \$2.2 million, or 1.4 percent over 2018. Increases in student tuition and fees are due to the addition of a Winter Session and implementation of the Falcon Tuition Guarantee (a four year program which provides a guaranteed rate of tuition and general fees), which provided for a one-time increase in tuition for the University's 2018-2019 freshman cohort (all other tuition rates and fees remained flat for fiscal year 2019). The addition of the Winter Session and implementation of the Falcon Tuition Guarantee resulted in an increase of \$6.0 million in student tuition and fees. These increases were offset by a \$3.8 million crease in summer tuition fees, due to lower enrollment.

Auxiliary enterprises, another significant source of University revenues, decreased from \$80.1 million in 2018 to \$78.0 million in 2019. The decline in auxiliary revenue was primarily due to a decrease in on-campus freshmen and sophomore enrollment which reduced residence hall and dining hall revenues.

Grants and contracts revenue of \$15.0 million for the year ending June 30, 2019 reflect a decrease of \$2.5 million over 2018 and is primarily due to timing fluctuations of grant expenditures year over year, and the timing of grant end dates and the beginning dates of renewals/new grants.

Bowling Green State University

Management's Discussion and Analysis (continued)

Operating Expenses

Operating expenses are all costs necessary to perform and conduct the programs and primary purposes of the University.

2020 versus 2019

Total operating expenditures of \$397.1 million at June 30, 2020 increased overall by \$11.6 million, or 3.0 percent over 2019.

- Educational and general expenditures consist of instruction, research, public services, academic support, student services, institutional support, operations and maintenance of plant and student aid totaled \$250.8 million at June 30, 2020 compared to \$238.0 million at June 30, 2019, reflecting an overall increase of \$12.8 million, of which \$13.3 million is related to pension and OPEB expense due to GASB Statement No. 68 and GASB Statement No. 75.
- In other operating expense categories, depreciation and amortization expense increased approximately \$0.5 million directly related to ongoing construction initiatives.

2019 versus 2018

Total operating expenditures of \$385.5 million at June 30, 2019 increased overall by \$54.0 million, or 16.3 percent over 2018.

- Educational and general expenditures consist of instruction, research, public services, academic support, student services and institutional support, operations and maintenance of plant and student aid totaled \$238.0 million at June 30, 2019 compared to \$182.3 million at June 30, 2018, reflecting an overall increase of \$55.7 million, of which \$49.1 million is related to pension and OPEB expense due to GASB Statement No. 68 and GASB Statement No. 75.
- In other operating expense categories, depreciation and amortization expense increased approximately \$1.0 million directly related to ongoing construction initiatives and the acquisition of student housing facilities from the Corporation.

Bowling Green State University

Management's Discussion and Analysis (continued)

Non-operating Revenues

Non-operating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, Pell and other grant reimbursements, and investment income (including realized and unrealized gains and losses).

Non-operating revenue was impacted by the following factors:

- The University was expecting an increase of state appropriations during fiscal year 2020 of \$3.3 million over 2019, however the University experienced a decrease from the projected state appropriations of 4.0 percent following a state announced decrease due to COVID-19. State appropriations remained the most significant source of non-operating revenue, totaled \$77.9 million in the current year, reflecting a decrease of \$0.6 million, or 0.8 percent over 2019.
- Non-exchange grants and contracts had an overall increase of \$10.9 million in 2020, primarily due to the CARES Act grant awarded to the University in 2020 of which \$5.4 million was provided to students in the form of student emergency aid.
- Net investment income of \$10.5 million reflects a decrease of \$1.8 million over prior year income of \$12.4 million due to market performance during fiscal year 2020.

Capital Assets and Debt Administration

At June 30, 2020, the University had \$600.4 million of capital assets (net of accumulated depreciation), compared to \$600.4 million of net capital assets for the prior fiscal year. In the current year, there were no significant changes to capital assets. This is due to the slowing of construction, as the University nears completion of its 2011 master plan. The charges for depreciation and amortization included in the statement of revenues, expenses, and changes in net position were \$38.2 million for 2020 and \$37.7 million for 2019. Detailed information about the University's capital assets is presented in Note 5 to the financial statements.

In January 2020, the University issued \$53,685,000 of General Receipts Bonds, Series 2020A, fixed rate bonds. The proceeds were used to refund the remaining 2010 bonds and to fund various construction projects and campus improvements.

More detailed information about the University's long-term debt is presented in Note 7 to the financial statements.

Bowling Green State University

Management's Discussion and Analysis (continued)

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing activities, capital financing activities and investing activities, and helps measure the ability to meet financial obligations as they mature.

Bowling Green State University Condensed Statement of Cash Flows For years ended June 30, 2020, 2019 and 2018 (in thousands)

	2020	2019	2018
Cash provided (used) by:			
Operating activities	\$ (90,678)	\$ (73,463)	\$ (76,881)
Non-capital financing activities	115,797	105,325	90,457
Capital financing activities	(34,295)	(44,019)	(12,946)
Investing activities	10,766	12,678	(988)
Net increase (decrease) in cash	1,590	521	(358)
Cash and cash equivalents, beginning of year	8,631	8,110	8,468
Cash and cash equivalents, end of year	\$ 10,221	\$ 8,631	\$ 8,110

For the year ended June 30, 2020:

- Major sources of cash provided by operating activities included student tuition and fees of \$160.4 million, auxiliary enterprises of \$64.1 million, and research grants and contracts of \$16.7 million. Major uses of cash in operations included payments to employees and benefits of \$228.3 million, payments to vendors for supplies and services of \$97.5 million, and payments for scholarships and fellowships of \$22.1 million.
- Non-capital financing activities included cash provided from state appropriations of \$77.9 million and grants received for other than capital purposes (primarily from the CARES Act and the Federal Pell Grant Program) of \$38.3 million.
- Primary sources of cash from capital financing activities were new debt proceeds of \$64.5 million, state capital appropriations of \$4.4 million and capital grants received of \$5.6 million. Cash used to purchase capital assets was \$38.7 million, principal paid on long-term debt was \$59.3 million, and interest paid on long-term debt was \$10.9 million.
- Investing activities included proceeds from sales and maturities of investments of \$168.5 million and investment income of \$8.3 million. Purchases of investments were \$166.0 million.

Bowling Green State University

Management's Discussion and Analysis (continued)

For the year ended June 30, 2019:

- Major sources of cash provided by operating activities included student tuition and fees of \$159.3 million, auxiliary enterprises of \$78.7 million, and research grants and contracts of \$14.8 million. Major uses of cash in operations included payments to employees and benefits of \$221.1 million, payments to vendors for supplies and services of \$100.6 million, and payments for scholarships and fellowships of \$16.9 million.
- Non-capital financing activities included cash provided from state appropriations of \$78.5 million and grants received for other than capital purposes (primarily from the Federal Pell Grant Program) of \$27.5 million.
- Primary sources of cash from capital financing activities were state capital appropriations of \$4.4 million and capital grants received of \$7.5 million. Cash used to purchase capital assets was \$36.2 million, principal paid on long-term debt was \$9.0 million, and interest paid on long-term debt was \$10.8 million.
- Investing activities included proceeds from sales and maturities of investments of \$121.4 million and investment income of \$6.4 million. Purchases of investments were \$115.1 million.

Economic Factors That Will Affect the Future

The University's ability to successfully fulfill its mission and execute its strategic plan is directly influenced by enrollment, legislative restrictions on tuition, changes in state support, and the cost of employee compensation, health care, technology and utilities.

The economic position of the University is closely tied to the economic condition of the state, as all state universities in Ohio receive state financial support for both operations and capital improvements through appropriations by the legislature. These appropriations contribute substantially to the successful maintenance and operation of the University.

The COVID-19 pandemic has impacted the economic outlook for the state of Ohio and, by extension, the University. At the time Ohio's Governor issued his "shelter in place" order on March 23, 2020, the University was expecting to receive \$82.3 million in state support (state share of instruction or SSI) in FY2021, an approximate \$2.3 million (2.8 percent) increase over FY2020. Subsequent to that date, the University experienced a \$3.1 million reduction in FY2020 state support during the months of May and June.

Bowling Green State University

Management's Discussion and Analysis (continued)

Although the University's FY2021 budget initially contemplated a reduction in SSI of \$14.2 million (17.7 percent) over FY2020's initial budgeted SSI based on informal guidance from the Ohio Department of Higher Education and reflecting the state of Ohio's monthly economic performance, the state's economic performance has slowly improved and the University is currently expecting \$78.7 million in SSI for FY2021. That amount is approximately \$1.8 million more than FY2020's final SSI of \$76.9 million but still \$1.3 million less than FY2020's originally budgeted SSI of \$80.0 million.

Fall 2020 fifteen day enrollment results indicate that overall headcount enrollment is up a modest 0.8 percent over prior year while student credit hours and full-time equivalents are down 0.9 percent.

The economic performance of the University is also impacted by population trends in Ohio and the Midwest and our ability to successfully attract, retain and timely graduate students. The University has launched several significant initiatives intended to improve freshmen to sophomore retention in recent years. Freshman to sophomore (fall to fall) retention has risen from slightly less than 70 percent in fall 2013 to 79.4 percent for fall 2020. Prior to the arrival of COVID-19, the University had set a goal and was on track to achieve an 80 percent freshmen to sophomore retention rate by 2020. The University continues to adjust our marketing, enrollment and recruitment strategies to reflect changing demographics and competition from other Ohio and Midwest public universities.

In 2011, Bowling Green State University embarked upon a significant capital reinvestment effort. Since that time, numerous capital projects have been completed in core academic buildings on the Bowling Green campus. Funding has been and will continue to be provided from a combination of University-issued debt financing, private donor funds, and state capital appropriations. Since July 1, 2011, University capital assets have grown from \$703.6 million to \$1,109.3 million, an increase of \$405.7 million, reflecting the significant capital reinvestment progress that has occurred.

Following the completed renovation of two of the University's original, historical academic buildings (Moseley Hall and University Hall), renovation work was completed on Hanna Hall, now re-named Maurer Hall, which will serve as the University's home for the Schmidthorst College of Business. The renovated building reopened in late summer of 2020.

Bowling Green State University

Management's Discussion and Analysis (continued)

The University continues to pursue enrollment growth in non-traditional aged students, online/distance programs, and professional master's programs as the traditional 18-year old population continues to decline in the Midwest. The University has also focused on creating new, or redesigning existing, academic programs to better attract targeted student populations to degrees offered in industry-specific areas with a high need for well-prepared college graduates. For example, the University recently created two new schools within the College of Health and Human Services – the School of Nursing, which will move into the former College of Business building in fall 2021, and the School of Physical Therapy, which will offer a new online/hybrid Doctorate of Physical Therapy degree beginning in summer 2022.

The unexpected arrival of COVID-19 has created numerous disruptions to higher education and the University. Significant examples include: greatly expanded numbers of faculty and staff working remotely, de-densified residence and dining halls, socially-distanced classrooms, offices and common spaces, canceled or delayed athletic seasons, and significant changes to student instruction including a variety of remote and hybrid delivery models. Although it is too soon to know how these disruptive factors will impact the higher education industry both long and short term, the University has already begun a process of reassessing our existing strategic plan goals and priorities to ensure that we re-focus our investments and efforts in the most effective ways.

Bowling Green State University

Statements of Net Position

	June 30	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,221,733	\$ 8,630,808
Investments	219,025,078	230,273,005
Accounts receivable, net	9,703,124	8,954,945
Inventories	641,313	783,783
Notes receivable	1,396,559	1,373,479
Prepaid and other assets	2,164,312	3,984,394
Total current assets	<u>243,152,119</u>	<u>254,000,414</u>
Noncurrent assets:		
Investments	7,554,800	5,995,200
Assets - restricted	30,361,137	20,464,093
Cash surrender value of life insurance and annuities	632,804	632,804
Notes receivable	3,824,180	5,447,882
Capital assets, net	600,358,719	600,383,158
OPEB asset	8,473,000	8,343,000
Total noncurrent assets	<u>651,204,640</u>	<u>641,266,137</u>
Total assets	<u>894,356,759</u>	<u>895,266,551</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	31,771,242	61,174,051
Deferred outflows related to OPEB	9,696,581	5,334,267
Total deferred outflows of resources	<u>41,467,823</u>	<u>66,508,318</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	23,348,541	24,094,111
Unearned revenue	15,203,352	12,818,411
Deposits	2,006,587	2,004,078
Current portion of long-term debt and other obligations	13,683,935	25,628,249
Total current liabilities	<u>54,242,415</u>	<u>64,544,849</u>
Noncurrent liabilities:		
Long-term debt and other obligations	299,724,428	284,056,631
Net pension liability	189,582,452	224,881,979
OPEB liability	54,013,197	52,547,293
Total noncurrent liabilities	<u>543,320,077</u>	<u>561,485,903</u>
Total liabilities	<u>597,562,492</u>	<u>626,030,752</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	26,998,415	12,712,539
Deferred inflows related to OPEB	19,011,620	13,180,943
Total deferred inflows of resources	<u>46,010,035</u>	<u>25,893,482</u>
Net position		
Net investment in capital assets	361,996,834	357,096,036
Restricted for expendable:		
Loans	2,154,835	2,759,630
Capital projects	13,372,683	14,363,382
Unrestricted (deficit)	(85,272,297)	(64,368,413)
Total net position	<u>\$ 292,252,055</u>	<u>\$ 309,850,635</u>

See accompanying notes.

Bowling Green State University

Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2020	2019
Revenues		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$65,390,107 for 2020 and \$63,371,332 for 2019)	\$ 161,804,057	\$ 157,387,706
Federal grants and contracts	6,572,025	5,859,235
State grants and contracts	3,331,129	3,654,134
Nongovernmental grants and contracts	6,536,320	5,448,324
Sales and services of educational departments	3,251,578	3,693,425
Auxiliary enterprises (net of scholarship allowances of \$2,718,299 for 2020 and \$2,848,051 for 2019)	61,532,049	78,043,374
Other operating revenues	9,372,428	7,071,834
Total operating revenues	252,399,586	261,158,032
Expenses		
Operating expenses:		
Educational and general:		
Instruction	146,415,272	140,206,636
Research	10,137,525	8,359,843
Public services	5,670,027	5,150,090
Academic support	29,404,368	29,262,234
Student services	17,387,881	17,204,284
Institutional support	41,814,537	37,798,497
Operations and maintenance of plant	20,099,212	21,580,110
Student aid	22,053,541	16,930,807
Auxiliary enterprises	62,521,518	69,196,349
Depreciation and amortization	38,235,131	37,744,247
Other expenses	3,376,143	2,076,951
Total operating expenses	397,115,155	385,510,048
Operating loss	(144,715,569)	(124,352,016)
Nonoperating revenues (expenses):		
State appropriations	77,915,871	78,539,449
Non-exchange grants and contracts	38,347,380	27,487,635
Investment income, net	10,520,563	12,351,399
Interest on capital asset-related debt	(9,091,223)	(8,350,853)
In-kind support – Centennial Falcon Properties, Inc.	(596,800)	(596,800)
Net nonoperating revenues	117,095,791	109,430,830
Loss before other changes	(27,619,778)	(14,921,186)
Other changes:		
Capital appropriations	4,384,755	4,396,614
Capital grants and gifts	5,636,443	7,507,176
Total other changes	10,021,198	11,903,790
Change in net position	(17,598,580)	(3,017,396)
Net position		
Net position at the beginning of year	309,850,635	312,868,031
Net position at the end of year	\$ 292,252,055	\$ 309,850,635

Bowling Green State University

Statements of Cash Flows

	Year Ended June 30	
	2020	2019
Operating activities		
Tuition and fees	\$ 160,441,645	\$ 159,275,025
Research grants and contracts	16,712,434	14,750,870
Payments to vendors for supplies and services	(97,526,834)	(100,610,475)
Payments to employees and benefits	(228,330,472)	(221,062,056)
Payments for scholarships and fellowships	(22,053,541)	(16,930,807)
Student loans granted, net of repayments	1,640,332	1,174,073
Auxiliary enterprises	64,071,393	78,672,987
Sales and services of educational departments	3,251,578	3,693,425
Other receipts	11,115,903	7,574,078
Net cash used in operating activities	(90,677,562)	(73,462,880)
Noncapital financing activities		
State appropriations	77,915,871	78,539,449
Direct lending receipts	126,112,523	126,882,097
Direct lending disbursements	(125,981,506)	(126,987,386)
Grants received for other than capital purposes	38,347,380	27,487,635
In-kind support – Centennial Falcon Properties, Inc.	(596,800)	(596,800)
Net cash provided by noncapital financing activities	115,797,468	105,324,995
Capital financing activities		
Proceeds from capital debt	64,469,180	–
Capital appropriations	4,384,755	4,396,614
Capital grants received	5,636,443	7,507,176
Purchases of capital assets	(38,665,015)	(36,182,038)
Principal paid on long-term debt	(59,260,000)	(8,970,000)
Interest paid on long-term debt	(10,860,514)	(10,770,595)
Net cash used in capital financing activities	(34,295,151)	(44,018,843)
Investing activities		
Proceeds from sales and maturities of investments	168,502,699	121,359,663
Investment income	8,263,635	6,393,057
Purchase of investments	(166,000,164)	(115,075,558)
Net cash provided by investing activities	10,766,170	12,677,162
Net increase in cash and cash equivalents	1,590,925	520,434
Cash and cash equivalents at beginning of year	8,630,808	8,110,374
Cash and cash equivalents at end of year	\$ 10,221,733	\$ 8,630,808

See accompanying notes

Bowling Green State University

Statements of Cash Flows (continued)

	Year Ended June 30	
	2020	2019
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (144,715,569)	\$ (124,352,016)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	38,235,131	37,744,247
Pension and OPEB expense	11,193,423	3,853,549
Changes in assets and liabilities:		
Accounts receivable, net	(843,437)	862,138
Inventories	142,470	765,291
Other assets	1,820,082	(672,514)
Accounts payable and accrued liabilities	(596,724)	4,175,319
Unearned revenue	2,384,941	1,418,722
Deposits held for others	(128,508)	1,124,755
Compensated absences	230,007	368,306
Loans to students	1,600,622	1,249,323
Net cash used in operating activities	\$ (90,677,562)	\$ (73,462,880)

See accompanying notes.

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statement of Financial Position

	Year Ended June 30	
	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,789,753	\$ 1,414,399
Contributions receivable, net of allowance for uncollectible contributions of \$2,694,899 in 2020 and \$2,586,043 in 2019	<u>2,560,959</u>	<u>2,386,641</u>
Total current assets	4,350,712	3,801,040
Investments		
Fixed income funds	51,789,710	39,693,514
Mutual funds	117,733,078	82,264,960
Alternative investments	18,781,164	61,829,691
Corporate stocks	46,746	45,743
Money market funds	<u>5,854,319</u>	<u>7,346,892</u>
Total investments	194,205,017	191,180,800
Prepaid and other assets		
Long-term contributions receivable, net of allowance for uncollectible contributions of \$348,597 in 2020 and \$413,596 in 2019	67,498	29,489
Beneficial interest in trust held by others	6,343,520	7,173,339
Cash value of life insurance	1,676,873	135,455
	<u>1,884,731</u>	<u>1,836,020</u>
Total assets	<u>\$ 208,528,351</u>	<u>\$ 204,156,143</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 185,748	\$ 293,145
Total current liabilities	<u>185,748</u>	<u>293,145</u>
Annuities payable	<u>3,200,378</u>	<u>2,639,094</u>
Total liabilities	3,386,126	2,932,239
Net assets		
Without donor restrictions	15,743,928	15,266,096
With donor restrictions	<u>189,398,297</u>	<u>185,957,808</u>
Total net assets	<u>205,142,225</u>	<u>201,223,904</u>
Total liabilities and net assets	<u>\$ 208,528,351</u>	<u>\$ 204,156,143</u>

See accompanying notes

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue, and gains			
Contributions and gifts	\$ 573,435	\$ 17,220,301	\$ 17,793,736
Provision for uncollectible contributions	-	(347,169)	(347,169)
University support	4,111,200	-	4,111,200
Interest and dividends	547,712	2,644,597	3,192,309
Net realized and unrealized gains (losses)	805,313	2,607,043	3,412,356
Other revenue	6,393	658,437	664,830
Transfers	(4,128)	4,128	-
Net assets released from restriction	19,257,944	(19,257,944)	-
Total support, revenue, and gains	<u>25,297,869</u>	<u>3,529,393</u>	<u>28,827,262</u>
Expenses			
Program services	19,581,984	-	19,581,984
Fund-raising	3,047,150	-	3,047,150
Operating	2,190,903	-	2,190,903
Total expenses	<u>24,820,037</u>	<u>-</u>	<u>24,820,037</u>
Change in net assets from operations	477,832	3,529,393	4,007,225
Change in split interest agreements	<u>-</u>	<u>(88,904)</u>	<u>(88,904)</u>
Change in net assets	477,832	3,440,489	3,918,321
Net assets at beginning of year	<u>15,266,096</u>	<u>185,957,808</u>	<u>201,223,904</u>
Net assets at end of year	<u>\$ 15,743,928</u>	<u>\$ 189,398,297</u>	<u>\$ 205,142,225</u>

See accompanying notes

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue, and gains			
Contributions and gifts	\$ 378,974	\$ 21,749,817	\$ 22,128,791
Provision for uncollectible contributions	-	(291,297)	(291,297)
University support	4,030,600	-	4,030,600
Interest and dividends	1,075,610	2,339,567	3,415,177
Net realized and unrealized gains (losses)	1,896,651	3,967,866	5,864,517
Other revenue	35,157	1,152,463	1,187,620
Transfers	726,036	(726,036)	-
Net assets released from restriction	19,830,839	(19,830,839)	-
Total support, revenue, and gains	<u>27,973,867</u>	<u>8,361,541</u>	<u>36,335,408</u>
Expenses			
Program services	20,564,656	-	20,564,656
Fund-raising	3,146,386	-	3,146,386
Operating	2,030,670	-	2,030,670
Total expenses	<u>25,741,712</u>	<u>-</u>	<u>25,741,712</u>
Change in net assets from operations	2,232,155	8,361,541	10,593,696
Change in split interest agreements	<u>-</u>	<u>(72,430)</u>	<u>(72,430)</u>
Change in net assets	2,232,155	8,289,111	10,521,266
Net assets at beginning of year	<u>13,033,941</u>	<u>177,668,697</u>	<u>190,702,638</u>
Net assets at end of year	<u>\$ 15,266,096</u>	<u>\$ 185,957,808</u>	<u>\$ 201,223,904</u>

See accompanying notes

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	June 30	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,165,566	\$ 1,561,425
Funds held by Bowling Green State University	184,481	215,286
Prepaid expense	-	10,000
Total current assets	<u>1,350,047</u>	<u>1,786,711</u>
Other assets:		
Capital assets, net	14,205,530	14,476,438
Total other assets	<u>14,205,530</u>	<u>14,476,438</u>
Total assets	<u>\$ 15,555,577</u>	<u>\$ 16,263,149</u>
Liabilities and net assets		
Short-term liabilities:		
Accounts payable	\$ 2,071	\$ 2,044
Construction funding payable – current portion	596,800	596,800
Total short-term liabilities	<u>598,871</u>	<u>598,844</u>
Long-term liabilities:		
Construction funding payable – net of current portion	10,554,218	11,151,018
Total long-term liabilities	<u>10,554,218</u>	<u>11,151,018</u>
Total liabilities	11,153,089	11,749,862
Net assets:		
Without donor restriction	4,402,488	4,513,287
Total liabilities and net assets	<u>\$ 15,555,577</u>	<u>\$ 16,263,149</u>

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets

	Year Ended June 30	
	2020	2019
Revenues:		
In-kind support from Bowling Green State University	\$ 6,932	\$ 11,126
Total revenues	6,932	11,126
Expenses:		
Operating and administrative	36,531	44,590
Depreciation	683,226	702,140
Total operating expenses	719,757	746,730
Operating loss	(712,825)	(735,604)
Nonoperating revenue:		
Investment income, net	5,226	11,245
In-kind support from Bowling Green State University	596,800	596,800
Gain on disposal of assets	-	816
Net nonoperating revenue	602,026	608,861
Change in net assets	(110,799)	(126,743)
Net assets:		
Net assets at the beginning of year - without donor restriction	4,513,287	4,640,030
Net assets at the end of year - without donor restriction	\$ 4,402,488	\$ 4,513,287

See accompanying notes.

Bowling Green State University

Notes to Financial Statements

June 30, 2020 and 2019

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Operations

Bowling Green State University is an instrumentality of the State of Ohio that serves the state, national, and international communities by providing its students with opportunities in learning, leadership, and research by providing expert faculty, premier facilities, and modern resources.

Reporting Entity

Bowling Green State University (the “University”), founded in 1910, is a component unit of the State of Ohio as established by the General Assembly of the State of Ohio under Chapter 3341 of the Revised Code of the State of Ohio. The University offers degrees at the undergraduate, masters, and doctoral levels.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include those activities and functions over which the University is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board and either (1) the University’s ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the University.

Financial Statement Presentation

The accompanying financial statements consist of the University, Bowling Green State University Foundation, Inc. and subsidiary (collectively, the “Foundation”) and Centennial Falcon Properties, Inc. and subsidiaries (collectively, the “Corporation”). GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, requires the University to reflect the Foundation and the Corporation as discretely presented component units in the financial statements based on the significance of their respective relationships with the University. The Foundation and the Corporation are private nonprofit organizations that report under Financial Accounting Standards Board (“FASB”) standards that have been codified in Accounting Standards Codification (ASC) No. 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 or Corporation’s financial information in the University’s financial reporting entity for these differences.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

The Foundation is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The 26-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing and amount of receipts from the Foundation, the majority of resources or income the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the years ended June 30, 2020 and 2019, the Foundation distributed \$10,063,169 and \$11,723,857, respectively, to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the controller, Huntington Building, Bowling Green, Ohio 43403.

The Corporation is a legally separate component unit of the University formed in 2010 as a nonprofit corporation under the laws of the State of Ohio and determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation is further classified as a public charity type II supporting organization under Section 509(a)(3) of the Internal Revenue Code. The Corporation was organized for the benefit of the University for various purposes, including acquiring, developing, and maintaining property to be used for University purposes. Complete financial statements for the Corporation can be obtained from the vice president, McFall Center, Bowling Green, Ohio 43403.

CFP I LLC ("CFP I") is a nonprofit single-member limited liability company formed in 2010 under the laws of the State of Ohio. The Corporation organized CFP I specifically to develop, own, and manage certain housing facilities for students of the University. The Corporation is the sole member of CFP I.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

The Corporation is also the sole member of CFP II LLC (“CFP II”). CFP II is a nonprofit single-member limited liability company formed in 2010 under the laws of the State of Ohio. On January 31, 2011, CFP II entered into a Project Agreement with Compass Group USA Inc., Chartwells Division (“Chartwells”). Chartwells was engaged to design, finance, construct, and equip a full-service dining facility on the main campus of the University, known as The Oaks. The Oaks replaced the existing McDonald Hall dining facility.

Pursuant to an Amended and Restated Food Service Agreement, dated June 25, 2010 (the “Management Agreement”), by and between Chartwells and the University, Chartwells has provided funds for The Oaks in the amount of \$10,350,000, which is recorded as capital assets of the Corporation to be paid back to Chartwells through the construction funding payable in Note 7. The loan does not have an interest component and matures on June 30, 2039. The Corporation has provided funds of approximately \$23,000 and CFP II has provided funds of approximately \$1,125,000.

The Corporation is also the sole member of CFP III LLC (“CFP III”). CFP III is a nonprofit single-member limited liability company formed in 2010 under the laws of the State of Ohio. On May 12, 2011, CFP III entered into a Development Agreement with Capstone Development for the design, construction, and equipping of a full-service dining facility on the main campus of the University, known as Carillon Place dining facility (“Carillon”). Carillon replaced the former Commons dining facility.

On March 31, 2011, CFP III entered into a funding agreement with the manager of The Oaks, Chartwells. Pursuant to an Amended and Restated Food Service Agreement dated June 25, 2010 (the “Management Agreement”), by and between Chartwells and the University, Chartwells has provided funds for the project in the amount of \$6,062,000, which are recorded as capital assets of the Corporation to be paid back to Chartwells through the construction funding payable in Note 7. The loan does not have an interest component and matures on June 30, 2039. The Corporation provided funds of approximately \$707,000, and CFP III has provided funds of approximately \$1,973,000.

The Corporation is also the sole member of CFP IV LLC (“CFP IV”). CFP IV is a nonprofit single-member limited liability company formed in 2020 under the laws of the State of Ohio. Effective June 15, 2020, CFP IV was transferred ownership of five real estate parcels previously owned by the Corporation.

The Corporation is also the sole member of CFP V LLC (“CFP V”). CFP V is a nonprofit single-member limited liability company formed in June 2020 under the laws of the State of Ohio. Effective June 15, 2020, CFP V was granted 5,691 shares of stock in Satelytics, Inc.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant inter-fund transactions have been eliminated.

Pensions

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

Other Postemployment Benefit Costs

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

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Uncertainties and Risks

In March 2020, the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus was declared a pandemic by the World Health Organization, and a national emergency by the President of the United States. In response, federal and state governments have implemented measures to combat the outbreak which have impacted business operations worldwide. Effective March 16, 2020, the University cancelled all in-person classes for the remainder of the spring semester and remote instruction began for all classes on March 23, 2020. The University has reduced the scope of its on-site operations and where possible, certain employees are teleworking. The University has received direct federal grants under the Education Stabilization Fund of the Federal Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The CARES Act allows the University to use these funds to cover costs associated with significant changes to the delivery of instruction due to the coronavirus. Additional funds have been awarded through the State of Ohio as Federal Financial Assistance from the U.S. Department of Treasury in the total of \$53.8 million. Funds were awarded under the Social Security Act, as amended by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) as the Coronavirus Relief Fund (CRF). These funds will be used to offset costs associated with the health and safety protocols required to address the COVID-19 outbreak on residential campuses.

No impairments were recorded as of the balance sheet date; however, due to significant uncertainty surrounding the situation, management’s judgment regarding this could change in the future. In addition, while the University’s results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Upcoming Pronouncements

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The University is currently evaluating the impact of this standard, specifically related to holding assets for other organizations and alumni/student club accounts. The provisions of this statement were originally effective for the University's financial statements for the year ended June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, which increases the usefulness of government entities' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is not expected to have a significant effect on the University's financial statements. The provisions of this statement were originally effective for the University's financial statements for the year ended June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this standard, end users in SBITAs are required to recognize a right-to-use subscription asset and a corresponding subscription liability. The new SBITA standard is not expected to have a significant impact on the University's financial statements as a result of the limited prevalence of SBITAs in the University's operations. The effects on the statement of revenues, expenses, and changes in net position is not expected to be significant. The provisions of this statement are effective for the University's financial statements for the year ended June 30, 2023.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which clarifies guidance provided in GASB 84.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Cash and Cash Equivalents

The University considers funds immediately available to be cash and cash equivalents. All investments with maturities less than 90 days are considered cash equivalents. Cash and cash equivalents totaled \$10,221,733 and \$8,630,808 at June 30, 2020 and 2019, respectively.

Accounts Receivable

Accounts receivable are reported at net realizable value and consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts.

Inventories

Inventories are stated at the lower of average cost or market (net realizable value) on a first-in, first-out basis (FIFO).

Investments

All investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investments in publicly traded securities are stated at fair value as established by major securities markets. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position.

Limited partnerships, hedge funds, and collective equity funds are also included in investments and are not necessarily readily marketable. The components of the individual investments within these funds are not readily determinable. The estimated fair value is based on valuations provided by external investment managers. The valuation is based on independent appraisals and estimates that represent the net asset value of shares held by the University or based on periodic financial information (including annual audited financial statements) obtained from the funds. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may significantly differ from the value that would have been used had a ready market for such investments existed.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Restricted Assets

Restricted assets represent unspent bond proceeds and consist of money markets and certificates of deposits.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or estimated acquisition value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a cost of \$3,500 or more and an estimated useful life of greater than one year. Infrastructure and improvements other than to buildings are capitalized if the cost exceeds \$100,000. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred. Prior to fiscal year 2020, interest cost related to construction was capitalized. Capitalized interest was depreciated when the corresponding asset was placed in service. Beginning in fiscal year 2020, interest costs related to construction are expensed due to adoption of GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

The University does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain, nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Unearned Revenue

Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Summer term revenue and expenditures are allocated to the appropriate accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue and general receipts bonds and notes payable with contractual maturities greater than one year, (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year, (3) federal student loan deposits and (4) the University's net pension and OPEB liabilities related to the OPERS/STRS retirement plans. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Deferred Outflows/Inflows of Resources

Deferred Inflows: In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The University deferred inflows of resources are for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments (see Note 8 for more details).

Deferred Outflows: In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a reduction of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The University reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date (see Note 8 for more details).

Compensated Absences

University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death.

Unused hours exceeding their limitations are forfeited. The liability and expense incurred are recorded at year end as liabilities in the statements of net position and as a component of operating expense in the statements of revenues, expenses, and changes in net position.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Income Tax

The University, as an instrumentality of the State of Ohio, is excluded from federal income taxes under Section 115 of the Internal Revenue Code, as amended. Certain activities of the University may be subject to taxation as unrelated business income.

Eliminations

In preparing the financial statements, the University eliminates inter-fund assets and liabilities that would otherwise be reflected twice in the statements of net position. Similarly, revenues and expenses related to internal activities are also eliminated from the statements of revenues, expenses, and changes in net position.

Use of 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 in the financial statements and accompanying notes. Actual results could differ from those estimates.

Auxiliary Enterprises

Auxiliary activities mainly represent revenues generated from certain residence halls and dining services, intercollegiate athletics, ice arena and various other activities that provide services to the student body, faculty, staff, and general public.

Net Position

In accordance with GASB Statement No. 35 guidelines, the University's resources are classified into the following four net position categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Restricted - Expendable: Component of net position that includes resources the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties for loans, capital projects, and debt service.

Restricted - Nonexpendable: Component of net position whose use is subject to externally imposed stipulations that may be maintained permanently by the University.

Unrestricted: Component of net position that is not subject to externally imposed restrictions and includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general obligations of the University and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. These resources also include auxiliary enterprises that are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

Revenues

The University has classified its revenues as either operating or nonoperating according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of agency payments; and (3) most federal, state, and local grants and contracts.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, such as state appropriations for instruction, state capital grants, federal Pell grant revenue, and investment income.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Change in accounting policy

Effective July 1, 2019, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period is not capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The standard was adopted prospectively and resulted in increased interest expense during periods of construction.

2. Cash and Investments

Deposits

Amounts available for deposit at June 30, 2020 and 2019 are as follows:

	2020	2019
Cash (carrying amounts)	\$ 10,060,107	\$ 8,473,872
Reconciling items (net) to arrive at bank balances of deposit	(260,105)	(293,300)
Total available for deposit and investment (bank balances of deposits)	\$ 9,800,002	\$ 8,180,572

The carrying amount shown above does not include \$161,626 and \$156,936 held in cash funds at June 30, 2020 and 2019, respectively.

Approximately \$297,670 and \$295,334 at June 30, 2020 and 2019, respectively, was covered by federal depository insurance and \$5,595,684 and \$5,088,685 at June 30, 2020 and 2019, respectively, was covered by collateral held by third-party trustees pursuant to paragraph 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions; the remainder was not collateralized or insured, leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the University may not be able to recover its deposits or collateral securities. The University maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

2. Cash and Investments (continued)

Investments

The University's investment policy authorizes the University to invest operating funds.

All common stocks, corporate bonds, money market instruments, mutual funds, and other investments are invested through a trust agreement with US Bank Institutional Trust and Custody, which is the custodian and money manager. Short-term investments with Huntington Bank are secured with internally designated securities as pledged to the University.

The University invests in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investment at amortized cost. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2020 and June 30, 2019.

The values of investments held by the University at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Equity mutual funds	\$ 78,035,631	\$ 94,015,033
Fixed income mutual funds	55,995,803	62,894,669
U.S. government obligations	20,686,429	4,008,710
Money market funds	23,289,748	27,427,143
Municipal bonds	7,554,800	6,019,598
Common and preferred stocks	314,213	419,413
STAR Ohio	1,974,578	5,564,469
Alternative investments:		
Collective trust funds	18,077,535	17,074,284
Hedge funds	34,844,351	34,629,848
Multi credit asset	9,335,512	-
Limited partnerships	6,832,415	4,679,131
Total	<u>\$ 256,941,015</u>	<u>\$ 256,732,298</u>

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

2. Cash and Investments (continued)

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

	<u>2020</u>	<u>2019</u>
Interest and dividends, net	\$ 5,498,316	\$ 5,885,390
Net appreciation in market value of investments	<u>5,022,247</u>	<u>6,466,009</u>
Total	<u>\$ 10,520,563</u>	<u>\$ 12,351,399</u>

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the years ended June 30, 2020 and 2019, the University realized a net gain from the sale of investments of \$2,310,994 and \$507,666, respectively. The unrealized appreciation during the years ended June 30, 2020 and 2019 was \$2,711,253 and \$5,958,343, respectively. This resulted in net appreciation in the fair value of investments during the years ended June 30, 2020 and 2019 of \$5,022,247 and \$6,466,009, respectively.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

2. Cash and Investments (continued)

Interest Rate Risk

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

As of June 30, 2020, the University had the following interest-bearing investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
U.S. government obligations	\$ 20,686,429	8,236,298	12,450,131	-	-
Municipal bonds	7,554,800	-	-	-	7,554,800
STAR Ohio	1,974,578	1,974,578	-	-	-
Fixed income securities	76,682,232	76,682,232	-	-	-
Total	<u>\$ 106,898,039</u>	<u>\$ 86,893,108</u>	<u>\$ 12,450,131</u>	<u>\$ -</u>	<u>\$ 7,554,800</u>

As of June 30, 2019, the University had the following interest-bearing investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
U.S. government obligations	\$ 4,008,710	\$ 4,008,710	\$ -	\$ -	\$ -
Municipal bonds	6,019,598	24,398	-	-	5,995,200
STAR Ohio	5,564,469	5,564,469	-	-	-
Fixed income securities	66,870,637	66,870,637	-	-	-
Total	<u>\$ 82,463,414</u>	<u>\$ 76,468,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,995,200</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information, as commonly expressed in terms of the credit ratings issued by the 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.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

2. Cash and Investments (continued)

The credit ratings of the University's interest-bearing investments at June 30, 2020 are as follows:

Credit Rating (Standard & Poor's)	Other Investments
AAA	\$ 22,661,007
AA	7,554,800
Not rated	76,682,232
Total	\$ 106,898,039

The credit ratings of the University's interest-bearing investments at June 30, 2019 are as follows:

Credit Rating (Standard & Poor's)	Other Investments
AAA	\$ 9,573,179
AA	5,995,200
Not rated	66,895,035
Total	\$ 82,463,414

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University facilitates several study abroad programs in Austria and Spain with a total cash balance of \$57,977 and \$73,925 at June 30, 2020 and 2019, respectively.

Fair Value Measurements

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

2. Cash and Investments (continued)

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

The University has the following recurring fair value measurements as of June 30, 2020 and 2019:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2020	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
International corporate stock	\$ 314,213	\$ 314,213	\$ -	\$ -
Debt securities:				
U.S. Treasury securities	20,686,429	20,686,429	-	-
Municipal bonds	7,554,800	-	7,554,800	-
Total debt securities	28,241,229	20,686,429	7,554,800	-
Equity securities:				
Mutual funds:				
Domestic	100,945,603	100,945,603	-	-
International	33,085,828	33,085,828	-	-
Total equity securities	134,031,431	134,031,431	-	-
Total investments by fair value level	\$ 162,586,873	\$ 155,032,073	\$ 7,554,800	\$ -
Investments measured at the net asset value (NAV)				
Multi-strategy hedge funds	34,501,420			
Multi-asset credit	9,335,512			
Private investments	6,832,415			
Limited partnership	18,077,535			
Total investments measured at the NAV	68,746,882			
Total investments measured at fair value	\$ 231,333,755			

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

2. Cash and Investments (continued)

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2019	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
International corporate stock	\$ 419,413	\$ 419,413	\$ -	\$ -
Debt securities:				
U.S. Treasury securities	4,008,710	4,008,710	-	-
Municipal bonds	5,995,200	-	5,995,200	-
Total debt securities	10,003,910	4,008,710	5,995,200	-
Equity securities:				
Mutual funds:				
Domestic	120,591,074	120,591,074	-	-
International	36,318,627	36,318,627	-	-
Total equity securities	156,909,701	156,909,701	-	-
Total investments by fair value level	<u>\$ 167,333,024</u>	<u>\$ 161,337,824</u>	<u>\$ 5,995,200</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Multi-strategy hedge funds	34,629,848			
Private investments	4,679,131			
Limited partnership	17,074,284			
Total investments measured at the NAV	<u>56,383,263</u>			
Total investments measured at fair value	<u>\$ 223,716,287</u>			

International corporate stock, equity securities, and U.S. Treasury debt securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The remaining debt securities at June 30, 2020 and 2019 were determined primarily based on Level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

2. Cash and Investments (continued)

Short-term investment on the statement of net position at June 30, 2020 and 2019 include investments in STAR Ohio of \$1,974,578 and \$5,564,469, respectively. The investments in STAR Ohio are measured at amortized cost; therefore, they are not included in the tables above. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transactions to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

Investments in Entities that Calculate Net Asset Value per Share

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

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

	June 30, 2020	June 30, 2019	June 30, 2020		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if	Redemption Notice Period
Multi-strategy					
hedge funds	\$ 34,501,420	\$ 34,629,848	\$ -	Quarterly	100 days
Multi-asset credit	9,335,512	-	-	Quarterly	60 days
Private investment	6,832,415	4,679,131	-	N/A	N/A
Limited partnership	18,077,535	17,074,284	-	N/A	N/A
Total	<u>\$ 68,746,882</u>	<u>\$ 56,383,263</u>	<u>\$ -</u>		

The multi-strategy hedge funds class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The fair values of the investments in this class have been estimated using the net asset value per share of the investment or its equivalent. 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 volatility. The Multi-asset credit invests in risk-adjusted investments using multi-sector approach to diversify risks and reduce volatility. The private investments category includes private debt, primarily in the senior secured segment of the market. The investment purpose is portfolio growth, and diversification of the growth exposures beyond equity risk to include credit exposure with a yield component. The limited partnership assets are invested in fixed income securities with a purpose of capital preservation and stable income yield.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

2. Cash and Investments (continued)

Concentration Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's cash investment policy provides that investment pool direct placements are to be sufficiently diversified and provides that no more than 10 percent of its assets can be in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled 10 percent or more in 2020 or 2019.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment in the state treasurer's investment program that is not evidenced by securities that exist in physical or book entry form was \$1,974,578 and \$5,564,469 at June 30, 2020 and 2019, respectively. The remaining investments are uninsured and unregistered with securities held by the counterparty's trust department or agent in the University's name.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

2. Cash and Investments (continued)

The values of investments held by the Foundation as of June 30, 2020 and 2019 are as follows:

	Balance at June 30, 2020	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Cash equivalents and money market funds	\$ 5,733,808	\$ 5,733,808	\$ -	\$ -
Domestic corporate stock	46,746	46,746	-	-
Equity securities:				
Mutual funds:				
Domestic funds	90,490,004	90,490,004	-	-
International funds	24,793,838	24,793,838	-	-
Fixed income funds	49,236,392	49,236,392	-	-
Total equity securities	164,520,234	164,520,234	-	-
Split interest agreements:				
Cash equivalents and money market funds	120,511	120,511	-	-
Mutual funds	2,449,236	2,449,236	-	-
Fixed income funds	2,553,318	2,553,318	-	-
Beneficial interest in trust held by others	1,676,873	-	-	1,676,873
Total split interest agreements	6,799,938	5,123,065	-	1,676,873
Total investments by fair value level	<u>\$ 177,100,726</u>	<u>\$ 175,423,853</u>	<u>\$ -</u>	<u>\$ 20,458,037</u>
Investments measured at the net asset level (NAV)				
Hedge funds	922,190			
Private investment funds	17,207,851			
Real estate funds and other	651,123			
Total investments at the NAV	<u>18,781,164</u>			
Total investments at fair value	<u>\$ 195,881,890</u>			

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

2. Cash and Investments (continued)

	Balance at June 30, 2019	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Cash equivalents and money market funds	\$ 7,121,184	\$ 7,121,184	\$ -	\$ -
Domestic corporate stock	45,743	45,743	-	-
Equity securities:				
Mutual funds:				
Domestic funds	48,775,410	48,775,410	-	-
International funds	31,085,521	31,085,521	-	-
Fixed income funds	37,212,799	37,212,799	-	-
Total equity securities	117,073,730	117,073,730	-	-
Split interest agreements:				
Cash equivalents and money market funds	225,708	225,708	-	-
Mutual funds	2,404,028	2,404,028	-	-
Fixed income funds	2,480,716	2,480,716	-	-
Beneficial interest in trust held by others	135,455	-	-	135,455
Total split interest agreements	5,245,907	5,110,452	-	135,455
Total investments by fair value level	<u>\$ 129,486,564</u>	<u>\$ 129,351,109</u>	<u>\$ -</u>	<u>\$ 61,965,146</u>
Investments measured at the net asset level (NAV)				
Hedge funds	27,226,252			
Private investment funds	33,791,050			
Real estate funds and other	812,389			
Total investments at the NAV	<u>61,829,691</u>			
Total investments at fair value	<u>\$ 191,316,255</u>			

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

2. Cash and Investments (continued)

The following is a reconciliation of beginning and ending balances of recurring fair value measurements recognized in the Foundation balance sheet using significant observable (Level 3) inputs:

	<u>Hedge Funds</u>	<u>Private Investments</u>	<u>Real Estate and Other Funds</u>	<u>Funds Held in Trust by Others</u>	<u>Total</u>
Beginning balance, July 1, 2019	\$ 27,226,252	\$ 33,791,050	\$ 812,389	\$ 135,455	\$ 61,965,146
Contributions	-	-	-	1,432,591	1,432,591
Total gains or losses (realized unrealized) included in earnings	687,591	(3,727)	(120,745)	117,768	680,887
Change in split interest agreements	-	-	-	(8,941)	(8,941)
Purchases	-	2,737,291	-	-	2,737,291
Sales	(26,991,653)	(19,316,763)	(40,521)	-	(46,348,937)
Ending balance, June 30, 2020	<u>\$ 922,190</u>	<u>\$ 17,207,851</u>	<u>\$ 651,123</u>	<u>\$ 1,676,873</u>	<u>\$ 20,458,037</u>

	<u>Hedge Funds</u>	<u>Private Investments</u>	<u>Real Estate and Other Funds</u>	<u>Funds Held in Trust by Others</u>	<u>Total</u>
Beginning balance, July 1, 2018	\$ 27,263,220	\$ 27,483,381	\$ 1,074,262	\$ 144,022	\$ 55,964,885
Contributions	-	-	-	-	-
Total gains or losses (realized unrealized) included in earnings	172,002	1,913,256	760	-	2,086,018
Change in split interest agreements	-	-	-	(8,567)	(8,567)
Purchases	-	4,679,715	-	-	4,679,715
Sales	(208,970)	(285,302)	(262,633)	-	(756,905)
Ending balance, June 30, 2019	<u>\$ 27,226,252</u>	<u>\$ 33,791,050</u>	<u>\$ 812,389</u>	<u>\$ 135,455</u>	<u>\$ 61,965,146</u>

The Foundation realized a net gain from the sale of investment securities of \$3,275,250 and \$10,378,111 for the years ended June 30, 2020 and 2019, respectively. The net appreciation (depreciation) on the fair value of investments totaled \$137,106 and (\$4,513,594) for the years ended June 30, 2020 and 2019, respectively.

The Foundation has outstanding commitments to invest in various alternative investments at June 30, 2020 and 2019, amounting to approximately \$14,934,000 and \$17,131,000, respectively.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

2. Cash and Investments (continued)

Certain Foundation investment securities are held by independent custodial and management agents. Custodial and management fees paid approximated \$101,000 and \$96,000 in 2020 and 2019, respectively.

3. Accounts Receivable

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

	2020	2019
Student receivable for fees, room and board	\$ 7,541,333	\$ 6,430,389
Research and sponsored programs	2,456,151	2,632,047
Other	1,205,640	1,392,509
Subtotal	11,203,124	10,454,945
Less allowance for doubtful accounts	1,500,000	1,500,000
Totals	\$ 9,703,124	\$ 8,954,945

4. Notes Receivable

Principal repayment and interest rate terms of federal and University loans vary considerably. Federal loan programs are funded principally with federal contributions to the University under the Perkins and Nursing Loan programs. The Perkins loan program expired on September 30, 2017, which ended the issuance of new loans under this program and disallowed any new disbursements after June 30, 2018. The University continues to service outstanding loans in accordance with program specifications as permitted by the Federal government. All amounts recorded are believed collectible.

The University distributed \$104,511,275 and \$107,990,579 for student loans in 2020 and 2019, respectively, through the U.S. Department of Education federal direct lending program. These distributions and related funding sources are not included as revenues or expenses in the accompanying financial statements.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

5. Capital Assets

Capital assets and accumulated depreciation and amortization of the University as of June 30, 2020 are summarized as follows:

	Beginning Balance	Additions	Retirements or Transfers	Ending Balance
Land (non-depreciable)	\$ 10,166,927	\$ -	\$ -	\$ 10,166,927
Buildings	683,315,265	-	(457,128)	682,858,137
Infrastructure	232,607,142	6,217,179	3,702,948	242,527,269
Equipment	101,654,712	2,184,396	(3,455,159)	100,383,949
Library materials	24,405,174	1,989,620	(2,521,077)	23,873,717
Construction in progress (non-depreciable)	24,904,653	28,351,111	(3,761,437)	49,494,327
Total capital assets	1,077,053,873	38,742,306	(6,491,853)	1,109,304,327
Less accumulated depreciation and amortization	(476,670,715)	(38,235,131)	5,960,239	(508,945,607)
Net capital assets	<u>\$ 600,383,158</u>	<u>\$ 507,175</u>	<u>\$ (531,614)</u>	<u>\$ 600,358,719</u>

Capital assets and accumulated depreciation and amortization of the University as of June 30, 2019 are summarized as follows:

	Beginning Balance	Additions	Retirements or Transfers	Ending Balance
Land (non-depreciable)	\$ 10,166,927	\$ -	\$ -	\$ 10,166,927
Buildings	666,352,865	4,398,158	12,564,242	683,315,265
Infrastructure	189,837,200	8,715,269	34,054,673	232,607,142
Equipment	104,028,344	3,396,572	(5,770,204)	101,654,712
Library materials	24,880,300	2,007,372	(2,482,498)	24,405,174
Construction in progress (non-depreciable)	53,140,939	19,170,941	(47,407,227)	24,904,653
Total capital assets	1,048,406,575	37,688,312	(9,041,014)	1,077,053,873
Less accumulated depreciation and amortization	(447,398,132)	(37,744,247)	8,471,664	(476,670,715)
Net capital assets	<u>\$ 601,008,443</u>	<u>\$ (55,935)</u>	<u>\$ (569,350)</u>	<u>\$ 600,383,158</u>

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

5. Capital Assets (continued)

The University has commitments of approximately \$13.4 million on various construction projects in progress as of June 30, 2020.

Capital assets and accumulated depreciation of the Corporation as of June 30, 2020 are summarized as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land (non-depreciable)	\$ 1,083,830	\$ 412,318	\$ -	\$ 1,496,148
Land improvements	405,277	23,435	-	428,712
Buildings	18,361,399	(23,435)	-	18,337,964
Furniture	909,767	-	-	909,767
Chartwells renovation	1,588,000	-	-	1,588,000
Total capital assets	22,348,273	412,318	-	22,760,591
Less accumulated depreciation and amortization	(7,871,835)	(683,226)	-	(8,555,061)
Net capital assets	\$ 14,476,438	\$ (270,908)	\$ -	\$ 14,205,530

Capital assets and accumulated depreciation of the Corporation as of June 30, 2019 are summarized as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land (non-depreciable)	\$ 382,998	\$ 700,832	\$ -	\$ 1,083,830
Land improvements	405,277	-	-	405,277
Buildings	18,361,399	-	-	18,361,399
Furniture	923,892	-	(14,125)	909,767
Chartwells renovation	1,588,000	-	-	1,588,000
Total capital assets	21,661,566	700,832	(14,125)	22,348,273
Less accumulated depreciation and amortization	(7,183,820)	(702,140)	14,125	(7,871,835)
Net capital assets	\$ 14,477,746	\$ (1,308)	\$ -	\$ 14,476,438

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

6. Accounts Payable and Accrued Expenses

The composition of accounts payable and accrued expenses of the University at June 30 is as follows:

	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 11,417,749	\$ 12,186,358
Accrued payroll and withholdings	8,728,376	8,556,493
Accrued health claims	2,400,000	2,400,000
Accrued interest on bonds	802,416	951,260
Total	<u>\$ 23,348,541</u>	<u>\$ 24,094,111</u>

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

7. Long-Term Debt and Other Obligations

Long-term debt and other obligations of the University for June 30, 2020 are summarized as follows:

Bonds	Rates	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Public bonds							
2010 Series B Build America	4.20-6.73	2015-2039	\$ 57,065,000	\$ -	\$ 57,065,000	\$ -	-
2016 Bond Series A	3.00-5.00	2021-2046	70,000,000	-	-	70,000,000	1,425,000
2017 Bond Series B	3.00-5.00	2025-2045	70,190,000	-	1,440,000	68,750,000	1,510,000
2020 Bond Series A	3.00-5.00	2021-2050	-	53,685,000	-	53,685,000	1,535,000
Bond premium			15,176,012	10,784,180	1,715,705	24,244,487	2,133,429
Direct placement bonds							
2014 General Receipts Bonds	Variable	2019-2048	40,000,000	-	755,000	39,245,000	785,000
2017 Bond Series A	1.6	2025-2050	35,000,000	-	-	35,000,000	-
Total bonds payable			287,431,012	64,469,180	60,975,705	290,924,487	7,388,429
Other liabilities							
Vacation pay			7,720,779	6,325,420	5,764,478	8,281,721	5,837,397
Sick leave			6,471,112	1,840,959	-	8,312,071	458,109
Federal student loan deposits			8,061,977	-	2,171,893	5,890,084	-
Total other liabilities			22,253,868	8,166,379	7,936,371	22,483,876	6,295,506
Total long-term liabilities			\$ 309,684,880	\$ 72,635,559	\$ 68,912,076	\$ 313,408,363	\$ 13,683,935

Long-term debt and other obligations of the University for June 30, 2019 are summarized as follows:

Bonds	Rates	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Public bonds							
2010 Series A Tax-Exempt	2.00-5.00	2010-2019	\$ 680,000	\$ -	\$ 680,000	\$ -	\$ -
2010 Series B Build America	4.20-6.73	2015-2039	59,455,000	-	2,390,000	57,065,000	16,000,000
2012 Series A General Receipts Bond - 2003 Advance Refunding	1.92	2011-2019	1,590,000	-	1,590,000	-	-
2012 Series B General Receipts Bond - 2004 Advance Refunding	1.92	2011-2019	2,925,000	-	2,925,000	-	-
2016 Bond Series A	3.75-5.00	2021-2046	70,000,000	-	-	70,000,000	-
2017 Bond Series B	3.00-5.00	2018-2045	71,575,000	-	1,385,000	70,190,000	1,440,000
Bond premium			16,383,376	-	1,207,364	15,176,012	1,199,809
Direct placement bonds							
2014 General Receipts Bonds	Variable	2019-2048	40,000,000	-	-	40,000,000	755,000
2017 Bond Series A	1.6	2025-2050	35,000,000	-	-	35,000,000	-
Total bonds payable			297,608,376	-	10,177,364	287,431,012	19,394,809
Other liabilities							
Vacation pay			7,762,037	6,014,059	6,055,317	7,720,779	5,767,060
Sick leave			6,061,548	409,564	-	6,471,112	466,380
Federal student loan deposits			8,061,977	-	-	8,061,977	-
Total other liabilities			21,885,562	6,423,623	6,055,317	22,253,868	6,233,440
Total long-term liabilities			\$ 319,493,938	\$ 6,423,623	\$ 16,232,681	\$ 309,684,880	\$ 25,628,249

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

7. Long-Term Debt and Other Obligations (continued)

The scheduled maturities and interest of the University's bonds for the five fiscal years subsequent to June 30, 2020 and subsequent periods thereafter are as follows:

	Bonds			Bonds from Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 4,470,000	\$ 8,851,863	\$ 13,321,863	\$ 785,000	\$ 777,128	\$ 1,562,128
2022	4,620,000	8,642,613	13,262,613	815,000	772,148	1,587,148
2023	4,770,000	8,411,613	13,181,613	850,000	766,988	1,616,988
2024	4,930,000	8,173,113	13,103,113	885,000	761,600	1,646,600
2025	5,105,000	7,926,613	13,031,613	2,080,000	755,996	2,835,996
2026-2030	28,280,000	35,820,563	64,100,563	11,255,000	3,419,470	14,674,470
2031-2035	38,750,000	28,096,400	66,846,400	12,845,000	2,769,130	15,614,130
2036-2040	44,560,000	18,610,394	63,170,394	14,725,000	2,043,218	16,768,218
2041-2045	45,700,000	8,483,513	54,183,513	16,940,000	1,230,375	18,170,375
2046-2050	11,250,000	787,575	12,037,575	13,065,000	332,276	13,397,276
	\$ 192,435,000	\$ 133,804,260	\$ 326,239,260	\$ 74,245,000	\$ 13,628,329	\$ 87,873,329

On May 7, 2014, the University issued \$40,000,000 of variable rate, tax exempt General Receipts Bonds, Series 2014. The proceeds were used to finance the costs of various improvements to the University's campus, including (i) improvements to fully or partially renovate five academic classroom and instruction laboratory buildings and the supporting campus infrastructure, and also including improved replacement parking; (ii) partial renovation of the campus recreation and wellness facility; (iii) demolition, utility relocation, and other site preparation work associated with one or more existing academic and residential buildings in preparation for future site-specific capital projects; and (iv) acquisition and installation of all related fixtures, furnishings, and equipment.

This Series 2014 Bond has a stated maturity date of June 1, 2048 and bears interest at an adjustable rate, payable on the first business day of each month. The variable rate resets on the first of each month; in 2018 the rate calculation was modified to 68.50 percent of LIBOR plus a number of basis points (currently 38 basis points) that are assigned based on the University's then-current bond rating. The rate in effect at June 30, 2020 was 0.63 percent. At no time will the interest rate borne by this Series 2014 Bond exceed a maximum interest rate of 12 percent per year. The interest calculation for the Series 2014 Bond included in the above table of scheduled maturities is based upon the rate in effect on July 1, 2019.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

7. Long-Term Debt and Other Obligations (continued)

This Series 2014 Bond is subject to redemption at the option of the University prior to the stated maturity date in whole or in part, at the redemption price of 100 percent of the principal amount redeemed, plus accrued interest up to the redemption date.

On February 11, 2016, the University issued \$70,000,000 of fixed rate General Receipts Bonds, Series 2016A with interest rates ranging from 3.75 percent to 5.00 percent, and maturities ranging from 2021 to 2046. The proceeds were used to finance the costs of various improvements to the University's campus, including (i) improvements to fully or partially renovate five academic classroom and instruction laboratory buildings and the supporting campus infrastructure, and also including improved replacement parking; (ii) partial renovation of the campus recreation and wellness facility; (iii) demolition, utility relocation, and other site preparation work associated with one or more existing academic and residential buildings in preparation for future site-specific capital projects; and (iv) acquisition and installation of all related fixtures, furnishings, and equipment.

On June 29, 2017, the University issued \$35,000,000 of fixed rate General Receipts Bonds, Series 2017A with a fixed interest rate of 1.60 percent and a maturity in 2049. The proceeds were used to finance the cost of various improvements to the University's campus including (i) improvements to fully or partially renovate five academic classroom and instruction laboratory buildings and the supporting campus infrastructure, and also including improved replacement parking; (ii) partial renovation of the campus recreation and wellness facility; (iii) demolition, utility relocation, and other site preparation work associated with one or more existing academic and residential buildings in preparation for future site-specific capital projects; and (iv) acquisition and installation of all related fixtures, furnishings, and equipment. On May 14, 2020, the University agreed to updated terms for this debt, including a fixed interest rate of 1.51 percent through June 1, 2030.

On August 10, 2017, the university issued \$73,560,000 of fixed rate General Receipts Bonds, Series 2017B, with interest rates ranging from 3.00 percent to 5.00 percent, and maturities ranging from 2018 to 2045. Proceeds from the bonds were used to advance refund the Series 2010 Bonds held by CFP I. As a result of this transaction, the University acquired two student housing facilities and their contents known as Falcon Heights and Centennial Hall from CFP I.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

7. Long-Term Debt and Other Obligations (continued)

On March 3, 2020, the university issued \$53,685,000 of fixed rate General Receipts Bonds, Series 2020A, with interest rates ranging from 3.00 percent to 5.00 percent, and maturities ranging from 2021 to 2050. A portion of the proceeds (\$33,685,000) from the bonds were used to advance refund the Series 2010B bonds. As a result, the bonds are considered to be defeased and the liability for the 2010B bonds has been removed from the general long-term debt account group. The advanced refunding reduced total debt service payments over the next 19 years by approximately \$7.8 million, which represents an economic gain of approximately \$7.8 million. The remaining portion of the proceeds (\$20,000,000) from the bonds will be used to finance the cost of various improvements to the University's campus including (i) preliminary planning and infrastructure development costs related to east campus; (ii) construction, furnishing, and equipping of a portion of the Robert W. and Patricia A. Maurer center; (iii) improvements relating to the University's information technology network infrastructure; (iv) development and construction of a nursing skills lab; (v) construction and rehabilitation of the Slater Family Ice Arena; and (vi) acquisition, development, and installation of all related real estate, infrastructure, fixtures, furnishings and equipment and other improvements to the University facilities approved by the University Board of Trustees.

The principal and interest payments of all Bonds are collateralized by the pledge of the general receipts of the University under a master trust agreement. The master trust agreement has various restrictive covenants with which the University is in compliance.

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

Interest expense related to long-term debt of the University for the years ended June 30, 2020 and 2019 was \$9,091,223 and \$9,291,777, respectively. Of this amount, \$940,924 was capitalized by the University at June 30, 2019. Due to the adoption of GASB Statement No. 89, no interest was capitalized during the year ended June 30, 2020.

The University had unspent bond proceeds, which are classified as restricted assets, at June 30, 2020 and 2019 of \$30,361,137 and \$20,464,093, respectively.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

7. Long-Term Debt and Other Obligations (continued)

Long-term liabilities of the Corporation for June 30, 2020 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Construction funding payable	\$ 11,747,818	\$ -	\$ (596,800)	\$ 11,151,018	\$ 596,800
Total long-term liabilities	<u>\$ 11,747,818</u>	<u>\$ -</u>	<u>\$ (596,800)</u>	<u>\$ 11,151,018</u>	<u>\$ 596,800</u>

Long-term liabilities of the Corporation for June 30, 2019 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Construction funding payable	12,344,618	-	(596,800)	11,747,818	596,800
Total long-term liabilities	<u>\$ 12,344,618</u>	<u>\$ -</u>	<u>\$ (596,800)</u>	<u>\$ 11,747,818</u>	<u>\$ 596,800</u>

The construction funding payable amounts of the Corporation for the five fiscal years subsequent to June 30, 2020 and thereafter are as follows:

	The Oaks (CFP II)	Carillon (CFP III)	Total Due
2021	\$ 376,364	\$ 220,436	\$ 596,800
2022	376,364	220,436	596,800
2023	376,364	220,436	596,800
2024	376,364	220,436	596,800
2025	376,364	220,436	596,800
Thereafter	<u>3,086,109</u>	<u>5,080,909</u>	<u>8,167,018</u>
	<u>\$ 4,967,929</u>	<u>\$ 6,183,089</u>	<u>\$ 11,151,018</u>

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans

Employee benefits are available for substantially all employees under contributory retirement plans. The University faculty is covered by the State Teachers Retirement System of Ohio (“STRS Ohio”). All other employees are covered by the Ohio Public Employees Retirement System of Ohio (“OPERS”). Both plans provide retirement, disability, annual cost-of-living adjustments, death benefits, and healthcare benefits to vested retirees.

STRS Ohio and OPERS offer three separate retirement plans:

Defined benefit plan – traditional pension plan. This is a cost-sharing, multiple-employer plan. This plan provides disability, annual cost-of-living adjustments, death benefits, and healthcare benefits. Healthcare benefits are based on years of service.

Defined contribution plan – member-directed plan. Employee contributions are invested in self-directed investments. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost-of-living adjustments, death benefits, or healthcare benefits.

Combined plan – has elements of the traditional pension plan and member-directed plan. Employee contributions are invested in self-directed investments. The employer contributions are used to fund a reduced defined benefit plan. This plan provides disability, annual cost-of-living adjustments, death benefits, and healthcare benefits. Healthcare benefits are based on years of service.

Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. Reports can be obtained by contacting the two agencies.

The STRS Ohio Comprehensive Annual Financial Report can be downloaded from the STRS website at www.strsoh.org. The Ohio Revised Code provides statutory authority for employer and employee contributions. The University contributes 14 percent of covered payroll and the employee pretax contribution rate is 14 percent of covered payroll. A portion of employer contributions was allocated to postemployment healthcare benefits as disclosed in Note 9.

The OPERS Comprehensive Annual Financial Report can be downloaded from the OPERS website at www.opers.org. The Ohio Revised Code provides statutory authority for employer and employee contributions. The University contributes 14 percent of covered payroll and the employee pretax contribution rate is 10 percent of covered payroll. A portion of employer contributions was allocated to postemployment healthcare benefits as disclosed in Note 9.

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

Employees may opt out of STRS Ohio or OPERS and participate in the Alternative Retirement Program (“ARP”), a defined contribution plan. The University contributes 14% of covered payroll and the employee pretax contribution rate is 10 percent of covered payroll for employees who opt out of OPERS and 14 percent for employees who opt out of STRS. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost-of-living adjustments, death benefits, or healthcare benefits.

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

Any member may retire who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Beginning on August 1, 2015, eligibility requirements for an unreduced benefit will change. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years), and multiplying by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

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

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

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

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

OPERS – Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (5 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (5-30 years), age (48-62 years), and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

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

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

Postemployment healthcare – In addition to pension benefits, the Ohio Revised Code provides authority for public employers to fund postemployment healthcare benefits through their contributions to STRS Ohio and OPERS.

Under Ohio law, postemployment healthcare benefits under STRS are permitted, but not mandated; therefore, a portion of employer contributions is set aside for funding for the postemployment health. Of the 14 percent employer contribution rate, 0 percent of covered payroll was allocated to postemployment health care for the years ended June 30, 2020 and 2019. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

OPERS maintains a cost-sharing, multiple-employer healthcare plan to retirees who participated in the defined benefit or combined plan with 10 or more years of qualifying Ohio service credit. Coverage includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

Under Ohio law, postemployment healthcare benefits under OPERS are permitted, but not mandated; therefore, a portion of employer contributions is set aside for funding postemployment health care. Effective January 1, 2017, the portion of employer contributions allocated to health care decreased from 2 percent to 1 percent, and as of January 1, 2018, it decreased to 0 percent, as recommended by the OPERS actuary. Payment amounts vary depending on the number of covered dependents and coverage selected.

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

In 1998, the Program’s board implemented a trust to hold the assets of the Program in accordance with Internal Revenue Code Section 457. The Program assets are the property of the trust, which holds the assets on behalf of the participants.

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

The amounts on deposit with the Program’s board at June 30, 2020 and 2019 were \$22,985,669 and \$20,680,283, respectively, which represents the fair value at such dates.

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

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

Member contributions are set at the maximums authorized by the ORC. The plans' 2020 and 2019 employer and member contribution rates on covered payroll to each system are:

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

Employer contributions to the following retirement benefit programs for June 30 are summarized as follows:

	2020		2019	
	Pension	OPEB	Pension	OPEB
STRS Ohio	\$ 7,294,721	\$ -	\$ 6,998,265	\$ -
OPERS	8,309,172	-	8,326,193	-
ARP	7,145,881	-	6,820,918	-
Total	\$ 22,749,774	\$ -	\$ 22,145,376	\$ -

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

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Percent Change 2019-20	Percent Change 2018-19
		2020	2019	2020	2019		
STRS	June 30	\$ 113,128,183	\$ 114,156,932	0.5116%	0.5192%	-1.4608%	1.3042%
OPERS	December 31	76,454,269	110,725,047	0.3914%	0.4060%	-3.5961%	-0.7092%

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

For the years ended June 30, 2020 and 2019, the University recognized pension expense of \$31,138,931 and \$39,406,003 respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2020 and 2019:

	<u>University Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
June 30, 2020		
Differences between expected and actual experience	\$ 966,028	\$ 1,676,783
Changes of assumptions	17,514,880	-
Net difference between projected and actual earnings on pension plan investments	-	21,079,951
Changes in proportion and differences between University contributions and proportionate share of contributions	771,656	4,241,681
University contributions subsequent to the measurement date	<u>12,518,678</u>	<u>-</u>
Total	<u>\$ 31,771,242</u>	<u>\$ 26,998,415</u>

	<u>University Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
June 30, 2019		
Differences between expected and actual experience	\$ 2,671,705	\$ 2,390,681
Changes of assumptions	30,013,420	-
Net difference between projected and actual earnings on pension plan investments	15,191,270	6,922,351
Changes in proportion and differences between University contributions and proportionate share of contributions	1,065,464	3,399,507
University contributions subsequent to the measurement date	<u>12,232,192</u>	<u>-</u>
Total	<u>\$ 61,174,051</u>	<u>\$ 12,712,539</u>

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

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

Year Ended	
June 30	Amount
2021	\$ 2,932,565
2022	\$ (4,647,224)
2023	\$ (206,290)
2024	\$ (5,807,156)
2025	\$ (6,192)
Thereafter	\$ (11,554)

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

Net OPEB Liability (Asset), Deferrals, and OPEB Expense – At June 30, 2020 and 2019, the University reported a liability/(asset) for its proportionate share of the net OPEB liability (asset) of STRS/OPERS. For the year ended June 30, 2020, the net OPEB liability was measured as of June 30, 2019 for the STRS plan and December 31, 2019 for the OPERS plan. For the year ended June 30, 2019, the net OPEB liability/(asset) was measured as of June 30, 2018 for the STRS plan and December 31, 2018 for the OPERS plan. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of those dates, except OPERS which used an actuarial valuation dated December 31, 2018 and 2017, respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans. Typically, the University’s proportion of the net OPEB liability/(asset) would be based on a projection of its long-term share of contributions to the benefit plan relative to the projected contributions of all participating reporting units, actuarially determined.

For plan years ending June 30, 2019 and 2018, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS’ calculation of the employers’ proportionate share is based on total contributions to the plan for both pension and OPEB.

For plan years ending December 31, 2019 and 2018, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS’s calculation of the employers’ proportionate share is based on total contributions to the plan for both pension and OPEB.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

Plan	Measurement Date	Net OPEB (Asset) Liability		Proportionate Share		Percent Change	Percent Change
		2020	2019	2020	2019	2019-20	2018-19
STRS	June 30	\$ (8,473,000)	\$ (8,343,000)	0.5116%	0.5192%	-1.4636%	1.3133%
OPERS	December 31	\$ 54,013,197	\$ 52,547,293	0.3910%	0.4030%	-2.9880%	-0.7821%

For the years ended June 30, 2020 and 2019, the University recognized OPEB expense (income) of \$2,804,266 and (\$13,407,078). The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2020 and 2019:

	University Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2020		
Differences between expected and actual experience	\$ 769,449	\$ 5,370,756
Changes of assumptions	8,727,714	9,289,000
Net difference between projected and actual earnings on OPEB plan investments	-	3,282,337
Changes in proportion and differences between University contributions and proportionate share of contributions	199,418	1,069,527
University contributions subsequent to the measurement date	-	-
Total	<u>\$ 9,696,581</u>	<u>\$ 19,011,620</u>

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

June 30, 2019	University Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 991,794	\$ 628,577
Changes of assumptions	1,694,188	11,368,000
Net difference between projected and actual earnings on OPEB plan investments	2,408,983	953,000
Changes in proportion and differences between University contributions and proportionate share of contributions	239,302	231,366
University contributions subsequent to the measurement date	-	-
Total	\$ 5,334,267	\$ 13,180,943

Amounts reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year Ended	Amount
June 30	
2021	\$ (1,267,193)
2022	(1,725,682)
2023	(1,785,243)
2024	(2,887,858)
2025	(1,666,377)
Thereafter	17,314

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

Actuarial Assumptions – The total pension liability and OPEB liability (asset) is based on the results of an actuarial valuation were determined using the following actuarial assumptions for 2019, applied to all periods included in the measurement for fiscal year ended June 30, 2020:

	STRS	OPERS
Valuation date - Pension	June 30, 2019	December 31, 2019
Valuation date - OPEB	June 30, 2019	December 31, 2018
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	0.0 percent	1.4 percent - 3.00 percent
Salary increases, including inflation	2.5 percent - 12.5 percent	3.25 percent - 10.75 percent
Inflation	2.5 percent	3.25 percent
Investment rate of return - pension	7.45 percent, net of investment expenses, including inflation	7.20 percent, net of investment expense, including inflation
Investment rate of return - OPEB	7.45 percent, net of investment expenses, including inflation	6.00 percent, net of investment expense, including inflation
Health Care Cost trend Rates	4.93 percent to 9.62 percent initial, 4 percent ultimate	10.5 percent initial 3.5 percent ultimate in 2030
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant Mortality Table

The following are actuarial assumptions for 2018, applied to all periods included in the measurement for fiscal year ended June 30, 2019:

	STRS	OPERS
Valuation date - Pension	July 1, 2018	December 31, 2018
Valuation date - OPEB	July 1, 2018	December 31, 2017
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	0.0 percent	3.0 percent
Salary increases, including inflation	2.5 percent - 12.5 percent	3.25 percent - 10.75 percent
Inflation	2.5 percent	3.25 percent
Investment rate of return - pension	7.45 percent, net of investment expenses, including inflation	7.20 percent
Investment rate of return - OPEB	7.45 percent, net of investment expenses, including inflation	6.00 percent
Health Care Cost trend Rates	-5.23 percent to 9.62 percent initial, 4 percent ultimate	10.0 percent initial 3.25 percent ultimate in 2029
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant Mortality Table

8. Employee Benefit Plans (continued)

Pension Discount Rate - The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rates used to measure the total pension liabilities for STRS were 7.45 percent for the plan years ended June 30, 2019 and 2018. The discount rates used to measure the total pension liability for OPERS were 7.20 percent for the plan years ended December 31, 2019 and 2018, respectively.

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

STRS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities (assets) were 7.45 percent for the plan years ended June 30, 2019 and 2018, respectively. At June 30, 2018, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

OPERS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities/(assets) were 3.16 percent and 3.96 percent for the plan years ended December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments for the funded benefit payments of 6.00 percent and the Fidelity 20-year Municipal General Obligation AA Index rate of 2.75 percent and 3.71 percent at December 31, 2019 and December 31, 2018, respectively. At December 31, 2019, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date. At December 31, 2018, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Bowling Green State University

Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

The long-term expected rate of return on pension plan and OPEB 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPERS has two different portfolios of investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following table:

STRS as of 7/1/19			OPERS as of 12/31/19				
Investment Category	Target	Long-term	Investment Category	Defined Benefit Portfolio		Health Care Portfolio	
	Allocation	Expected Real Rate of Return		Target	Long-term Expected Real Rate of Return	Target	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Fixed Income	25.00%	1.83%	36.00%	1.53%
International Equity	23.00%	7.55%	Domestic Equity	19.00%	5.75%	21.00%	5.75%
Alternatives	17.00%	7.09%	Real Estate	10.00%	5.20%	0.00%	0.00%
Fixed Income	21.00%	3.00%	Private Equity	12.00%	10.70%	0.00%	0.00%
Real Estate	10.00%	6.00%	International Equity	21.00%	7.66%	23.00%	7.66%
Liquidity Reserves	1.00%	2.25%	REITs	0.00%	0.00%	6.00%	5.69%
Total	100.00%		Other Investments	13.00%	4.98%	14.00%	4.90%
			Total	100.00%		100.00%	

STRS as of 7/1/18			OPERS as of 12/31/18				
Investment Category	Target	Long-term	Investment Category	Defined Benefit Portfolio		Health Care Portfolio	
	Allocation	Expected Real Rate of Return		Target	Long-term Expected Real Rate of Return	Target	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Fixed Income	23.00%	2.79%	34.00%	2.42%
International Equity	23.00%	7.55%	Domestic Equity	19.00%	6.21%	21.00%	6.21%
Alternatives	17.00%	7.09%	Real Estate	10.00%	4.90%	0.00%	0.00%
Fixed Income	21.00%	3.00%	Private Equity	10.00%	10.81%	0.00%	0.00%
Real Estate	10.00%	6.00%	International Equity	20.00%	7.83%	22.00%	7.83%
Liquidity Reserves	1.00%	2.25%	REITs	0.00%	0.00%	6.00%	5.98%
Total	100.00%		Other Investments	18.00%	5.50%	17.00%	5.57%
			Total	100.00%		100.00%	

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the University at June 30, 2020 and 2019, calculated using the discount rate listed below, as well as what the University’s net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

June 30, 2020

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ 165,324,236	7.45%	\$ 113,128,183	8.45%	\$ 68,941,550
OPERS	6.20%	<u>127,043,231</u>	7.20%	<u>76,454,269</u>	8.20%	<u>31,040,432</u>
		<u>\$ 292,367,467</u>		<u>\$ 189,582,452</u>		<u>\$ 99,981,982</u>

June 30, 2019

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ 166,711,173	7.45%	\$ 114,156,932	8.45%	\$ 69,676,899
OPERS	6.20%	<u>164,100,867</u>	7.20%	<u>110,725,047</u>	8.20%	<u>66,399,520</u>
		<u>\$ 330,812,040</u>		<u>\$ 224,881,979</u>		<u>\$ 136,076,419</u>

Sensitivity of the OPEB Liability/(Asset) to Changes in the Discount Rate – The following presents the net OPEB liability/(asset) of the University at June 30, 2020 and 2019, calculated using the discount rate listed below, as well as what the University’s net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

June 30, 2020

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ (7,229,714)	7.45%	\$ (8,473,000)	8.45%	\$ (9,517,656)
OPERS	2.16%	<u>70,684,933</u>	3.16%	<u>54,013,197</u>	4.16%	<u>40,664,562</u>
		<u>\$ 63,455,219</u>		<u>\$ 45,540,197</u>		<u>\$ 31,146,906</u>

June 30, 2019

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ (7,150,526)	7.45%	\$ (8,343,000)	8.45%	\$ (9,344,774)
OPERS	2.96%	<u>67,227,572</u>	3.96%	<u>52,547,293</u>	4.96%	<u>40,872,591</u>
		<u>\$ 60,077,046</u>		<u>\$ 44,204,293</u>		<u>\$ 31,527,817</u>

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate – The following presents the net OPEB liability/(asset) of the University at June 30, 2020 and 2019, calculated using the healthcare cost trend rate listed below, as well as what the University’s net OPEB liability/(asset) would be if it were calculated using a health care cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

June 30, 2020							
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase		
STRS	6.45%	\$ (9,607,588)	7.45%	\$ (8,472,644)	8.45%	\$ (7,082,610)	
OPERS	9.50%	52,419,314	10.50%	54,013,197	11.50%	55,586,762	
		<u>\$ 42,811,726</u>		<u>\$ 45,540,553</u>		<u>\$ 48,504,152</u>	
June 30, 2019							
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase		
STRS	6.45%	\$ (9,288,209)	7.45%	\$ (8,343,000)	8.45%	\$ (7,382,580)	
OPERS	9.00%	50,509,349	10.00%	52,547,293	11.00%	54,894,457	
		<u>\$ 41,221,140</u>		<u>\$ 44,204,293</u>		<u>\$ 47,511,877</u>	

Pension Plan and OPEB Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued STRS/OPERS financial report.

Assumption Changes – During the measurement periods ended June 30, 2019 and December 31, 2019, respectively, certain assumption changes were made by the plans. The STRS OPEB discount rates was reduced from 3.70 percent to 3.22 percent, which impacted the annual actuarial valuation for OPEB prepared as of June 30, 2019. The OPERS OPEB discount rate was reduced from 3.96 percent to 3.16 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2019.

During the measurement periods ended June 30, 2018 and December 31, 2018, respectively, certain assumption changes were made by the plans. The STRS OPEB discount rate increased significantly from 4.13 percent to 7.45 percent due to the cash flow analysis and there was a reduction in the health care cost trend rates, which impacted the annual actuarial valuation for OPEB prepared as of June 30, 2018. The OPERS pension discount rate was reduced from 7.5 percent to 7.2 percent, which impacted the annual actuarial valuation for pension prepared as of December 31, 2018.

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

Bowling Green State University

Notes to Financial Statements (Continued)

June 30, 2020 and 2019

8. Employee Benefit Plans (continued)

Payable to the Pension Plan – At June 30, 2019, the University reported a payable of \$2,037,661 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020. At June 30, 2019, the University reported a payable of \$1,831,087 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

Defined Contribution Pension Plan – The Alternative Retirement Plan (ARP) is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. The University’s Board of Trustees adopted the University’s plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS or OPERS, from the list of nine providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

9. Risk Management

The University self insures its healthcare program up to a specific limit of \$300,000 per individual event. The University has specific stop-loss coverage.

Changes in the balances of claims liabilities for the years indicated for the health coverage are as follows:

	2020	2019	2018
Unpaid claims, July 1	\$ 2,400,000	\$ 2,400,000	\$ 2,000,000
Incurred claims	20,407,275	20,177,407	20,182,610
Paid claims	(20,407,275)	(20,177,407)	(19,782,610)
Unpaid claims, June 30	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>

This actuarially determined liability for estimates of losses retained by the University for outstanding claims and claims incurred but not reported is the University’s best estimate based on past experience and current claims outstanding. Actual claims experience may differ from the estimate.

Risk financing methods for property and casualty exposures include a combination of insurance, self-insurance, and risk pooling via a joint program formed with other four-year publicly funded universities in the state. This program is referred to as the Inter-University Council Risk Management & Insurance Consortium (IUC-RMIC) and it obligates member institutions to realize the first \$100,000 per covered loss for nearly all exposures before the claim reaches the pool and eventually the insured layers of the program. All of 14 member institutions participate in the program with the exception of The Ohio State University. The operation of the pool is managed by a Board of Governors consisting of one member representative and one alternate from each institution.

Bowling Green State University

Notes to Financial Statements (Continued)

June 30, 2020 and 2019

9. Risk Management (continued)

The University participates in a state pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund (the "Plan") on a pay-as-you-go basis, which pays workers' compensation benefits to beneficiaries who have been injured on the job. Losses from asserted and unasserted claims for the participating state agencies and universities in the Plan are accrued by the Ohio Bureau of Workers' Compensation (the "Bureau") based on estimates that incorporate the past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. Participants in the Plan annually fund the workers' compensation liability based on rates set by the Bureau to collect the cash needed in subsequent fiscal years to pay the workers' compensation claims of participating state agencies and universities.

10. Contingencies

During the normal course of operations, the University has become a defendant in various legal and administrative actions. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. However, in the opinion of legal counsel and University management, the disposition of all pending litigation will not have a material adverse effect on the financial condition of the University.

The University receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. Revenues from government grants and contracts are recognized when all eligibility requirements have been met. The University records indirect costs related to such grants and contracts at predetermined rates that are negotiated with the University's federal cognizant agency. Both direct and indirect costs charged to the grants or contracts are subject to audit and approval by the granting agencies. University management believes any adjustments of costs resulting from such examination by the granting agency would be insignificant.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

11. Foundation Net Assets

The Foundation's net assets with donor restriction at June 30, 2020 and 2019 were available for the following purposes:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 98,882,990	\$ 97,747,899
General and operational support	56,774,780	53,369,652
Capital and equipment	10,069,727	11,541,053
Professorships	14,923,466	14,678,849
Centers and institutes	3,237,475	3,180,845
Chair	2,927,165	2,908,809
Research	1,133,733	1,122,136
Faculty and staff	1,329,114	1,300,232
Fellowships	119,847	108,333
Total	<u>\$ 189,398,297</u>	<u>\$ 185,957,808</u>

The Foundation's summary of the net assets released from restrictions during the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
General and operational support	\$ 5,620,327	\$ 6,110,579
Scholarships	7,102,108	5,854,679
Capital and equipment	5,669,002	7,122,407
Centers and institutes	232,182	216,696
Professorships	446,155	333,679
Chair	110,582	119,111
Faculty and staff	30,351	48,735
Research	31,623	22,164
Fellowships	15,614	2,789
Total	<u>\$ 19,257,944</u>	<u>\$ 19,830,839</u>

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Bowling Green State University

Notes to Financial Statements (Continued)

June 30, 2020 and 2019

12. Related Party Transactions

The University leased land comprising the site on which The Oaks is constructed to the Corporation under a Ground Lease between the State of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The Corporation subleased this site to CFP II in consideration of the agreement of CFP II to develop The Oaks on that land and the payment of nominal lump-sum rent. The lease commenced on June 30, 2010 and will expire on June 30, 2045.

The University leased land comprising the site on which Carillon is constructed to the Corporation under a Ground Lease between the State of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The Corporation subleased this site to CFP III in consideration of the agreement of CFP III to develop Carillon on that land and the payment of nominal lump-sum rent. The lease commenced on November 1, 2010 and will expire on June 30, 2045.

The University incurred costs during different stages of start-up and implementation of the Corporation and its subsidiaries. The University also incurred costs on behalf of the Corporation and its subsidiaries for various outside services related to the Series 2010 Project, The Oaks, and Carillon. These outside services include consulting, legal, engineering, architectural, and construction. In addition, certain salaries and fringe benefits of financial, accounting, development, and information technology personnel are incurred by the University but relate to the Corporation. These expenses are paid by the University on behalf of the Corporation and are shown in the accompanying financial statements as in-kind support and operating and administrative expense of \$6,932 and \$11,126 for the fiscal years ended June 30, 2020 and 2019, respectively. The University incurred costs during different stages of start-up and implementation of the Corporation and its g Chartwells provided approximately \$18,000,000 of funding for these projects during the year ended June 30, 2012. The Chartwells construction funding payable will be paid in annual installments, ranging from \$409,000 to \$857,000 over 27.5 years, through June 30, 2039. Due to the University's Management Agreement with Chartwells for the dining program and in exchange for the use of the dining facilities, the University repays the construction funding payable on behalf of the Corporation, as these are of approximate equal value. As such, the Corporation recognizes this non-cash transaction as a decrease to the construction funding payable and as in-kind support nonoperating revenue. For the years ended June 30, 2020 and 2019, the repayment and in-kind support revenue totaled \$596,800. The University recognized in-kind nonoperating expense of \$596,800 for the years ended June 30, 2020 and 2019.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2020 and 2019

12. Related Party Transactions (continued)

The University can pay off the construction funding payable of \$18,000,000 early without penalty. The University also has a Food Services Agreement with Chartwells in which the University pays a management fee to Chartwells to manage the dining halls through fiscal year 2020. The Food Services Agreement can be renewed for three additional successive five-year periods. If the Food Services Agreement with Chartwells is terminated or not renewed, the University would be required to pay Chartwells interest on the construction funding payable until full payoff at a rate equal to the 12-month U.S. Treasury rate. Payment in full of the construction funding payable would be required in one year from termination of agreement or within 30 days after the University hires another third party to run its dining services.

Required Supplemental Information

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Bowling Green State University

Required Supplemental Information

Schedule of Pension Funding Progress

Plan year end	2020	
	OPERS	STRS
	December 31, 2019	June 30, 2019
University's proportion of the plan's collective net pension liability:		
As a percentage	0.3910%	0.5116%
Amount	\$ 76,454,270	\$ 113,128,183
University's covered employee payroll	\$ 75,013,542	\$ 50,166,515
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	101.92%	225.51%
Fiduciary net position as a percentage of the total pension liability	82.17%	44.34%

Schedule of Contributions

	2020	
	OPERS	STRS
	December 31, 2019	June 30, 2019
Statutorily required contribution	\$ 8,269,955	\$ 6,947,659
Contributions in relation to the actuarially determined contractually required contribution	\$ 8,269,955	\$ 6,947,659
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 58,678,024	\$ 49,626,136
Contributions as a percentage of covered employee payroll	14.09%	14.00%

Schedule of Pension Funding Progress

Plan year end	2019	
	OPERS	STRS
	December 31, 2018	June 30, 2018
University's proportion of the plan's collective net pension liability:		
As a percentage	0.4060%	0.5192%
Amount	\$ 110,725,047	\$ 114,156,933
University's covered employee payroll	\$ 76,206,086	\$ 50,328,992
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	145.30%	226.82%
Fiduciary net position as a percentage of the total pension liability	74.91%	77.31%

Schedule of Contributions

	2019	
	OPERS	STRS
	December 31, 2018	June 30, 2018
Statutorily required contribution	\$ 8,128,775	\$ 6,877,222
Contributions in relation to the actuarially determined contractually required contribution	\$ 8,128,775	\$ 6,877,222
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 57,625,045	\$ 49,123,014
Contributions as a percentage of covered employee payroll	14.12%	14.00%

Bowling Green State University

Required Supplemental Information

Schedule of Pension Funding Progress

Plan year end	2018	
	OPERS	STRS
	December 31, 2017	June 30, 2017
University's proportion of the plan's collective net pension liability:		
As a percentage	0.4089%	0.5125%
Amount	\$ 63,558,676	\$ 121,738,071
University's covered employee payroll	\$ 74,061,634	\$ 48,957,254
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	85.82%	248.66%
Fiduciary net position as a percentage of the total pension liability	84.85%	75.29%

Schedule of Contributions

	2018	
	OPERS	STRS
	December 31, 2017	June 30, 2017
Statutorily required contribution	\$ 8,128,775	\$ 6,877,222
Contributions in relation to the actuarially determined contractually required contribution	\$ 8,128,775	\$ 6,877,222
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 57,625,045	\$ 49,123,014
Contributions as a percentage of covered employee payroll	14.11%	14.00%

Schedule of Pension Funding Progress

Plan year end	2017	
	OPERS	STRS
	December 31, 2016	June 30, 2016
University's proportion of the plan's collective net pension liability:		
As a percentage	0.4220%	0.5162%
Amount	\$ 96,270,704	\$ 172,801,507
University's covered employee payroll	\$ 74,474,934	\$ 46,828,962
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	129.27%	369.01%
Fiduciary net position as a percentage of the total pension liability	77.38%	66.80%

Schedule of Contributions

	2017	
	OPERS	STRS
	December 31, 2016	June 30, 2016
Statutorily required contribution	\$ 8,293,880	\$ 6,566,167
Contributions in relation to the actuarially determined contractually required contribution	\$ 8,293,880	\$ 6,566,167
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 58,800,542	\$ 46,901,194
Contributions as a percentage of covered employee payroll	14.11%	14.00%

Bowling Green State University

Required Supplemental Information

Schedule of Pension Funding Progress

Plan year end	2016	
	OPERS	STRS
	December 31, 2015	June 30, 2015
University's proportion of the plan's collective net pension liability:		
As a percentage	0.4131%	0.5256%
Amount	\$ 71,389,662	\$ 145,252,543
University's covered employee payroll	\$ 62,112,087	\$ 46,225,751
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	114.94%	314.22%
Fiduciary net position as a percentage of the total pension liability	81.19%	72.10%

Schedule of Contributions

	2016	
	OPERS	STRS
	December 31, 2015	June 30, 2015
Statutorily required contribution	\$ 7,934,000	\$ 6,284,849
Contributions in relation to the actuarially determined contractually required contribution	\$ 7,934,000	\$ 6,284,849
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 55,472,339	\$ 44,891,777
Contributions as a percentage of covered employee payroll	14.30%	14.00%

Schedule of Pension Funding Progress

Plan year end	2015	
	OPERS	STRS
	December 31, 2014	June 30, 2014
University's proportion of the plan's collective net pension liability:		
As a percentage	41.3100%	52.5600%
Amount	\$ 71,389,662	\$ 145,252,543
University's covered employee payroll	\$ 62,112,087	\$ 46,225,751
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	114.94%	314.22%
Fiduciary net position as a percentage of the total pension liability	81.19%	72.10%

Schedule of Contributions

	2015	
	OPERS	STRS
	December 31, 2014	June 30, 2014
Statutorily required contribution	\$ 7,679,000	\$ 6,304,000
Contributions in relation to the actuarially determined contractually required contribution	\$ 7,679,000	\$ 6,304,000
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 61,602,245	\$ 46,225,751
Contributions as a percentage of covered employee payroll	12.47%	13.64%

Notes to required supplemental information:

Changes of benefit terms: There were no benefit changes affecting STRS and OPERS plans for the plans.

Changes of assumptions.

STRS: During the plan year ended June 30, 2017, there were changes to several assumptions for STRS. The cost-of-living adjustment dropped from 2.00 percent to 0.00 percent. The wage inflation dropped from 2.75 percent to 2.50 percent. The investment rate of return decreased from 7.75 percent to 7.45 percent. The mortality tables used changed from RP-2000 to RP-2014.

OPERS: During the plan year ended December 31, 2018, the discount rate was reduced from 7.5 percent to 7.2 percent.

During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

Bowling Green State University
 Required Supplemental Information

Schedule of OPEB Funding Progress

Plan year end	2020	
	OPERS	STRS
	December 31, 2019	June 30, 2019
University's proportion of the plan's collective net OPEB liability:		
As a percentage	0.3910%	0.5115%
Amount	\$ 54,013,197	\$ (8,473,000)
University's covered employee payroll	\$ 75,013,542	\$ 50,166,515
University's proportionate share of the plan's collective OPEB liability (amount) as a percentage of the University's covered employee payroll	72.00%	-16.89%
Fiduciary net position as a percentage of the total OPEB liability	47.08%	-592.08%

Schedule of Contributions

	2020	
	OPERS	STRS
	December 31, 2019	June 30, 2019
Statutorily required contribution	\$ -	\$ -
Contributions in relation to the actuarially determined contractually required contribution	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 58,678,024	\$ 49,626,136
Contributions as a percentage of covered employee payroll	0.00%	0.00%

Schedule of OPEB Funding Progress

Plan year end	2019	
	OPERS	STRS
	December 31, 2018	June 30, 2018
University's proportion of the plan's collective net OPEB liability:		
As a percentage	0.4030%	0.5192%
Amount	\$ 52,547,293	\$ (8,343,000)
University's covered employee payroll	\$ 76,206,086	\$ 50,328,992
University's proportionate share of the plan's collective OPEB liability (amount) as a percentage of the University's covered employee payroll	68.95%	-15.58%
Fiduciary net position as a percentage of the total OPEB liability	46.33%	176.99%

Schedule of Contributions

	2019	
	OPERS	STRS
	December 31, 2018	June 30, 2018
Statutorily required contribution	\$ -	\$ -
Contributions in relation to the actuarially determined contractually required contribution	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 60,033,251	\$ 48,716,936
Contributions as a percentage of covered employee payroll	0.00%	0.00%

Bowling Green State University

Required Supplemental Information

Schedule of OPEB Funding Progress

Plan year end	2018	
	OPERS December 31, 2017	STRS June 30, 2017
University's proportion of the plan's collective net OPEB liability:		
As a percentage	0.4062%	0.5125%
Amount	\$ 44,112,500	\$ 19,994,643
University's covered employee payroll	\$ 74,061,634	\$ 48,957,254
University's proportionate share of the plan's collective OPEB liability (amount) as a percentage of the University's covered employee payroll	59.56%	40.84%
Fiduciary net position as a percentage of the total OPEB liability	77.25%	47.11%

Schedule of Contributions

	2018	
	OPERS December 31, 2017	STRS June 30, 2017
Statutorily required contribution	\$ 624,385	\$ -
Contributions in relation to the actuarially determined contractually required contribution	\$ 624,385	\$ -
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 57,625,045	\$ 49,123,014
Contributions as a percentage of covered employee payroll	1.08%	0.00%

Changes of benefit terms:

There were no benefit changes affecting the STRS and OPERS plans for the plan years ended June 30, 2019 and December 31, 2019, respectively.

Changes of assumptions:

STRS: During the plan year ended June 30, 2018, there were changes to several assumptions for STRS. The health care cost trend rates decreased from 6.00 percent to 11.00 percent initial and 4.50 percent ultimate for plan year ended June 30, 2017, to (5.23) percent to 9.62 percent initial and 4 percent ultimate for plan year ended June 30, 2018. The discount rate increased from a blended rate between the long-term expected rate of return and a 20-year municipal bond rate of 4.13 percent to the investment rate of return of 7.45 percent based on the cash flow analysis.

OPERS: During the plan year ended December 31, 2019, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.0 percent initial and 3.25 percent ultimate to 10.5 percent initial and 3.5 percent ultimate. The discount rate was reduced from 3.96 percent to 3.16 percent.

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

Independent Auditor's Report

To Management, the Audit Committee,
and the Board of Trustees
Bowling Green State University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bowling Green State University (the "University"), a component unit of the State of Ohio, and its discretely presented component units as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 8, 2020. Our report includes a reference to other auditors, who audited the financial statements of Bowling Green State University Foundation, Inc. and Subsidiary, as described in our report on Bowling Green State University's financial statements, which were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Bowling Green State University Foundation, Inc. and Subsidiary or that are reported on separately by those auditors, who audited the financial statements of Bowling Green State University Foundation, Inc. and Subsidiary.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 University's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To Management, the Audit Committee,
and the Board of Trustees
Bowling Green State University

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.

Plante & Moran, PLLC

October 8, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Audit Committee and the Board of Trustees
Bowling Green State University

Report on Compliance for Each Major Federal Program

We have audited Bowling Green State University's (the "University") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2020. 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.

The University's basic financial statements include the operations of Bowling Green State University Foundation, Inc. and Subsidiary, which received \$0 in federal awards, which is not included in the schedule for the year ended June 30, 2020. Our audit, described below, did not include the operations of Bowling Green State University Foundation, Inc. and Subsidiary because the component unit did not have any federal expenditures.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above.

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

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

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended June 30, 2020.

To the Audit Committee and the Board of Trustees
Bowling Green State University

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as Finding 2020-001, that we consider to be a significant deficiency.

The University's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

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.

Plante & Moran, PLLC

February 8, 2021

Federal Grantor, CFDA Title, Project Name	CFDA Number	Pass-through Grantor	Federal/Pass-through Award Number	Pass Through to Subrecipients	FY 20 Expenditures
STUDENT FINANCIAL AID CLUSTER					
U.S. Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007			\$ -	\$ 746,314
Federal Work-Study Program	84.033			-	494,064
Federal Perkins Loans	84.038			-	6,223,515
Federal Pell Grant Program	84.063			-	20,250,410
Federal Direct Subsidized Student Loans	84.268			-	27,180,504
Federal Direct Unsubsidized Student Loans	84.268			-	46,066,477
Federal Direct PLUS Loans	84.268			-	31,263,140
Teacher Education Assistance for College and Higher Education Grants	84.379			-	683,299
Total U.S. Department of Education				-	132,907,723
Department of Health and Human Services					
Federal Nursing Student Loans	93.364			-	685,489
Total Department of Health and Human Services				-	685,489
TOTAL STUDENT FINANCIAL AID CLUSTER				-	133,593,212
RESEARCH & DEVELOPMENT CLUSTER					
U.S. Department of Agriculture					
Agricultural and Food Research Initiative -					
Development of High Oxygen-Barrier Multilayer Polymer Films for Improved Shelf Life of Foods Processed Using Microwave and High Pressure Technologies	10.310	Washington State University	2016-67017-24597	-	22,599
Partnership Agreements:					
Tree Health and Demographic Analysis of Ash Tree Species Impacted by the Invasive Pest Agrilus Planipennis	10.699	USDA Forest Service	16-JV-11242316-099	-	335
Ash Monitoring to Inform Resistance Breeding for Resistance to EAB	10.699	USDA Forest Service	19-CR-11242316-006	-	69,624
Ash Monitoring to Inform Resistance Breeding for Resistance to EAB	10.699	USDA Forest Service	20-CR-11242316-027	-	4,616
Total U.S. Department of Agriculture				-	97,174
U.S. Department of Commerce					
Integrated Ocean Observing System Community Modeling to Support the Coastal and Ocean Modeling Testbed (COMT) -					
The Alliance for Coastal Technologies (ACT) National Scale Efforts Toward Verification and Validation of Observing Technologies	11.012	University of Maryland Center for Enviro Sci	NA16NOS0120017	-	8,412
Economic Development Technical Assistance -					
Rural Universities Consortium University Center	11.303		ED16CH3030034	74,138	122,074
Sea Grant Support:					
Development of an Efficient Approach to Quantify and Control a Fish Disease Caused by Saprolegnia sp	11.417	Ohio State University Research Foundation	NA18OAR4170100	-	21,837
Enhancing Nutrient Removal from Agricultural Tile Drainage by Understanding the Role of Organic Carbon Quality	11.417	Ohio State University Research Foundation	NA18OAR4170100	-	5,719
Profiling Microbial Diversity in Fish Production Ponds at Fin Farm	11.417	Ohio State University Research Foundation	NA18OAR4170100	-	2,157
Ohio Sea Grant - Knauss Fellowship 2019 - Audrey Maran	11.417	Ohio State University Research Foundation	NA19OAR4170005	-	37,559
Role of Wetlands in Controlling Nutrient Loading to Lake	11.417	Ohio State University Research Foundation	NA18OAR4170100	-	2,981
Microbial Dynamics in Agricultural Soil Amended with Dredged Material	11.417	Ohio State University Research Foundation	NA18OAR4170100	-	6,519
Nutrient Monitoring in Sandusky Bay - Equipment Grant	11.417	Ohio State University Research Foundation	NA18OAR4170100	-	5,000
Strategies to Increase Consumer Perceptions and Attitudes Towards Integrated Multi-Trophic Aquaponics	11.417	Ohio State University Research Foundation	NA19OAR4170342	-	33,614
Variation in Contaminant Concentrations in Wastewater and in Biota of Streams of NW Ohio	11.417	Ohio State University Research Foundation	NA18OAR4170100	-	1,268
Coastal Zone Management Administration:					
Reconnected Wetlands: Northern Pike Use of Grated Systems	11.419	Ohio State University Research Fndr/ODNR	NA16NOS4190094	-	14,754
BGSU: Sandusky Bay Monitoring and Data Phase 2	11.419	Ohio State University Research Fndr/ODNR	NA16NOS4190094B	-	10,605
Center for Sponsored Coastal Ocean Research Coastal Ocean Program:					
ECOHAB 2017 Linking Process Models and Field Experiments to Forecast Algal Bloom Toxicity in Lake Erie	11.478	Ohio State University Research Foundation	NA17NOS4780186	-	9,382
MERHAB19: Portable Toxin Detection Technology to Support Great Lakes Decision Support Tools	11.478		NA19NOS4780190	52,076	111,511
Science, Technology, Business and/or Education Outreach -					
Incorporating Standards Education into Digital Forensics Curricula	11.620		70NANB17H321	-	9,927
Total U.S. Department of Commerce				126,214	403,319
U.S. Department of the Interior					
U.S. Geological Survey -					
Identification of Optimal Sites for Maumee AOC Restoration Actions in the Lower Maumee River	15.808	University of Toledo	G19AC00077	-	61,687
Total U.S. Department of the Interior				-	61,687
U.S. Department of Justice					
Second Chance Act Reentry Initiative -					
FY19 Second Chance Act Youth Offender Reentry Program	16.812	Lucas County Juvenile Court	2019-CZ-BX-0015	-	8,257
National Institute of Justice Research, Evaluation, Development Project Grants:					
Pathways Linking Parental Incarceration and Child Well-Being	16.560		2016-IJ-CX-0012	-	55,881
Mechanisms Underlying Desistance from Crime: Individual and Social Pathways	16.560		2019-R2-CX-0032	-	72,783
Total U.S. Department of Justice				-	136,921
U.S. Department of State					
General Department of State Assistance -					
Photoprocesses on the Femtosecond Time Scale in Stacked Cytosines	19.700	CRDF Global	S-LMAQM-14-GR-1049	-	16,451
Total U.S. Department of State				-	16,451
National Aeronautics and Space Administration					
Science:					
Space-Geodetic Exploration of Linkages Between Time-Dependent Surface Loads, Slow Slip Events and Seismicity in South Central Alaska	43.001	University of California, Berkeley	NNX17AE01G	-	52,609
Remote Sensing of Water Mass Budget Variations in California	43.001	Arizona State University	NNX17AD98G	-	13,107
Constraining Earth Structure Around the Great Lakes Using Loading Deformation	43.001		80NSSC19K0361	13,372	60,525
Total National Aeronautics and Space Administration				13,372	126,241
National Science Foundation					
Engineering Grants -					
Exploring the Feasibility of Plasmonic Nanocrystal Solar Cells Utilizing Strongly Confined Radiation	47.041		CBET-1510503	-	15,494
Mathematical and Physical Sciences:					
EXTREEMS-QED: Computational Mathematics and Statistics Program	47.049		DMS-1331036	-	92,000
Energy Funneling in Plasmonic Nanocrystal Composites for Photocatalytic Production of Solar Fuels	47.049		CHE-1465052	-	46,440
Photochemistry, Spin, and Molecular Motion: Connections Through Magnetic Resonance	47.049		CHE-1464817	-	35,711
CAREER: Controlling Mechanical Properties of Materials Using Photoactive Metal-Coordination Bonds	47.049		CHE-1653892	-	63,215
Reaction Limited Synthesis of Atomically-Defined Semiconductor Nanocrystals	47.049		DMR-1710063	-	127,682
Deciphering and Reprogramming Light Induced Double Bond Isomerization in Proteins	47.049		CHE-1710191	-	17,657
Manipulating Photochemical Reactivity through Restricted Bond Rotations	47.049		CHE-1811795	-	61,606
New Developments at the Interface of Banach Algebras and Complex Analysis	47.049		DMS-1856010	-	48,471
Probes, Labels, Traps, and Reporters: Exploring the Modern Spin Chemistry Landscape	47.049		CHE-1900541	-	145,919

Federal Grantor, CFDA Title, Project Name	CFDA Number	Pass-through Grantor	Federal/Pass-through Award Number	Pass Through to Subrecipients	FY 20 Expenditures
Exciton Dynamics in Colloidal PbS Nanosheets	47.049		CHE-1905217	\$ -	\$ 49,812
COVID-19 - RAPID: Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2)-Prevention: Multiple-site Binding with Fusing Aptamers	47.049		CHE-2028531	-	53,812
Enforcing Excited State Reactivity by Altering Chromophore Characteristics	47.049		FAIN: 1955524	-	7,177
Geosciences:					
Investigating Early Miocene Sub-Ice Volcanoes in Antarctica	47.050		PLR-1443576	-	8,526
Lake Erie Center for Fresh Waters and Human Health	47.050		OCE-1840715	269,895	509,888
GP-EXTRA: Geoscience Education Through Authentic Research	47.050		ICER-1911577	-	28,365
Computer and Information Science and Engineering:					
SHF: Large: Collaborative Research: Inferring Software Specifications from Open Source Repositories by Leveraging Data and Collective Community Expertise	47.070		CCF-1518776	-	836
SaTC: Core: Small: Collaborative: Data-Driven Approaches for Large-Scale Security Analysis of Mobile Applications	47.070		CNS-1718214	-	36,970
CR1: CI-P: Collaborative: Towards a Program Analysis Collaboratory	47.070		CNS-1823294	-	29,356
Biological Sciences:					
Collaborative Research: Navigation and the Neural Integration of Multimodal Sensory Information in the Brain of an Arthropod	47.074		DEB-1457304	-	60,764
Collaborative Research: Expression and Dynamics of Reproductive Tactics in a Wild Population of Smallmouth Bass	47.074		IOS-1755421	-	32,505
Collaborative Proposal: MRA: Teleconnections Among Great Plains NEON Sites by Wind and Wing	47.074		DEB-1926555	-	9,024
Social, Behavioral, and Economic Sciences:					
Mechanisms Underlying Cessation of IPV Perpetration: A Longitudinal Study of the Desistance Process	47.075		SES-1558755	-	20,419
COVID-19 - RAPID: The Coronavirus Pandemic: Predictors and Consequences of Compliance with Social Distancing Recommendations Designed to Mitigate COVID-19 Spread	47.075		FAIN: 2028429	-	36,680
Education and Human Resources:					
iEvolue: Inquiry and Engagement to Invigorate and Optimize	47.076		DUE-1238136	5,652	126,018
Collaborative Research: AGEP-T: Northern Ohio AGEP Alliance	47.076		HRD-1432921	-	36,204
Project SEA Change: Using Social Connectivity to Improve Quantitative Literacy and Transform Undergraduate Science Teaching	47.076		DUE-1525623	117,231	494,857
Collaborative Research: Developing & Evaluating Assessments of Problem Solving (DEAP)	47.076		DRL-1720646	-	252,338
Collaborative Research: Mathematics Graduate Student Peer-Mentorship Program: Impact and Adaptability	47.076		DUE-1725264	-	80,304
BGSU ALLIES: Building Inclusive Leadership Practices and Policies to Transform the Institution	47.076		HRD-1760389	-	175,197
Visualizing Chemistry with Infrared Imaging	47.076	Ithaca College	DUE-1813313	-	12,406
Collaborative Research: Validity Evidence and Measurement in Mathematics Education (V-M2ED)	47.076		DRL-1920621	-	28,126
Elevating Equal Educational Opportunity in Advanced Manufacturing for Underrepresented Minority Students	47.076	Chicago State University	HRD-1826719	-	1,235
Total National Science Foundation				392,778	2,745,014
Department of Energy					
Office of Science Financial Assistance Program:					
Solution-Processed Photovoltaic Devices Utilizing Semiconductor Excitonic Nanoshells (SENS)	81.049		DE-SC0016872	-	97,096
Fundamental Understanding of Transport Under Reactor Extremes	81.049	Triad National Security	89233218CNA000001	-	259,655
Fundamental Understanding of Transport Under Reactor Extremes	81.049	Triad National Security	89233218CNA000001	-	54,383
Renewable Energy Research and Development:					
Metastability and Long-Term Degradation in CIGS Devices: Effect of Alkali Treatments, Back Contact and Emitter Layers	81.087	University of Nevada, Las Vegas	DE-EE0007750	-	22,337
Improving Reliability and Reducing Cost in CdTe Photovoltaics via Grain Boundary Engineering	81.087	University of Illinois at Chicago	DE-EE0007545	-	20,708
PV Device and Measurement Modeling to Support Photovoltaics Characterization Project	81.087	National Renewable Energy Laboratory	XGX-9-92294-01	-	27,207
Total Department of Energy					481,386
U.S. Department of Health and Human Services					
Healthy Marriage Promotion and Responsible Fatherhood Grants -					
Marriage Strengthening Research & Dissemination Center	93.086	Child Trends, Inc	90PR0012-01-00	-	111,598
Environmental Health -					
Lake Erie Center for the Great Lakes and Human Health	93.113		P01ES028939	179,653	309,635
Occupational Safety and Health Program -					
Gender Differences in Nursing Job Demands and Resources	93.262	University of Cincinnati	T420H008432-13-00	-	6,025
Integrated Naloxone Access and Infrastructure:					
Evaluation of ProMedica Emergency Department Naloxone Distribution Program (PEND YR1)	93.788	ProMedica	04830024IN0120	-	1,024
Evaluation of ProMedica Emergency Department Naloxone Distribution Program (PEND YR2)	93.788	ProMedica	04830024IN0221	-	3,259
Biomedical Research and Research Training:					
Integrated Resources to Elucidate RNA Sequence-Structure	93.859		2R01GM085328-05	81,973	118,962
Properties of Endogenous Retroviral Elements in Canines	93.859		R15GM122028	-	121,678
Computational Design of Highly Fluorescent Rhodopsins	93.859		R15GM126627	-	79,097
Genetic Basis of Metabolic Production Against Clinically-Derived Pathogens	93.859		1R15GM124585-01A1	-	114,136
Child Health and Human Development Extramural Research:					
Distal Determinants of Disparities in Unintended Fertility	93.865		1R01HD078412-01A1	-	32,441
Archiving County and State Natality Data	93.865		R03HD091474	-	30,692
Center for Family and Demographic Research (CFDR)	93.865		P2CHD050959	-	183,609
Exposure to Violence and Subsequent Weapons Use: Mediating and Moderating Processes	93.865	University of Michigan	R01HD084652-01A1	-	47,628
Center for Family and Demographic Research	93.865		R24HD050959	-	11,162
Mechanisms Underlying Sexual Minority Health Disparities in the United States	93.865	Ohio State University Research Fndn	R01HD094081	-	38,271
Aging Research -					
Health and Well-Being Effects on Later-Life Divorce and Subsequent Repartnering	93.866		R15AG047588	-	114,771
Rural Communities Opioid Response Program - Planning:					
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups -					
Prospective Injury Prevention Program, Child Injury Prevention	93.943	ProMedica	6NBO1OT009137-01-03	-	11,244
Preventive Health and Health Services Block Grant:					
Prospective Injury Prevention Program, Older Adult Fall Prevention	93.991	ProMedica	6NBO1OT009137-01-03	-	7,039
Older Adult Falls Program (OAFP) Y2	93.991	ProMedica	04830024IF0220	-	11,899
Child Injury Prevention Program (CIPP) Y2	93.991	ProMedica	04830024IC0220	-	12,934
Total U.S. Department of Health and Human Services				261,626	1,384,750
TOTAL RESEARCH & DEVELOPMENT CLUSTER				793,990	5,452,943
TRIO CLUSTER					
U.S. Department of Education					
Student Support Services	84.042		P042A150838	-	713,994
Educational Talent Search Program	84.044		P044A160537	-	368,941
Upward Bound	84.047		P047A170206	-	364,648
McNair Post-Baccalaureate Achievement	84.217		P217A170157	-	194,385
TOTAL TRIO CLUSTER					1,641,968
CHILD NUTRITION CLUSTER					
U.S. Department of Agriculture					
Summer Food Service Program for Children -					
Ohio Summer Food Service Program for Upward Bound at BGSU	10.559	Ohio Department of Education	SFSP	-	9,994
TOTAL CHILD NUTRITION CLUSTER					9,994

Year Ended June 30, 2020

Federal Grantor, CFDA Title, Project Name	CFDA Number	Pass-through Grantor	Federal/Pass-through Award Number	Pass Through to Subrecipients	FY 20 Expenditures
FISH AND WILDLIFE CLUSTER					
Department of the Interior					
Wildlife Restoration and Basic Hunter Education - Pheasant Ecology in Landscapes with Disparate Habitat Availability: Optimizing Landscape for Wildlife and Agricultural Production	15.611	South Dakota State University/SD Game, Fish and Parks	17-0600-029	\$ -	\$ 5,905
TOTAL FISH AND WILDLIFE CLUSTER				-	5,905
HIGHWAY SAFETY CLUSTER					
Department of Transportation					
State and Community Highway Safety: Safe Communities FY 2019	20.600	Ohio Department of Public Safety	69A37518300004020OH0	-	14,116
Safe Communities FY 2020	20.600	Ohio Department of Public Safety	SC-2020-BGSU-00013	-	25,198
National Priority Safety Programs: National Priority Safety Programs	20.616	Ohio Department of Public Safety	18X920405dOH17	-	15,364
National Priority Safety Programs (Y2)	20.616	Ohio Department of Public Safety	GG-2020-BGSU-00019	-	58,583
TOTAL HIGHWAY SAFETY CLUSTER				-	113,261
SPECIAL EDUCATION CLUSTER					
U.S. Department of Education					
Special Education Grants to States: PELICANS: Partnering for Early Literacy & Literacy in Inclusive Classrooms: Assessing Needs and Strategies	84.027	University of Cincinnati	H027A18011A	-	12,692
IMPerative: Designing an Inclusive Middle-level Program	84.027	University of Cincinnati	H027A190111	-	102,948
TOTAL SPECIAL EDUCATION CLUSTER				-	115,640
CCDF CLUSTER					
U.S. Department of Health and Human Services					
Child Care and Development Block Grant - FY 19 Ohio Ready to Learn	93.575	Ohio Educational Telecommunications Network	G-1819-17-0090	-	15
TOTAL CCDF CLUSTER				-	15
MEDICAID CLUSTER					
U.S. Department of Health and Human Services					
Medical Assistance Program - 2020 Ohio Medicaid Assessment Survey (OMAS)	93.778	Ohio State Univer Res Fndn/Ohio Dept Medicaid	G-2021-05-0069	-	15,420
TOTAL MEDICAID CLUSTER				-	15,420
WIOA CLUSTER					
U.S. Department of Labor					
Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Program - Ottawa County Regional Workforce Analysis	17.278	Poggemeyer Design Group	074.01595303.00	-	31,857
TOTAL WIOA CLUSTER				-	31,857
OTHER GRANTS AND CONTRACTS					
U.S. Department of Defense					
Basic, Applied and Advanced Research in Science and Engineering: Ohio Junior Science and Humanities Symposium 2019	12.630	National Science Teachers Association	W911SR-15-2-0001	-	9,908
Ohio Junior Science and Humanities Symposium 2019-2020	12.630	National Science Teachers Association	W911SR-15-2-0001	-	622
Total U.S. Department of Defense				-	10,530
U.S. Department of the Interior					
National Cooperative Geologic Mapping - StateView Program Development and Operations for the State of Ohio	15.810	AmericaView	G18AP00077	-	23,056
Total U.S. Department of the Interior				-	23,056
National Endowment for the Humanities					
Promotion of the Humanities - Federal/State Partnership - Stories in the Woods: A Community-Based History Told Along the Trails of Wintergarden/St. John's Woods	45.129	Ohio Humanities Council	QU20-014	-	1,352
Promotion of the Humanities - Division of Preservation and Access - Preserving and Contextualizing the Islamic Culture and Heritage of Northwest Ohio	45.149		PY-263670-19	-	2,507
Promotion of the Humanities - Teaching and Learning Resources and Curriculum Development - The Black Swamp Project: A Cross Curricular Effort to Link the Humanities with Sustainability at BGSU	45.162		AKA-260466	-	(2,178)
Total National Endowment for the Humanities				-	1,681
U.S. Department of Energy					
State Energy Program - LEAN Buildings Collaboration	81.041	University of Dayton	RSC19084	-	5,885
Total U.S. Department of Energy				-	5,885
Department of Education					
Vocational Education Basic Grants: FY2018-19 CTE Teacher Education Program	84.048	Ohio Department of Education	V048A180035	-	11,729
FY 2019-2020 CTE Teacher Education Program	84.048	Ohio Department of Education	V048A190035	-	95,054
Twenty-First Century Community Learning Centers - Evaluation of Leipsic 21st Century Grant	84.287	Putnam County Educational Service Center	S287C170035	-	7,270
Teacher Quality Partnership Grants - Project IMPACT: Improving Motivation, Pedagogy, Assessment and Collaboration for Teachers	84.336		U336S180041	-	464,878
Education Stabilization Fund: COVID-19 - Higher Education Emergency Relief Fund - Student Aid Portion	84.425E			-	5,417,103
COVID-19 - Higher Education Emergency Relief Fund - Institutional Portion	84.425F			-	5,417,103
Total U.S. Department of Education				-	11,413,137
U.S. Department of Health and Human Services					
CMHS Child Mental Health Service Initiative - Evaluation of ENGAGE 2.0	93.104	Ohio Dept of Mental Health/Addiction Srv	DMHF18NGAG	-	37,978
Substance Abuse & Mental Health Services Projects of Regional & Natl Significance: Harbor Primary and Behavioral Health Care Integration (HPBHCI)	93.243	Harbor	1H79SM062202-01	-	28,632
Evaluation of Youth Treatment-Implementation (YT-I)	93.243	Ohio Dept of Mental Health/Addiction Srv	3H80-2020	-	13,588
Total U.S. Department of Health and Human Services				-	80,198
U.S. Department of Justice					
Byrne JAG Program - Public Safety Communications	16.738	Ohio Office of Criminal Justice Services	2018-JG-LLE-5001	-	5,648
Total U.S. Department of Justice				-	5,648
TOTAL OTHER GRANTS AND CONTRACTS				-	11,540,135
TOTAL FEDERAL EXPENDITURES				\$ 793,990	\$ 152,520,350

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bowling Green State University (the "University") under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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. Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect Costs

The University recovers indirect costs by means of provisional fixed indirect cost rates. The provisional fixed rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The predetermined fixed rate for on-campus research is 42 percent of modified total direct costs, and the off-campus predetermined rate is 21 percent of modified total direct costs effective July 1, 2016 until June 30, 2021.

The University has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 4 - Federal Direct Student Loans and Other Loans

The University acts as an intermediary for students receiving Federal Direct Student Loans (CFDA #84.268), which include Direct Loans and Parents' Loans for Undergraduate Students, from the federal government. The federal government is responsible for billings and collections of the loans. The University assists the federal government by processing the applications and applying funds to student accounts from the federal government. Since this program is administered by the federal government, new loans made in the fiscal year ended June 30, 2020 related to Federal Direct Loans are considered current year federal expenditures, whereas the outstanding loan balance is not.

The outstanding balances on the Federal Perkins Loans and the Federal Nursing Student Loans at June 30, 2020 are \$4,628,544 and \$550,969, respectively.

Schedule of Findings and Questioned Costs

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? reported _____ Yes X None
- Noncompliance material to financial statements noted? reported _____ Yes X None

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? reported X Yes _____ None
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes _____ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
Various	Student Financial Aid Cluster	Unmodified
Various	TRIO Cluster	Unmodified
84.425	COVID-19 - Higher Education Emergency Relief Fund	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

Current Year None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2020-001	<p>CFDA Number, Federal Agency, and Program Name - Student Financial Aid Cluster (Federal Pell Grant Program - 84.063, Federal Direct Student Loans - 84.268)</p> <p>Federal Award Identification Number and Year - 84.063 and 84.268, 2020</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - Under the Direct Loan programs (Direct Loan, 34 CFR Section 685.309) and Federal PELL (Pell, 34 CFR Section 690.83(b)(2)), changes in a student's status are required to be reported to the National Student Loan Data System (NSLDS) within 30 days of the change or included in a student status confirmation report sent to NSLDS within 60 days of the status change.</p> <p>Condition - Of the 40 students selected for status change testing, 1 of those students did not have their status change reported in a timely manner.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - Of the 40 students selected for enrollment reporting testing, 1 student did not have their status change updated appropriately.</p> <p>Cause and Effect - At the end of each semester, the University reviews documentation for applicable students to approve degree completion and graduation. The University submits weekly status changes for these graduated students for approximately six weeks following the end of the semester. Subsequent to that period, the University will submit a status change for a graduated student upon notification from within the records and registration department for any student that subsequently completes their degree requirements. In this instance, the student's degree completion occurred after the weekly reporting of graduated students had ceased, and notification was not received regarding the degree completion. As such, the records and registration department was not aware that the student's status change was incomplete.</p> <p>Recommendation - The University should implement a procedure to review graduation dates for those students with completion subsequent to the six-week period following the end of the semester.</p> <p>Views of Responsible Officials and Corrective Action Plan - We concur. Management will add a weekly degree conferral status review subsequent to the last standard degree conferral date for a term to identify and update late degree conferrals.</p>	None

Bowling Green State University
June 30, 2020
Summary Schedule of Prior Audit Findings

Prior Year Finding Number:
2019-001

Fiscal Year in Which the Finding Initially Occurred:
2019

Federal Program, CFDA Number and Name:
N/A

Original Finding Description:

During the audit, it was identified that certain expenditures for construction projects from dates prior to the statement of financial position date were not accrued. Construction contractors' submission of construction invoices is historically delayed. Subsequent entry into the general ledger system occurs after the numerous and complex contract specifications are inspected and approved. The University performs periodic reviews of expenditures entered into the general ledger system after the statement of financial position date in order to capture these transactions in the proper period. This review process was performed subsequent to year end, but ended prematurely prior to the audit end. The expenditures identified during the audit were included in late-received construction project invoices recorded in the time period for which the review had not occurred.

Status/Partial Corrective Action (as applicable):
Fully corrected

Planned Corrective Action:
N/A

Bowling Green State University
June 30, 2020
Corrective Action Plan

Finding Number: 2020-001

Condition: Of the 40 students selected for status change testing, one of those students did not have a status change reported in a timely manner.

Planned Corrective Action: We concur. Management will add a weekly degree conferral status review subsequent to the last standard degree conferral date for a term to identify and update late degree conferrals.

Contact person responsible for corrective action: Michelle Rable, Registrar

Anticipated Completion Date: 03/31/2021

OHIO AUDITOR OF STATE KEITH FABER



BOWLING GREEN STATE UNIVERSITY

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/16/2021

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