

**BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE**

**November 13, 2020
Teleconference**

Agenda

1.0 Plante Moran – presentation and discussion of FY2020 Financial Report by Mr. Keith Martinez, Engagement Partner, and Mr. Joshua Louge, Manager

2.0 Action Items

**2.1 Resolution F19-20
Acceptance of Completed Portions of Shawnee State University’s FY2020 Financial Report**

Mr. Greg Ballengee, Controller, will present Resolution F19-20 to accept the FY2020 Financial Report for approval by the Board of Trustees.

**2.2 Resolution F20-20
Approval of FY2020 Efficiency Report**

Mr. Joe VanDeusen, Director of Risk Management, Safety, and Procurement, will present Resolution F20-20 to approve the FY2020 Efficiency Report for approval by the Board of Trustees.

3.0 Information and Reports

3.1 Mr. Barhorst, VP for Finance and Administration, will present the operating budget status for the 1st Qtr. FY21

3.2 Mr. Ballengee, Controller, will present the TIAA Cash Reserves investment status and FY20 Preliminary SB6 Composite Score

3.3 Ms. Johnson, Director of Human Resources Operations, will review 1st Qtr. Personnel activity

3.4 Mr. Kotcamp, Director of Facilities, will present an updated Capital Projects Report



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Shawnee State University

Board of Trustees
Finance and Administration Committee
November 13, 2020



Shawnee State University

Agenda

- Shawnee State University Audit Team
- Required Communication
- Summary of Audit Differences
- New Pronouncements
- Appendix - Definitions



Shawnee State University

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Shawnee State University

Required Communications

Plante Moran Reports

- Opinion on FY 2020 University financial statements
 - Foundation presented as a component unit.
 - Issued an “unmodified opinion” on the financial statements.
 - Emphasis of matter paragraph was included related to COVID-19 impact
- Our second report addresses internal control over financial reporting and compliance and other matters as required by *Generally Accepted Governmental Auditing Standards (GAGAS)*.

Plante Moran Responsibilities under GAAS and GAGAS

- To gain a basic understanding of the internal controls, policies and procedures in order to design an effective and efficient audit approach, not for the purpose of providing assurance on the internal control structure.
- To test compliance with certain provisions of laws, regulations, contracts, and grants that have a direct and material effect.
- To gain an understanding of internal control over financial reporting.
- To express an opinion on the University’s financial statements.
- To provide reasonable, not absolute, assurance of detecting material misstatements.



Shawnee State University

Required Communications (continued)

Significant Accounting Policies

- The significant accounting policies used by Shawnee State University are described in the notes, specifically footnote 2 to the financial statements.

Management Judgments and Accounting Estimates

- We are required to report to you amounts in the financial statements that are subject to management's judgment in what is recorded as well as items, that by their nature, are significant accounting estimates.
- Significant estimates made by management include:
- Student accounts receivable allowance for uncollectible accounts, footnote 5
- Liability for pending litigation, footnotes 10 and 14
- Accounting for service concession arrangements, footnote 2
- Net pension and OPEB liability for STRS and OPERS, footnote 13



Shawnee State University

Required Communications (continued)

Sensitive Disclosures

- The disclosures in the financial statements are neutral, consistent, and clear.
- We are required to report to you certain financial statement disclosures that are particularly sensitive.
- The most sensitive disclosure was the disclosure in Note 2 to the financial statements related to the impact of the COVID-19 pandemic on the University's operations.

Significant Auditing Adjustments

- There were no detected misstatements or passed adjustments as a result of audit procedures.

Quality of Accounting Policies

- Shawnee State University's accounting policies are consistent in their application and the information presented in the financial statements and related disclosures is complete and presented clearly.

Disagreements with Management

- There were no disagreements with Management on financial accounting and reporting matters.



Shawnee State University

Required Communications (continued)

Consultations with Other Accountants

- To the best of our knowledge, Management has had no consultations with other independent accountants regarding accounting or auditing matters or alternative presentations.

Discussion Prior to Retention

- All discussions with Management occurred in the normal course of our professional relationship and the responses were not a condition of our retention. This is our 7th year as Shawnee State University's auditors.

Management Cooperation

- Management cooperated with us and provided us with complete access to the books and records of Shawnee State University.



Shawnee State University

Required Communications (continued)

Communications with Management

- There were no communications with Management other than our engagement letter, and Management's representation letter to us. In the course of our audit, the University's Internal Counsel provided us a schedule of current litigation and similar matters of a significant nature for our review.

Significant Additions to Management's Representations

- There were no significant additions to management's representations.

Independence

- The Plante Moran audit team was independent of Shawnee State University throughout the year in the performance of the audits.



Shawnee State University

Required Communications (continued)

Other Services

- Shawnee State University Development Foundation audit
- Shawnee State University single audit (audit of federal programs)
 - Currently in process due to delays in federal guidance on testing of CARES act funding
 - Testing student financial assistance cluster, special education (IDEA) cluster, and higher education emergency relief fund programs
 - Expected Deliverables
 - Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
 - Report on Internal Control Over Financial Reporting and Compliance and Other Matters as required by Generally Accepted Governmental Auditing Standards (GAGAS)
 - Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance
 - Schedule of Findings and Questioned Costs

Related Party Transactions

- The Shawnee State University Development Foundation is a related party to the University.



Shawnee State University

Upcoming Pronouncements

GASB 84 – Fiduciary Activities

- Effective for the fiscal year ending June 30, 2021
 - Originally effective for the University's financial statements for the year ending June 30, 2020 and were extended to June 30, 2021 with the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.
- Establishes criteria for identifying fiduciary activities
- For public institutions, examples that may meet these criteria include 1) endowment assets of other institutions that are managed in the reporting institution's investment pool and 2) alumni or student club accounts that are managed with the reporting institution's cash or investments
- Additionally, in June 2020, the GASB issued 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.

GASB 87 – Leases

- Effective for the fiscal year ending June 30, 2022
 - Originally effective for the University's financial statements for the year ending June 30, 2021 and were extended to June 30, 2022 with the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.
- Requires 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 contracts
- Lessee would be required to recognize a lease liability and an intangible right-to-use lease asset
- Lessor would be required to recognize a lease receivable and a deferred inflow of resources



Shawnee State University

Upcoming Pronouncements (Continued)

GASB 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period

- Effective for the fiscal year ending June 30, 2022
 - Originally effective for the University's financial statements for the year ending June 30, 2021 and were extended to June 30, 2022 with the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.
- Requires interest cost incurred during the period of construction be recognized as an expense (no longer capitalized)



Shawnee State University

Appendix - Definitions

- **Control Deficiency**
 - 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. Control deficiencies may involve one or more of the five interrelated components of internal control.
- **Significant Deficiency**
 - A “significant deficiency” is a deficiency, or 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.
- **Material Weakness**
 - A “material weakness” is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and correct on a timely basis.
- **FASB**
 - Financial Accounting Standards Board is the governing accounting body that issues reporting pronouncements for private sector organizations. The Foundation prepares its financial statements in accordance with these pronouncements and guidance.
- **Fraud**
 - The term “fraud” includes “misstatements” arising from fraudulent financial reporting and misstatements arising from misappropriation of assets.
 - “Misstatements” arising from “fraudulent financial reporting” are intentional misstatements, or omissions of amounts or disclosures in financial statements intended to deceive financial statement users.
 - “Misstatements” arising from “misappropriation of assets” involve the theft of assets where the effect of the theft causes the financial statements not to be presented in conformity with GAAP.
 - The University is responsible for the design and implementation of programs and controls to prevent and detect fraud.



Shawnee State University

Appendix - Definitions

- **GASB**
 - Governmental Accounting Standards Board is the governing accounting body that issues reporting pronouncements. SSU prepares its financial statements in accordance with these pronouncements and guidance.
- **GAAP**
 - Generally Accepted Accounting Principles. Used by almost all entities in the USA to prepare periodic financial statements.
- **GAAS**
 - Generally Accepted Auditing Standards. The standards that govern the conduct of independent audits of non-public companies, as determined by the Auditing Standards Board (ASB) of the AICPA.
- **GAGAS**
 - Generally Accepted Governmental Auditing Standards. Informally known as “Yellow Book,” these standards guide all audits of governmental units.
- **Unmodified Opinion**
 - A signed representation by an auditor as to the reliability and fairness of a set of financial statements. The opinion could be qualified, unmodified, or adverse. For the University, the opinion is unmodified, which is the best opinion to have from an auditor.
- **Auditor Opinion Date**
 - The date the audit is completed and the auditor can provide their opinion. This is defined as the date the audit fieldwork and reviews are completed and the date management has reviewed the financial statements and provided a signed representation letter to the auditors.



Shawnee State University

Appendix - Definitions

- **Material Misstatement**
 - To present accidental or intentional untrue financial statement information that influences a company's value.
- **Significant Adjustments**
 - An error in financial reporting discovered by the auditor during performance of their audit fieldwork which was large enough that it was required to be booked to the financial statements and disclosed to the audit committee or board.
- **Passed Adjustments**
 - A summary of proposed account adjustments not recorded by management and reviewed by auditors and determined, individually or in the aggregate, not to have a significant effect on the financial reporting process and therefore they are not recorded in the financial statements.
- **Allowance**
 - An estimate determined by management, for instance, of the amount of receivables at June 30 not expected to be received.
- **990-T**
 - Corporate income tax form for exempt organization unrelated income. This primarily relates to income earned on limited partnerships that is considered taxable by the IRS (real estate and natural resources), and non-educational use of institutional property.



Shawnee State University

Appendix - Definitions

- **Uniform Prudent Management of Institutional Funds Act (UPMIFA)**
 - UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations and imposes additional duties on those who manage and invest charitable funds. The objective is these duties will provide additional protections for charities and also protect the interests of donors who want to see their contributions used wisely.
- **Statement on Auditing Standards AU 265 – Communicating Internal Control-Related Matters Identified in an Audit**
 - Establishes requirements and provides guidance on communicating matters related to the Foundation's internal control over financial reporting identified during the audit of the financial statements. Depending on the severity of the issue, the internal control matter can be classified as a control deficiency, a significant deficiency or a material weakness. The definitions of these items per AU 265 are included on page 13
- **Statement on Auditing Standards AU 260 – The Auditor's Communication with Those Charged with Governance**
 - Requires two-way communications with those charged with governance (The Shawnee State University Finance and Administration Committee) before and after the audit.
 - Defines primary subjects required to be communicated.



Thank you!

*We look forward to continuing
to serve Shawnee State
University!*

RESOLUTION F19-20

**ACCEPTANCE OF COMPLETED PORTIONS OF
SHAWNEE STATE UNIVERSITY'S
FY2020 FINANCIAL REPORT**

WHEREAS, pursuant to O.R.C. 117.11, the financials of Shawnee State University must be audited every year by an independent certified public accountant; and

WHEREAS, pursuant to federal law, the University must also undergo an audit, known as a Single Audit, for each year in which it receives \$750,000 or more in federal financial assistance; and

WHEREAS, except as noted below, the University's designated independent public accounting firm, Plante Moran, PLLC, completed its audit of the University's FY2020 financials, issued an unmodified report, and reviewed the report results with the Finance and Administration Committee; and

WHEREAS, Plante Moran's completion of parts of the federal Single Audit has been delayed while the firm awaits guidance from federal authorities on auditing guidance related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and

WHEREAS, the federal government has extended by up to three (3) months its filing deadlines for recipients of federal financial assistance, such as the University, that were directly impacted by the novel coronavirus (COVID-19) due to loss of operations;

THEREFORE, BE IT RESOLVED, the Board of Trustees accepts the Shawnee State University FY2020 Financial Report pending approval by the Auditor of State, with the understanding that parts of the Single Audit relating to the CARES Act remains to be completed.

(November 13, 2020)

“This report is subject to review and acceptance by the Auditor of State’s office, and the requirements of Ohio Revised Code § 117.25 are not met until the Auditor of State certifies this report. This process will be completed by the Auditor of State in a reasonable timeframe and reports are subject to change if the Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards or Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.”

Shawnee State University

(a component unit of the State of Ohio)

Financial Report

June 30, 2020

Shawnee State University

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Independent Auditor's Report

To the Board of Trustees
Shawnee State University

Report on the Financial Statements

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

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the net position of Shawnee State University and its discretely presented component unit as of June 30, 2020 and 2019 and the changes in its net position and its cash flows where applicable 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 2 to the financial statements, the COVID-19 pandemic has impacted the operations of the University. Our conclusion is not modified with respect to this matter.

To the Board of Trustees
Shawnee State University

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the University's proportionate share of the net pension liability, the schedule of university pension contributions, the schedule of the University's proportionate share of the net OPEB liability, and the schedule of university OPEB contributions, as indicated in the table of contents, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020 on our consideration of Shawnee 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 Shawnee State University's internal control over financial reporting and compliance.



October 13, 2020

Shawnee State University

Management's Discussion and Analysis (Unaudited)

This unaudited section of Shawnee State University's (the "University") annual financial report presents a discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2020. This discussion, prepared by university management, provides an overview of the University's financial activities and should be evaluated in conjunction with the accompanying financial statements and footnotes.

This annual report consists of the statements of net position, revenue, expenses, and changes in net position, and cash flows. These statements have been prepared in accordance with the Governmental Accounting Standards Board's (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities*, as amended.

In addition, in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14 - Omnibus*, Shawnee State University Development Foundation's (the "Foundation") financial statements have been included in this annual report. This information has been provided on separate financial statements and in a note to the financial statements. Shawnee State University's management's discussion and analysis reflects only information related to the University.

Financial Highlights

Key financial highlights for 2020 are as follows:

- Total net position decreased \$986,901. The decrease is primarily the result of a \$1,770,003 increase in instruction and departmental research expense, an increase of \$992,645 in public service expense, and a \$519,177 increase in scholarship and fellowship expense. The increases in operating expenses were partially offset with an increase of \$2,075,451 in nonoperating federal, state and local grant revenue and a \$1,326,199 increase in state appropriation revenue.
- Total assets increased \$140,466 due to the increase in capital assets, mainly from the projects financed by bond series 2016 proceeds.
- Noncurrent assets (excluding capital assets) decreased \$3,282,693 as the result of the liquidation of restricted investments to fund Bond Series 2016 construction projects and a reduction in investments held by the University for cash needs.
- Total Deferred Outflows of Resources decreased \$4,728,321 mainly due to the deferred portion of the GASB Statement No. 68 pension expense adjustment.

Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

- The \$7,011,754 decrease in total liabilities was primarily due to a \$7,699,828 decrease in net pension liability related to GASB Statement No. 68 and the \$687,945 decrease to long term debt.
- Total deferred inflows of resources increase of \$3,410,800 is primarily due to the \$2,503,361 increase in deferred pension costs and the \$744,001 increase in other post employment benefit costs related to GASB Statement No. 68 and Statement No. 75, respectively.
- Total revenue increased \$4,138,898 from 2019 to 2020 compared with a decrease of \$2,402,601 from 2018 to 2019. The increase was primarily due to a \$3,261,057 increase in federal, state and local grant and contract revenue, an increase of \$1,326,199 in revenue from state appropriations and an increase of \$354,093 in student tuition and fees revenue.
- Total expenses increased \$2,682,098 in 2020 primarily due to an increase of \$2,485,286 in operating expenses. The 2020 increase in operating expenses consisted of a \$1,770,003 increase in instruction and departmental research expenses, an increase of \$992,645 in public service expenses, a \$519,177 increase in scholarship expenses, and a \$352,551 increase in depreciation expense partially offset by a \$500,727 reduction in operation and maintenance of plant expenditures.
- Operating revenue increased by \$898,668 primarily due to a \$1,185,606 increase in operating grant revenue (revenue for projects which result in an "exchange" like a product, report or some form of an outcome), an increase of \$354,093 in student tuition and fee revenue.
- Nonoperating revenue increased \$2,949,230 as a result of a \$2,075,451 increase in nonoperating grant revenue (grants that are not exchange transactions, such as CARES Act grant and scholarship grants like Pell, SEOG, OCOG) and a \$1,326,199 increase in state appropriations. Nonoperating expenses increased \$196,812 primarily as a result of an increase in interest expense on related debt in 2020.

Using this Financial Report

This annual report consists of two parts: (1) management's discussion and analysis and the basic financial statements for Shawnee State University, and (2) the basic financial statements for Shawnee State University Development Foundation. The basic financial statements for Shawnee State University include the statements of net position, revenue, expenses, and changes in net position, and cash flows. The basic financial statements for Shawnee State University Development Foundation include the statement of net assets and the statement of activities.

Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

Statement of Net Position and Statement of Revenue, Expenses, and Changes in Net Position

The statement of net position and statement of revenue, expenses, and changes in net position present information about the University and its activities in a way that helps answer the question, "How did Shawnee State University do financially during 2020?" The statement of net position includes all short-term and long-term assets and liabilities, both financial and capital and deferred outflows or inflows of resources. The accrual basis of accounting is used for the recording of revenue and expenses. This basis of accounting records revenue when earned and expenses when incurred, regardless of when the cash is actually received or paid. Over time, increases or decreases in net position are one indicator of the improvement or deterioration of the University's financial health. Nonfinancial factors such as student retention rate, enrollment growth, and condition of facilities must also be considered.

Statement of Net Position

The statement of net position, which reports all assets and liabilities of the University, reflects the financial position of the University at the end of the fiscal year. Total assets and deferred outflows of resources minus total liabilities and deferred inflows of resources equal net position. The University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2020, 2019, and 2018 are presented below:

Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

	2020	2019	2018
Assets			
Current assets	\$ 7,246,264	\$ 6,644,831	\$ 6,717,677
Capital assets - Net	85,161,019	82,339,293	81,463,970
Other noncurrent assets	<u>10,101,443</u>	<u>13,384,136</u>	<u>19,356,891</u>
Total assets	102,508,726	102,368,260	107,538,538
Deferred Outflows of Resources	7,160,207	11,888,528	11,253,663
Liabilities			
Current liabilities	7,426,205	7,561,123	8,799,530
Noncurrent liabilities	<u>62,361,128</u>	<u>69,237,964</u>	<u>70,048,677</u>
Total liabilities	69,787,333	76,799,087	78,848,207
Deferred Inflows of Resources	<u>11,576,120</u>	<u>8,165,320</u>	<u>8,207,912</u>
Net Position			
Net investment in capital assets	66,271,979	66,457,561	66,291,426
Restricted, expendable	249,246	249,245	173,500
Unrestricted	<u>(38,215,745)</u>	<u>(37,414,425)</u>	<u>(34,728,844)</u>
Total net position	<u>\$ 28,305,480</u>	<u>\$ 29,292,381</u>	<u>\$ 31,736,082</u>

Total assets of the University increased \$140,466 in 2020 and decreased \$5,170,278 in 2019. Current assets increased \$601,433 in 2020 following a \$72,846 decrease in 2019. An increase of \$679,182 in accounts receivables was the largest component of the 2020 increase in current assets. The decrease in 2019 was the net result of a \$567,596 reduction in accounts receivables, a \$447,604 decrease in amounts due from primary government for state funded construction projects and a \$789,397 increase in cash from the liquidation of investment holdings in 2019. Noncurrent assets (excluding capital assets) decreased \$3,282,693 in 2020 and \$5,972,655 in 2019. Both 2020 and 2019 decreases were due to the utilization of the Bond Series 2016 funding for new capital projects related to the debt and liquidations of investment securities for University cash needs.

The final phase of construction funded by the Bond Series 2016 issue resulted in an increase of \$2,821,726 in net capital assets in 2020. The increased number of capital construction projects initiated in 2019 resulted in an increase of \$875,323 in net assets for that year.

The \$7,011,754 decrease in 2020 total liabilities was primarily due to the \$7,699,828 decrease in net pension liability to recognize the reduction of the University's proportionate share of the net pension liability as determined by the two pension plans

Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

associated with the University, the State Teachers Retirement System and Ohio Public Employees Retirement System, as required by GASB Statement No. 68. See Note 13 to the financial statements for further details. The remainder of the 2020 decrease in total liabilities was attributable to a \$950,040 reduction in long term debt. The \$2,049,120 decrease in total liabilities in 2019 consisted primarily of a \$687,945 reduction in accounts payable in addition a reduction of \$655,000 in bonds payable.

Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents the results of operations for the University. The change in net position during the fiscal year is a measurement of the change in the overall financial condition of the University. The University's revenue, expenses, and changes in net position for the fiscal years ended June 30, 2020, 2019, and 2018 are as follows:

Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

	2020	2019	2018
Operating revenue:			
Tuition, fees, and other student charges	\$ 19,082,443	\$ 18,728,350	\$ 20,433,024
Grants and contracts	4,448,998	3,263,392	4,112,850
Sales and services	1,654,788	2,038,280	2,207,409
Miscellaneous income	387,630	645,169	496,926
Nonoperating revenue:			
Investment income	323,292	578,900	922,233
State appropriations	17,040,109	15,713,910	15,811,797
Other grants	12,769,671	10,694,220	11,260,695
Capital appropriations	<u>2,542,812</u>	<u>2,448,624</u>	<u>1,268,512</u>
 Total revenue	 58,249,743	 54,110,845	 56,513,446
Operating expenses:			
Instruction and research	17,356,628	15,586,625	8,890,534
Public service	3,323,789	2,331,144	2,060,195
Academic support	2,633,021	2,813,696	2,677,238
Student services	4,956,280	4,775,638	4,286,628
Institutional support	10,989,883	11,594,379	10,916,284
Operation and maintenance of plant	4,024,285	4,525,012	4,793,929
Scholarships and fellowships	5,315,602	4,796,425	5,330,743
Depreciation	4,040,030	3,687,479	3,650,888
Auxiliary enterprises	5,990,591	6,034,425	6,525,600
Nonoperating expense:			
Interest on capital debt	606,535	409,363	437,761
Loss on disposal of capital assets	-	360	7,350
 Total expenses	 <u>59,236,644</u>	 <u>56,554,546</u>	 <u>49,577,150</u>
 (Decrease)increase in net position	 <u>\$ (986,901)</u>	 <u>\$ (2,443,701)</u>	 <u>\$ 6,936,296</u>

Shawnee State University is dedicated to its mission of providing higher education that fosters competence in oral and written communication, scientific and quantitative reason, and critical analysis/logical thinking. To enrich the lives of the community, the University provides opportunities for continuing personal and professional development, intellectual discovery, and appreciation for the creative and performing arts. The University charges students' tuition and fees in accordance with approved university policy, as constrained by state laws. Beginning with the Fall 2018 term, the University did implement a new tuition guarantee program for all new first-time freshmen students. The Shawnee

Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

Advantage Tuition plan guarantees students a flat tuition rate for up to five years while attending the University. Each new fiscal year, the tuition rate will be adjusted for that year's incoming freshmen class. The fall 2019 incoming freshmen class tuition and fee rate was \$4,132. Based on state regulations or University policy, rates charged for continuing in-state and all out-of-state student tuition and fees increased 2.0 percent during 2020. There was no change to the tuition and fee rate charged to graduate students during 2020.

The University's 2020 revenue from student tuition and fees has increased to \$19,082,443 from \$18,728,350 in 2019 following a decrease from \$20,433,024 in 2018 due to corresponding enrollment level changes over these years. Tuition and fees represent 32.8 percent of the University's total revenue in 2020, 34.6 percent in 2019 and 36.2 percent in 2018. The University's 2020 operating grants and contracts revenue increased 26.7 percent to \$4,448,998 from \$3,263,392 in 2019 following a decrease of 20.7 percent from \$4,112,850 in 2018 due to the level of new and maturing federal and state operating grants. The University continues initiatives to identify and obtain new grant funding as shown by the 2020 increase.

Operating expenses increased \$2,485,286 primarily as a result of the 2019 \$839,470 GASB 68 and 75 reduction of pension expense being \$1,234,474 more than the 2020 \$395,004 GASB 68 and 75 increase of pension expense. In addition to this \$1,234,474 increase of pension and OPEB related operating expense. Scholarship and fellowship expense increased \$519,177 in 2020 following a decrease in 2019 of \$534,318 due to corresponding changes in enrollment for those years. This increase in 2020 operating expenses is partially offset by a \$500,727 decrease in operation and maintenance of plant expenses and a \$604,496 decrease in institutional support expenses as a result of continuing austerity efforts across the University.

State appropriations represent 29.3 percent of the University's total revenue in 2020, 29.0 percent in 2019, and 28.0 percent in 2018. These percentages illustrate that tuition and fee revenue is not sufficient to cover operational expenses. The University has considerable dependency upon a predictable and relatively stable level of state appropriation funding.

During 2020, investment income amounted to \$323,292 as compared to \$578,900 during 2019 and \$922,233 during 2018. This decrease in investment income is the result of the declining funds available for investment as well as the impact of the University decision to reallocate a larger portion of the investment portfolio to a lower return but more stable fixed income allocation during 2020.

Pell Grants and certain other grants are considered nonexchange transactions and are reflected as nonoperating revenue. The federal grants portion of nonoperating other grants and contract revenue experienced a 19.8 percent increase from \$7,322,981 in 2019 to \$8,774,374 in 2020. The increase is primarily due to the receipt of two CARES

Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

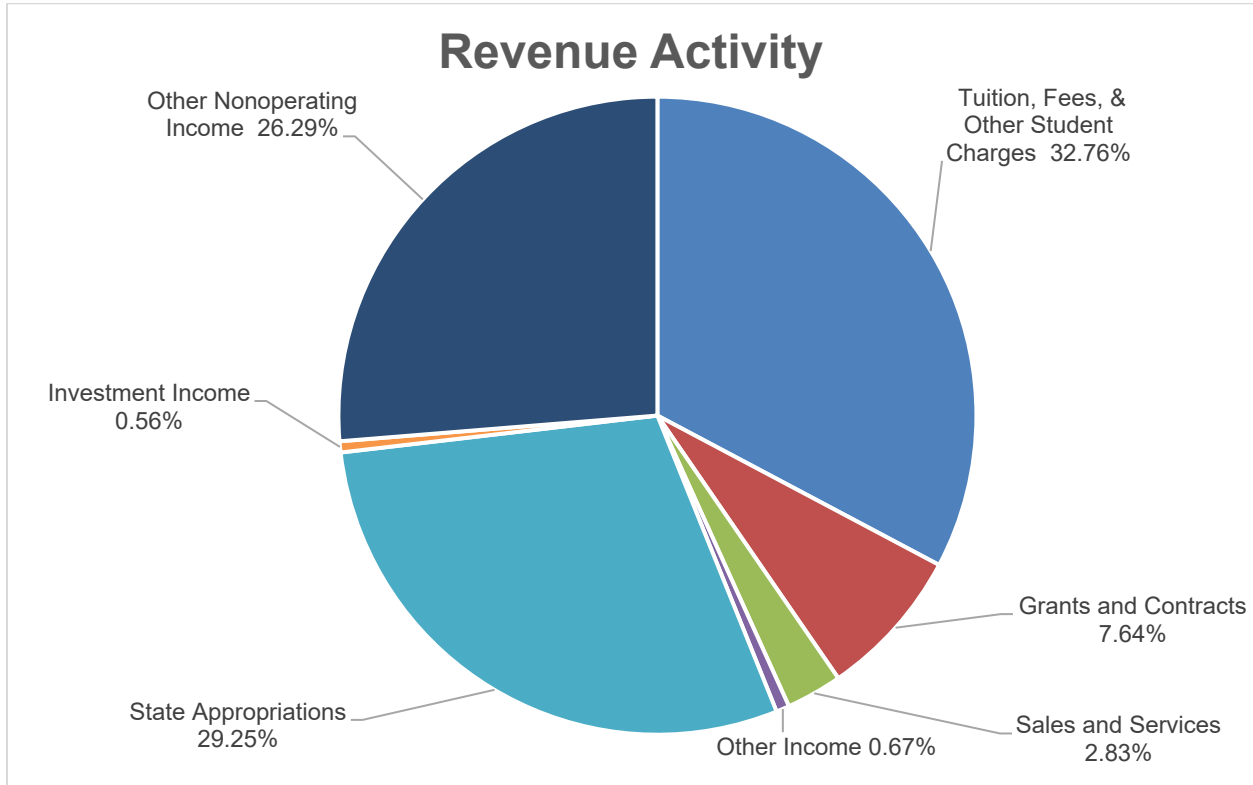
Act programs. In 2020 the University recorded \$506,928 in Higher Education Emergency Relief Fund Student-Student Aid funds and \$506,928 in Higher Education Emergency Relief Fund-Institutional Portion funds. The remaining increase in other nonoperating federal grants in 2020 follows a decrease in 2019 of 6.5 percent from 2018 in the federal grant portion of nonoperating other grants revenue. Income from federal aid programs such as Pell, SEOG, and Veteran's Benefits amounted to \$8.8 million in 2020 as compared with \$7.3 million in 2019 and \$7.8 million in 2018. Nonoperating grants revenue represents 21.9 percent of the University's total revenue in 2020, up from 19.8 percent in 2019, and 19.9 percent in 2018.

Capital appropriations increased to \$2,542,812 from \$2,448,624 in 2019 as work on state capital projects continued in 2020. The increase to \$2,448,624 in 2019 from \$1,268,512 in 2018 reflect the increased state capital funding received to initiate new capital projects during those years. These projects include the STEM building projects and renovation to the Library building on campus.

The following graphs illustrate Shawnee State University's revenue and expense activity for the fiscal year ended June 30, 2020.

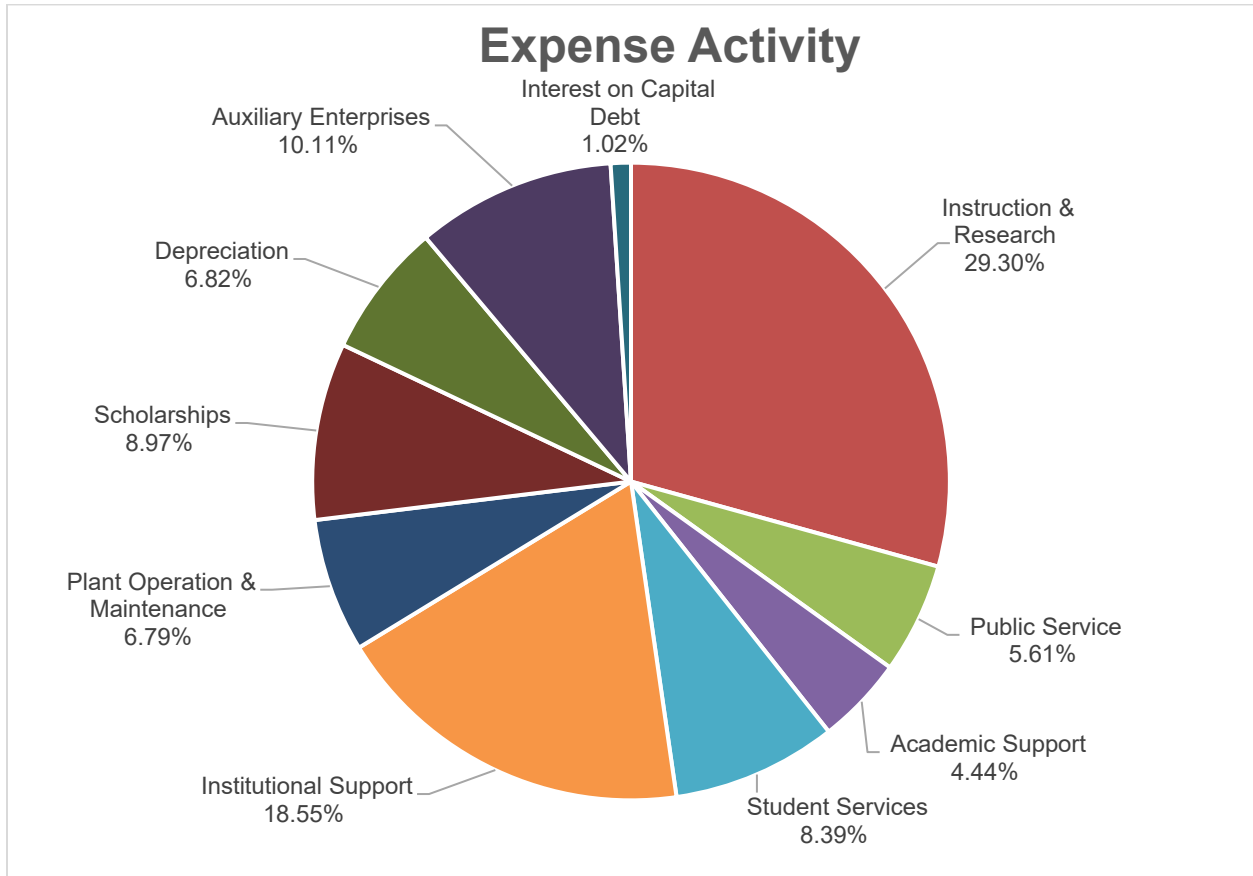
Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)



Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)



Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

Statement of Cash Flows

The statement of cash flows provides information about the University's financial condition by reporting the cash sources (receipts) and the cash uses (payments) during the fiscal year ended June 30, 2020. A comparison of cash sources and uses during fiscal years 2020, 2019, and 2018 is presented below:

	2020	2019	2018
Cash (Used in) Provided By			
Operating activities	\$ (29,855,368)	\$ (28,443,714)	\$ (28,221,043)
Noncapital financing activities	29,665,573	26,385,499	26,153,453
Capital and related financing activities	(4,846,725)	(3,756,139)	(3,802,663)
Investment activities	4,544,059	6,603,751	6,622,791
Net (decrease) increase in cash and cash equivalents	(492,461)	789,397	752,538
Cash and Cash Equivalents			
Beginning of the year	1,936,155	1,146,758	394,220
End of the year	<u>\$ 1,443,694</u>	<u>\$ 1,936,155</u>	<u>\$ 1,146,758</u>

Cash and cash equivalents decreased by \$492,461 in 2020 as a result of decreased cash inflows during the spring due to interruptions to business operations from COVID 19 restrictions. The University continued to follow a combination of institution-wide spending constraint strategies during the year to reduce future cash needs.

Capital Assets and Debt Administration

At the end of fiscal year 2020, the University held \$85,161,019 in net capital assets. This reflects an increase of \$2,821,726 in net capital assets from 2019. The increase was due to the increased number of construction projects initiated or completed during 2020.

Capital assets - Net of depreciation at June 30:

	2020	2019	2018
Land	\$ 8,003,370	\$ 8,003,370	\$ 8,003,370
Land improvements	6,928,631	6,928,631	6,928,631
Buildings and improvements	65,665,586	55,412,017	58,354,853
Equipment	1,873,225	1,803,784	2,412,502
Library books	151,461	189,862	232,737
Construction in progress	2,538,746	10,001,629	5,531,877
Totals	<u>\$ 85,161,019</u>	<u>\$ 82,339,293</u>	<u>\$ 81,463,970</u>

Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

Debt Administration

In fiscal year 2017, the University issued \$20,845,000 of General Receipts Bonds, Bond Series 2016. The net proceeds of the Series 2016 bonds were designated for various purposes. Bond proceeds of about \$7,200,000 were allocated to pay for the costs of various improvements to the University's campus. Those improvements include the renovation and rehabilitation of existing facilities for athletics and student recreation, health and fitness, student housing renovations, and other campus improvements. Secondly, the funds were utilized to advance refund all of the University's outstanding General Receipts Bonds, Series 2007. The Series 2007 Bonds were issued on June 5, 2007 for the purpose of paying the costs to renovate and construct a new addition to its University Center and for refunding of prior bond issues. Lastly, the remaining Series 2016 bond proceeds were used to pay costs of issuance of the bonds.

In fiscal year 2013, the University executed a new capital lease with Key Government Finance, Inc. The original lease proceeds of \$2,820,339 are funding a portion of the University's IT infrastructure upgrade project. In 2015, the University received an additional \$227,407 in funding and revised the original lease's payment schedule to reduce annual payment amounts by extending the lease through October 1, 2018. The University paid the final capital lease payment in 2019.

Outstanding debt at year end:

	2020	2019	2018
Capital lease payable - 3.16%	\$ -	\$ -	\$ 321,617
Unamortized bond premium	550,595	583,540	608,171
General revenue bonds payable - 2% to 4%	18,920,000	19,575,000	20,220,000
Total debt	<u>\$ 19,470,595</u>	<u>\$ 20,158,540</u>	<u>\$ 21,149,788</u>

Current Financial Issues and Concerns

Like all institutions of higher education, Shawnee State University faced and successfully managed perhaps the most unique challenge in its history: a pandemic of worldwide impact, COVID-19. With great resolve and resiliency, the university transitioned its operations to an essentially fully online model in the spring of 2020, thereby allowing students to stay on track toward their educational goals. Shawnee continues to deploy innovative approaches to further its mission, successfully launching the fall semester of 2020 with a return to in-person instruction, a key element of success for its unique student body. Notwithstanding these efforts, the pandemic continues to create uncertainty in the following areas:

Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

Enrollment, Tuition and Fees

2020 started off with great promise as the Shawnee State realized some of the largest gains in fall-to-fall enrollment in the university sector of the State of Ohio's public higher education system, yielding a 1.9% increase in gross tuition and fees for the full year versus 2019. As noted above, the university switched delivery modalities from largely face-to-face to online learning in March of 2020; this effort preserved most of the tuition and fee revenue gains relative to the prior year. That favorable result has been somewhat short-lived as enrollment, particularly of on-campus residential students, has softened in the fall of 2020. Shawnee's experience in this regard has been similar to its peers in Ohio and the nation.

Although new student enrollment suffered the greatest decline year over year from fiscal 2020 to 2021 (as measured by fall enrollment in those years and relative to other student cohorts at the university), the retention of continuing students at comparatively higher levels offers some reason for guarded optimism.

State Funding

Shawnee State relies heavily on direct subsidy from the State of Ohio to meet its educational mission. This revenue stream is comprised of two major components, State Share of Instruction (SSI) and a supplemental appropriation (the "Shawnee Supplement") that combined, have produced almost thirty percent of total revenues to the institution over the last three fiscal cycles.

Total state subsidy grew by 8.4% from 2019 to 2020 entirely as the result of a 53.1% increase in the supplement (\$1.35 million) as SSI was flat year over year. It is important to note that the combined result for 2020 was actually \$674K (3.8%) less than what had been expected for the institution to receive as late as April of 2020. Shawnee's SSI portion was to be higher due to a mid-year adjustment based on the University's results in the performance-based funding model. However, all state-supported institutions of higher education in Ohio saw their SSI cut by 3.8% in the first week of May 2020 (when the State's budget cut was implemented in response to revenue shortfalls due to lowered economic activity resulting from the coronavirus pandemic). Although all of these schools suffered hardships from the budget cut, the effect upon Shawnee was more pronounced given its heavier reliance on state subsidy that its peers.

As of this writing, the State of Ohio has not released a full year budget for state subsidy for fiscal 2021, and prudence suggests that any projection related thereto be informed by a significant amount of conservatism in light of the ongoing pandemic and its impact on the State's fiscal health.

Expenses

As noted above, roughly 49.7% of the increase in operating expenses from 2019 to 2020 can be traced to an increase in pension and related expenses driven by GASB

Shawnee State University

Management's Discussion and Analysis (Unaudited) (Continued)

68/75. The residual \$1.3 million increase in non-GASB 68/75 expenses can be traced to pandemic mitigation and response (\$1.0 million funded via CARES Act grants) and an increase of over \$500K in scholarships. All other categories of expense were carefully managed over the course of the year so as to yield an overall change in operating expenses of just 2.2%. Some of the efforts undertaken to accomplish this restraint include:

- An organization-wide furlough program that touched essentially every non-teaching employee across the organization in the Spring of 2020
- A hiring freeze that continues to present
- Aggressive negotiation and re-negotiation of service contracts
- Careful monitoring of utilities and other occupancy costs

Despite these cost containment practices, key services to students were maintained to the greatest extent possible, often in novel ways due to the pandemic. Thus far, the university has been able to successfully leverage external funding (e.g., CARES Act) to cover the extraordinary costs of the pandemic, but these monies, as a rule, do not serve to replace the foregone income expected to be suffered by the institution in fiscal 2021 and perhaps beyond.

Looking Forward to Fiscal 2021 and Beyond

Both the popular and higher education industry media have identified the COVID-19 pandemic as one of, if not the, most significant force affecting colleges and universities across the country. Shawnee State University is therefore not alone as it faces the future, a future that depends upon the following:

- A resumption of the enrollment momentum realized from fall of 2019 to fall of 2020
- Continued predictable and robust state support though both SSI and supplement
- Careful monitoring of spending patterns, both near- and long-term

Shawnee State University

Statement of Net Position University

	June 30	
	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 1,443,694	\$ 1,936,155
Receivables:		
Accounts - Net of allowance for doubtful accounts of \$1,815,604 in 2020 and \$2,095,257 in 2019	4,920,815	4,241,633
Notes receivable	84,015	79,992
Amounts due from primary government	-	33,287
Interest receivable	13,756	23,261
Inventory	20,017	24,264
Prepaid items	763,967	306,239
	<u>7,246,264</u>	<u>6,644,831</u>
Total current assets		
Noncurrent Assets		
Restricted investments	35,661	3,594,563
Investments	8,549,782	9,789,573
Net OPEB asset	1,516,000	-
Capital assets - Net	85,161,019	82,339,293
	<u>95,262,462</u>	<u>95,723,429</u>
Total noncurrent assets		
Total assets	102,508,726	102,368,260
Deferred Outflows of Resources		
Pension costs	5,606,617	11,017,389
OPEB costs	1,553,590	871,139
	<u>7,160,207</u>	<u>11,888,528</u>
Total deferred outflows of resources		
Total Assets and Deferred Outflows of Resources	<u><u>\$ 109,668,933</u></u>	<u><u>\$ 114,256,788</u></u>

Shawnee State University

Statement of Net Position (Continued) University

	June 30	
	2020	2019
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 1,312,768	\$ 1,039,300
Accrued wages and benefits	3,106,668	3,576,463
Compensated absences payable	206,986	191,666
Long-term debt	950,040	687,945
Accrued interest payable	54,144	55,781
Unearned revenue	1,668,027	1,875,899
Deposits held by and due to others	<u>127,572</u>	<u>134,069</u>
Total current liabilities	7,426,205	7,561,123
Noncurrent Liabilities		
Compensated absences payable	1,862,875	1,724,992
Net pension liability	33,231,975	40,931,803
Net OPEB liability	8,745,723	7,110,574
Long-term debt	<u>18,520,555</u>	<u>19,470,595</u>
Total noncurrent liabilities	<u>62,361,128</u>	<u>69,237,964</u>
Total liabilities	69,787,333	76,799,087
Deferred Inflows of Resources		
Service concession agreements	288,000	92,528
Pension costs	7,140,070	4,636,709
OPEB costs	3,699,583	2,955,582
Bond refunding	<u>448,467</u>	<u>480,501</u>
Total deferred inflows of resources	11,576,120	8,165,320
Net Position		
Net investment in capital assets	66,271,979	66,457,561
Restricted:		
Expendable		
Loans	212,907	212,906
Other	36,339	36,339
Unrestricted	<u>(38,215,745)</u>	<u>(37,414,425)</u>
Total net position	<u>28,305,480</u>	<u>29,292,381</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 109,668,933</u>	<u>\$ 114,256,788</u>

Shawnee State University

Statement of Net Assets Development Foundation

	June 30	
	2020	2019
Assets		
Cash and cash equivalents	\$ 1,911,896	\$ 833,833
Investments	17,572,011	18,743,975
Contributions receivable - Net	289,280	330,684
Lease receivable from related party	19,837	22,006
Grant receivable	162,340	196,914
Other receivable	-	36,353
Beneficial interest in trusts held by others	773,006	796,980
Cash surrender value of life insurance	265,383	277,702
Other assets	70,654	72,590
Net property and equipment	9,728,128	9,962,366
Total assets	\$ 30,792,535	\$ 31,273,403
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 360,197	\$ 14,823
Accrued real estate tax	15,938	15,597
Grant payable	162,340	196,914
Other payable	10,000	20,000
Deposits held and due to others	4,975	6,822
Annuity payment liability	416,621	239,263
Note payable	3,773,502	3,948,916
Total liabilities	4,743,573	4,442,335
Net Assets		
Without donor restrictions	7,799,397	8,052,310
With donor restrictions	18,249,565	18,778,758
Total net assets	26,048,962	26,831,068
Total liabilities and net assets	\$ 30,792,535	\$ 31,273,403

Shawnee State University

Statement of Revenue, Expenses, and Changes in Net Position University

	Year Ended June 30	
	2020	2019
Operating Revenue		
Student tuition and fees (net of scholarship allowances of \$11,672,038 in 2020 and \$10,496,856 in 2019)	\$ 19,082,443	\$ 18,728,350
Federal grants and contracts	2,640,149	1,867,320
State grants and contracts	1,147,120	656,136
Local grants and contracts	358,719	396,733
Private gifts, grants, and contracts	303,010	343,203
Sales and services	1,654,788	2,038,280
Miscellaneous	387,630	645,169
Total operating revenue	25,573,859	24,675,191
Operating Expenses		
Education and general:		
Instruction and departmental research	17,356,628	15,586,625
Public service	3,323,789	2,331,144
Academic support	2,633,021	2,813,696
Student services	4,956,280	4,775,638
Institutional support	10,989,883	11,594,379
Operation and maintenance of plant	4,024,285	4,525,012
Scholarships and fellowships	5,315,602	4,796,425
Depreciation expense	4,040,030	3,687,479
Auxiliary enterprises	5,990,591	6,034,425
Total operating expenses	58,630,109	56,144,823
Operating Loss	(33,056,250)	(31,469,632)
Nonoperating Revenue (Expenses)		
State appropriations	17,040,109	15,713,910
Federal, state, and local grants and contracts	11,546,961	9,598,061
Private grants and contracts	1,222,710	1,096,159
Investment income	323,292	578,900
Interest on capital asset-related debt	(606,535)	(409,363)
Loss on disposal of capital assets	-	(360)
Net nonoperating revenue	29,526,537	26,577,307
Change in Net Position Before Capital Appropriations	(3,529,713)	(4,892,325)
Other Revenue - Capital appropriations	2,542,812	2,448,624
(Decrease) Increase in Net Position	(986,901)	(2,443,701)
Net Position - Beginning of year	29,292,381	31,736,082
Net Position - End of year	\$ 28,305,480	\$ 29,292,381

Shawnee State University

Statement of Activities Development Foundation Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 118,114	\$ 581,032	\$ 699,146
Investment income - Net	25,552	266,929	292,481
Change in value of split-interest agreements	-	(11,518)	(11,518)
Federal grant revenue	-	358,719	358,719
Other income	163,055	3,272	166,327
Rental income	410,168	-	410,168
Net assets released from restrictions	<u>1,727,627</u>	<u>(1,727,627)</u>	<u>-</u>
 Total revenue and other support	 2,444,516	 (529,193)	 1,915,323
Expenses			
Program services:			
Scholarships and other student aid	941,548	-	941,548
Institutional support	861,855	-	861,855
Total program services	<u>1,803,403</u>	<u>-</u>	<u>1,803,403</u>
Management and general expenses	281,258	-	281,258
Rental activities	505,867	-	505,867
Fundraising	<u>106,901</u>	<u>-</u>	<u>106,901</u>
 Total expenses	 <u>2,697,429</u>	 <u>-</u>	 <u>2,697,429</u>
 Change in Net Assets	 (252,913)	 (529,193)	 (782,106)
 Net Assets - Beginning of year	 <u>8,052,310</u>	 <u>18,778,758</u>	 <u>26,831,068</u>
 Net Assets - End of year	 <u><u>\$ 7,799,397</u></u>	 <u><u>\$ 18,249,565</u></u>	 <u><u>\$ 26,048,962</u></u>

Shawnee State University

Statement of Activities (Continued) Development Foundation Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 178,218	\$ 661,202	\$ 839,420
Investment income - Net	123,365	965,373	1,088,738
Change in value of split-interest agreements	-	(162,251)	(162,251)
Federal grant revenue	-	396,733	396,733
Other income	-	61,340	61,340
Rental income	407,381	-	407,381
Net assets released from restrictions	1,951,871	(1,951,871)	-
	<hr/>	<hr/>	<hr/>
Total revenue and other support	2,660,835	(29,474)	2,631,361
Expenses			
Program services:			
Scholarships and other student aid	658,960	-	658,960
Institutional support	937,583	-	937,583
Total program services	1,596,543	-	1,596,543
Management and general expenses	243,354	-	243,354
Rental activities	518,643	-	518,643
Fundraising	192,968	-	192,968
	<hr/>	<hr/>	<hr/>
Total expenses	2,551,508	-	2,551,508
Change in Net Assets	109,327	(29,474)	79,853
Net Assets - Beginning of year, as restated	<hr/> 7,942,983	<hr/> 18,808,232	<hr/> 26,751,215
Net Assets - End of year	<hr/> \$ 8,052,310	<hr/> \$ 18,778,758	<hr/> \$ 26,831,068

Shawnee State University

Statement of Cash Flows University

	Year Ended June 30	
	2020	2019
Cash Flows from Operating Activities		
Cash received from tuition, fees, and other student charges	\$ 18,767,874	\$ 20,060,967
Cash received from gifts, grants, and contracts	4,133,324	2,746,727
Cash received from sales and services	1,547,486	2,140,510
Cash received from miscellaneous services	387,630	645,169
Cash payments to suppliers for goods and services	(15,402,070)	(13,061,112)
Cash payments to employees for services	(24,860,683)	(25,496,423)
Cash payments for employee benefits	(9,113,327)	(10,683,127)
Cash payments for scholarships and fellowships	(5,315,602)	(4,796,425)
Net cash used in operating activities	(29,855,368)	(28,443,714)
Cash Flows from Noncapital Financing Activities		
State appropriations	17,040,109	15,713,910
Nonexchange gifts, grants, and contracts	12,187,137	10,955,930
Federal direct student loan program receipts	16,147,806	16,024,838
Federal direct student loan program disbursements	(15,702,982)	(16,312,869)
Net cash from agency transactions	(6,497)	3,690
Net cash provided by noncapital financing activities	29,665,573	26,385,499
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	2,560,280	2,768,972
Payments for capital acquisitions	(6,078,854)	(4,862,605)
Principal payments	(655,000)	(966,617)
Interest payments	(673,151)	(695,889)
Net cash used in capital and related financing activities	(4,846,725)	(3,756,139)
Cash Flows from Investing Activities		
Interest on investments	332,797	570,894
Proceeds for sales and maturities of investments	12,107,401	4,534,836
Proceeds for sales of restricted investments	3,558,902	2,027,522
Purchases of securities	(11,455,041)	(529,501)
Net cash provided by investing activities	4,544,059	6,603,751
Net Change in Cash and Cash Equivalents	(492,461)	789,397
Cash and Cash Equivalents - Beginning of year	1,936,155	1,146,758
Cash and Cash Equivalents - End of year	\$ 1,443,694	\$ 1,936,155

Shawnee State University

Statement of Cash Flows (Continued) University

	Year Ended June 30	
	2020	2019
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (33,056,250)	\$ (31,469,632)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	4,040,030	3,687,479
Changes in operating assets and liabilities and deferred outflows of resources and deferred inflows of resources which provided (used) cash:		
Accounts receivable	(465,454)	1,198,786
Notes receivable	(4,023)	860
Prepaid items	(457,728)	(167,152)
Inventory	4,247	7,947
Accounts payable	273,468	(963,625)
Accrued wages and benefits	(469,795)	(53,311)
Compensated absences payable	153,203	109,724
Unearned revenue	(268,070)	44,680
Net OPEB asset	(1,516,000)	-
Net pension liability	(7,699,828)	4,442,269
Net OPEB liability	1,635,149	(4,663,787)
Deferred outflows of resources - Net pension expense	5,410,772	(564,775)
Deferred outflows of resources - Net OPEB pension expense	(682,451)	(70,090)
Deferred inflows of resources - Net pension expense	2,503,361	(1,860,295)
Deferred inflows of resources - Net OPEB expense	744,001	1,877,208
Net cash used in operating activities	<u>\$ (29,855,368)</u>	<u>\$ (28,443,714)</u>

Note 1 - Reporting Entity

Shawnee State University (the "University") is a state institution of higher education created in 1986 by the Ohio General Assembly under House Bill 739. The University is one of several state-supported universities in the state of Ohio (the "State"). The University is a component unit of the State and is included as a discretely presented component unit in the State's Comprehensive Annual Financial Report. It is declared by statute to be a body politic and corporate and an instrumentality of the State. The University is governed by a nine-member board of trustees, which is granted authority under Ohio law to do all things necessary for the proper maintenance and continual successful operation of the University. The trustees are appointed for staggered nine-year terms by the governor with the advice and consent of the State Senate. In addition, two nonvoting student members are appointed to the board of trustees for staggered two-year terms.

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14 - Omnibus*, provide guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting as a component unit an organization that raises and holds significant economic resources for the direct benefit of a government unit.

Shawnee State University Development Foundation (the "Foundation") is a legally separate, tax-exempt organization supporting 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 Foundation's board of trustees is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of the resources the Foundation holds and invests are restricted by the donors to the activities of the University. 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. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board. A separate financial report for the Foundation is available by contacting The Shawnee State University

Note 1 - Reporting Entity (Continued)

Development Foundation, 940 Second Street, Portsmouth, Ohio, 45662 or by calling 740-351-3284.

The financial statements of the University have been prepared on the accrual basis and are in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant Shawnee State University accounting policies are described below.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, and subsequent standards issued by the GASB, the accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the US. The University has elected to report as an entity engaged in business-type activities.

When an expenditure is incurred for purposes for which both restricted and unrestricted funds are available, it is the University's policy to apply restricted resources first, then unrestricted resources as needed.

The financial statements presentation is intended to provide a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, expenses, changes in net position, and cash flows.

Basis of Accounting - The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Shawnee State University's financial statements are prepared using the accrual basis of accounting.

Operating revenue is recorded on the accrual basis when the exchange takes place. Non operating revenues are derived from more passive efforts related to the acquisition of the revenue rather than the earning of it. Expenses are recognized at the time they are incurred.

Cash and Cash Equivalents - Cash consists primarily of petty cash, cash in banks, and money market accounts. Cash equivalents are short-term highly liquid investments readily convertible to cash with original maturities of three months or less.

Note 2 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable - Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, staff, the majority of each residing in the state of Ohio. 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. Accounts receivable are recorded net of estimated uncollectible amounts.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond the year end are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year in which the services are consumed.

Restricted Investments – Amounts represent the unspent bond proceeds invested in eligible securities as defined by the Series 2016 Bond agreements and are restricted for bond related capital projects.

Investments - Investments, which include investment contracts and money market investments that have a remaining maturity of one year or less at the time of purchase, are reported at fair value. The University has an investment management agreement with TIAA, as permitted by state statute. The agreement allows (within statute limits) investment in both debt and equity instruments. All investments are carried at fair value.

The University has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's office which 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 Governmental Accounting Standards Board (GASB) Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2020 and 2019, respectively.

Capital Assets - Capital assets utilized by Shawnee State University are reported on the statement of net position. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. Shawnee State University maintains a capitalization threshold of \$5,000 for movable equipment and \$100,000 for buildings. Building improvement

Note 2 - Summary of Significant Accounting Policies (Continued)

projects over \$100,000 are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or significantly extend an asset's life are not capitalized.

All reported capital assets except for land, land improvements, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	25-50 years
Machinery and equipment	5-20 years
Licensed vehicles	5-10 years
Library books	10 years

Shawnee State University's policy is to capitalize net interest on construction projects until completion of the project. The amount of the capitalized interest is the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset. The University recorded \$0 and \$222,268 of capitalized interest as of June 30, 2020 and 2019, respectively. The University did not record capitalized interest in 2020 due to completion of construction projects associated with the Bond Series 2016.

Compensated Absences - Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to service already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability will include employees currently eligible to receive termination benefits and those Shawnee State University had identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and the employee's wage rate at year end, taking into consideration any limits specified in Shawnee State University's termination policy.

Unearned Revenue - Unearned revenue is predominantly made up of two categories of income. The first consists of receipts relating to tuition and student fees in advance of the services to be provided. The University will recognize revenue to the extent these services are provided over the coming fiscal year.

The remaining source of unearned revenue consists of grant funding received from the grantor prior to occurrence of allowable grant expenses. Revenue will be recognized as expenses are incurred.

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Other Postemployment Benefit Costs - For purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) and State Teachers Retirement System of Ohio (STRS) Pension Plan and additions to/deductions from STRS'/OPERS' fiduciary net position have been determined on the same basis as they are reported by STRS/OPERS. STRS/OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, STRS/OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government 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. More detailed information can be found in Note 13.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government

Note 2 - Summary of Significant Accounting Policies (Continued)

reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 13. Defeasance of bond and service concession agreement amounts are included as deferred inflow of resources since they are recognized in a future period.

Net Position - GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

- **Net Investment in Capital Assets** - Capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows of resources related to the acquisition, construction, or improvement of those assets.
- **Restricted** - Owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted net position category is subdivided further into expendable and nonexpendable.
 - **Restricted Expendable** - May be spent by the institution, but only for the purpose specified by the donor, or other external entity. This category includes the unspent balance in loan funds, debt service funds, and bond-funded capital projects.
 - **Restricted Nonexpendable** - Endowment funds whose principal may be invested; however, only interest, dividends, and capital gains may be spent.
- **Unrestricted** - Resources whose use by the University is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees or may otherwise be limited by contractual agreements with outside parties.

Income Taxes - The University is an organization described in Section 115 of the Internal Revenue Code (the "Code") and has further been classified as an organization that is not a private foundation in accordance with Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. However, certain revenue is considered unrelated business income and may be taxable under Code Sections 511 through 513.

Note 2 - Summary of Significant Accounting Policies (Continued)

Self-Insurance - The University is self-insured for certain employee health benefit programs. Funding for these programs is based on actuarial projections provided by the plan administrators. Aggregate stop-loss insurance is maintained for benefit payments that exceed the maximum limits outlined in the policy. A liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, is recorded.

Classification of Revenue - Revenue is classified as either operating or nonoperating.

- Operating revenue includes revenue from activities that have characteristics similar to exchange transactions. These include student tuition and fees (net of scholarship discounts and allowances), sales and services of auxiliary enterprises (net of scholarship discounts and allowances), and certain federal, state, local and private grants, and contracts. The presumption is that there is a fair exchange of value between all parties to the transaction.
- Nonoperating revenue includes revenue from activities that have the characteristics of nonexchange transactions, such as state appropriations and certain federal, state, local, and private gifts, and grants. The implication is that such revenue is derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

Scholarship Discounts and Allowances - Student tuition and fee revenue, and certain other revenue from students, are reported net of scholarship discounts and allowances in the statement of revenue, 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 federal, state, local, and nongovernmental grants are recorded as either operating or nonoperating revenue in the University's financial statements based on whether or not they are considered exchange transactions. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Service Concession Arrangements - The University entered into an agreement in 2019 with a new food service provider, which is a service concession arrangement. As part of the arrangement, the service provider is funding dining hall renovations on the University's behalf over the 10-year period of the contract, contingent upon the University utilizing the services of the food service provider for the period. As amounts are funded, they are recorded as deferred inflows and amortized over the remaining life of the contract. The University fulfilled the prior service concession agreement in 2019. Under GASB Statement No. 60,

Note 2 - Summary of Significant Accounting Policies (Continued)

Accounting and Financial Reporting for Service Concession Arrangements, service concession arrangements are to be reported as deferred inflows/outflows of resources. The University recorded deferred inflows of resources of \$288,000 and \$92,528 at June 30, 2020 and 2019, respectively.

Budgetary Process - Although not required under the Ohio Revised Code, estimated budgets are adopted by the University board of trustees in the current fiscal year for the following fiscal year. As part of budgetary control, purchase orders, contracts, and other commitments are recorded as the equivalent of an expense on the budgetary basis in order to reserve that portion of the applicable encumbrance.

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

Reclassification – In the 2019 financial statements, \$550,595 in noncurrent liabilities unearned revenue has been reclassified to noncurrent long-term debt to conform to GASB presentation guidance. The reclassification increased 2019 noncurrent long-term debt to \$19,470,595.

Upcoming Accounting Pronouncements - As of June 30, 2020, the GASB has issued the following statements not yet implemented by the University:

- **Accounting for Fiduciary Activities** - In January 2017, the Governmental Accounting Standards Board 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. Additionally, in June 2020, the GASB issued 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. The provisions of this statement were originally effective for the University's financial statements for the year ending June 30, 2020 and were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The University is currently evaluating the impact of this standard, specifically related to holding assets for other organizations.

Note 2 - Summary of Significant Accounting Policies (Continued)

- **Accounting for Leases** - In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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 ending June 30, 2021 and were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

- **Accounting for Interest Cost Incurred Before the End of a Construction Period** – In June 2018, the Governmental Accounting Standards Board issued 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 will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the University's financial statements for the year ending June 30, 2021 and were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

COVID -19 Pandemic - On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and "shelter-at-home" guidelines for individuals. As a result, the global economy has been negatively affected, and the University's operations were also impacted. Due to the "shelter-at-home" guidelines during April through June 2020 the University shifted to a remote online learning environment and recommended students should return home. Shawnee State University issued room and board refunds to students. The University

Note 2 - Summary of Significant Accounting Policies (Continued)

sustained a reduction of \$673,531 in state appropriations in May and June 2020 as a result of COVID-19 impact on State of Ohio financial position. The University also had many conference or athletic events cancelled or temporarily postponed until the “shelter-at-home” guidelines were reduced or removed, which resulted in lost revenues for the University for the year ended June 30, 2020. The University implemented a summer furlough program that went into effect May 23, 2020, and included full and partial furloughs of employees in administrative and staff positions. During the furlough employees could apply for unemployment benefits; those partially furloughed were eligible to participate in the Ohio Department of Job and family services shared/Work Ohio program. To offset the financial impact to students and the losses incurred by the University due to the disruption caused by COVID-19, the University received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The University was allocated Higher Education Emergency Relief Fund (HEERF) awards totaling \$3.4M. Of the total award, no less than 50 percent (\$1.7M) was required to be disbursed directly to students to provide emergency financial aid grants. For the year ended June 30, 2020, the University disbursed \$506,928 of HEERF emergency grants to students. The remaining \$1.7M HEERF award may only be used by the University to cover any costs associated with significant changes to the delivery of instruction due to COVID-19. For the year ended June 30, 2020, the University recorded \$506,928 of HEERF funds to cover eligible expenses of the University. The severity of the continued impact due to COVID-19 on the University’s financial condition, results of operations or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the University’s community, all of which are uncertain and cannot be predicted. Preliminary enrollment numbers for fall 2020 indicate a reduction in enrollment from fall 2019 due to the pandemic.

Subsequent Events – In August 2020, the University received \$1,810,959 from the State of Ohio Department of Higher Education in CARES Act - Coronavirus Relief Funds. This funding is a federal pass-through from the US Department of Treasury (CFDA #21.019). In October 2020, the University received a \$176,226 HEERF- Strengthening Institutions Program (CFDA #84.425M) award notification from the Department of Education.

Note 3 - Deposits and Investments

Deposits - At June 30, 2020, the carrying amount of the University’s deposits (which consist of cash, excluding cash on hand of \$2,240, deposits held by trustee, and investments) was \$1,441,454 and the bank balance was \$1,706,290. The difference in the carrying amount and bank balance primarily results from outstanding checks. Of the bank balance, \$250,000 is covered by the Federal

Shawnee State University

Notes to Financial Statements June 30, 2020 and 2019

Note 3 - Deposits and Investments (Continued)

Deposit Insurance Corporation. At June 30, 2019, the carrying amount of the University's deposits, (which consist of cash, excluding cash on hand of \$2,827, deposits held by trustee, and investments) was \$1,933,328 and the bank balance was \$824,327.

Investments - All investments are stated at fair value. Investments received by gift are stated at fair value at the date of gift if a fair value is available, and otherwise at an appraised or nominal value.

As of June 30, 2020, the University had the following investments and maturities using the segmented time distribution method:

Investment Type	Value	Investment Maturities (in years)		
		<1	1-5	More than 5
U.S. govt. and agency bonds	\$ 1,736,746	\$ -	\$ 570,687	\$ 1,166,059
Corporate bonds and notes	1,594,375	-	738,683	855,692
Fixed-income mutual funds	1,735,135	1,735,135	-	-
Money market funds	2,289,874	2,289,874	-	-
STAR Ohio funds	194,983	194,983	-	-
Total	7,551,113	\$ 4,219,992	\$ 1,309,370	\$ 2,021,751
Equities and equity funds	1,034,330			
Total	\$ 8,585,443			

Note 3 - Deposits and Investments (Continued)

As of June 30, 2019, the University had the following investments and maturities using the segmented time distribution method:

Investment Type	Value	Investment Maturities (in years)		
		<1	1-5	More than 5
U.S. govt. and agency bonds	\$ 1,561,515	\$ 296,503	\$ 588,939	\$ 676,073
Corporate bonds and notes	1,566,401	183,461	715,891	667,049
Fixed-income mutual funds	1,528,691	1,528,691	-	-
Money market funds	5,981,325	5,981,325	-	-
STAR Ohio funds	191,776	191,776	-	-
Total	10,829,708	\$ 8,181,756	\$ 1,304,830	\$ 1,343,122
Equities and equity funds	<u>2,554,428</u>			
Total	\$ <u>13,384,136</u>			

Restricted investments at June 30, 2020 and 2019 are shown in the statement of net position as noncurrent assets in the amount of \$35,661 and \$3,594,563, respectively. Investments at June 30, 2020 and 2019 are shown in the statement of net position as noncurrent assets in the amount of \$8,549,782 and \$9,789,573, respectively.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy limits investments in fixed-income securities to government and agency issues and corporate issues in the top four quality rating of recognized credit services. Other than for alternative investments, investments below investment grade and derivatives are specifically prohibited.

As of June 30, 2020, and 2019, the University had the following investments and quality ratings:

Note 3 - Deposits and Investments (Continued)

Investment Type	Rating	2020 Fair Value	2019 Fair Value
U.S. govt. and agency bonds	AAA	\$ -	\$ 56,607
	AA+	1,736,746	1,504,908
Corporate bonds and notes	AAA	-	349,779
	AA	334,587	156,683
	A	680,665	594,056
	BBB	579,123	465,883
Fixed-income mutual funds	AAA	1,735,135	1,528,691
Money market funds	AAA	-	3,594,563
	AA+	2,289,874	2,386,762
STAR Ohio funds	AAA	194,983	191,776
		\$ 7,551,113	\$ 10,829,708

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's investment policy limits investment in any single issue other than U.S. government securities to 5.0 percent of the total investment portfolio.

Note 4 - 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.

In instances where by 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.

Note 4 - Fair Value Measurements (Continued)

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

	Balance at June 30, 2020	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				
Debt securities:				
U.S. govt. and agency bonds	\$ 1,736,746	\$ 1,736,746	\$ -	\$ -
Corporate bonds and notes	1,594,375	-	1,594,375	-
Total debt securities	3,331,121	1,736,746	1,594,375	-
Mutual funds:				
Fixed-income mutual funds	1,735,135	1,735,135	-	-
Equity mutual funds	1,034,330	1,034,330	-	-
Money market mutual funds	2,289,874	2,289,874	-	-
Total mutual funds	5,059,339	5,059,339	-	-
Total investments by fair value level	\$ 8,390,460	\$ 6,796,085	\$ 1,594,375	\$ -

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2019	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				
Debt securities:				
U.S. govt. and agency bonds	\$ 1,561,515	\$ 1,561,515	\$ -	\$ -
Corporate bonds and notes	1,566,401	-	1,566,401	-
Total debt securities	3,127,916	1,561,515	1,566,401	-
Mutual funds:				
Fixed-income mutual funds	1,528,691	1,528,691	-	-
Equity mutual funds	2,554,428	2,554,428	-	-
Money market mutual funds	5,981,325	5,981,325	-	-
Total mutual funds	10,064,444	10,064,444	-	-
Total investments by fair value level	\$ 13,192,360	\$ 11,625,959	\$ 1,566,401	\$ -

Note 4 - Fair Value Measurements (Continued)

Short-term investment and investments on the statement of net position at June 30, 2020 and 2019 include investments in STAR Ohio of \$194,983 and \$191,776, respectively. The investments in STAR Ohio are measured at amortized cost; therefore, they are not included in the tables above. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

Note 5 - Accounts Receivable

The composition of accounts receivable at June 30, 2020 and 2019 is summarized as follows:

	2020	2019
Student tuition and fees	\$ 4,112,361	\$ 4,502,538
Grants and contracts	2,606,111	1,821,342
Other	17,947	13,010
	<hr/>	<hr/>
Total accounts receivable	6,736,419	6,336,890
Less allowance for doubtful accounts	(1,815,604)	(2,095,257)
	<hr/>	<hr/>
Accounts receivable - Net	\$ 4,920,815	\$ 4,241,633

Shawnee State University

Notes to Financial Statements June 30, 2020 and 2019

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Reclass and Additions	Reductions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 8,003,370	\$ -	\$ -	\$ 8,003,370
Land improvements	6,928,631	-	-	6,928,631
Construction in progress	<u>10,001,629</u>	<u>2,446,218</u>	<u>(9,909,101)</u>	<u>2,538,746</u>
Total capital assets not being depreciated	24,933,630	2,446,218	(9,909,101)	17,470,747
Capital assets being depreciated:				
Buildings and improvements	107,691,458	13,737,209	-	121,428,667
Equipment	15,365,021	581,910	-	15,946,931
Library books	<u>3,984,738</u>	<u>5,520</u>	<u>(1,062)</u>	<u>3,989,196</u>
Total capital assets being depreciated	127,041,217	14,324,639	(1,062)	141,364,794
Less accumulated depreciation:				
Buildings and improvements	(52,279,441)	(3,483,640)	-	(55,763,081)
Equipment	(13,561,237)	(512,469)	-	(14,073,706)
Library books	<u>(3,794,876)</u>	<u>(43,921)</u>	<u>1,062</u>	<u>(3,837,735)</u>
Total accumulated depreciation	<u>(69,635,554)</u>	<u>(4,040,030)</u>	<u>1,062</u>	<u>(73,674,522)</u>
Total capital assets being depreciated - Net	<u>57,405,663</u>	<u>10,284,609</u>	<u>-</u>	<u>67,690,272</u>
Capital assets - Net	<u>\$ 82,339,293</u>	<u>\$ 12,730,827</u>	<u>\$ (9,909,101)</u>	<u>\$ 85,161,019</u>

As of June 30, 2020, the total of outstanding commitments for capital projects was \$106,223. This amount consists of \$70,717 for Capital Projects funded by the State of Ohio and \$35,506 for Capital Projects funded by the University and Bond Series 2016 funds.

Note 6 - Capital Assets (Continued)

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Reclass and Additions	Reductions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 8,003,370	\$ -	\$ -	\$ 8,003,370
Land improvements	6,928,631	-	-	6,928,631
Construction in progress	<u>5,531,877</u>	<u>4,823,384</u>	<u>(353,632)</u>	<u>10,001,629</u>
Total capital assets not being depreciated	20,463,878	4,823,384	(353,632)	24,933,630
Capital assets being depreciated:				
Buildings and improvements	107,691,458	-	-	107,691,458
Equipment	15,430,818	86,393	(152,190)	15,365,021
Library books	<u>4,035,489</u>	<u>7,017</u>	<u>(57,768)</u>	<u>3,984,738</u>
Total capital assets being depreciated	127,157,765	93,410	(209,958)	127,041,217
Less accumulated depreciation:				
Buildings and improvements	(49,336,605)	(2,942,836)	-	(52,279,441)
Equipment	(13,018,316)	(694,751)	151,830	(13,561,237)
Library books	<u>(3,802,752)</u>	<u>(49,892)</u>	<u>57,768</u>	<u>(3,794,876)</u>
Total accumulated depreciation	<u>(66,157,673)</u>	<u>(3,687,479)</u>	<u>209,598</u>	<u>(69,635,554)</u>
Total capital assets being depreciated - Net	<u>61,000,092</u>	<u>(3,594,069)</u>	<u>(360)</u>	<u>57,405,663</u>
Capital assets - Net	<u>\$ 81,463,970</u>	<u>\$ 1,229,315</u>	<u>\$ (353,992)</u>	<u>\$ 82,339,293</u>

Note 7 - Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees and administrators earn 10-25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Vacation time may be accumulated up to a maximum of twice the employee's current accrual rate. Faculty does not accrue vacation time.

Faculty, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum by all personnel. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of 40 days for qualifying employees.

Note 8 - Long-term Obligations

The changes in the University's long-term obligations during fiscal year 2020 were as follows:

	Principal Outstanding July 1, 2019	Additions	Deductions	Principal Outstanding June 30, 2020	Current Portion
General Receipt Bonds, Series 2016	\$ 19,575,000	\$ -	\$ 655,000	\$ 18,920,000	\$ 915,000
Unamortized bond premium	583,540	-	32,945	550,595	35,040
Sub total long-term debt	20,158,540	-	687,945	19,470,595	950,040
Compensated absences	1,916,658	330,608	177,405	2,069,861	206,986
Total long-term liabilities	\$ 22,075,198	\$ 330,608	\$ 865,350	\$ 21,540,456	\$ 1,157,026

The changes in the University's long-term obligations during fiscal year 2019 were as follows:

	Principal Outstanding July 1, 2018	Additions	Deductions	Principal Outstanding June 30, 2019	Current Portion
General Receipt Bonds, Series 2016	\$ 20,220,000	\$ -	\$ 645,000	\$ 19,575,000	\$ 655,000
Unamortized bond premium	608,171	-	24,631	583,540	32,945
Sub total long-term debt	20,828,171	-	669,631	20,158,540	687,945
Capital lease	321,617	-	321,617	-	-
Compensated absences	1,806,934	250,071	140,347	1,916,658	191,666
Total long-term liabilities	\$ 22,956,722	\$ 250,071	\$ 1,131,595	\$ 22,075,198	\$ 879,611

Note 8 - Long-term Obligations (Continued)

In fiscal year 2017, the University issued \$20,845,000 of General Receipts Bonds, Series 2016, dated November 29, 2016, maturing at various dates through June 1, 2041 at coupon rates ranging from 2.0 percent to 4.0 percent. The net proceeds of the Series 2016 Bonds will be used to first pay for the costs of various improvements to the University's campus. Those improvements include the renovation and rehabilitation of existing facilities for athletics and student recreation, health and fitness, student housing renovations, and other campus improvements (collectively, the "Project"). Secondly, the funds will be utilized to advance refund all of the University's outstanding General Receipts Bonds, Series 2007, dated June 5, 2007 (the "Series 2007 Bonds") and finally to pay costs of issuance of the Series 2016 Bonds.

The University advance refunded the 2007 Series bonds to reduce its total debt service payments over the next 18 years by almost \$2.3 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.8 million.

In fiscal year 2007, the University issued \$18,000,000 of General Receipts Bonds, Series 2007, dated June 5, 2007, maturing at various dates through June 1, 2034 at coupon rates ranging from 4.0 percent to 5.0 percent. The Series 2007 Bonds were issued for the purpose of paying the costs to renovate and construct a new addition to its Morris University Center and for refunding the outstanding Series A and Series B Bonds.

In fiscal year 2013, the University entered into a capital lease agreement to fund an IT infrastructure upgrade project. The agreement totaled \$2,820,339 with various payment dates through October 1, 2016. In fiscal year 2015, the University added \$227,407 in net additional capital lease funding and revised the payment schedule to reduce annual payment amounts by extending payment dates through October 1, 2018. As of June 30, 2016, assets totaling \$3,047,632 were purchased utilizing these funds. The assets purchased are included within buildings. The University paid the final capital lease payment in October 2018.

The interest expense for fiscal years 2020 and 2019 was \$606,535 and \$409,363, respectively.

Note 8 - Long-term Obligations (Continued)

Principal and interest amount due within each of the next five years and thereafter on the Series 2016 bond obligations outstanding at June 30, 2020 are as follows:

Years Ending June 30	Principal	Interest	Total
2021	\$ 915,000	\$ 649,725	\$ 1,564,725
2022	945,000	622,275	1,567,275
2023	970,000	593,925	1,563,925
2024	1,000,000	564,825	1,564,825
2025	1,020,000	544,825	1,564,825
2026-2030	5,670,000	2,149,675	7,819,675
2031-2035	5,775,000	988,925	6,763,925
2036-2040	2,150,000	314,125	2,464,125
2041	475,000	16,625	491,625
Total	\$ 18,920,000	\$ 6,444,925	\$ 25,364,925

Note 9 - Leases

The University's operating leases consist of real property and movable equipment that expire in fiscal year 2029. Total expenditures during 2020 and 2019 under operating leases amounted to approximately \$88,000 each year.

Note 10 - Contingencies

The University receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the unrestricted or restricted educational and general funds or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a significant adverse effect on the overall financial statements of the University at June 30, 2020.

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 university management, the disposition of all pending litigations would not have a significant adverse effect on the University's financial position.

Note 11 - State Support

The University is a state-assisted institution of higher education, which receives a student-performance-based subsidy from the State of Ohio. This subsidy is determined annually based upon a formula managed by the Ohio Department of Higher Education, adjusted to state resources available. The University also receives a supplemental appropriation to support the goals of improving course completion, increasing the number of degrees conferred, and furthering the University's mission of service to the Appalachian region.

In addition to the performance-based subsidy and supplement, the State of Ohio provides funding for the construction of major plant facilities on the University's campus. State funding for the construction of university facilities is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission, which in turn initiates the construction and subsequent lease of the facility by the Ohio Department of Higher Education. Upon completion of a facility, the Ohio Department of Higher Education turns over control to the University. The University capitalizes the costs of these facilities as construction is completed and payment is received from the Ohio Public Facilities Commission.

Neither the obligation for the revenue bonds issued by the Ohio Public Facilities Commission nor the annual debt service charges for principal and interest on the bonds are reflected in the University's financial statements. These are funded through appropriations to the Ohio Department of Higher Education by the Ohio General Assembly.

The University facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Capital Facilities Bond Service Fund, and future payments to be received by such fund, which is established in the custody of the Treasurer of State.

As a result of the above-described financial assistance provided by the State of Ohio to the University, outstanding debt issued by the Ohio Public Facilities Commission is not included on the University's statement of net position. In addition, appropriations by the General Assembly to the Ohio Department of Higher Education for payment of debt service charges are not reflected as appropriation revenue received by the University, and the related debt service payments are not recorded in the University's accounts.

The University also receives direct appropriations from the State to fund capital improvements. These appropriations are reflected as appropriation revenue on the University's financial statements. The costs, both direct and indirect, are subject to examination and advance approval by the State of Ohio.

Note 12 - Grants and Contracts

Revenue from grants and contracts is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the University must provide local resources to be used for a specified purpose, and expense requirements, in which the resources are provided to the University on a reimbursement basis.

Note 13 - Retirement Plans

Plan Description – The University participates in the State Teachers Retirement System (STRS), the School Employees Retirement System (SERS), and the law enforcement division of the Ohio Public Employees Retirement System (OPERS), statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that covers substantially all employees of the University. Each system has multiple retirement plan options available to its members, with three options in STRS and OPERS. Each system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The systems also each provide post-employment health care benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

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

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

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

Contributions – State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the 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

Note 13 – Retirement Plans (Continued)

employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

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

	Employer Contribution Rate			Member Contribution
	Postretirement			Total
	Pension	Healthcare	Total	
STRS	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%

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

	Employer Contribution Rate			Member Contribution
	Postretirement			Total
	Pension	Healthcare	Total	
STRS	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%

Note 13 – Retirement Plans (Continued)

The University’s required and actual contributions to the plans are:

	For the years ended June 30	
	2020	2019
STRS	\$ 1,561,516	\$ 1,504,712
OPERS	1,364,769	1,479,444
Total	\$ 2,926,285	\$ 2,984,156

Benefits Provided –

STRS – Plan benefits are established under Chapter 3307 of the ORC, 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 August 1, 2015, eligibility requirements for an unreduced benefit changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years) and 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 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,

Note 13 – Retirement Plans (Continued)

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.

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

A plan member who becomes disabled 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 an amount based on the average percentage increase in the Consumer Price Index, capped at 3.0 percent.

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 June 30, 2020, the net pension liability was measured as of June 30, 2019 for STRS, and December 31, 2019 for the OPERS plan. For June 30, 2019, the net pension liability was measured as of June 30, 2018 for STRS, 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

Shawnee State University

Notes to Financial Statements June 30, 2020 and 2019

Note 13 – Retirement Plans (Continued)

pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Percent Change 2020	Percent Change 2019
		2020	2019	2020	2019		
STRS	July 1	\$ 20,245,020	\$ 21,971,679	0.09155%	0.09993%	-8.39%	-5.46%
OPERS	December 31	12,986,955	18,960,124	0.06603%	0.06938%	-4.83%	-4.80%
Total		\$ 33,231,975	\$ 40,931,803				

For the years ended June 30, 2020 and 2019, the University recognized pension expense of \$214,305 and \$2,017,199, respectively. At June 30, 2020 the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 167,898	\$ 267,292
Changes of assumptions	3,081,792	-
Net difference between projected and actual earnings on pension plan investments	-	3,601,091
Changes in proportion and differences between university contributions and proportionate share of contributions	135,799	3,271,687
University contributions subsequent to the measurement date	2,221,128	-
Total	\$ 5,606,617	\$ 7,140,070

Note 13 – Retirement Plans (Continued)

At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 510,991	\$ 409,138
Changes of assumptions	5,556,886	-
Net difference between projected and actual earnings on pension plan investments	2,587,646	1,332,338
Changes in proportion and differences between university contributions and proportionate share of contributions	255,242	2,895,235
University contributions subsequent to the measurement date	<u>2,106,624</u>	<u>-</u>
 Total	 <u>\$ 11,017,389</u>	 <u>\$ 4,636,709</u>

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

Year Ending June 30	Amount
2021	\$ (299,663)
2022	(1,655,376)
2023	(567,389)
2024	(1,235,826)
2025	935
Thereafter	2,736
	 <u>\$ (3,754,583)</u>

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

Note 13 – Retirement Plans (Continued)

Net OPEB Liability/(Asset), Deferrals, and OPEB Expense – At June 30, 2020 and 2019, the University reported a liability for its proportionate share of the net OPEB liability/(asset) of STRS/OPERS. For June 30, 2020, the net OPEB liability/(asset) was measured as of June 30, 2019 for STRS, and December 31, 2019 for the OPERS plan. For June 30, 2019, the net OPEB liability/(asset) was measured as of June 30, 2018 for STRS, and December 31, 2018 for the OPERS plan. The total OPEB liability 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 OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below.

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.

Plan	Measurement Date	Net OPEB Liability/(Asset)		Proportionate Share		Percent Change 2020	Percent Change 2019
		2020	2019	2020	2019		
STRS	June 30	\$ (1,516,000)	\$ (1,606,000)	0.09155%	0.09993%	-8.39%	-5.46%
OPERS	December 31	8,745,723	8,716,574	0.06332%	0.06686%	-5.29%	-8.25%
Total		\$ 7,229,723	\$ 7,110,574				

For the years ended June 30, 2020 and 2019, the University recognized OPEB expense of \$180,699 and \$(2,856,669), respectively. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Shawnee State University

Notes to Financial Statements June 30, 2020 and 2019

Note 13 – Retirement Plans (Continued)

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 137,235	\$ 876,837
Changes of assumptions	1,416,355	1,662,000
Net difference between projected and actual earnings on pension plan investments	-	540,330
Changes in proportion and differences between university contributions and proportionate share of contributions	-	620,416
University contributions subsequent to the measurement date	-	-
	<hr/>	<hr/>
Total	\$ 1,553,590	\$ 3,699,583

At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 190,503	\$ 117,206
Changes of assumptions	281,033	2,188,000
Net difference between projected and actual earnings on pension plan investments	399,603	183,000
Changes in proportion and differences between university contributions and proportionate share of contributions	-	467,376
University contributions subsequent to the measurement date	-	-
	<hr/>	<hr/>
Total	\$ 871,139	\$ 2,955,582

Note 13 – Retirement Plans (Continued)

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

Year Ending June 30	Amount
2021	\$ (469,428)
2022	(414,314)
2023	(367,678)
2024	(544,936)
2025	(346,368)
Thereafter	(3,269)

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

Actuarial Assumptions – The total pension liability and OPEB liability is based on the results of an actuarial valuation and were determined using the following actuarial assumptions for the University’s current year:

Note 13 – Retirement Plans (Continued)

	STRS	OPERS
Valuation date - Pension	June 30, 2019	December 31, 2019
Valuation date - OPEB	June 30, 2019	December 31, 2018
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	1.40% to 3.0%
Salary increases, including inflation	2.5% - 12.5%	3.25% -10.25%
Inflation	2.50%	3.25%
Investment rate of return - Pension	7.45%, net of investment expense	7.2%, net of investment expense, including inflation
Investment rate of return - OPEB	7.45%, net of investment expense, including inflation	6.0% net of investment expense, including inflation
Health care cost trend rates	4.93% to 9.62% initial, 4% ultimate	10.5% initial, 3.5% ultimate in 2030
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant Mortality Table

Note 13 – Retirement Plans (Continued)

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

	STRS	OPERS
Valuation date - Pension	July 1, 2018	December 31, 2018
Valuation date - OPEB	June 30, 2018	December 31, 2017
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	2.15% - 3.0%
Salary increases, including inflation	2.5% - 12.5%	3.25% -10.75%
Inflation	2.50%	2.50%
Investment rate of return - Pension	7.45%, net of investment expense	7.2%, net of investment expense, including inflation
Investment rate of return - OPEB	7.45%, net of investment expense, including inflation	6.0%, net of investment expense, including inflation
Health care cost trend rates	-5.23% to 9.62% initial, 4% ultimate	10.0% initial, 3.25% 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 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant Mortality Table

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

Note 13 – Retirement Plans (Continued)

used to measure the total pension liability for OPERS were 7.20 percent for the plan years ended December 31, 2019 and 2018.

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 were 7.45 percent for the plan years ended June 30, 2019 and 2018. At June 30, 2019 and 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.

OPERS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities 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 6.0 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.

Note 13 – Retirement Plans (Continued)

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPERS has two different portfolios of investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following table as of the dates listed below:

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

STRS - as of 7/1/18			OPERS - as of 12/31/18				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Pension Portfolio		Health Care Portfolio		
			Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return	
Domestic equity	28.00%	5.10%	Fixed income	23.00%	2.79%	34.00%	2.42%
International equity	23.00%	5.30%	Domestic equities	19.00%	6.21%	21.00%	6.21%
Alternatives	17.00%	4.84%	Real estate	10.00%	4.90%	0.00%	0.00%
Fixed income	21.00%	0.75%	Private equity	10.00%	10.81%	0.00%	0.00%
Real estate	10.00%	3.75%	International equity	20.00%	7.83%	22.00%	7.83%
Liquidity reserves	1.00%	0.00%	REITs	0.00%	0.00%	6.00%	5.98%
			Other Investments	18.00%	5.50%	17.00%	5.57%
Total	100.00%		Total	100.00%		100.00%	

Note 13 – Retirement Plans (Continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the University, calculated using the discount rate listed below, as well as what the University’s net pension liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current rate:

Plan	1.00 Percent Decrease		2020 Current Discount Rate		1.00 Percent Increase	
	STRS	6.45%	\$ 29,585,842	7.45%	\$ 20,245,020	8.45%
OPERS	6.20%	<u>21,485,950</u>	7.20%	<u>12,986,955</u>	8.20%	<u>5,351,104</u>
		<u>\$ 51,071,792</u>		<u>\$ 33,231,975</u>		<u>\$ 17,688,640</u>

Plan	1.00 Percent Decrease		2019 Current Discount Rate		1.00 Percent Increase	
	STRS	6.45%	\$ 32,086,745	7.45%	\$ 21,971,679	8.45%
OPERS	6.20%	<u>28,055,720</u>	7.20%	<u>18,960,124</u>	8.20%	<u>11,404,228</u>
		<u>\$ 60,142,465</u>		<u>\$ 40,931,803</u>		<u>\$ 24,814,876</u>

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the University, calculated using the discount rate listed below, as well as what the University’s net OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current rate:

Changes in the Discount Rate

Plan	1.00 Percent Decrease		2020 Current Discount Rate		1.00 Percent Increase	
	STRS	6.45%	\$ (1,293,804)	7.45%	\$ (1,516,000)	8.45%
OPERS	2.16%	<u>11,445,181</u>	3.16%	<u>8,745,723</u>	4.16%	<u>6,584,335</u>
		<u>\$ 10,151,377</u>		<u>\$ 7,229,723</u>		<u>\$ 4,881,089</u>

Note 13 – Retirement Plans (Continued)

2019						
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ (1,376,255)	7.45%	\$ (1,606,000)	8.45%	\$ (1,798,580)
OPERS	2.96%	<u>11,151,748</u>	3.96%	<u>8,716,574</u>	4.96%	<u>6,779,968</u>
		<u>\$ 9,775,493</u>		<u>\$ 7,110,574</u>		<u>\$ 4,981,388</u>

Sensitivity of the net OPEB liability to changes in the health care cost trend rate – The following presents the net OPEB liability of the University, calculated using the healthcare cost trend rate listed below, as well as what the University’s net OPEB liability would be if it were calculated using a health care cost trend rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current rate:

Changes in Health Care Cost Trend Rate

2020						
Plan	1.00 Percent Decrease		Current Trend Rate		1.00 Percent Increase	
STRS		\$ (1,719,340)		\$ (1,516,000)		\$ (1,267,479)
OPERS		<u>8,487,644</u>		<u>8,745,723</u>		<u>9,000,512</u>
		<u>\$ 6,768,304</u>		<u>\$ 7,229,723</u>		<u>\$ 7,733,033</u>

2019						
Plan	1.00 Percent Decrease		Current Trend Rate		1.00 Percent Increase	
STRS		\$ (1,787,693)		\$ (1,606,000)		\$ (1,420,918)
OPERS		<u>8,378,519</u>		<u>8,716,574</u>		<u>9,105,923</u>
		<u>\$ 6,590,826</u>		<u>\$ 7,110,574</u>		<u>\$ 7,685,005</u>

Note 13 – Retirement Plans (Continued)

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 SERS 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.

Benefit changes – There were no significant benefit terms changes for the pension or OPEB plan(s) 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.

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 three providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled. Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS or OPERS, and who elect to participate in the ARP, must contribute the employee’s share of retirement contributions to one of three private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 9.53 and 9.53 percent for STRS and 11.56 and 11.56 percent for OPERS for the years ended June 30, 2020 and 2019. If the employee was hired

Note 13 – Retirement Plans (Continued)

on or after August 2005, the employer contributes 6.0 percent. The employer also contributes what would have been the employer's contribution under STRS or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting. The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options. STRS and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. For the year ended June 30, 2020 and 2019, employee contributions totaled \$571,528 and \$638,892, and the University recognized pension expense of \$636,650 and \$708,292, respectively.

Note 14 - Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To address these exposures and reduce premiums, the University is a member of the Inter-University Council of Ohio Insurance Consortium (IUC-IC), a purchasing partnership with 12 other Ohio four-year public universities.

During fiscal year 2020, the University maintained the lines of coverage below. All limits are dedicated to the University, unless explicitly noted as shared with other IUC-IC members. Real property and contents are 100 percent insured.

Note 14 - Risk Management (Continued)

Lines of Coverage	Limit of Liability	Deductible
"All Risk" Property Coverage Including Boiler & Machinery	\$250,000 (Pool)	\$100,000
	\$100,000,000	\$350,000 (Pool)
	\$1,650,000,000 excess \$100,000,000 ⁽¹⁾	N/A
Automobile Physical Damage	Actual Cash Value	\$1,000
IUC-IC Casualty Pool	\$900,000	\$100,000
General Liability	\$10,000,000 ⁽²⁾	N/A
Automobile Liability	\$10,000,000 ⁽²⁾	N/A
Educators Legal Liability	\$10,000,000 ⁽²⁾	N/A
1st Excess Liability	\$15,000,000 excess	N/A
	\$10,000,000 ⁽¹⁾	
1st Excess Educators Legal Liability	\$15,000,000 excess	N/A
	\$10,000,000 ⁽¹⁾	
2nd Excess Liability	\$25,000,000 excess	N/A
	\$25,000,000 ⁽¹⁾	
Crime	\$5,000,000	\$100,000
Medical Malpractice	\$1,000,000 occ./ \$3,000,000 agg.	\$25,000
Foreign	\$1,000,000	-
Special Accident	\$20,000,000	-
Pollution	\$5,000,000 ⁽¹⁾	\$25,000
Cyber Risk/Breach Response	\$1,000,000	\$25,000

Notes:

(1) Shared limits with other IUC-IC members

(2) Reinsurance provided by private carrier for \$9,000,000 excess of \$1,000,000

The University has an international travel comprehensive services assistance plan. The plan covers medical, security, and traveler assistance.

The University has a self-insured healthcare plan.

Changes in the self-insurance claims liability for the years ended June 30, 2020, 2019, and 2018 are summarized as follows:

	2020	2019	2018
Accrued claims liability - Beginning of year	\$ 284,468	\$ 356,740	\$ 412,909
Current year claims	3,482,867	3,480,085	4,204,941
Claims payments	(3,534,148)	(3,552,357)	(4,261,110)
Accrued claims liability - End of year	\$ 233,187	\$ 284,468	\$ 356,740

Note 14 – Risk Management (Continued)

The liability amounts above are recorded in accrued wages and benefits on the statement of net position.

Workers' compensation benefits are provided through the Ohio Bureau of Workers' Compensation. Under Ohio's laws, there are no policy limits or cap on these benefits so long as treatment and compensation arise from the allowed conditions in a claim. There has been no significant change in coverage from last year.

Note 15 - Component Unit Disclosure

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

Net Assets

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Net assets without donor restrictions are resources available to support operations. Net assets with donor restrictions at June 30, 2020 and 2019 are restricted primarily for scholarships, university programs, and capital improvements.

Contribution Revenue

Contributions, including unconditional promises to give, are recognized as revenue in the period the related commitments are received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received beyond the fiscal year are discounted at an appropriate discount rate.

Investments

Foundation investments are stated at fair value, with changes in fair value being recognized as gains and losses during the period in which they occur.

Shawnee State University

Notes to Financial Statements June 30, 2020 and 2019

Note 15 - Component Unit Disclosure (Continued)

The fair value of investments at June 30, 2020 and 2019, by classification, is as follows:

	2020	2019
U.S. government securities	\$ 2,004,868	\$ 1,418,127
Foreign bond issues	184,708	319,341
Mutual funds:		
Equity	10,567,607	12,683,140
Fixed income	3,249,639	3,111,036
Corporate bond issues	1,516,612	1,163,767
Limited Partnership	48,577	48,564
Total	\$ 17,572,011	\$ 18,743,975

Assets Measured at Fair Value on a Recurring Basis at June 30, 2020

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
U.S. government securities	\$ 2,004,868	\$-	\$-	\$ 2,004,868
Mutual funds:				
Equity	10,567,607	-	-	10,567,607
Fixed income	3,249,639	-	-	3,249,639
Foreign bond issues	-	184,708	-	184,708
Corporate bond issues	-	1,516,612	-	1,516,612
Beneficial interest in trusts	-	-	773,006	773,006
Measured using NAV as a practical expedient:				
Limited partnership	-	-	-	48,577
Total assets	\$ 15,822,114	\$ 1,701,320	\$ 773,006	\$ 18,345,017

Note 15 - Component Unit Disclosure (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2019

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
U.S. government securities	\$ 1,418,127	\$-	\$-	\$ 1,418,127
Mutual funds:				
Equity	12,683,140	-	-	12,683,140
Fixed income	3,111,036	-	-	3,111,036
Foreign bond issues	-	319,341	-	319,341
Corporate bond issues	-	1,163,767	-	1,163,767
Beneficial interest in trusts	-	-	796,980	796,980
Measured using NAV as a practical expedient:				
Limited partnership	-	-	-	48,564
Total assets	<u>\$ 17,212,303</u>	<u>\$ 1,483,108</u>	<u>\$ 796,980</u>	<u>\$ 19,540,955</u>

Fixed Assets

Property and equipment consist of the following:

	2020	2019
Land	\$ 2,011,200	\$ 2,011,200
Equipment and furniture	81,202	81,202
Buildings	8,942,735	8,942,735
Construction in progress	33,800	33,800
Total property and equipment	<u>11,068,937</u>	<u>11,068,937</u>
Accumulated depreciation	<u>1,340,809</u>	<u>1,106,571</u>
Net property and equipment	<u>\$ 9,728,128</u>	<u>\$ 9,962,366</u>

Debt

The Foundation entered into a \$4,500,000 note with an interest rate of 5.0 percent payable to Hatcher Real Estate, LLC for the purchase of the Fourth Street

Note 15 - Component Unit Disclosure (Continued)

Properties. The note is secured by the land and buildings. This note is payable in monthly installments of \$29,698. The payments are based on a 20-year amortization schedule and include a balloon payment due at maturity on February 25, 2019 for the remaining balance. The Foundation exercised an option to extend the maturity date for a two-year period to February 25, 2021; however, payments will continue during that time. At June 30, 2020 and 2019, the outstanding principal balance of the note was \$3,523,501 and \$3,698,916, respectively. The Foundation and Hatcher Real Estate, LLC are in the process of renegotiating the terms of the repayment to include an extension of the due date of the balloon payment.

On August 17, 2017, the Foundation entered into a \$400,000 note with an interest rate of 5.0 percent payable to Burg DMI, LLC to purchase property at 221 Chillicothe Street. The note is secured by the land and building. This note requires monthly interest only payments for forty-eight months with the total principal due no later than August 17, 2020. At both June 30, 2020 and 2019 the outstanding principal balance on the note was \$250,000. The balance of this note was paid in full on September 2, 2020.

Related Party Transactions

The Foundation made distributions to, or on behalf of, the University of \$1,774,446 during the year ended June 30, 2020 and \$1,642,865 during the year ended June 30, 2019. Administrative expenses of \$417,116 in fiscal year 2020 and \$390,000 in fiscal year 2019 were reimbursed to Shawnee State University for direct costs, including an allocation of salary and benefits, incurred in the management of the Foundation's and University's endowment funds. The Foundation has recorded a related payable for distribution to the University of \$350,899 as of June 30, 2020.

The Foundation leases building space to Shawnee State University for the use of educational facilities. The outstanding lease due under this arrangement was \$19,837 and \$22,006 as of June 30, 2020 and 2019, respectively, and is reflected as a lease receivable in the Foundation's statements of net assets.

The Foundation passed through federal grants to the University, the administrative agent for the grants, in the amount of \$358,719 and \$396,733 during the years ended June 30, 2020 and 2019, respectively. The Foundation has recorded a grant payable to the University at June 30, 2020 and 2019 in the amount of \$162,340 and \$196,914. The University has receivables from the Foundation for the same amounts.

Note 15 - Component Unit Disclosure (Continued)

Complete financial statements for the Foundation can be obtained from the Shawnee State University Development Foundation, Inc. at 940 Second Street, Portsmouth, Ohio 45662.

Required Supplementary Information

Shawnee State University

Schedule of University's Proportionate Share of the Net Pension Liability and Schedule of University Pension Contributions

STRS Schedule of the University's Proportionate Share of the Net Pension Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
University's proportion of the collective net pension liability:						
As a percentage	0.0916%	0.0999%	0.1057%	0.11182%	0.10962%	0.11347%
Amount	\$20,245,020	\$21,971,679	\$25,109,186	\$ 37,430,954	\$ 30,295,455	\$ 27,600,967
University's covered employee payroll	\$11,153,686	\$10,747,943	\$11,360,000	\$ 13,596,142	\$ 11,436,893	\$ 10,440,100
University's proportionate share of the collective pension liability, as a percentage of the University's covered employee payroll	181.51%	204.43%	221.03%	275.31%	264.89%	264.37%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.30%	77.30%	66.78%	72.10%	74.71%

OPERS Schedule of the University's Proportionate Share of the Net Pension Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
University's proportion of the collective net pension liability:						
As a percentage	0.0660%	0.0694%	0.07287%	0.07976%	0.08469%	0.08633%
Amount	\$12,986,955	\$18,960,124	\$ 11,380,348	\$ 18,089,973	\$ 14,649,733	\$ 10,394,787
University's covered employee payroll	\$9,748,350	\$10,567,457	\$ 10,333,800	\$ 9,138,607	\$ 10,894,207	\$ 10,899,653
University's proportionate share of the collective pension liability, as a percentage of the University's covered employee payroll	133.22%	179.42%	110.13%	197.95%	134.47%	95.37%
Plan fiduciary net position as a percentage of the total pension liability	82.44%	74.91%	84.85%	77.39%	81.19%	86.53%

STRS Schedule of University Pension Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$1,561,516	\$1,504,712	\$ 1,590,400	\$ 1,574,598	\$ 1,655,224	\$ 1,623,157
Contributions in relation to the actuarially determined contractually required contribution	\$1,561,516	\$1,504,712	\$ 1,590,400	\$ 1,574,598	\$ 1,655,224	\$ 1,623,157
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$11,153,686	\$10,747,943	\$ 11,360,000	\$ 11,247,129	\$ 11,823,029	\$ 11,593,979
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

OPERS Schedule of University Pension Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$1,364,769	\$1,479,444	\$ 1,446,721	\$ 1,279,405	\$ 1,495,704	\$ 1,534,786
Contributions in relation to the actuarially determined contractually required contribution	\$1,364,769	\$1,479,444	\$ 1,446,721	\$ 1,279,405	\$ 1,495,704	\$ 1,534,786
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$9,748,350	\$10,567,457	\$ 10,333,800	\$ 9,138,607	\$ 10,683,600	\$ 10,962,757
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Changes of benefit terms.

STRS: There were no changes in benefit terms since the prior measurement date of June 30, 2018.

OPERS: There were no changes in benefit terms affecting the OPERS plans.

Changes of assumptions.

STRS: There were no changes in assumptions since the prior measurement date of June 30, 2019. During the plan year ended June 30, 2018, 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, 2019 OPERS made assumption changes to the cost-of-living adjustment. The cost-of-living adjustment states pre-1/7/2013 retirees receive 3% simple; post-1/7/2013 retirees 1.40% simple through 2020, then 2.15% simple. 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.

Shawnee State University

Schedule of University's Proportionate Share of the Other Post-Employment Benefits (OPEB) Liability and Schedule of University OPEB Contributions

STRS Schedule of the University's Proportionate Share of the Net OPEB

Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>
University's proportion of the collective net OPEB liability:			
As a percentage	0.0916%	0.0999%	0.10570%
Amount	-\$1,516,000	-\$1,606,000	\$ 4,124,011
University's covered payroll	\$11,153,686	\$10,747,943	\$ 11,360,000
University's proportionate share of the collective OPEB liability, as a percentage of the University's covered payroll	(13.59%)	(14.94%)	36.30%
Plan fiduciary net position as a percentage of the total OPEB liability	174.70%	176.00%	47.11%

OPERS Schedule of the University's Proportionate Share of the Net OPEB

Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>
University's proportion of the collective net OPEB liability:			
As a percentage	0.0633%	0.0669%	0.07287%
Amount	\$8,745,723	\$8,716,574	\$ 7,650,350
University's covered payroll	\$9,748,350	\$10,567,457	\$ 10,333,800
University's proportionate share of the collective OPEB liability, as a percentage of the University's covered payroll	89.71%	82.49%	74.03%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%

STRS Schedule of University Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contractually required contribution	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$11,153,686	\$10,747,943	\$ 11,360,000
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

OPERS Schedule of University Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ -	\$ -	\$ 64,689
Contributions in relation to the actuarially determined contractually required contribution	\$ -	\$ -	\$ 64,689
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$9,748,350	\$10,567,457	\$ 10,333,800
Contributions as a percentage of covered payroll	0.00%	0.00%	0.63%

Changes of benefit terms.

STRS: There were no significant changes in benefit terms affecting the STRS for the plan years ended June 30, 2019.

OPERS: There were no significant changes in benefit terms affecting the OPERS plans for the plan year ended December 31, 2019.

Changes of assumptions.

STRS: There were no significant changes in assumptions during the plan year ended June 30, 2019. During the plan year ended June 30, 2018, 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: There were some changes in assumptions affecting the OPERS plans for the plan years ended December 31, 2019. 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 and the Board of Trustees
Shawnee 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 Shawnee State University (the "University"), a component unit of the State of Ohio, and its discretely presented component unit 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 13, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

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*.

To Management and the Board of Trustees
Shawnee State University

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 13, 2020

**Sunshine Law Star Rating System (StaRS)
(IPA Audit/AUP Engagements)**

Entity Name: _____

Project Number: _____

In order to determine each applicable entity's StaRS level per Section 2-23 of the current *Ohio Compliance Supplement*, the following form **MUST** be completed prior to submission of the audit report for release.

Instructions:

1. If a written citation (GAGAS level or management letter) regarding any of the 13 mandatory testing requirements has been approved by legal counsel, and was included in the audit report or management letter, click the "Noncompliance Reported" button in the StaRS Results section below and skip to step 4.

2. If noncompliance was **NOT** reported and **NO** best practices were implemented, click the "NO Noncompliance Reported and NO Best Practices Implemented" button in the StaRS Results section below and skip to step 4.

3. If noncompliance was **NOT** reported and best practices **WERE** implemented, click the checkbox next to each best practice that has been implemented by the entity at the time of audit, based on the testing performed and documentation maintained in the audit work papers. (Although compliance with the ORC statutes should be only tested for the audit period, the entity should be provided "credit" for implementation of any best practice that is in place at the time of audit, regardless of whether it was in place during the audit period.)

NOTE: If an entity, such as a county, has multiple public records processes, at least one process must have implemented the best practice to get "credit." (i. e. every process tested does **not** need to demonstrate implementation of the best practice in order for the entity to receive "credit" for implementation.)

4. Submit the completed form (with the entity name and project number listed) to the Center for Audit Excellence with the final audit/AUP report.

StaRS Results:

- Noncompliance Reported

- NO** Noncompliance Reported and **NO** Best Practices Implemented

- NO** Noncompliance Reported and the following Best Practices Implemented

(please click the box next to the description for each best practice implemented)

- 1. **Method to Track Public Records Requests**
- 2. **Standard Request Forms**
- 3. **Public Records Request Acknowledgement**
- 4. **Public Records Custodian Identified and Trained**
- 5. **Prompt Certified Public Records Training**
- 6. **Online Presence – Upcoming Events and Office Operations**
- 7. **Online Presence – Official Documents**

RESOLUTION F20-20

APPROVAL OF
FY2020 EFFICIENCY REPORT

WHEREAS, in accordance with ORC Section 3333.95, each Ohio institution of higher education must submit an annual efficiency report to the Chancellor of the Ohio Department of Higher Education (ODHE); and

WHEREAS, the 2020 Efficiency Report (attached) reflects Shawnee State's operational response and costs associated with the impacts of COVID-19, academic practices deployed to adjust to remote learning for spring term 2020, a description of resources for major initiatives that benefitted students, student cost savings initiatives, and best practices and efficiencies realized during the fiscal year;

THEREFORE, BE IT RESOLVED, the Board of Trustees of Shawnee State University approves the FY2020 Efficiency Report.

(November 13, 2020)



Department of
Higher Education

Mike DeWine, Governor
Randy Gardner, Chancellor



Affordability & Efficiency

FY20 Efficiency Reporting Template

Introduction:

Ohio Revised Code section 3333.95 requires the chancellor of the Ohio Department of Higher Education (DHE) to maintain an “Efficiency Advisory Committee” that includes an “efficiency officer” from each state institution of higher education (IHE). Each IHE must then provide an “**efficiency report**” updated annually to DHE, which is compiled by the chancellor into a statewide report shared at year end with the governor and legislature. The committee itself meets periodically at the call of the chancellor.

Prior Efficiency Reports have been heavily influenced by the Ohio Task Force on Affordability and Efficiency’s October 2015 report “Action Steps to Reduce College Costs” (Task Force). That report provided many good recommendations that set a course for increasing efficiency throughout public higher education in Ohio. However, in light of the impacts of COVID-19, this year’s template will take a different focus and give IHE’s the opportunity to highlight what they have done to adjust to the pandemic and its impact on their institutions, including the expansion of online delivery models.

This means that much of the report will be more focused on the current year than prior years. Nonetheless, the FY20 reporting template does require Ohio’s IHEs to conduct an annual study to determine the cost of textbooks for students enrolled in the institution pursuant to Ohio Revised Code section 3333.951(C); as well as information on efficiencies gained as a result of the “regional compacts” as outlined in ORC section 3345.59. The reporting template also requests information regarding college debt and debt collection practices.

Your Efficiency Report Contact: *Jennifer Carson*, Senior Director, Audit & Compliance, 614-752-7538, jcarson@highered.ohio.gov
Please provide your institution’s efficiency report by **Friday, October 30, 2020** via email to OdheFiscalReports@highered.ohio.gov

As in previous years, the Efficiency Reporting Template is structured into sections:

- **Section I: Operational Response** – This section captures information on the impacts of COVID-19 on each institution, the planning process used to address the impact and the eventual actions taken in response to the pandemic.
- **Section II: Academic Practices** – This section covers areas more directly related to instruction, including the actions taken to adjust to remote learning in spring term of 2020 and the impacts on the institution and students. It also seeks updates regarding the cost of textbooks and flexible delivery methods
- **Section III: Policy Reforms/Continued Progress** – This section captures state IHE responses to suggested policy reforms originating in gubernatorial task force efforts, legislative joint committee reports, student loan debt advisory group reports, etc. In recent years, a number of stakeholder perspectives have been shared with institutions. Our hope is that institutions will respond to this stakeholder feedback regarding items such as, textbooks and student debt.
- **Section IV: Student Benefit** – This section asks institutions to provide cost savings and/or resource generation in actual dollars for any major initiatives within the past fiscal year. Emphasis should be placed on highlighting major initiatives that may be considered best practices, rather than responding to specific recommendations from the Ohio Task Force on Affordability and Efficiency in Higher Education October 2015 report. To facilitate understanding, IHE's should advise if savings have been redeployed to students to reduce costs, or if they have been reinvested in some other manner for the benefit of students.
- **Section V: Future goals** – This section corresponds to Master Recommendation 2 of the Ohio Task Force on Affordability. It is designed to allow each institution to benchmark its respective five-year goals to its actual institutional cost savings or avoidance. In the spirit of continuous improvement, this section allows you to revise and/or update your five-year goals as needed. In addition, the DeWine-Husted administration would like to know more about possible roles the state could play in supporting your institutional goals; your input is requested in this section.

For purposes of this report, efficiency is defined as quality versus cost as a means to measure value:

- Direct cost savings to students (reducing costs)
- Direct cost savings to the institution (reducing costs)
- Cost avoidance for students (reducing costs)
- Cost avoidance to the college/university (reducing costs)
- Enhanced advising, teaching (improving quality)
- IP commercialization (improving quality)
- Graduation/completion rates (improving quality)
- Industry-recognized credentials (improving quality)
- Experiential learning (improving quality)

These are examples only. Please consider your responses to address broader measures of efficiency, quality, cost and value. Please also note that this is only a template. Feel free to respond in any additional way you believe is helpful.

Shawnee State University

Section I: Operational Response

The onslaught of the COVID-19 pandemic has had a major impact on all higher education institutions, forcing them to quickly adjust to remote learning. Beyond this immediate effect there is significant uncertainty about the duration of the pandemic, how it will affect student behavior and the resulting economic challenges faced by institutions and the State of Ohio.

Please describe the major fiscal impacts of COVID-19 on your institution in FY 20.

Please quantify the revenue and cost impacts.

Major Revenue Impacts	Net Fiscal Impact
Tuition & Fees	No student tuition and fees were refunded in FY20.
Auxiliary Fees, including refunds	Shawnee State refunded \$335,644.28 in University housing and meal plan fees to students in FY20. The University received reimbursement for these refunds from the HEERF Institutional award (see "External Assistance" section below).
State Support	Shawnee State suffered a loss of \$674K in expected subsidy revenue (State Share of Instruction (SSI) and Shawnee Supplement combined) as the result of the statewide budget cuts in May of 2020.
Investment Income, Unrealized Losses	For a number of reasons, including the pandemic, Shawnee State concentrated its investments in cash and near-cash vehicles for most of FY20. As such, the university did not experience the volatility in its portfolio that some investors realized.
Other	

Major Revenue Impacts	Net Fiscal Impact
External Assistance (HEERF, CRF, etc.)	<p>- \$1.7 million HEERF awarded to institution; in FY20, Shawnee State recognized \$506,928 in eligible expenses towards the HEERF Institutional award.</p> <p>- \$1.7 million awarded for student allocations; in FY20, Shawnee State disbursed \$506,928 in student grants towards the HEERF Emergency Financial Aid award.</p> <p>- \$0.0 million CRF (all activity will be recognized in FY21)</p>

Major Net Increased Expenses	Net Fiscal Impact
Transition to Online Delivery	The university re-deployed all faculty from their typical teaching responsibilities en masse for one (1) week in the spring semester to convert all instructional delivery not otherwise being conducted online to virtual platforms. The approximate cost of this effort was \$373K.
Changing Support for Students	The university incurred approximately \$336K in costs specifically related to assisting students with housing issues and information technology (IT) needs. Included in this estimate are significant outlays for enhanced communications to students and other stakeholders.
Shutdown of Campus	The university absorbed essentially all of the costs associated with the securing of campus (e.g., campus public safety)
Cleaning/Preparing Campus for Return of Students (Testing, PPE, etc.)	Shawnee State redirected the efforts of its entire custodial operations to enhanced cleaning and disinfecting activities related to pandemic mitigation thereby foregoing the bulk of their regular duties. Total estimated cost of this reallocation was \$347K.

Major Net Increased Expenses	Net Fiscal Impact
Other	The pandemic drove significant workload in the risk management and procurement functions of the university as well as necessitating the creation of a de facto project manager for pandemic mitigation at a cost of \$56K.

CARES Act and other Federal Support impact

What process did your institution use to distribute one-half of Higher Education Emergency Relief Funds to students?

The university solicited online applications for funds from potentially eligible students. The applications were reviewed against the eligibility criteria. Those found eligible were issued monies from the student portion of the Higher Education Emergency Relief Funds.

How has the institutional share of HEERF been utilized at your institution?

To date, institutional HEERF dollars have been deployed primarily in support of:

1. personal protective equipment (PPE)
2. supplies and equipment to facilitate online learning
3. cleaning and disinfecting supplies
4. issuing refunds to students for housing and meals that they did not consume when campus operations were suspended in March of 2020

What other external sources have been made available to the institution to address the impacts of COVID-19?

Shawnee State's Plastics program has leveraged \$250K from two grants (\$200K from Appalachian Regional Commission and \$50K from the Ohio Valley Regional Development Commission) to produce protective face shields for use on campus and elsewhere. In addition to providing valuable PPE, it has served as a meaningful learning and service opportunity for students in the program.

What planning assumptions were used related to the fiscal impact of COVID-19 in developing the institution's FY 21 budget?

Major Assumptions	Description	Projected Fiscal Impact	Actual Fiscal Impact - as of fall 20
Fall Enrollment/ Fee Revenue Relative to FY 19	Expected decline of roughly 10% in new student enrollment vs. Fall 2019 level	Loss of roughly \$920K in gross tuition and fees.	Preliminary forecast suggests the loss of revenue will approximate the estimate.

Major Assumptions	Description	Projected Fiscal Impact	Actual Fiscal Impact - as of fall 20
Auxiliary Services	Expected decline of roughly 10% in housing and meal plan revenues versus Fall 2019 level	Loss of roughly \$400K in housing and meal plan revenues.	Preliminary forecast suggests the loss of revenue will be slightly worse than the estimate.
State Support	The university budgeted a decline in state subsidy (both SSI and supplement) of 10% versus FY20 levels.	Approximately \$1.7 million reduction	The first quarter release of state funding was better than expected, but prudence suggests that further information on the state's economic performance is necessary to project the full year result.
Unique Cost Drivers – in response to COVID-19	Testing and contact tracing. Disinfecting of facilities. PPE. Additional instructional cost related to offering more, lower capacity in-person course sections. Ongoing technical support for additional offerings of online and hybrid courses. Telework arrangements.	Shawnee State expects to be able to meet the challenges at left via the judicious deployment of federal and state relief monies (e.g., HEERF and CRF).	The initial assumption is so far still valid, although a continuation of the pandemic into FY22 would present significant challenges.

Major Assumptions	Description	Projected Fiscal Impact	Actual Fiscal Impact - as of fall 20
Other	Other revenues (e.g., fees for services and performing arts) were projected down by 36%	Approximately \$271K reduction	Preliminary forecast suggests the loss of revenue will be worse than the estimate as public performances remain impractical to offer.

Please describe the major initiatives the institution is implementing in response to COVID-19 and the anticipated impact on the institution.

Shawnee State continues to prioritize the health and safety of students, faculty, staff and visitors as it strives to deliver on its educational mission. Those efforts include:

1. Novel approaches to teaching and learning, including hybrid course offerings, and alternating class schedules for in-person sections that facilitate social distancing.
2. Strict adherence to best practices for cleanliness and physical layout of the campus for all populations (e.g., students, employees and visitors)
3. Deployment of technology and innovative processes to minimize disease transmission (e.g., telework, electronic workflows)
4. Heightened health services (including contact tracing) to detect infection and prevent its further spread.

These initiatives are expected to help students better themselves and prepare to succeed in a post-pandemic world.

Regional Compacts

ORC Section 3345.59 required regional compacts of Ohio’s public institutions, with an executed agreement in place by June 30, 2018, for institutions to collaborate more fully on shared operations and programs. Per O.R.C. §3345.59 {E} colleges and universities shall report within their annual efficiency reports the efficiencies gained as a result of the compact.

Please discuss efficiencies gained or opportunities for future partnerships as a result of each of the categories within the compact.

Category	Description	Monetary Impact
Reducing duplication of academic programming	SSU has reduced its academic program offerings by approximately 20% over the last four years to reduce duplication with institutions in the SE Regional Compact. In FY 20, the institution is warehousing its Environmental Engineering Technology program.	Reduction of 25 students at \$3,500 tuition. Reduction of one full-time faculty member.
Implementing strategies to address workforce education needs of the region	Hired Career Counselor (1) and Academic Advisors and Staff (4) through Title III grant to assist students with workforce opportunities and match them with needs of region.	
	Added online programs in Occupational Therapy, Health Science, Math, Marketing, and Nursing, to address workforce education needs in the region.	
	Offered Free Workshops, Entrepreneurial Speaker Series, and Startup Weekend to provide information to students and community members on entrepreneurship.	
	Offer career days for high school students in areas like Gaming, Plastics Engineering, Pre-med, and Health Science.	
	Received HRSA grant for a Behavioral Health Paraprofessional Certificate Training Program (BHPCTP) to increase the behavioral health paraprofessional workforce in Scioto, Lawrence, Adams, Brown, and Pike counties located in south central Ohio.	
Sharing resources to align educational pathways and to increase access within the region	Shawnee State University (SSU) and Southern State Community College (SSCC) entered into a collaborative agreement whereby SSU's Occupational Therapy Assistant Program is offered at the SSCC campus. Students are dually enrolled in both IHEs.	
Reducing operational and administrative costs to provide more learning opportunities and collaboration in the region	RAPIDS 2 grant funding was expended in FY20 for purchase of gaming equipment for computer, gaming, and immersive technology to support retention, expansion, and attraction of business. The grant project was received in cooperation with the Southeast Ohio RAPIDS partnership including: Southern States, Shawnee, Rio Grande, Ohio University, Hocking College, Scioto CTC, and Pickaway Ross CTC.	\$87,000

Category	Description	Monetary Impact
	SSU offers student internships in Marketing & Communications and Institutional Research, and offers student employment to reduce operational and administrative costs and provide real world experiences for students.	
	OVRDC Grant funds were expended in early FY20 to purchase materials testing equipment and robotics equipment for the Plastics labs. The materials testing equipment and robotic equipment purchased through the OVRDC Grant will reduce the financial burden placed on students by not imposing extra fees.	\$233,000
	iMFLUX has placed equipment in SSU's Plastics lab on consignment. Their iMFLUX pressure and process control technology work in combination with equipment provided in previous years by Milacron.	\$80,000
Enhancing career counseling and experiential learning opportunities for students	Shawnee State University (SSU) is in its third year of participating in the Ohio Export Internship Program which helps Ohio companies export for the first time or expand their existing export initiatives.	
	SSU Career Services now offers UNIV 2185 through our office, this course is available for students whose internship does not match up with other existing internship for-credit academic courses.	
	As part of the Major Exploration and Career Planning class (UNIV 1105) as well as appointments, Career Services connects students to contacts for informational interviews to assist them with their career decisions. In non-COVID times, we also utilize job shadowing.	
	Career Services is currently working with the Scioto County Career Technical Center to host a virtual career awareness program for local high school students.	

Category	Description	Monetary Impact
	The Assistant Director is training our peer career student employees to take resume appointments, this provides our student workers with opportunities to obtain transferable skills, and we are utilizing staff already in place rather than hiring new staff.	
	The Assistant Director is enrolled in a National Career Development Association (NCDA) course that will certify him as a Career Services Provider or Counselor. A previous credit with NCDA is being utilized to cover costs.	
	Career Services has hosted several career fairs this fall virtually as well as a number of employer recruiting sessions. The career fairs and employer recruiting sessions have been hosted through Handshake and Zoom, at no additional cost to the students or University.	
	All Career Services staff have technology available to support virtual appointments and meetings for students. This includes out of town students and alumni saving costs for travel and gas. This also facilitates appointments with students who are 100% online. This technology has also allowed us to continue to meet with colleagues from all over the country in webinar meetings/trainings at no cost to our budget.	
Collaboration and pathways with information technology centers, adult basic and literacy education programs and school districts	SSU participates in the LIGHTS grant. This is a partnership with several subcontractors (OU, ACTnet, Hocking College, BB2C Epicenter in Marietta, and Robert C Byrd Institute) for leveraging Innovation gateways and hubs toward sustainability.	The award from the ARC was \$1.5 million for SSU and partners in the region over two years. In FY20 the expenditures were \$204,833.31.
	SSU provides facilities free-of-charge to Aspire, adult GED program in Scioto County supported by South Central Ohio ESC. The program uses the Rose L. and Augusta Jacobs Center.	
	SSU offers College Credit Plus courses through partnership and resource sharing with regional high schools.	

Category	Description	Monetary Impact
Enhancing the sharing of resources between institutions to expand capacity and capability for research and development	SSU Engineering Technologies and the University of Rio Grande and Rio Grande Community College's Industrial Technology program share resources to provide a mobile education lab made possible by a grant through the Ohio Department of Higher Education's RAPIDS program.	
Identifying and implementing the best use of university regional campuses	N/A	

Section II: Academic Practices

Textbook Affordability

Textbook Cost Study

ORC Section 3333.951(D) requires Ohio's public colleges and universities to annually conduct a study to determine the current cost of textbooks for students enrolled in the institution and submit the study to the Chancellor. Please attach the analysis of textbook costs developed by your institution labeled "[Institution Name - Academic Year - Textbook Cost Study]" Please summarize the results of your institution's study below.

Category	Amount
Average cost for textbooks that are new	\$50.50
Average cost for textbooks that are used	\$51.62
Average cost for rental textbooks	\$51.68
Average cost for eBook	\$44.16

Reducing Textbook Costs for Students

ORC Section 3333.951(C) requires Ohio's public colleges and universities to report their efforts toward reducing textbook costs for students. Please discuss all initiatives implemented, including those referenced below that ensure students have access to affordable textbooks.

1. Does your institution offer inclusive access purchasing of college textbooks? If yes, what percentage of courses participate?
Yes, 6% of Shawnee State Courses participate in an inclusive access program.
2. What use did the institution make of OER materials in the past academic year?
Faculty have the authority to make textbook decisions at Shawnee State University, but the institution supports efforts to reduce textbook costs, including the use of OERs. The Clark Memorial Library has supported and worked with some faculty in adopting OERs, and others have adopted OERs after learning about them from colleagues and/or through presentations from library staff.
 - How many and which courses used the materials?
 - 25 courses; General Biology Courses, Microbiology, Cell Biology, Chemistry 1141, General Accounting Classes, English 0100, 1101, and 1105, Math 1150, Quantitative Methods in Psychology, RDLT 1240, 1341, and 2142, ETGG 1801, 1803, 4803, ETEC 3401, 3402, DTHY 1110, 2214, 1114, 2217, 2212, 2201, EDUC 5508
3. How did the institution discover and access OER materials?
As a charter member of OhioLINK, SSU has been involved in the Open Education Resource program since its inception.
 - Ohio Open Ed Collaborative?
 - <https://ohiolink.oercommons.org/hubs/OOEC>
 - Shawnee State University is a member of OhioLINK, which provides us membership in the Open Textbook Network (OTN). This network is the largest repository of open textbooks in the world. Through this membership, we promote the adoption of open textbooks across our institution through faculty training and campus advocacy.
 - OER Commons?
 - <https://www.oercommons.org/>
 - Other?
 - Faculty offer a variety of OER options to students, including in-house developed texts and open source textbooks.
4. What other practices does your institution utilize to improve college textbook affordability?
 - a. Faculty is able to utilize library reserves.
 - b. Through our use of the OhioLINK Digital Library collection, Shawnee State University faculty substitute textbooks with digital library resources.
 - c. OhioLINK negotiated pricing with six major publishers to ensure the lowest cost pricing for students in Ohio. Bookstores are expected to honor these discounts.
 - d. The Shawnee State University online bookstore platform offers more access to affordable materials. We also participate in a textbook buyback program through the campus bookstore and promote student participation in Ohio Links textbook loan program.

Please provide any relevant information in the table below.

Initiative	Explanation of Initiative	Cost Savings to Students
Flexibility in terms of older editions	Faculty approve some previous editions for use in their classes. Approval depends upon quality of materials.	\$28,500

Alternative Delivery Methods

Online and competency-based education are both growing dramatically as delivery platforms for higher education across the United States. Flexible delivery methods, such as distance learning, provide an opportunity to improve access by providing students with additional opportunities to complete their education. Obviously, events of this past spring forced a transition to remote learning beyond that which many institutions had already offered.

Please quantify the impact of moving to remote learning in spring term.

Percent of Courses offered online prior to March 2020	Percent of students enrolled in online courses prior to March 2020
12%	26%
Percent of Courses offered online fall term 2020	Percent of students enrolled in online courses fall term 2020
44%	40%

What steps has the institution taken to transition courses to online in response to the coronavirus pandemic?

SSU re-deployed all faculty from teaching responsibilities for one week in spring semester to convert instructional delivery not otherwise being conducted online. Faculty have continued with the hybrid courses and conversion to online.

1. Did the institution provide centralized support to the faculty?

Shawnee State University provided centralized support to the faculty throughout the transition from face-to-face to remote instruction. SSU's e-campus, Shawnee State Online, already served as centralized online learning office prior to the pandemic response. Shawnee State Online continued to serve as a centralized resource for faculty providing the following services:

- Blackboard (LMS) technical assistance
- Instructional design services
- Online course troubleshooting

- Professional development in coordination with the Teaching and Learning Center (TLC) and Wiley Educational Services (WES)
- Coordination of online test proctoring services
- Communication to faculty in coordination with the Marketing and Communications department

2. How has the institution assured student access to remote learning?

SSU serves a student population that faces many challenges in terms of access to educational services, in general, and remote learning, in particular. As such, the university was keenly aware of potential problems with access and actively attempted to mitigate such problems to the greatest extent possible while still operating within the confines of the State of Ohio's lockdown mandates. Below are examples of ways that SSU addressed access challenges:

- The Student Success Center and the University College purchased Chromebooks that were available for loan to students who did not have access to an appropriate online learning device
- The Dean of the University College, in coordination with the Dean of Students, the Director of the e-Campus and the Department of Marketing and Communications developed webpages designed to help students access high-speed internet, log on to their online coursework, access online learning resources, access necessary specialized software, and stay abreast of how the COVID-19 pandemic was affecting SSU. While the design and content of these websites has changed as the situation has changed, much of the information is still relevant and available at the following sites: <https://www.shawnee.edu/health/online-learning-resources>, <https://www.shawnee.edu/health/online-learning-resources/internet-access>, and <https://www.shawnee.edu/get-connected>
- Recognizing that students with access challenges would not, necessarily, find websites to be helpful. SSU also posted this information through SSU's mobile app and established a Student Assist Line. The Student Assist Line was designed to be a "one stop shop" where students could have any questions regarding technology, access, COVID-19, and SSU operations answered. The Student Assist Line is manned within the Student Success Center. This phone number, (740) 351-4319, and email, assist@shawnee.edu are monitored from 8:00 AM to 8:00 PM Monday-Friday.

3. Has the increase in remote learning required investments in the institution's Learning Management System?

SSU already operated a full version of the Blackboard LMS. No further investments were required.

a. What LMS is currently utilized?

SSU's online and remote courses operate within the Blackboard LMS

Course and Program Evaluation

Recommendation 8 of the Task Force was for institutions to evaluate courses and programs for enrollment and consideration of continuation. Per ORC Section 3345.35, the colleges and universities need to address this recommendation every five years. The next applicable date is FY22.

Co-located Campuses

ORC Section 3333.951 requires Ohio's co-located colleges and universities to annually review best practices and shared services in order to improve academic and other services and reduce costs for students. Co-located campuses are then required to report their findings to the Efficiency Advisory Committee.

Co-located campus: _____ N/A _____

Type of Shared Service or Best Practice (IE: Administrative, Academic, etc.)	Please include an explanation of this shared service.	Monetary Impact from Shared Service
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Section III: Policy Reforms

Financial Advising

Recommendation 10A of the Task Force was for institutions to provide financial literacy as a standard part of students' education. In addition, the Ohio Attorney General's Student Loan Debt Advisory Group report of June 2017 made a similar recommendation as well as other proposals on how to improve processing of student accounts and debts. The report can be found at:

www.ohioattorneygeneral.gov/Files/Publications-Files/Publications-for-Schools/Ohio-Attorney-General-s-Student-Loan-Debt-Collecti.aspx

1. Has your institution considered the Ohio Attorney General's Student Loan Debt Advisory Group Report Recommendation 4 regarding best practices (Appendix C) for financial literacy? If so, please describe your institution's implementation and whether it is specific to the (Appendix C) advisory sheet or the institution's own practices.

Shawnee State University practices three of the five best practices listed in Appendix C.

- Financial Aid Information Nights: We offer Financial Aid Information night at local high schools throughout the fall and winter months.
 - College Financing Plan: We use the College Financing Plan (formerly Shopping Sheet) for all students.
 - Peer-to-Peer Student Loan and Financial Counseling: While we do not have a current peer-to-peer program, we have begun planning to create a program. Our goal is to have a pilot program within the next year.
 - End of Semester Loan Reminder: Currently, we do not send loan reminders.
 - Financial Aid Education: We offer in person exit counseling during Countdown to Commencement and after graduation practice. While not mandatory, we are available to meet with students as they withdraw to explain their responsibilities for loan repayment.
2. The Ohio Attorney General's report also suggested (Recommendation 5) institutions seek student consent to contact them by email and/or mobile phone. Does your institution make an effort to collect this form of contact information? Do you include consent to be contacted as part of this effort? Please describe.

During the admission process, students are given the opportunity to opt-in to texting. Email is the main type of communication at the university.

Certification Practices

ORC 131.02 requires state IHE's to certify their outstanding debt to the Ohio Attorney General's office (AGO) for collection either 45 days after the amount is due or within 10 days after the start of the next academic session, whichever is later. However, Ohio's institutions certify their outstanding debt pursuant to varying policies and practices. To ensure that all Ohio students are treated fairly and uniformly, Recommendation #7 of the Student Loan Debt Advisory Group report is that state institutions adopt uniform certification practices that emphasize transparency for both debtors and the AGO. The advisory group recommended that the Ohio Bursars Association, in partnership with the Ohio Association of Community Colleges and the Inter-University Council, facilitate this effort.

Specifically, institutions were asked to develop uniform practices for collecting debt with attention to the type, content, and frequency of notices issued to students; and the fees and other collection costs applied to student debts.

1. Please provide a chronological summary of notification practices your institution uses to notify students of debts owed? For example, does your institution email students to notify them of debt owed? Do you send repeated emails using a schedule? Do you only use a hardcopy letter? Does your institution require confirmation of receipt before certifying the debt to the AG? Do you task a human being with making phone calls to students before certifying debt? Please be specific about standards, timelines, and specific methods of communication.

We send email notifications prior to each payment deadline during the current term and we also try to contact them by phone and text as well. We do use hardcopy letters in addition to electronic notifications. Currently we send 2 past due collection letters prior to an account being turned over to the AG Collection Office. The first letter is mailed after the start of the next term with a 45-day response to setup a promissory note with SSU. If not response, a second letter is mailed with a 30-day deadline to setup a promissory note or they will be turned over to our collection agency with added collection costs and interest.

- Per Recommendation 7 in the Attorney General report, best practices may include the National Association of College and University Business Officers Best Practices of Financial Responsibility Agreements with Students (Appendix D in the report). What, if any, efforts has your institution made to adopt uniform certification practices with peer institutions in the State of Ohio?

We adopted the IUC recommended Uniform Standards for the Collections Practices of Ohio Colleges and Universities.

Section IV: Students Benefit

When institutions save money, they ideally invest a portion of those savings into student benefits, such as reduced fees, increased institutional aid, quality improvements, etc.

For fiscal year 2020 only, please explain what, if anything, your institution is doing that is a new benefit for your students that is not already addressed above. Answers may be financial benefits or intangibles such as efforts to improve career counseling, undergraduate teaching, research, etc. If you have targeted financial aid for tuition, fees, room and board, books, technology or other expenses, please explain the focus of cost reduction.

If you have seen a significant savings from an initiative in the past fiscal year, please describe that here.

Category	Initiative	FY20 (<i>Actual</i>)
Cost savings/avoidance to the institution in FY20 ONLY	Implemented Employee Furlough Program in May and June.	Savings of \$335,000 used to create greater efficiency, maintain low tuition/fee costs to students, while keeping the institution financially stable

Category	Initiative	FY20 (Actual)
	Closed University Buildings to save on Utilities in May - Early August.	Savings of \$200,000 to the university in utilities.
	Reduced University-sponsored travel for faculty/staff	Savings of \$120,000
	Reduction in Force	Reduction in workforce in FY19 (RIF implemented in December 2018) led to savings of \$1.96M
New resource generation for the institution in FY20 ONLY	Two new online programs were started in FY20 along with one certificate. The Masters of Education - Intervention Specialist (Fall 2019) and the Bachelor of Science - Business Marketing (Spring 2020) programs were started to meet the needs of students in the region and state. The Criminal Justice Certificate (Spring 2020) was started to meet the needs of law enforcement and corrections officers in the area.	\$13,560
	Expansion of Online Course & Program Delivery through investments in faculty, equipment, and infrastructure.	Faculty > \$300K to develop online courses for FY20; Equipment - purchased video and other equipment for online delivery. Infrastructure - hired Director of SSU Online, continued partnership with Wiley Online Program enrollment has increased to over 140 students
	Completed renovation of facilities (Kricker, Health Science, ATC) designed to upgrade Gaming, Plastics ET, Business, and Health Sciences Programs. State of the Art Plastics and Advanced Manufacturing Lab, upgraded health science facilities in PT, OT, Nursing.	Investment of \$3.2M in total.

Category	Initiative	FY20 (<i>Actual</i>)
	Kricker Innovation Hub – investment to advance entrepreneurship for SSU students and the community.	Beginning a \$3.4M renovation that will be completed in FYs 21-22.
	The Student Success Center (SSC) has continued to provide support and services to students face-to-face and virtually throughout the pandemic. In addition, SSC staff have provided support to the Summer Bridge students, created their schedules, and orientated for fall. The SSC has continued to run placement testing remotely, training proctors, and ensuring that Accuplacer standards were upheld.	
	This fall, the professional academic advisors have rotated working remotely and in the office. We have provided support to students through the Slack app, email, over the phone, and on Zoom, discussing classes, concerns, and monitoring our students’ needs. In early October, 5 Student Success Coaches were hired to help with the academic support of students.	
	Career Services is regularly doing virtual appointments with students for resume reviews, practice interviews, Major Career Planning and exploration, internship and job searches, etc. When students/alumni make appointments with our office, they have the option to choose in-person or virtual.	
	Career Services is hosting a virtual recruiting events as well as virtual graduate school fairs – both events hosted through the Handshake career platform.	
	We are currently working to schedule a virtual presentation with Nationwide Insurance through our partnership with the Insurance Industry Resource Council.	

Category	Initiative	FY20 (Actual)
	<p>Career Services has provided YouTube video presentations for students about various career topics – students can review and take quizzes to receive prizes – our third one of the semester is ongoing right now. https://www.shawnee.edu/career-resources/career-services/contests . Winners receive an Amazon gift card through their student email.</p>	
<p>Cost savings/avoidance to students in FY20 ONLY</p>	<p>Lowered tuition for students in the online RN/BSN programs from \$278.00 to \$240.00 in March of 2020</p>	<p>\$2,052</p>
	<p>Expansion of University Scholarships</p>	<p>University Scholarships increased by \$1M for FY20.</p>
	<p>Expansion of Co-requisite offerings in English and Math. Co-requisite English/Math offerings allow students to complete credit-bearing general education requirements in their first semester.</p>	<p>Estimated savings for each student (one semester cost) of \$3500 over the completion of their program.</p>
	<p>Expansion of College Credit Plus for high school students.</p>	<p>Estimated savings for each 3-credit-hour class is \$900.00</p>
	<p>SSU continues its 15-to-Finish campaign whereby students are urged to register for a minimum of 15 semester hours per semester. This increases the likelihood that students will graduate at least one semester early.</p>	<p>Estimated savings for each student is \$3500 over the completion of their baccalaureate program.</p>
	<p>Summer Bridge Program (FY20 = Summer 2019) offered to students with remedial needs in English and Math. Summer 2019 program enrolled students completed courses at no cost.</p>	<p>Estimated savings to Bridge to Success students are the costs of one semester of tuition (\$3500). Therefore for 56 students the savings are in the region of \$196,000.</p>

Category	Initiative	FY20 (Actual)
	Development Foundation created and raised \$20,000 for a Student Emergency Fund to cover tech costs (laptops, mice, cameras, etc.) for students with financial need.	\$20,000
	SSU has a contract with Barnes & Noble for a “Virtual Bookstore.” Though the implementation of the “Virtual Bookstore” did not happen until the AY20 (Fall 2019), cost savings to the students are projected to occur immediately.	\$82,400 savings to students

Additional Practices

Some IHE’s may implement practices that make college more affordable and efficient, but which have not been the topic of a specific question in this reporting template. This section invites your institution to share any positive practices you have implemented that benefit student affordability and/or institutional efficiency.

Please share any additional best practices your institution is implementing or has implemented.

Section V: Future Goals

This year’s template does not require updates on every recommendation of the Task Force. Nonetheless, it is important that each institution continue to track its progress on achieving its Five-year goals that have been identified in prior years’ submissions. An updated copy of the five-year goal template is attached. Please provide the data to complete the template, including information already provided in Section IV. In addition, if you have any updates or changes that need to be made to your five-year goals submitted in 2016, please update.

See attached MasterRecommendation2 Template to complete.

The DeWine-Husted administration recognizes that each institution of higher education in Ohio faces unique challenges and opportunities with respect to the institution’s highest priority goals over the next several years. With that in mind, please provide any suggestions about possible roles the state could play in supporting your institutional goals.

1. Please provide your thoughts and suggestions regarding ways that the State of Ohio can further support strength, resiliency and reputational excellence in Ohio's post-secondary education system.

In general, the State of Ohio can support the missions of its post-secondary institutions via continued direct financial support through the State Share of Instruction (SSI) performance-based funding (PBF) model. More specifically, the state can further support higher education by recognizing the unique fiscal challenges facing its smaller institutions, who despite their lack of economies of scale, fulfill the educational needs of underserved populations efficiently and effectively. This support would ideally derive from a combination of both adjustments to the PBF formula as well as continued non-formula allocations of subsidy in the state budget.

2. What legislative obstacles or policy roadblocks, if any, inhibit efficiencies and affordability practices at the IHE's?
 - Significantly increased regulatory reporting (relief sought);
 - Increased mental health services requirements (mental health services student fee sought);
 - Cumbersome tuition and fee approval (seeking allowance for periodic fee restructuring, simplification, consolidation, and reduction).

Thank you for completing the FY20 Efficiency Reporting Template. We appreciate the important role Ohio's colleges and universities play in supporting Ohio students, economic growth, world-class research and the overall success for our state.

MASTER RECOMMENDATION 2: FIVE-YEAR GOAL FOR INSTITUTIONAL EFFICIENCY SAVINGS AND NEW RESOURCE GENERATION

Category	Recommendation	Component	Description	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2020 Actual	FY 2021 Estimate	Subtotal	Budget Narrative/Explanation of Efficiency Savings \$\$ (attach additional sheets if necessary)	
Efficiency Savings	3A	Campus Contracts	SSU has taken advantage of various negotiated contracts with other entities such as IUC-PG, IUC-CIO, and OARnet.			\$ 742,375	\$ 700,000.00	\$ 423,067	\$ 700,000.00		This activity is expected to continue	
	4C	Affinity Partnerships and Sponsorships	SSU participates in many partnerships with various local businesses, educational institutions, as well as the Inter-University Council-Insurance Consortium.			\$ 1,395,800	\$ 1,395,800	\$ 1,200,000	\$ 1,395,800		This activity is expected to continue	
	5B	Productivity Measure	Through extensive restructuring efforts SSU has realized a significant decrease in Administrator positions and salaries.			\$ 1,808,080	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00			
	5D	Health-care Costs	Due to regulatory mandates and budget constraints SSU has drastically reduced the health benefits budget.			\$ 543,651	\$ 400,000	\$ 400,000.00	\$ 400,000.00			
	Energy	Energy Projects	SSU has reduced its energy consumption over the last several years by implementing various energy-saving projects and designs. This reduction results in an on-going			\$ 738,700	\$ 630,000.00	\$ 447,040.00	\$ 450,000.00			
	6A-6C	Standardized Texts	All SSU introductory courses have standardized text which saves money on textbook costs			\$ 106,090	\$ 109,273	\$ 109,273	\$ 112,551.00			Projecting textbook savings of \$100/semester for 500 freshmen.
	7A	Education Campaign	15-to-Finish Campaign will result in students finishing one semester early.			\$ 263,375	\$ 350,000.00	\$ 350,000.00	\$ 350,000.00			Projected savings of one semester (approx. \$3500 tuition) for 100 students in year 4 following implementation of reduced hours.
	7E	Summer Programs	program includes developmental courses which will be offered at minimal cost (\$50 per student) and will allow students to achieve college readiness without			\$ 175,000	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00			Projected savings of 1 semester (approx. \$3500 tuition) for 50 students in year 4 following implementation of program.
	3A	Campus Contracts	Migration to Jenzabar 1 Saas			N/A	\$ 27,958.00	\$ 125,961	\$ 125,961.00			
	7C	Standardized Credits	Revised baccalaureate degree programs have fewer total credits required which will result in students finishing one semester early.			\$ 263,375	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00			Projected savings of 1 semester (approx. \$3500 tuition) for 50 students in year 4 following implementation of reduced hours.
	6C	Digital Capabilities	SSU Engineering Technology and Mathematics programs are open source materials providing savings on textbook costs.			\$ 152,060	\$ 210,000.00	\$ 210,000.00	\$ 210,000.00			Projecting textbook savings of \$400/year for 300 Engineering Tech. majors. Textbook savings of \$90,000 for developmental math sequence and calculus course.
5F	Space Utilization	The implementation of the Events & Conference Services department has provided the university with new potential revenue streams.				\$ 66,000.00	\$ 27,663	\$ -			COVID had impacted our ability to generate revenue in this area.	
Subtotal Efficiency Savings					\$ -	\$ 6,188,506	\$ 4,739,031	\$ 4,143,004	\$ 4,594,312	\$ -		
Category	Recommendation	Component	Description	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2020 Actual	FY 2021 Estimate	Subtotal	Budget Narrative/Explanation of New Resource Generation \$\$ (attach additional sheets if necessary)	
New Resource Generation												
Subtotal New Resource Generation					\$ -		\$ -	\$ -	\$ -	\$ -		
TOTAL OF COMBINED INSTITUTIONAL OPPORTUNITIES FOR ENHANCED STUDENT AFFORDABILITY					\$ -		\$ 4,739,031		\$ 4,594,312	\$ -		

SPECIFIC RE-DEPLOYMENT OF SAVINGS TO STUDENTS: Please use the area below to describe, in detail, how you plan to re-deploy the institutional resources that are saved and/or generated through the task force components outlined above to reduce costs for students.

SIGNIFICANT CHANGE(S) IN 5-YEAR GOALS FROM FY16 SUBMISSION TO FY17 SUBMISSION: Please use the area below to describe, in detail, significant deviation in your institution's 5-year goals from earlier submissions, if applicable.

Shawnee State University**Finance and Administration Committee of the Board of Trustees**

Report Related to Informational Item 3.2: Fiscal 2021 Operating Budget Update

November 13, 2020

Executive Summary

Following is an update of key variables affecting the general and auxiliary operating budgets for the university for fiscal 2021, primarily utilizing data available as of end of the first quarter (September 30). Where appropriate, the full year forecast has also been constructed using more recent information.

Enrollment

As mentioned in the September update, overall enrollment for degree-seeking students for the fall semester is slightly worse than initially budgeted, with the first-time freshmen and transfer student populations realizing the most significant unfavorable results as measured by all key metrics: headcount, registered hours and billable hours. It remains difficult to accurately project how Fall's result will translate into the full year projection given the possibility that some students could simply be deferring the start of their studies until the spring.

Further details on trends in the area will be provided by Enrollment Management in a separate report.

Revenues

As noted in the September report, all major categories of revenue remain under stress due to the ongoing pandemic and its direct and indirect impact on enrollments (and therefore tuition and fees) and the state's economic health (and its ability to fund services).

State funding is trending better than initially budgeted for 2021 as evidenced by the mid-October release of a revised subsidy distribution schedule by the Ohio Department of Higher Education (ODHE) in that depicts annual subsidy allocations to institutions as opposed to the initial version that showed only one quarter's worth of subsidy. This development and the generally positive report from the Office of Budget and Management (OBM) for the State of Ohio's financial performance for the month of September suggest that a slightly higher level of confidence may be warranted in projecting full year results in this area.

Assuming the mid-October allocations are realized, combined state subsidy from State Share of Instruction (SSI) and the supplement will be 7.8% higher (\$1.2 million) than the 2021 budget, although they will nonetheless fall 2.9% (\$0.5 million) short of 2020's actual. Still to be determined is the impact of Shawnee's outcomes in the performance-based funding (PBF) model for fiscal 2021. This effect will be driven by the university's *relative* performance in the model vis-à-vis the other schools in the system and should be known in late November or early December.

Student fees net of scholarships are projected to fall short of budget by 2.5% (0.8 million) due primarily to lower than expected consumption of student housing and meal plans. At this juncture it appears that the conservatism embedded in the 2021 original budget for instructional fees, reflected in a decline of

Shawnee State University**Finance and Administration Committee of the Board of Trustees**

Report Related to Informational Item 3.2: Fiscal 2021 Operating Budget Update

November 13, 2020

3.4% or nearly \$1.0 million from 2020's actual, is both warranted and likely sufficient to capture the projected result for the full year. All categories of student fees will be carefully monitored for what is likely to be an unusual year for the relationship between fall and spring enrollment levels due to the pandemic.

Other revenues are expected to come in flat relative to budget with favorable variances in investment income offsetting shortfalls in sales and services such as those for performances at the Vern Riffe Center for the Arts.

Overall, revenues are projected at 1.1% (\$0.4 million) higher than budget for 2021, but are forecast to decline 7.0% (\$3.2 million) relative to 2020 actual.

It is important to recognize that the funding the university has received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act does not, with rare exception, operate as a general fund revenue replacement stream.

Expenses

As mentioned in the September update, expenses are being closely managed by way of heightened monitoring and oversight, with specific emphasis on position control (hiring freeze), renegotiation of existing contracts wherever possible and close scrutiny of all purchases. Following are some of the key drivers behind the full year forecast:

Personnel expenses are expected to exceed budget by 3.0% (\$0.9 million) due to the factors enumerated below. Notwithstanding this unfavorable variance, it is important to note that this category of expense is expected to decline 2.4% or \$0.8 million from 2020 actual levels.

1. Only approximately \$0.1 million of the \$1.2 million "task" assumed in the original budget has been realized, resulting in an additional \$1.1 million in expected spending for the full year.
2. Projected savings for faculty overload pay do not appear likely to be realized (\$0.3 million)
3. The foregoing unfavorable variances are expected to be offset by way of cost avoidance related to CARES Act funding of approximately \$0.5 million.

Note: The 2021 projection for personnel expenses assumes that the savings associated with a furlough in the spring of 2021 (similar to that of spring 2020) will be realized as budgeted.

Non-personnel expenses are forecast to fall short of budget by 4.7% (\$0.6 million) as the result of:

1. The elimination of the college-wide contingency (\$0.4 million)
2. A reduction in meal plan expenses commensurate with the revenue decline (\$0.2 million)

Shawnee State University**Finance and Administration Committee of the Board of Trustees**

Report Related to Informational Item 3.2: Fiscal 2021 Operating Budget Update

November 13, 2020

Total expenses for the general and auxiliary funds look to land slightly lower than budget (0.8% or \$0.4 million). It continues to appear that all extraordinary expenses associated with mitigating the effects of the pandemic (e.g., the purchase of personal protective equipment (PPE)) will be able to be met with funding from the CARES Act through the end of 2021.

Transfers

Total net transfers out of the general and auxiliary funds will likely be \$1.1 lower than budgeted due to the effects of CARES Act funding, and more precisely the unique accounting treatment required. Typically grants involve the direct charging of expenses to those grant allocations, but due to the timing differences in the award of certain CARES Act monies and their eligibility period, the benefit to the university manifests as a transfer “in”. For example, in July of 2020, Shawnee State received a \$1.8 million allocation through the State of Ohio from the Coronavirus Relief Fund (CRF), but the award eligibility period extended back to March 1, 2020. The \$1.1 million in “Other” transfers includes the impact of \$0.9 million in eligible CRF expenses that occurred prior to the award date; the residual \$0.2 million is the expected impact from a separate CARES Act pool of funds, the Strengthening Institution’s Program (SIP) grant.

Overall Result

The net of effect the foregoing is a reserve draw in the amount of \$0.5 million which is roughly equal to the decline in state subsidy expected to be realized from 2020 to 2021 based on the latest available information. This represents an improvement of \$1.2 million over the original budget.

Although having a complete quarter of activity from which to extrapolate full year results provides a slightly higher degree of confidence than was available for the September update, considerable uncertainty about the pandemic and its impact on Shawnee’s financial picture persists. Although external funding sources, primarily CARES Act funds, have helped to soften the blow for fiscal 2020 and fiscal 2021, the longer term impact on enrollment in particular is not clear. Prudence suggests that a continued focus on near-term and structural cost containment are still warranted.

Appendix A provides a history of recent results as well as a pro forma for 2021.

Shawnee State University
Finance and Administration Committee of the Board of Trustees
 Report Related to Informational Item 3.2: Fiscal 2021 Operating Budget Update
 November 13, 2020

Appendix A: Fiscal 2021 Projected Results for General and Auxiliary Funds Based on Q1 Data

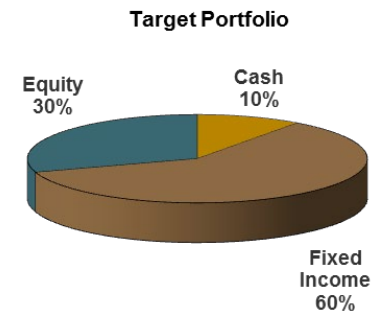
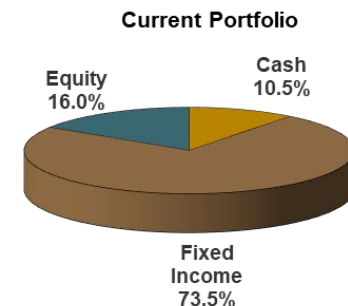
	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2021 Projection	2021 Proj. vs. 2021 Budget Fav. / (Unfav.)	
						\$	%
Revenues							
SSI							
State Share of Instruction	\$ 13,244,283	\$ 13,172,530	\$ 13,156,077	\$ 11,840,469	\$ 12,823,162	\$ 982,693	8.3%
Supplement	2,547,069	2,537,456	3,884,033	3,495,630	3,716,882	221,252	6.3%
Other (Capital Component, Student Support Services)	20,445	3,924	-	2,700	-	(2,700)	-100.0%
Subtotal	15,811,797	15,713,910	17,040,110	15,338,799	16,540,044	1,201,245	7.8%
Tuition, Fees, & Other Student Charges							
Instructional	27,948,063	26,259,161	27,939,596	26,987,239	26,987,239	-	0.0%
Housing & Meals	3,902,025	3,586,503	3,424,953	3,640,297	2,873,241	(767,056)	-21.1%
Subtotal	31,850,088	29,845,664	31,364,549	30,627,536	29,860,480	(767,056)	-2.5%
Less: Institutional Scholarships	(4,095,223)	(4,309,227)	(5,117,528)	(5,380,353)	(5,380,353)	-	0.0%
Net Tuition and Fees	27,754,865	25,536,437	26,247,021	25,247,183	24,480,127	(767,056)	-3.0%
Other	2,975,399	2,686,577	2,066,871	1,156,430	1,165,078	8,648	0.7%
Total Revenue	46,542,061	43,936,924	45,354,002	41,742,412	42,185,249	442,837	1.1%
Expenses							
Personnel (Salaries, Wages & Benefits)	35,894,402	33,735,547	31,818,786	30,143,588	31,048,588	(905,000)	-3.0%
Non-personnel	13,404,045	12,163,520	13,007,249	11,738,409	11,183,429	554,980	4.7%
Total Operating Expenses	49,298,447	45,899,067	44,826,035	41,881,997	42,232,017	(350,020)	-0.8%
Gross Margin	\$ (2,756,386)	\$ (1,962,143)	\$ 527,967	\$ (139,585)	\$ (46,768)	92,817	
<i>as % of Revenues</i>	<i>-5.9%</i>	<i>-4.5%</i>	<i>1.2%</i>	<i>-0.3%</i>	<i>-0.1%</i>		
Transfers In / (Out)							
Capital Fund	(1,382,247)	(1,562,908)	(1,327,275)	(1,564,725)	(1,564,725)		
Other	-	-	393,190	-	1,111,484		
Net	(1,382,247)	(1,562,908)	(934,085)	(1,564,725)	(453,241)		
Net	\$ (4,138,633)	\$ (3,525,051)	\$ (406,118)	\$ (1,704,310)	\$ (500,009)	\$ 1,204,301	

Shawnee State University

Asset Allocation – As of September 30, 2020



Asset Class	Market Value	% of Assets	Target %
Cash Equivalents			
TIAA Cash Deposit Account	\$732,850	10.5%	
Total Cash Equivalents	\$732,850	10.5%	10.0%
Fixed Income			
Fixed Income Separately Managed Account	\$3,384,563	48.4%	40.0%
Vanguard Short Term Bond Index Fund	\$871,834	12.5%	10.0%
DFA Inflation Protected SEC Fund	\$458,816	6.6%	5.0%
PIMCO 1-5 Year U.S. TIPS Index Fund	\$428,929	6.1%	5.0%
Total Fixed Income	\$5,144,142	73.5%	60.0%
Domestic Equity			
TIAA-CREF Large Cap Value Index Fund	\$313,086	4.5%	10.0%
TIAA-CREF Large Cap Growth Index Fund	\$419,877	6.0%	9.0%
iShares Russell Mid Cap Value ETF	\$57,801	0.8%	1.8%
Vanguard Mid Cap Growth Index Fund	\$69,095	1.0%	1.8%
Wasatch Small Cap Growth Fund	\$22,181	0.3%	0.5%
TIAA-CREF Small Cap Blend Index Fund	\$35,430	0.5%	1.0%
Cohen & Steers Real Estate Fund	\$16,792	0.2%	0.5%
Vanguard REIT Index Fund	\$16,470	0.2%	0.5%
Total Domestic Equity	\$950,732	13.6%	25.0%
International Equity			
iShares Core MSCI EAFE ETF	\$97,533	1.4%	3.0%
Harding Loevner Institutional Emerging Markets Fund	\$36,122	0.5%	1.0%
MFS International New Discovery Fund	\$18,453	0.3%	0.5%
DFA International Small Cap Value Fund	\$16,859	0.2%	0.5%
Total International Equity	\$168,967	2.4%	5.0%
Total Equity	\$1,119,699	16.0%	30.0%
Total Portfolio Market Value	\$6,996,691	100.0%	100.0%



SHAWNEE STATE UNIVERSITY SENATE BILL 6 RATIOS FOR FY 2020

	WITH GASB 68 & 75 ADJUSTMENTS			WITHOUT GASB 68 & 75 ADJUSTMENTS			
<u>VIABILITY RATIO</u>							
<u>Expendable Net Assets</u>	=	<u>(\$37,966,499)</u>	=	-1.950	<u>\$6,174,645</u>	=	0.3171
Plant Debt		\$19,470,595			\$19,470,595		
<u>PRIMARY RESERVE RATIO</u>							
<u>Expendable Net Assets</u>	=	<u>(\$37,966,499)</u>	=	-0.641	<u>\$6,174,645</u>	=	0.1049
Operating Expenses		\$59,236,644			\$58,841,640		
<u>NET INCOME RATIO</u>							
<u>Change In Total Net Assets</u>	=	<u>(\$986,901)</u>	=	-0.017	<u>(\$591,897)</u>	=	-0.0102
Total Revenues		\$58,249,743			\$58,249,743		

COMPOSITE SCORE (With GASB 68 & 75 Adjustments):

COMPOSITE SCORE (Without GASB 68 & 75 Adjustments):

		<u>SSU</u>	<u>MAXIMUM POSSIBLE</u>		<u>SSU</u>	<u>MAXIMUM POSSIBLE</u>	
Viability Ratio Score (x) 30% -1.950 = "0"	0 (x) 30%	= 0.0	1.5	Viability Ratio Score (x) 30% 0.317 = "2"	2 (x) 30%	= 0.6	1.5
Primary Reserve Ratio Score (x) 50% -0.641 = "0"	0 (x) 50%	= 0.0	2.5	Primary Reserve Ratio Score (x) 50% 0.105 = "3"	3 (x) 50%	= 1.5	2.5
Net Income Ratio Score (x) 20% -0.017 = "1"	1 (x) 20%	= 0.2	1.0	Net Income Ratio Score (x) 20% -0.010 = "1"	1 (x) 20%	= 0.2	1.0
		<u>0.2</u>	<u>5.0</u>			<u>2.3</u>	<u>5.0</u>

SB6 - 3 Year Comparison

NOVEMBER 13, 2020

Senate Bill 6 (SB6)

DESCRIPTION FISCAL YEAR END	Actual 2018	Actual 2019	Projected 2020
VIABILITY RATIO:			
Expendable/Unrestricted Net Pos.	\$10,030,266	\$6,580,960	\$6,174,645
Plant Debt	\$20,541,617	\$19,575,000	\$19,470,595
Ratio	0.488	0.336	0.317
Applicable Score	2	2	2
Weight	30%	30%	30%
Viability Weighted Score	0.6	0.6	0.6
PRIMARY RESERVE RATIO:			
Expendable/Unrestricted Net Pos.	\$10,030,266	\$6,580,960	\$6,174,645
Operating Expenses	\$61,556,442	\$57,393,656	\$58,841,640
Ratio	0.163	0.115	0.105
Applicable Score	3	3	3
Weight	50%	50%	50%
Primary Reserve Weighted Score	1.5	1.5	1.5
NET INCOME RATIO:			
Change In Total Net Position	(\$5,050,345)	(\$3,283,170)	(\$591,897)
Total Revenues	\$56,513,447	\$54,110,845	\$58,249,743
Ratio	(0.089)	(0.061)	(0.010)
Applicable Score	0	0	1
Weight	20%	20%	20%
Net Income Ratio Weighted Score	0	0	0.2
COMPOSITE SB6 SCORE	2.1	2.1	2.3

PERSONNEL ACTIVITY REPORT - 1ST QUARTER FY21

NOVEMBER 13, 2020

New Hires

- Executive
 - Sunil Ahuja, Vice President for Academic and Student Affairs, effective July 1, 2020
- Administrative
 - Addison Poteet, CRM & Data Manager, Admissions, effective August 6, 2020
 - Jonathan Elrod, Coordinator, Marketing & Communications, effective August 10, 2020
 - Jordan Hileman, Classroom Teacher, CLC, effective August 17, 2020
 - Abigail Jenkins, Classroom Teacher, CLC, effective August 17, 2020
 - Shana Lawhorn, Coordinator, Human Resources, effective September 23, 2020
- Faculty
 - Timothy Nelson, Instructor, English & Humanities, effective August 24, 2020
 - Marie Richey, Assistant Professor, Dental Hygiene, effective August 24, 2020
 - Jennifer Perry, Assistant Professor, School of Education, effective August 24, 2020
 - Sandra Beam, Associate Professor, School of Education, effective August 27, 2020

Change of Status

- Executive
 - Chris Kacir, Associate Provost, effective July 1, 2020
- Administrative
 - Marla Beebe, Interim Director, Library Services, effective July 1, 2020
 - Catherine Bailey, Interim Chair, Nursing, effective August 3, 2020
- Faculty
 - Leeann Denning, Associate Professor, Allied Health Sciences, effective August 24, 2020

Faculty Promotions

- April Barnette, Associate Professor, Rehabilitation & Sports Professions, effective August 24, 2020
- Sarah Clausing, Associate Professor, Business Administration, effective August 24, 2020
- Jodi Dunham, Associate Professor, School of Education, effective August 24, 2020
- Erik Larson, Associate Professor, Natural Sciences, effective August 24, 2020
- Charles Davis, Professor, Fine, Digital & Performing Arts, effective August 24, 2020
- Darrell Rudmann, Professor, Social Sciences, effective August 24, 2020

PERSONNEL ACTIVITY REPORT - 1ST QUARTER FY21

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Departures

- Faculty – Resignations
 - Neil Carpathios – Associate Professor, English & Humanities, effective August 18, 2020
 - Monica Orlando – Assistant Professor, English & Humanities, effective August 19, 2020

- Administrative – Resignations
 - Justin McMillan – Sr. Admissions Associate, effective August 10, 2020
 - Elisabeth Mapes – Classroom Teacher, effective August 15, 2020
 - Terry Noel – IT Software Engineer, effective September 18, 2020

- Administrative – Reduction in Force
 - Lindsey Redoutey – Career Services Advisor, effective August 9, 2020
 - Shana Lawhorn – HR Assistant, effective August 9, 2020
 - Mary Hanshaw – Legal Assistant, effective September 30, 2020

- Administrative - End of Employment
 - Astra Ng – Communications Coordinator, effective September 24, 2020

CAPITAL PROJECTS STATUS REPORT

NOVEMBER 13, 2020

Library/CFA HVAC Renovation - \$2.2M

- Includes replacement of all pneumatic and obsolete DDC controls in both buildings. A new generator will be installed in the CFA and will be sized to provide emergency power for both the CFA and Library.
- All new VAV boxes will be installed in the CFA.
- Multiple air handlers will be replaced in the Library.

Kricker Innovation Hub - \$3.4M (est.) - EDA Grant/Capital/Private

- Programming 50% complete.
- Abatement & Selective Demolition Package - estimate \$50,000

Remove all hazardous material in preparation for future renovation project.

Bids due November 9, 2020.