

**BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE**

**November 14, 2014
9:00 a.m., University Center, Room 214**

Agenda

1.0 Action Items

**1.1 Resolution F31-14
Audit Report**

Representatives from the firm of Plante & Moran will present the preliminary fiscal year 2014 financial audit results for the Committee's consideration and recommendation for acceptance by the Board of Trustees.

**1.2 Resolution F32-14
Appointment of Vice President for Student Affairs**

The recommended appointment of Mr. Robert Trusz as Vice President for Student Affairs is presented for the Committee's review and recommendation to the Board of Trustees.

**1.3 Resolution F33-14
Approval of Graduate Center Administrator**

This resolution creates a Graduate Center Administrator position and is submitted for the Committee's review and recommendation to the Board of Trustees.

**1.4 Resolution F34-14
Approval of Veterans and Test Center Coordinator**

The creation of a Veterans and Test Center Coordinator position to fulfill requirements of Ohio Revised Code, Section 3345.421 is submitted for the Committee's review and recommendation to the Board of Trustees.

**1.5 Resolution F35-14
Rescission of Policy 4.12 and Update to Procedure 4.10:1 Travel Authority-
Business Rules**

This resolution rescinds an outdated policy and incorporates updated applicable provisions into existing Procedure 4.10:1 Travel Authority - Business Rules for the Committee's review and recommendation to the Board of Trustees.

**1.6 Resolution F36-14
Rescission of Policy 4.20**

This resolution rescinds outdated Policy 4.20, Agency Fund Policy, and is submitted for the Committee's review and recommendation to the Board of Trustees.

2.0 Information Items

2.1 FY15 Budget Status Update (Burke and Boyles)

2.2 FY16 Budget Planning Strategy (Morris)

2.3 University Investment Report (Ballengee)

2.4 Capital Projects Report (Boyles)

3.0 Education

David Thoroughman, Director of Public Safety, and Joe VanDeusen, Associate Director, Environmental Health and Safety, will present an overview of the newly implemented *NaviGate Prepared School Safety Response System*.

RESOLUTION F31-14

ACCEPTANCE OF FY14 AUDIT REPORT

WHEREAS, pursuant to O.R.C. 117.11 the financial statements of Shawnee State University must be audited every year; and

WHEREAS, the required audit has been performed by Plante & Moran, PLLC, an independent accounting firm engaged by the Auditor of State, in accordance with O.R.C. 117.11; and

WHEREAS, the results of the audit have been reported to the Board of Trustees' Finance and Administration Committee; and

WHEREAS, the auditor has issued an "unmodified" report;

THEREFORE, be it resolved that the Shawnee State University Board of Trustees accept the Report of Independent Auditors on Financial Statements of the Shawnee State University, as reported.

(November 14, 2014)

{Shawnee State University}

Finance and Administration
Committee

November 14, 2014

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Agenda

- **Shawnee State University Audit Team Leaders**
- **Required Communications**
- **New Pronouncements**
- **Appendix – Definitions**

Audit Team

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Required Communications

- **Plante Moran Reports**
 - Opinion on FY 2014 financial statements.
 - Foundation presented as a component unit.
 - Issued an “unmodified opinion” on the financial statements.
 - 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.

Required Communications (continued)

- **Significant Accounting Policies**

- Independent Auditor's Report
 - The FY 2013 financial statements were audited by other auditors.
 - The University had a change in accounting principle to begin depreciating library books (further described in footnote 2).
- The significant accounting policies used by Shawnee State University are described in the notes, specifically footnote 2 to the financial statements. The adoption of GASB Statement No. 65 is considered a change in accounting policy and is described in footnote 2.
- GASB 65, *Items Previously Reported as Assets and Liabilities*.

Required Communications (continued)

- **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:
 - The allowance for doubtful accounts receivables, footnote 4.
 - The allowance for doubtful student loan notes receivable, footnote 4.
 - Liability for pending litigation, footnote 14
 - Accounting for service concession arrangements, footnote 2

- **Significant Auditing Adjustments**

- There were no uncorrected misstatements identified during the audit.

Required Communications (continued)

- **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.

- **Consultation 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 first 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.

Required Communications (continued)

- **Communications with Management**

- There were no communications with Management other than our engagement letter, Management's representation letter to us, and a management letter. 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.

Required Communications (continued)

- **Other Services**

- Plante Moran completed audits for:
 - Shawnee State University Development Foundation
 - Shawnee State University A-133 Audit

- **Related Party Transactions**

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

New Pronouncements

Current Year's Impact – Reporting Changes

- GASB 65 – Items Previously Reported as Assets and Liabilities
 - Certain items previously reported as assets or liabilities are now redefined as deferred outflows or deferred inflows.

Future Years' Impact – Reporting Changes

- GASB 68 – Reporting for Pensions
 - Requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time.
 - The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known.
 - Effective for financial statements for the fiscal year ended June 30, 2015.
- GASB 69 – Reporting for Government Combinations and Disposals
 - Provides specific accounting and financial reporting guidance for combinations in the governmental environment.
 - Effective for financial statements for the fiscal year ended June 30, 2015.

New Pronouncements (continued)

Future Years' Impact – Reporting Changes (continued)

- GASB 71 – Pension Transition for Contributions Made Subsequent to Measurement Date
 - Amends GASB 68 to require that at transition to GASB 68, the University may recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.
 - Effective for financial statements for the fiscal year ended June 30, 2015.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.
- **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.
- **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.

Appendix- Definitions

- **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, except-for 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.
- **Material Misstatement**
 - To present accidental or intentional untrue financial statement information that influences a company’s value and such.
- **Significant Adjustments**
 - A material 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 finance and administration 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.

Appendix- Definitions

- **Factual Adjustments**
 - These are specific misstatements identified during the audit arising from omission of disclosures and the incorrect selection or misapplication of accounting principles or misstatements of facts identified.
- **Judgmental Adjustments**
 - These are estimate adjustments based on miscellaneous differences between detail information and the general ledger, differences related to accounting estimates, and/or selection or application of accounting policies that we consider inappropriate.
- **Component Unit (GASB)**
 - Component units are legally separate organizations for which the elected officials of the University are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete.
- **Group Audit**
 - The audit of Group financial statements, where the group represents all the components whose financial information is included in the Group financial statements.
- **Component (AICPA)**
 - An entity or business activity for which Group or component management prepares financial information that is required by the applicable financial reporting framework to be included in the Group financial statements.

Appendix- Definitions

- **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.
- **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 12.
- **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 appreciate the opportunity to
serve Shawnee State University.

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Shawnee State University
(a component unit of the State of Ohio)

Financial Report
with Supplementary Information
June 30, 2014

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 financial statements of Shawnee State University (the "University") and its discretely presented component unit as of and for the year then ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Trustees
Shawnee State University

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shawnee State University and its discretely presented component unit as of June 30, 2014 and the changes in its financial position and, where applicable, its cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, in 2014, the University adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective June 30, 2014. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, Shawnee State University has elected to change its method of depreciating library books in fiscal year 2014. This change has been applied retrospectively to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

The financial statements of Shawnee State University as of June 30, 2013 were audited by other auditors, whose report dated October 15, 2013 expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as indicated on the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shawnee State University's financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the financial statements.

To the Board of Trustees
Shawnee State University

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2014 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, and 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.

Plante & Morse, PLLC

October 13, 2014

Shawnee State University

Management's Discussion and Analysis

This unaudited section of Shawnee State University's annual financial report presents a discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2014. 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, statement of revenues, expenses and changes in net position, and the statements of cash flows. These statements have been prepared in accordance with 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*, and GASB 61, *The Financial Reporting Entity - Omnibus*, the 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.

During fiscal year 2014, the University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Please see adoption of new accounting pronouncements in Note 2 of the financial statements for further details.

During fiscal year 2014, the University implemented a change in accounting principles and recorded a prior period adjustment to recognize depreciation expense related to the University's library book collection. The University implemented the change retrospectively in the financial statements to better reflect the library book collection's usage, and to be comparable to other public universities in Ohio. Please see the capital assets section in Note 2 of the financial statements for further details.

Financial Highlights

Key financial highlights for 2014 are as follows:

- Total net position increased \$2,705,706.
- Total assets increased \$1,168,210. Current assets increased \$322,201 and non-current assets (excluding capital assets) increased \$1,044,001 primarily as the result of the increased value of investments.

Shawnee State University

Management's Discussion and Analysis (Continued)

- The \$1,360,353 decrease in total liabilities and the \$546,263 decrease in current liabilities are due to the reduced balances of the University's capital lease and bond issue.
- Total revenue increased \$334,117 from 2013 to 2014 compared with an increase of \$1,191,233 from 2012 to 2013.
- Total expenses decreased \$3,481,991 as compared with an increase of \$1,374,804 from 2012 to 2013,
- Operating expenses decreased \$3,457,764 primarily as a result of decreased institutional support and instruction and research expenses.
- Operating revenue decreased by \$555,068.
- Non-operating revenue increased \$127,613 mainly as a result of \$812,606 in increased investment revenue and a \$634,681 decrease in nonoperating grant revenue. Non-operating expenses decreased \$24,227 primarily as a result of a decrease in interest expense on capital asset related debt.

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 the Shawnee State University Development Foundation. The basic financial statements for Shawnee State University include the statements of net position, statements of revenues, expenses and changes in net position, and the statements of cash flows. The basic financial statements for the Shawnee State University Development Foundation include the statements of net assets and the statements of activities.

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

The statements of net position and statements of revenues, 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 2014?" The statements of net position include all short-term and long-term assets and liabilities, both financial and capital, and deferred 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. Non-financial factors such as student retention rate, enrollment growth, and condition of facilities must also be considered.

Shawnee State University

Management's Discussion and Analysis (Continued)

Statements of Net Position

The statements of net position, which report all assets and liabilities of the University, reflect the financial position of the University at the end of the fiscal year. Total assets and deferred outflows minus total liabilities and deferred inflows equal net position. The University's assets, liabilities, deferred inflows, and net position as of June 30, 2014, 2013, and 2012 are presented below:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets			
Current assets	\$ 9,391,226	\$ 9,069,025	\$ 9,625,103
Capital assets, net (as restated)	84,460,480	84,658,472	84,068,414
Other non-current assets	<u>19,712,229</u>	<u>18,668,228</u>	<u>17,271,323</u>
Total assets	113,563,935	112,395,725	110,964,840
Liabilities			
Current liabilities	6,962,696	7,508,959	5,516,715
Non-current liabilities	<u>18,082,525</u>	<u>18,896,615</u>	<u>18,170,430</u>
Total liabilities	25,045,221	26,405,574	23,687,145
Deferred Inflows of Resources	<u>714,286</u>	<u>891,429</u>	<u>1,068,571</u>
Net Position			
Net investment in capital assets (as restated)	68,650,729	68,071,968	68,186,665
Restricted, expendable	224,890	298,522	349,699
Unrestricted	<u>18,928,809</u>	<u>16,728,232</u>	<u>17,672,760</u>
Total net position	<u>\$ 87,804,428</u>	<u>\$ 85,098,722</u>	<u>\$ 86,209,124</u>

Shawnee State University

Management's Discussion and Analysis (Continued)

Total assets of the University increased \$1,168,210 in 2014 and increased \$1,430,885 in 2013. Current assets increased \$322,201 in 2014 and decreased \$556,078 in 2013. The increase in current assets in 2014 is predominantly attributable to an increase in accounts receivable balances. The decrease in current assets in 2013 is attributable to a decrease in cash and cash equivalents due to reduced government funding during the year. Non-current assets (excluding capital assets) increased \$1,044,001 in 2014 and by \$1,396,905 in 2013 due to the increased market value of University investments.

Net capital assets decreased \$197,992 due to depreciation expense and the loss on disposals of capital assets exceeding the cost of construction projects completed in 2014. The increase of \$590,058 in 2013 was a result of the IT infrastructure upgrade capital project started during the year.

The \$1,360,353 decrease in total liabilities (\$546,263 decrease in current liabilities and a \$814,090 decrease in non-current liabilities) is primarily due to 2014 principal payments to reduce the outstanding balances of the capital lease to fund the University IT Infrastructure Upgrade project and the Series 2007 outstanding bonds issue. The \$2,718,429 increase in total liabilities (\$1,992,244 increase in current liabilities and a \$726,185 increase in non-current liabilities) in 2013 was a result of the issuance of the IT upgrade capital lease in 2013.

Shawnee State University

Management's Discussion and Analysis (Continued)

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position present 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 revenues, expenses, and changes in net position for the fiscal years ended June 30, 2014, 2013, and 2012 are as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues:			
Tuition, fees, and other student charges	\$ 24,209,355	\$ 24,513,333	\$ 24,714,784
Grants and contracts	3,628,307	3,957,641	3,357,255
Sales and services	1,742,795	1,810,841	1,910,816
Miscellaneous income	504,187	357,897	475,849
Non-operating revenues:			
Investment income	2,128,812	1,316,206	102,056
State appropriations	15,916,302	15,966,614	16,120,703
Other grants	14,857,995	15,492,676	16,224,179
Capital appropriations	<u>2,039,185</u>	<u>1,277,613</u>	<u>595,946</u>
Total revenues	65,026,938	64,692,821	63,501,588
Operating expenses:			
Instruction and research	20,100,199	21,750,948	21,129,397
Public service	2,398,875	2,321,027	2,154,204
Academic support	3,016,301	2,833,861	2,820,322
Student services	3,727,822	4,245,464	4,105,408
Institutional support	10,212,939	11,451,277	10,395,977
Operation and maintenance of plant	5,272,526	5,285,870	5,177,885
Scholarships and fellowships	6,834,336	7,038,480	7,870,245
Depreciation (as restated)	3,576,210	3,617,381	3,643,285
Auxiliary enterprises	6,427,094	6,479,758	6,329,988
Non-operating expenses:			
Interest on capital debt	753,039	770,656	765,334
Loss on disposal of capital assets (as restated)	<u>1,891</u>	<u>8,501</u>	<u>36,374</u>
Total expenses	<u>62,321,232</u>	<u>65,803,223</u>	<u>64,428,419</u>
Increase (decrease) in net position	<u>\$ 2,705,706</u>	<u>\$ (1,110,402)</u>	<u>\$ (926,831)</u>

Shawnee State University

Management's Discussion and Analysis (Continued)

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. Based on state regulations, rates charged for undergraduate in-state tuition and fees increased \$188 per full-time student effective in the fall 2013 semester.

The University's revenue from student tuition and fees has decreased to \$24,209,355 from \$24,513,333 in 2013 and \$24,714,784 in 2012 due to decreases in enrollment. Tuition and fees represent 37.2 percent of the University's total revenue in 2014, 37.9 percent in 2013, and 38.9 percent in 2012. The 8.3 percent decrease in operating grants and contracts revenue from \$3,957,641 in 2013 to \$3,628,307 in 2014 is attributable to one-time private gifts received in 2013 to partially offset costs of the IT infrastructure upgrade project.

As the result of institution-wide spending-constraint strategies implemented in prior years and strengthened budget-reduction strategies, several areas witnessed reduced levels of expenses in 2014 when compared to 2013 spending levels. Instruction and departmental research expense decreased 7.6 percent from \$21,750,948 in 2013 to \$20,100,199 in 2014 as opposed to the \$621,551 increase in expense from 2013 to 2012, primarily due to program reductions through such measures as lower healthcare costs, a review of staffing practices to reduce or delay the hiring of vacant or temporary positions, and lower full-service faculty overload expenses. Institutional support expense decreased from \$11,451,277 in 2013 to \$10,212,939 in 2014, a 10.8 percent decrease, due to a reduction in the expense to replenish the University's allowance for doubtful accounts, reduced department healthcare allocated costs, reduced lease expenses, and cost savings related to department reorganizations. In 2013, the University experienced an increase of 10.2 percent, from \$10,395,977 to \$11,451,277, in institutional support expenses due to increased salary and benefits of new positions, increased bad debt expense, and new project start-up costs. Student service expenses decreased 12.2 percent from \$4,245,464 in 2013 to 3,727,822 in 2014 after a \$140,056 increase in 2013 due to department reorganizations, lower health insurance costs, and delays in the hiring of new personnel to fill existing vacancies.

State appropriations represent 24.5 percent of the University's total revenue in 2014, 24.7 percent in 2013, and 25.4 percent in 2012. These percentages illustrate that tuition and fee revenue alone is not sufficient to cover relevant operational expenses. The University is dependent upon a predictable and relatively stable level of state appropriation funding.

During 2014, investment income amounted to \$2,128,812 as compared to \$1,316,206 during 2013 and \$102,056 during 2012. The increase in investment markets in general is mirrored in the University's increase in investment income. During the last quarter of fiscal year 2013, the University retained the services of an investment consultant as well as new investment managers to improve the University's long-term investment performance. The University experienced the benefit of these additions throughout 2014.

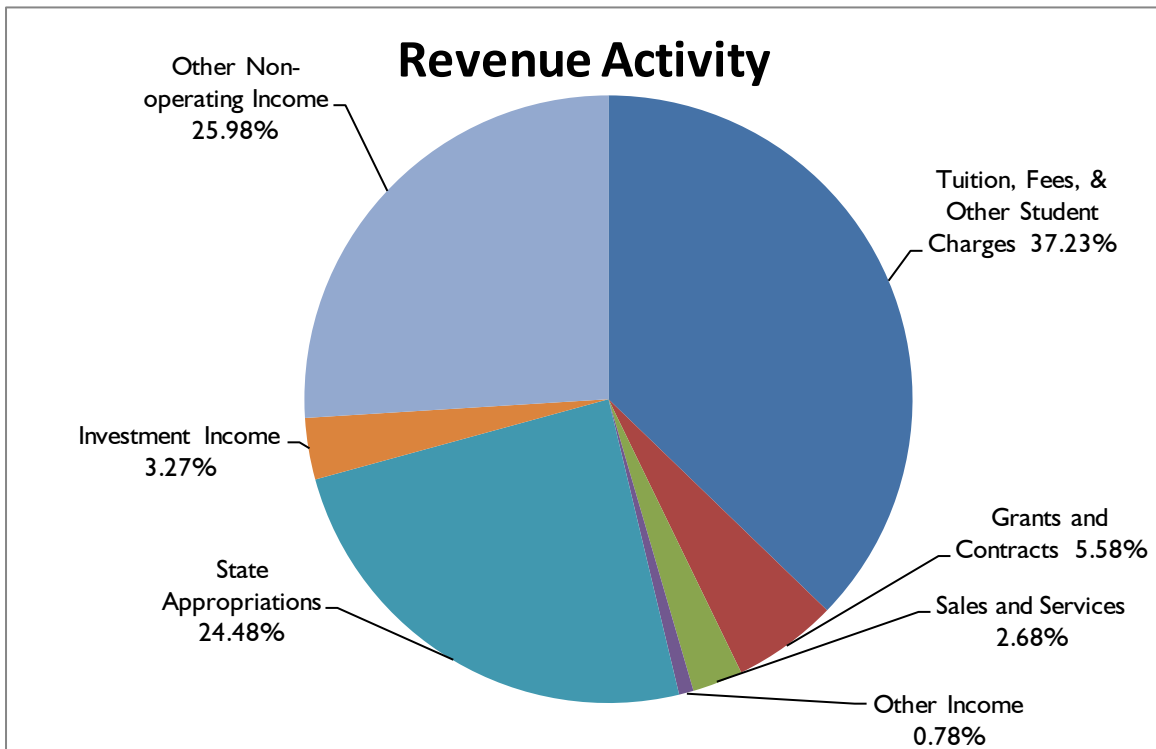
Shawnee State University

Management's Discussion and Analysis (Continued)

Pell Grants and certain other grants are considered nonexchange transactions and therefore are reflected as non-operating revenue. The federal grants portion of non-operating other grants revenue experienced a 6.7 percent decrease. The decrease in 2014 follows a similar decrease in 2013 of 6.1 percent in the federal grant portion of Non-operating other grants revenue. Income from federal aid programs such as Pell, SEOG, and Veteran's Benefits amounted to \$10.9 million in 2014 as compared with \$11.7 million in 2013 and \$12.5 million in 2012. Non-operating grants revenue represents 22.8 percent of the University's total revenue in 2014, 23.9 percent in 2013, and 25.5 percent in 2012.

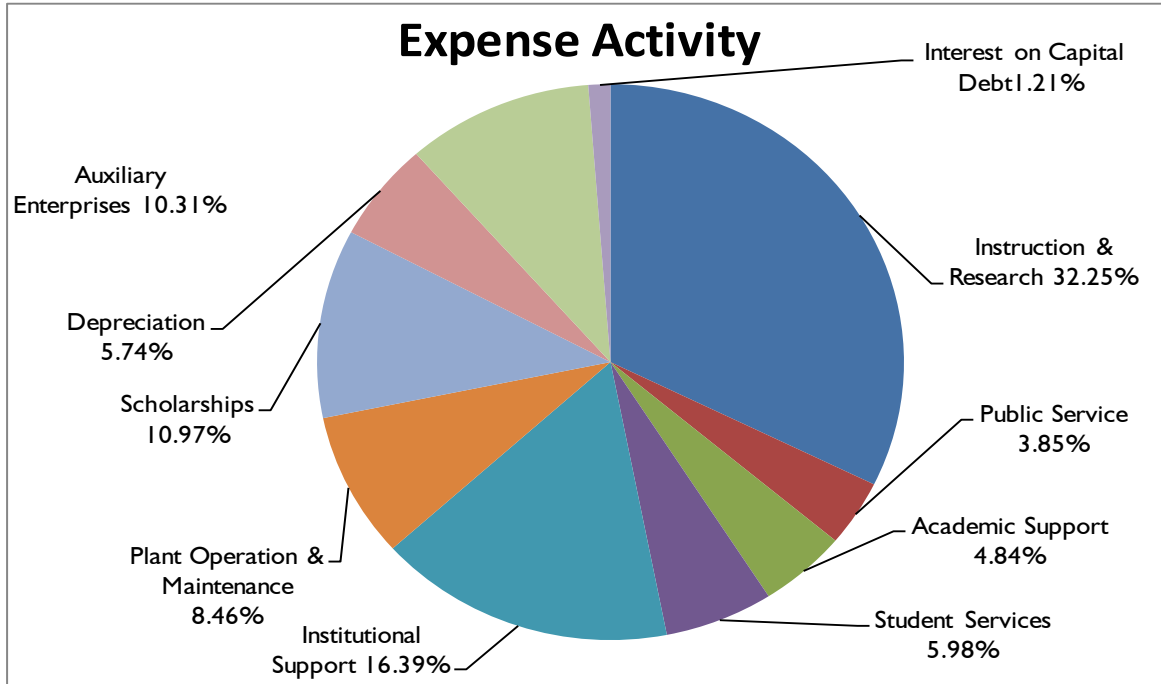
Capital appropriations increased to \$2,039,185 in 2014 from \$1,277,613 in 2013 and from \$595,946 in 2012. The increase from prior years is a result of various state-funded, multi-year construction projects. These projects included the administrative building renovation (completed in 2014), the State's share of the IT infrastructure upgrade project (scheduled to be completed in 2015) and the plaza/concrete renovation project (scheduled to be completed in 2015).

The following graphs summarize Shawnee State University's revenue and expense activity for the fiscal year ending June 30, 2014.



Shawnee State University

Management's Discussion and Analysis (Continued)



Statement of Cash Flows

The statements of cash flows provide information about the University's financial condition by reporting the cash sources (receipts) and the cash uses (payments) during the fiscal year ending June 30, 2014. A comparison of cash sources and uses during fiscal years 2014, 2013, and 2012 is presented below:

	2014	2013	2012
<u>Cash provided by (used in):</u>			
Operating activities	\$ (28,522,106)	\$ (30,636,074)	\$ (31,659,294)
Noncapital financing activities	30,975,630	31,926,242	32,629,493
Capital and related financing activities	(3,628,995)	(2,019,860)	(2,981,313)
Investment activities	<u>1,288,568</u>	<u>(602,573)</u>	<u>(526,649)</u>
Net increase (decrease) in cash and cash equivalents	113,097	(1,332,265)	(2,537,763)
Cash and cash equivalents - Beginning of the year	<u>1,457,708</u>	<u>2,789,973</u>	<u>5,327,736</u>
End of the year	<u>\$ 1,570,805</u>	<u>\$ 1,457,708</u>	<u>\$ 2,789,973</u>

Shawnee State University

Management's Discussion and Analysis (Continued)

Cash and cash equivalents increased by \$113,097 from 2013 to 2014, compared to a decrease of \$1,332,265 from 2012 to 2013 mainly due to a decrease in University expenditures during 2014.

Capital Assets and Debt Administration

At the end of fiscal year 2014, the University had \$84,460,480 in net capital assets. This reflects an overall decrease of \$197,992 in net capital assets from 2013.

Capital assets, net of depreciation at June 30:

	2014	2013	2012
Land	\$ 8,003,370	\$ 8,003,370	\$ 8,003,370
Land Improvements	6,928,632	6,928,632	6,928,632
Buildings and Improvements	61,429,944	62,663,260	64,659,216
Equipment	2,653,813	3,058,064	3,656,072
Library books (as restated)	308,218	342,796	371,212
Construction in progress	5,136,503	3,662,350	449,912
Totals	<u>\$ 84,460,480</u>	<u>\$ 84,658,472</u>	<u>\$ 84,068,414</u>

Debt Administration

At June 30, 2014, the University had outstanding General Revenue Bonds Payable totaling \$14,835,000; \$470,000 of which is due within one year. This reflects an overall decrease of \$575,000 in the General Revenue Bonds Payable liability from 2013. The Series 2007 Bonds were issued for the purpose of paying the cost to renovate and construct a new addition to the University Center and for the refunding of the outstanding Series A and Series B 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. As of June 30, 2014, the remaining balance of the capital lease was \$1,285,070; \$417,747 of which is due within one year.

Shawnee State University

Management's Discussion and Analysis (Continued)

Outstanding debt at year end:

	2014	2013	2012
Capital lease payable - 2.49%	\$ 1,285,070	\$ 2,247,225	\$ -
General revenue bonds payable - 4.0% to 5.0% - Series 2007	<u>14,835,000</u>	<u>15,410,000</u>	<u>15,970,000</u>
Total debt	<u>\$ 16,120,070</u>	<u>\$ 17,657,225</u>	<u>\$ 15,970,000</u>

Current Financial Issues and Concerns

Shawnee State University closed fiscal year 2014 with a positive financial performance due to the culmination of multiple factors. Those factors that were predominant include: the continued austere approach to University non-compensation spending; execution of a measured reduction-in-force and "soft-freeze" on vacancy replacements that reduced and/or reallocated workforce compensation; constraints placed on the utilization of faculty overload and adjunct costs; full implementation of planned phased-in changes in health insurance to all employee groups; lower than expected health claims; and the deferral of a major renovation project to fiscal year 2015. Subsuming investment income of over \$2.1 million primarily due to strong market performance with the above identified factors produced an improved General Fund net position of approximately \$2.3 million versus a budgeted 2014 deficit of \$1.5 million.

The impact to the 2014 University net position with other funds adjustments is a positive change of \$2,705,706. This outcome was achieved despite a 5.7 percent decline in FTE (full-time equivalency) enrollment for fall 2013 over the previous academic year. The resulting tuition revenue loss was mitigated by a 2.73 percent (\$188/credit hour) tuition increase. Still, even with the positive 2014 results, future-oriented strategies are essential to proactively address concerns about the sustainability of the University's current funding model.

The State of Ohio has substantially revamped its funding formula (state share of instruction) to more aggressively incentivize student course and degree completions. The dramatic and extensive changes will in the near term have significant negative implications to the University due to its mission as an "open access" institution. The statewide goals that undergird the revisions to the SSI funding model are embraced by the University. However, in order to adapt to this new paradigm within a feasible time period, the University requires substantial investments crucial to fund initiatives and programs that meet the unique needs of a campus with a large proportion of its student population consisting of first-generation, low-income, and underprepared students. The reality is that the University will experience increased volatility and probable declines in SSI allocations for the foreseeable future. Further, the anticipated additional changes to the funding formula expected to become effective beginning with the fiscal year 2016-2017 biennium create additional uncertainties about state-funding allocations.

Shawnee State University

Management's Discussion and Analysis (Continued)

The close scrutiny of the University's supplemental funding that is a portion of the total state appropriation to the University (approximately \$2.3 million for 2014) is expected to continue with the State's 2016-2017 biennial budget development process. It should be noted that the purpose of the supplement has changed and new expectations have been added for continued funding. The University has complied with new reporting requirements that illustrate the manner in which these funds are utilized. As a result, there is not currently an indication that this funding is at any greater risk of elimination than in previous biennia. The University appreciates the collaboration with the Chancellor's office and members of a variety of departments within the Board of Regents. At this point in time, there appears to be recognition that the University is effectively and appropriately dispersing these funds. The positive relationships that exist with state officials provides the University with guidance and support that is invaluable as the "degrees of freedom" related to institutional financial alternatives are being diminished.

In order to respond to the SSI funding formula changes and to continue to secure the supplement revenue, the University is making fundamental programmatic changes dedicated to improving its graduation completion rates. Toward that end, in fall 2013 the University piloted the Student Success Curriculum (SSC) through its newly formed University College. The program was offered on a voluntary basis to students with multiple risk factors, provided direct academic counseling, focused academic and student-life support, and required the participants to commit to specific study and behavior requirements designed for long-term success. Initial data revealed that the pilot program did make a significant contribution to student retention in the second semester. Modifications were made to the SSC based upon participant and faculty feedback and the program was expanded to provide for a much larger freshman population beginning in fall 2014. The SSC was integrated into a state-mandated plan that describes the University's path to realizing increased graduation rates.

The reduction of federal and state operating grant revenue realized in 2014 of \$329,334 less than the amount received in 2013 underpins the University's stated concerns about the youth in our community no longer having access to the positive and lifelong experiences these programs provide. As resources continue to be stretched to meet core mission priorities, University support must be curtailed for these community-based programs. This has potential long-term negative implications by the weakening of a viable feeder system important to the University's enrollment.

A major re-organization of the University's finance department was completed in June 2014. The focus was upon improving services to internal and external stakeholders while achieving operational efficiencies. This effort included the consolidation of accounts payable and purchasing operations with enhanced automated systems that streamlined processes. Throughout 2014, the University has continued to modernize and upgrade its business, technology, and communications systems. A major undertaking that began in 2013 to upgrade and increase capacity of the University's Internet infrastructure including enhancing wireless access and the implementation of VoIP technology will be implemented in early 2015.

Shawnee State University

Management's Discussion and Analysis (Continued)

Ohio public universities' fiscal conditions are measured annually via financial viability ratios established by Senate Bill 6 (SB 6). This ratio is derived from a calculation that considers plant debt, operating expenses, total revenues, and changes to net position. The University's fiscal position continues to remain strong with its 2013 composite ratio of 3.1 (maximum is 5.0). Future SB 6 ratios will be significantly negatively impacted by the adoption of GASB 68 standards in which a proportionate share of all state pension plan net pension liabilities and pension expense will be reflected on public employers' financial statements. This action is controversial and it is fully understood by national financial experts that confusion about the true financial status of public employers will exist across the nation. The University is working with state officials and state pension plan representatives to determine its 2015 impact.

Shawnee State University is contending with the impact of a higher-than-normal rate of retirements across all employee groups. Importantly, the University is also experiencing the near-term loss of key executives that have retired or plan to retire. Currently, this involves turnover in the next two to three years of the entire executive staff and the president who has announced her retirement effective June 30, 2015. The organization is responding to this transition of leadership by identifying successors for key positions and reviewing the current organizational structure for future needs.

The Board of Trustees has contracted with a national search firm and has begun a well-constructed presidential search process that engages the campus leadership and the external community's key stakeholders. The current president has dedicated her last year's priorities to creating an environment well-positioned for a new president to engage the campus and community in an extensive strategic planning effort to build upon the existing solid foundation that provides a pathway for continued progress. Toward that end, effective leadership must exist during and beyond the transition period, the systematic review and upgrading of Board policies must continue, academic and non-academic program reviews must be completed, and a community must fully engage to complete the strategic planning effort. All of these actions, and more, are fundamental to preserve the University's high-quality academic and student-life environment and to reaffirm the University's stated mission. These efforts will be achieved during a significantly challenging fiscal environment.

Shawnee State University

Statements of Net Position University

	June 30	
	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,570,805	\$ 1,457,708
Short-term investments	<u>537,294</u>	<u>779,539</u>
Total cash and short-term investments	2,108,099	2,237,247
Receivables:		
Accounts (net of allowance for doubtful accounts of \$2,622,298 in 2014 and \$2,201,580 in 2013)	6,917,631	6,431,354
Notes	91,165	96,880
Amounts due from primary government	-	43,200
Interest receivable	38,489	-
Inventory	45,724	49,095
Prepaid items	<u>190,118</u>	<u>211,249</u>
Total current assets	9,391,226	9,069,025
Non-current Assets		
Investments	19,712,229	18,668,228
Capital assets - Net (as restated for 2013)	<u>84,460,480</u>	<u>84,658,472</u>
Total non-current assets	<u>104,172,709</u>	<u>103,326,700</u>
Total assets	<u>\$ 113,563,935</u>	<u>\$ 112,395,725</u>

Shawnee State University

Statements of Net Position (Continued) University

	June 30	
	2014	2013
Liabilities, Deferred Inflows, and Net Position		
Current Liabilities		
Accounts payable	\$ 888,356	\$ 987,629
Accrued wages and benefits	3,509,069	3,326,604
Compensated absences payable	238,189	224,281
Capital lease payable	417,747	962,155
Bonds payable	470,000	575,000
Accrued interest payable	83,975	80,386
Unearned revenue	1,209,959	1,221,554
Deposits held by and due to others	145,401	131,350
Total current liabilities	6,962,696	7,508,959
Non-current Liabilities		
Compensated absences payable	2,143,700	2,018,533
Unearned revenue	706,502	758,012
Capital lease payable	867,323	1,285,070
Bonds payable	14,365,000	14,835,000
Total non-current liabilities	18,082,525	18,896,615
Total liabilities	25,045,221	26,405,574
Deferred Inflows of Resources -		
Service concession agreements	714,286	891,429
Net Position		
Net investment in capital assets (as restated for 2013)	68,650,729	68,071,968
Restricted:		
Expendable		
Loans	112,916	112,916
Other	111,974	185,606
Unrestricted	18,928,809	16,728,232
Total net position	87,804,428	85,098,722
Total liabilities, deferred inflows, and net position	<u>\$ 113,563,935</u>	<u>\$ 112,395,725</u>

Shawnee State University

Statements of Financial Position Development Foundation

	June 30	
	2014	2013
Assets		
Cash and cash equivalents	\$ 191,827	\$ 1,521,514
Investments	16,842,142	14,274,189
Contributions receivable - Net	2,255,451	3,249,037
Lease receivable from related party	44,550	-
Beneficial interest in trusts held by others	1,285,326	1,225,717
Cash surrender value of life insurance	221,027	206,575
Other assets	136,272	-
Net property and equipment	9,561,921	119,650
Total assets	<u>\$ 30,538,516</u>	<u>\$ 20,596,682</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 17,725	\$ 3,654
Accrued real estate tax	29,827	-
Other payables	25,000	-
Deposits held and due to others	211,677	171,648
Annuity payment liability	269,181	297,927
Note payable	4,455,934	-
Total liabilities	5,009,344	473,229
Net Assets		
Unrestricted	6,295,930	2,407,943
Temporarily restricted	9,468,855	8,029,210
Permanently restricted	9,764,387	9,686,300
Total net assets	<u>25,529,172</u>	<u>20,123,453</u>
Total liabilities and net assets	<u>\$ 30,538,516</u>	<u>\$ 20,596,682</u>

Shawnee State University

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

	Year Ended June 30	
	2014	2013
Operating Revenue		
Student tuition and fees (net of scholarship allowances of \$12,128,351 in 2014 and \$12,480,451 in 2013)	\$ 24,209,355	\$ 24,513,333
Federal grants and contracts	2,417,573	2,373,300
State grants and contracts	448,515	370,823
Local grants and contracts	331,676	262,926
Private gifts, grants, and contracts	430,543	950,592
Sales and services	1,742,795	1,810,841
Miscellaneous	504,187	357,897
Total operating revenues	30,084,644	30,639,712
Operating Expenses		
Education and general:		
Instruction and departmental research	20,100,199	21,750,948
Public service	2,398,875	2,321,027
Academic support	3,016,301	2,833,861
Student services	3,727,822	4,245,464
Institutional support	10,212,939	11,451,277
Operation and maintenance of plant	5,272,526	5,285,870
Scholarships and fellowships	6,834,336	7,038,480
Depreciation expense (as restated for 2013)	3,576,210	3,617,381
Auxiliary enterprises	6,427,094	6,479,758
Total operating expenses	61,566,302	65,024,066
Operating Loss	(31,481,658)	(34,384,354)
Nonoperating Revenues (Expenses)		
State appropriations	15,916,302	15,966,614
Federal, state, and local grants and contracts	13,898,359	14,692,279
Private grants and contracts	959,636	800,397
Investment income	2,128,812	1,316,206
Interest on capital asset-related debt	(753,039)	(770,656)
Loss on disposal of capital assets (as restated for 2013)	(1,891)	(8,501)
Net non-operating revenues	32,148,179	31,996,339
Change in Net Position Before Capital Appropriations	666,521	(2,388,015)
Other Revenue - Capital appropriations	2,039,185	1,277,613
Increase (Decrease) in Net Position	2,705,706	(1,110,402)
Net Position - Beginning of year (as restated for 2013)	85,098,722	86,209,124
Net Position - End of year	\$ 87,804,428	\$ 85,098,722

Shawnee State University

Statements of Activities Development Foundation For the Year Ended June 30, 2014 (with comparative totals for 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total 2013
Revenues and Other Support					
Contributions	\$ 3,424,576	\$ 429,784	\$ 38,718	\$ 3,893,078	\$ 2,794,683
Investment income - Net	234,203	2,357,402	-	2,591,605	1,805,345
Change in value of split- interest agreements	2,632	49,824	39,369	91,825	9,087
Losses for uncollectible contributions	(445)	-	-	(445)	(4,649)
Other income	3,000	-	-	3,000	4,000
Rental loss - Net	(21,405)	-	-	(21,405)	-
Net assets released from restrictions	<u>1,397,365</u>	<u>(1,397,365)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other support	5,039,926	1,439,645	78,087	6,557,658	4,608,466
Expenses					
Scholarships and other student aid	320,264	-	-	320,264	188,153
Institutional support	435,530	-	-	435,530	1,078,311
Guest speakers and lecturers	8,098	-	-	8,098	10,751
Management and general expenses	<u>388,047</u>	<u>-</u>	<u>-</u>	<u>388,047</u>	<u>243,681</u>
Total expenses and losses	<u>1,151,939</u>	<u>-</u>	<u>-</u>	<u>1,151,939</u>	<u>1,520,896</u>
Change in Net Assets	3,887,987	1,439,645	78,087	5,405,719	3,087,570
Net Assets - Beginning of year	<u>2,407,943</u>	<u>8,029,210</u>	<u>9,686,300</u>	<u>20,123,453</u>	<u>17,035,883</u>
Net Assets - End of year	<u>\$ 6,295,930</u>	<u>\$ 9,468,855</u>	<u>\$ 9,764,387</u>	<u>\$ 25,529,172</u>	<u>\$ 20,123,453</u>

Shawnee State University

Statement of Activities Development Foundation For the Year Ended June 30, 2013

	For the Year Ended June 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013
Revenues and Other Support				
Contributions	\$ 178,914	\$ 658,407	\$ 1,957,362	\$ 2,794,683
Investment income - Net	161,811	1,643,534	-	1,805,345
Change in value of split-interest agreements	1,140	35,358	(27,411)	9,087
Losses for uncollectible contributions	(883)	(1,841)	(1,925)	(4,649)
Other income	4,000	-	-	4,000
Net assets released from restrictions	3,519,827	(3,519,827)	-	-
Total revenues and other support	3,864,809	(1,184,369)	1,928,026	4,608,466
Expenses				
Scholarships and other student aid	188,153	-	-	188,153
Institutional support	1,078,311	-	-	1,078,311
Guest speakers and lecturers	10,751	-	-	10,751
Management and general expenses	243,681	-	-	243,681
Total expenses and losses	1,520,896	-	-	1,520,896
Change in Net Assets	2,343,913	(1,184,369)	1,928,026	3,087,570
Net Assets - Beginning of year	64,030	9,213,579	7,758,274	17,035,883
Net Assets - End of year	<u>\$ 2,407,943</u>	<u>\$ 8,029,210</u>	<u>\$ 9,686,300</u>	<u>\$ 20,123,453</u>

Shawnee State University

Statements of Cash Flows University

	Year Ended June 30	
	2014	2013
Cash Flows from Operating Activities		
Cash received from tuition, fees, and other student charges	\$ 23,607,216	\$ 23,730,995
Cash received from gifts, grants, and contracts	3,392,574	3,618,834
Cash received from sales and services	1,717,267	1,880,347
Cash received from miscellaneous services	504,187	357,897
Cash payments to suppliers for goods and services	(14,648,866)	(15,274,349)
Cash payments to employees for services	(25,280,534)	(26,791,059)
Cash payments for employee benefits	(10,979,614)	(11,120,259)
Cash payments for scholarships and fellowships	<u>(6,834,336)</u>	<u>(7,038,480)</u>
Net cash used in operating activities	(28,522,106)	(30,636,074)
Cash Flows from Noncapital Financing Activities		
State appropriations	15,916,302	15,966,614
Nonexchange gifts, grants, and contracts	15,046,610	16,013,224
Net cash from agency transactions	<u>12,718</u>	<u>(53,596)</u>
Net cash provided by noncapital financing activities	30,975,630	31,926,242
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	2,082,385	1,236,199
Proceeds from capital debt	-	2,820,339
Payments for capital acquisitions	(3,401,980)	(4,170,223)
Principal payments	(1,537,155)	(1,133,113)
Interest payments	<u>(772,245)</u>	<u>(773,062)</u>
Net cash used in capital and related financing activities	(3,628,995)	(2,019,860)
Cash Flows from Investing Activities		
Interest on investments	477,773	357,055
Proceeds for sales and maturities of investments	1,336,140	14,650,304
Purchases of securities	<u>(525,345)</u>	<u>(15,609,932)</u>
Net cash provided by (used in) investing activities	1,288,568	(602,573)
Net Change in Cash and Cash Equivalents	113,097	(1,332,265)
Cash and Cash Equivalents - Beginning of year	<u>1,457,708</u>	<u>2,789,973</u>
Cash and Cash Equivalents - End of year	<u>\$ 1,570,805</u>	<u>\$ 1,457,708</u>

Shawnee State University

Statements of Cash Flows (Continued) University

	Year Ended June 30	
	2014	2013
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$ (31,481,658)	\$ (34,384,354)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	3,576,210	3,617,381
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(583,287)	(793,400)
Notes receivable	5,715	(5,195)
Prepaid items	21,131	(74,435)
Inventory	3,371	(4,726)
Accounts payable	(99,273)	(6,798)
Accrued wages and benefits	182,436	1,197,485
Compensated absences payable	139,075	71,012
Unearned revenue	(285,826)	(253,044)
Net cash used in operating activities	<u>\$ (28,522,106)</u>	<u>\$ (30,636,074)</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 Ohio. 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 non-voting 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* and GASB Statement No. 61, *The Financial Reporting Entity - 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.

The 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 Directors 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 resources, or income thereon, the resources the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. 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 Development Foundation, 940 Second Street, Portsmouth, Ohio 45662 or by calling 740-351-3198.

Note 2 - Summary of Significant Accounting Policies

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.

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 GASB, 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, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

Basis of Accounting - 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.

Revenue is recorded on the accrual basis when the exchange takes place. 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.

Accounts Receivable - Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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 investment management agreements with Agincourt Capital Management, Manning & Napier Advisors and TAMRO Capital Partners, as permitted by State statute. The agreements allow (within statute limits) investment in both debt and equity instruments.

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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. 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, 2014.

Short-term investments represent investments with maturities of between 90 days and one year.

Capital Assets - Capital assets utilized by Shawnee State University are reported on the statements 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 fair market values as of the date received. Shawnee State University maintains a capitalization threshold of \$1,500. Improvements 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.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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. No capitalized interest was recorded for fiscal years 2014 and 2013.

During 2014, the University implemented a change in accounting principles and recorded a prior period adjustment to recognize depreciation expense related to the University's library book collection. Before the change, the University did not depreciate library books. Under the new method, which has been applied retrospectively in the financial statements, the University will depreciate library books over 10 years to better reflect the library book collection's usage and to be comparable to other public universities in Ohio. As a result of the change, the total net position and the net capital asset balance were reduced by \$4,236,752 as of July 1, 2012. The effects of the change for the fiscal year ending June 30, 2013 are shown in the table below.

	Beginning Balance Prior to Restatement June 30, 2013	Effect of Change in Accounting Principle	Ending Balance June 30, 2013
Capital assets - Net	\$ 88,968,410	\$ (4,309,938)	\$ 84,658,472
Net investment in capital assets	72,381,906	(4,309,938)	68,071,968
Depreciation expense	3,538,363	79,018	3,617,381
Loss on disposal of capital assets	(14,333)	5,832	(8,501)

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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 second is revenue received from the University bookstore vendor. These funds are designated for improvements to the bookstore as part of the University Center renovation project. The funding is dependent on retaining the contract with this vendor. The straight-line method will be used to amortize the revenue over the remaining life of the contract.

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, grantor, or other external entity. This category includes the unspent balance in grant funds, 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 revenues are 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 non-operating.

- 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 revenues are 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 revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain federal, state, local, and nongovernmental grants are recorded as either operating or nonoperating revenues in the University's financial statements based on whether or not they are considered exchange transactions. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Note 2 - Summary of Significant Accounting Policies (Continued)

Service Concession Arrangements - The University has an agreement with a food service provider, which is a service concession arrangement. The University received funds toward dining hall renovations that are contingent upon the University utilizing the services of the food service provider over a 10-year period. The amounts received are being amortized over the life of the contract arrangement. The unamortized amounts previously were reflected as unearned revenue. Under GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which became effective in the year ended June 30, 2013, service concession arrangements are to be reported as deferred inflows or outflows. The University recorded deferred inflows of resources of \$714,286 and \$891,429 at June 30, 2014 and 2013, 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.

Adoption of New Accounting Pronouncements

In fiscal year 2014, the provisions of the following GASB Statement became effective:

- **Items Previously Reported as Assets and Liabilities** - In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. In accordance with the statement, the University recorded a prior period adjustment to reduce total net position by \$246,730 to remove the remaining unamortized bond issuance costs related to the 2007 Series Bond issue.

Note 2 - Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

As of June 30, 2014, the GASB has issued the following statements not yet implemented by the University.

- **Accounting for Pensions** - In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The University is currently evaluating the impact this standard will have on the financial statements when adopted. The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known. The provisions of this statement are effective for financial statements for the year ended June 30, 2015.
- **Government Combinations and Disposals of Government Operations** - In January 2013, the Governmental Accounting Standards Board issued GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. Until now, governments had been accounting for mergers, acquisitions, and transfers of operations by analogizing to accounting and financial reporting guidance intended for the business environment. This statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also requires that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. GASB Statement No. 69 is required to be adopted for years beginning after December 15, 2013. The University is currently evaluating the impact this standard will have on the financial statements when adopted during the University's 2014-2015 fiscal year.

Shawnee State University

Notes to Financial Statements June 30, 2014 and 2013

Note 3 - Deposits and Investments

Deposits - Custodial credit risk: At June 30, 2014, the carrying amount of the University's deposits, (which consist of cash, excluding cash on hand of \$3,856, deposits held by trustee, and investments) was \$1,566,949 and the bank balance was \$1,767,156. The difference in the carrying amount and bank balance primarily results from outstanding checks. Of the bank balance, \$250,000 is covered by Federal Deposit Insurance. At June 30, 2013, the carrying amount of the University's deposits, (which consist of cash, excluding cash on hand of \$3,787, deposits held by trustee, and investments) was \$1,453,921 and the bank balance was \$1,854,618.

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, 2014, the University had the following investments and maturities using the segmented time distribution method:

Investment Type	Fair Value	Investment Maturities (in years)		
		< 1	1-5	6-10
U.S. Govt. and agency bonds	\$ 1,002,835	\$ -	\$ 561,622	\$ 441,213
Corporate bonds and notes	1,773,587	126,148	1,043,675	603,764
Foreign corporate bonds	319,914	-	142,422	177,492
Fixed-income mutual funds	3,424,442	-	354,953	3,069,489
Money market funds	685,202	395,446	289,756	-
STAR Ohio funds	3,165,382	3,165,382	-	-
	10,371,362	\$ 3,686,976	\$ 2,392,428	\$ 4,291,958
Equities and equity funds	9,878,161			
	<u>\$ 20,249,523</u>			

Shawnee State University

Notes to Financial Statements June 30, 2014 and 2013

Note 3 - Deposits and Investments (Continued)

As of June 30, 2013, the University had the following investments and maturities using the segmented time distribution method:

Investment Type	Fair Value	Investment Maturities (in years)		
		<1	1-5	6-10
U.S. Govt. and agency bonds	\$ 1,552,759	\$ 312,946	\$ 493,890	\$ 745,923
Corporate bonds and notes	1,684,928	10,516	725,487	948,925
Fixed-income mutual funds	3,194,304	-	377,945	2,816,359
Money market funds	977,710	445,709	532,001	-
STAR Ohio funds	4,164,785	4,164,785	-	-
	11,574,486	\$ 4,933,956	\$ 2,129,323	\$ 4,511,207
Equities and equity funds	7,873,281			
	<u>\$ 19,447,767</u>			

Investments at June 30, 2014 and 2013 are shown in the statement of net position as current in the amount of \$537,294 and \$779,539, respectively, and as non-current in the amount of \$19,712,229 and \$18,668,228, 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.

Shawnee State University

Notes to Financial Statements June 30, 2014 and 2013

Note 3 - Deposits and Investments (Continued)

As of June 30, 2014 and 2013, the University had the following investments and quality ratings:

Investment Type	Rating	Fair Value	Fair Value
U.S. Govt. and agency bonds	AAA	\$ 1,002,835	\$ 1,552,759
Corporate bonds and notes	AAA	13,672	30,377
	AA	125,382	81,781
	A	765,729	578,306
	BBB	868,804	748,883
	BB	-	14,620
Foreign corporate bonds	AA	66,192	40,530
	A	110,579	79,961
	BBB	143,143	110,470
Fixed-income mutual funds	AAA	1,497,695	-
	BBB	1,926,747	1,719,269
	B	-	1,475,035
Money market funds	AAA	685,202	445,709
	AA	-	532,001
STAR Ohio funds	AAA	3,165,382	4,164,785
		\$ 10,371,362	\$ 11,574,486

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 percent of the total investment portfolio.

Shawnee State University

Notes to Financial Statements June 30, 2014 and 2013

Note 4 - Accounts Receivable

The composition of accounts receivable at June 30, 2014 and 2013 is summarized as follows:

	2014	2013
Student tuition and fees	\$ 7,359,231	\$ 6,747,710
Grants and contracts	1,522,452	1,587,384
Other	658,246	297,840
Total accounts receivable	9,539,929	8,632,934
Less allowance for doubtful accounts	(2,622,298)	(2,201,580)
Accounts receivable - Net	<u>\$ 6,917,631</u>	<u>\$ 6,431,354</u>

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Restated Balance July 1, 2013	Reclass and Additions	Reductions	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 8,003,370	\$ -	\$ -	\$ 8,003,370
Land improvements	6,928,632	-	-	6,928,632
Construction in progress	3,662,350	2,380,756	(906,603)	5,136,503
Total capital assets, not being depreciated	18,594,352	2,380,756	(906,603)	20,068,505
Capital assets being depreciated:				
Buildings and improvements	97,809,361	1,443,357	-	99,252,718
Equipment	13,499,616	420,104	(115,260)	13,804,460
Library books	4,652,734	42,495	(144,441)	4,550,788
Total capital assets, being depreciated	115,961,711	1,905,956	(259,701)	117,607,966
Less accumulated depreciation:				
Buildings and improvements	(35,146,101)	(2,676,673)	-	(37,822,774)
Equipment	(10,441,552)	(822,464)	113,369	(11,150,647)
Library books	(4,309,938)	(77,073)	144,441	(4,242,570)
Total accumulated depreciation	(49,897,591)	(3,576,210)	257,810	(53,215,991)
Total capital assets, being depreciated - Net	66,064,120	(1,670,254)	(1,891)	64,391,975
Capital assets - Net	<u>\$ 84,658,472</u>	<u>\$ 710,502</u>	<u>\$ (908,494)</u>	<u>\$ 84,460,480</u>

Note 5 - Capital Assets (Continued)

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	Restated Balance July 1, 2012	Reclass and Additions	Reductions	Restated Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 8,003,370	\$ -	\$ -	\$ 8,003,370
Land improvements	6,928,632	-	-	6,928,632
Construction in progress	<u>449,912</u>	<u>3,610,283</u>	<u>(397,845)</u>	<u>3,662,350</u>
Total capital assets, not being depreciated	15,381,914	3,610,283	(397,845)	18,594,352
Capital assets being depreciated:				
Buildings and improvements	97,170,292	639,069	-	97,809,361
Equipment	13,221,410	313,831	(35,625)	13,499,616
Library books	<u>4,607,964</u>	<u>50,602</u>	<u>(5,832)</u>	<u>4,652,734</u>
Total capital assets, being depreciated	114,999,666	1,003,502	(41,457)	115,961,711
Less accumulated depreciation:				
Buildings and improvements	(32,511,076)	(2,635,025)	-	(35,146,101)
Equipment	(9,565,338)	(903,338)	27,124	(10,441,552)
Library books	<u>(4,236,752)</u>	<u>(79,018)</u>	<u>5,832</u>	<u>(4,309,938)</u>
Total accumulated depreciation	<u>(46,313,166)</u>	<u>(3,617,381)</u>	<u>32,956</u>	<u>(49,897,591)</u>
Total capital assets, being depreciated - Net	<u>68,686,500</u>	<u>(2,613,879)</u>	<u>(8,501)</u>	<u>66,064,120</u>
Capital assets - Net	<u>\$ 84,068,414</u>	<u>\$ 996,404</u>	<u>\$ (406,346)</u>	<u>\$ 84,658,472</u>

Note 6 - 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 earn 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.

Shawnee State University

Notes to Financial Statements June 30, 2014 and 2013

Note 7 - Long-term Obligations

The changes in the University's long-term obligations during fiscal year 2014 were as follows:

	Principal			Principal	
	Outstanding			Outstanding	Current
	July 1, 2013	Additions	Deductions	June 30, 2014	Portion
2007 General Receipts					
Bonds, Series 2007	\$ 15,410,000	\$ -	\$ 575,000	\$ 14,835,000	\$ 470,000
Capital lease	2,247,225	-	962,155	1,285,070	417,747
Compensated absences	2,242,814	354,794	215,719	2,381,889	238,189
	<u>\$ 19,900,039</u>	<u>\$ 354,794</u>	<u>\$ 1,752,874</u>	<u>\$ 18,501,959</u>	<u>\$ 1,125,936</u>
Total long-term liabilities					

The changes in the University's long-term obligations during fiscal year 2013 were as follows:

	Principal			Principal	
	Outstanding			Outstanding	Current
	July 1, 2012	Additions	Deductions	June 30, 2013	Portion
2007 General Receipts					
Bonds, Series 2007	\$ 15,970,000	\$ -	\$ 560,000	\$ 15,410,000	\$ 575,000
Capital lease	-	2,820,339	573,114	2,247,225	962,155
Compensated absences	2,171,802	309,295	238,283	2,242,814	224,281
	<u>\$ 18,141,802</u>	<u>\$ 3,129,634</u>	<u>\$ 1,371,397</u>	<u>\$ 19,900,039</u>	<u>\$ 1,761,436</u>
Total long-term liabilities					

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 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. As of June 30, 2014, assets totaling \$2,530,583 were purchased utilizing these funds. The assets purchased are included within construction in progress at June 30, 2014.

The interest expense for fiscal years 2014 and 2013 was \$753,039 and \$770,656, respectively.

Shawnee State University

Notes to Financial Statements June 30, 2014 and 2013

Note 7 - Long-term Obligations (Continued)

Principal and interest amounts due within each of the next five years and thereafter on the Series 2007 bond obligations outstanding at June 30, 2014 are as follows:

Years Ending June 30	Principal	Interest	Total
2015	\$ 470,000	\$ 716,400	\$ 1,186,400
2016	490,000	697,600	1,187,600
2017	500,000	678,000	1,178,000
2018	525,000	658,000	1,183,000
2019	550,000	637,000	1,187,000
2020-2024	3,150,000	2,775,000	5,925,000
2025-2029	4,015,000	1,905,750	5,920,750
2030-2034	5,135,000	795,250	5,930,250
Total	<u>\$ 14,835,000</u>	<u>\$ 8,863,000</u>	<u>\$ 23,698,000</u>

Principal and interest amounts due within each of the next five years and thereafter on the capital lease obligations outstanding at June 30, 2014 are as follows:

Years Ending June 30	Principal	Interest	Total
2015	\$ 417,747	\$ 32,366	\$ 450,113
2016	428,268	21,845	450,113
2017	439,055	11,058	450,113
Total	<u>\$ 1,285,070</u>	<u>\$ 65,269</u>	<u>\$ 1,350,339</u>

Note 8 - Leases

The University's operating leases consist of real property and movable equipment that expired in fiscal year 2014. Total expenditures during 2014 and 2013 under operating leases amounted to approximately \$199,000 and \$312,000, respectively.

Note 9 - 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, 2014.

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 in-house legal counsel and University management, the disposition of all pending litigations would not have a significant adverse effect on the University's financial position.

Note 10 - 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 Board of Regents, adjusted to State resources available.

In addition to the performance-based subsidy, the State of Ohio provides the 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 causes the construction and subsequent lease of the facility by the Ohio Board of Regents. Upon completion of a facility, the Ohio Board of Regents 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 currently being funded through appropriations to the Ohio Board of Regents by the Ohio General Assembly.

Note 10 - State Support (Continued)

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 Bond Service Fund established in the custody of the Treasurer of the State of Ohio. If sufficient monies are not available for this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State.

As a result of the above-described financial assistance provided by the State of Ohio to the University, outstanding debt issued by the Ohio Public Facilities Commission is not included on the University's statements of net position. In addition, appropriations by the General Assembly to the Ohio Board of Regents 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 received appropriations from the State to fund capital improvements. The costs, both direct and indirect, are subject to examination and approval by the State of Ohio.

Note 11 - 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 12 - Retirement Plans

Employee retirement benefits are available for substantially all employees under retirement plans administered by the Ohio Public Employees Retirement Systems (OPERS) and the State Teachers Retirement System of Ohio (STRS Ohio). Employees may opt out of OPERS and STRS Ohio and participate in an Alternative Retirement Plan (ARP).

OPERS and STRS Ohio each offer three separate retirement plans: a defined benefit plan (traditional pension plan), a defined contribution plan, and a combined plan. Authority to establish and amend benefits is provided by state statute per the Ohio Revised Code.

Note 12 - Retirement Plans (Continued)

Defined Benefit Plans - The defined benefit plans of STRS Ohio and OPERS are cost-sharing multiple-employer public employee retirement plans that provide retirement, disability, postretirement healthcare, and survivor benefits for plan members.

The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS. STRS Ohio issues a stand-alone financial report. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

Under OPERS, the employee contribution rate is 10 percent for all employees with the exception of law enforcement whose rate is 13 percent. The employer contribution rate is 14 percent for all employees with the exception of law enforcement whose rate is 18.1 percent. The University's contributions to OPERS for the years ending June 30, 2014, 2013, and 2012 were \$1,526,241, \$1,542,319, and \$1,517,417, respectively, which are equal to the required contributions for each year.

Under STRS Ohio plan, the employee contribution rate is 11 percent and the employer contribution rate is 14 percent. The University's contributions for pension obligations to STRS Ohio for the fiscal years ending June 30, 2014, 2013, and 2012 were \$1,630,741, \$1,751,226, and \$1,737,157, respectively. All required contributions have been made for the three fiscal years.

Defined Contribution Plans - All newly hired full-time administrative employees, classified support staff, and faculty are eligible to choose an Alternative Retirement Plan (ARP) rather than the STRS Ohio or OPERS. Once an employee decides to enroll in an ARP or the state retirement plan, the decision is irrevocable during his/her employment with the University.

An employee in an OPERS eligible position contributes 10 percent of his/her earned income to their ARP account. Legislation mandates the employer must contribute an amount to the state retirement system to which the employee would otherwise have belonged. For the years ended June 30, 2014 and 2013, 13.23 percent was paid into the member's ARP account and the remaining 0.77 percent was paid to OPERS, as required by state legislation, to cover unfunded liabilities.

Note 12 - Retirement Plans (Continued)

An employee in a STRS Ohio eligible position contributes 11 percent of their earned income to their ARP account. Legislation mandates the employer must contribute an amount to the state retirement system to which the employee would otherwise have belonged. For the year ended June 30, 2014, 9.5 percent was paid into the member's ARP account and the remaining 4.5 percent paid was paid to STRS Ohio. For the year ended June 30, 2013, 10.5 percent was paid into the member's ARP account and the remaining 3.5 percent was paid to STRS Ohio, as required by state legislation, to cover unfunded liabilities.

As of June 30, 2014 and 2013, there are approximately 62 and 56 active participants, respectively, participating in an ARP. The University's contribution for employees enrolled in ARP accounts for fiscal year 2014, 2013, and 2012 was \$470,142, \$529,554, and \$478,606, respectively.

Combined Plans - OPERS and STRS Ohio also offer combined plans with features of both a defined benefit plan and a defined contribution plan. In the combined plans, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit.

Note 13 - Postemployment Benefits

Ohio Public Employees Retirement System (OPERS) - OPERS provides access to post-retirement healthcare coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Access to healthcare coverage for disability recipients and primary survivor recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries. Authority to establish and amend benefits is provided per the Ohio Revised Code.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment healthcare benefits. The portion of employer contributions allocated to health care for members in the Defined Benefit Plan was 1.0 percent during calendar year 2013 and 4.0 percent during calendar years 2012 and 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent during calendar year 2013 and 6.05 percent during calendar years 2012 and 2011. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the healthcare benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Note 13 - Postemployment Benefits (Continued)

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

Under Ohio Law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of the covered payroll was allocated to post-employment health care for 2014, 2013, and 2012. The portion of the University's 2014, 2013, and 2012 contributions to STRS Ohio used to fund post-employment benefits was \$116,482, \$125,088, and \$124,083, 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.

Note 14 - Risk Management (Continued)

During fiscal year 2014, 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.

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)
	\$900,000,000 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 had a fully insured healthcare plan in fiscal year 2012 and transitioned to a self-insured plan in fiscal year 2013.

Note 14 - Risk Management (Continued)

Changes in the self-insurance claims liability for the two years ended June 30, 2013 are summarized as follows:

	2014	2013
Accrued claims liability - Beginning of year	\$ 558,893	\$ -
Current year claims	4,609,104	5,136,936
Claims payments	(4,653,898)	(4,578,043)
Accrued claims liability - End of year	<u>\$ 514,099</u>	<u>\$ 558,893</u>

The liability amounts above are recorded in accrued wages and benefits on the statements 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

Temporarily restricted net assets represent funds, which are restricted for a specific purpose determined by the donor. Permanently restricted net assets represent contributions in which the donor has stipulated, as a condition of the gift, that the principal be maintained intact and only the earnings of the fund be expended as the donor has specified. Temporarily and permanently restricted net assets at June 30, 2014 and 2013 are restricted primarily for scholarships, University programs, and capital improvements.

Note 15 - Component Unit Disclosure (Continued)

Contribution Revenue

Contributions, including unconditional promises to give, are recognized as revenues 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.

The fair value of investments at June 30, 2014 and 2013, by classification is as follows:

	2014	2013
U.S. government securities	\$ 764,608	\$ 1,825,471
Foreign bond issues	158,519	-
Mutual funds:		
Equity	6,924,708	1,263,298
Fixed income	2,904,135	2,815,327
Balanced	2,443,553	-
Common stock	2,668,033	7,770,396
Corporate bond issues	978,586	599,697
Total	<u>\$ 16,842,142</u>	<u>\$ 14,274,189</u>

Fixed Assets

During 2014, the Foundation acquired new properties through two separate purchase transactions. The first transaction occurred on February 14, 2014 to acquire two properties at the combined purchase price of \$210,000.

The second transaction occurred on February 25, 2014 to acquire several properties, known as the Fourth Street Properties, through a bargain-sale transaction. The fair value of the combined properties was recorded at \$9,300,000. The Foundation purchased the Fourth Street Properties at a purchase price of \$6,000,000 and recorded a gift-in-kind contribution for the bargain difference of \$3,300,000. One of the Fourth Street Properties is currently being leased to outside entities.

Note 15 - Component Unit Disclosure (Continued)

Debt

The Foundation entered into a \$4,500,000 note with an interest rate of 5 percent payable to Hatcher Real Estate, LLC for the purchase of the Fourth Street 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 will have an option to extend the maturity date for a two-year period; however, payments will continue during that time. At June 30, 2014, the outstanding principal balance of the note was \$4,455,934.

Related Party Transactions

During the years ended June 30, 2014 and 2013, the Foundation made distributions of \$826,079 and \$1,277,215, respectively, to or on behalf of the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Shawnee State University Development Foundation, Inc. at 940 Second Street, Portsmouth, Ohio, 45662.

Supplementary Information

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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, 2014, and the related notes to the financial statements, which collectively comprise the University's financial statements, and have issued our report thereon dated October 13, 2014.

Internal Control Over Financial Reporting

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

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

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

To Management and the Board of Trustees
Shawnee State University

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shawnee State 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Plante & Moran, PLLC

October 13, 2014

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees
Shawnee State University

Report on Compliance for Each Major Federal Program

We have audited Shawnee State University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2014. Shawnee State University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Shawnee State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

To the Board of Trustees
Shawnee State University

Opinion on Each Major Federal Program

In our opinion, Shawnee State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Shawnee State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Shawnee State University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 13, 2014

Shawnee State University

Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
<u>U.S. Department of Education:</u>			
Direct from Federal Agency			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007		\$ 120,102
Federal College Work Study	84.033		123,644
Federal Pell Grant Program	84.063		10,098,115
Federal Direct Loan Program	84.268		26,016,243
Teacher Education Assistance for College & Higher Education (TEACH)	84.379		126,528
Total Student Financial Assistance Cluster			<u>36,484,632</u>
TRIO Cluster			
Student Support Services	84.042A		228,695
Upward Bound	84.047A		300,462
Educational Opportunity Centers	84.066A		412,129
Upward Bound Math Science	84.047M		257,831
Total TRIO Cluster			1,199,117
<u>Small Business Administration</u>			
Research and Development Cluster - Immersive Technology	59.UNK		33,899
Total Research and Development Cluster			<u>33,899</u>
<u>U.S. Department of Justice/Bureau of Justice Assistance</u>			
JAG Program Cluster - Edward Byrne Memorial Justice Grant	16.738		15,000
Total JAG Program Cluster			<u>15,000</u>
<u>U.S. Department of Education:</u>			
<i>Passed through the Ohio Department of Education</i>			
Twenty-first Century - After School Malls	84.287	063321-TISI	1,101,342
ARRA-OSLN - Race to the Top	84.413	ARRA-315 979	937
Secondary Career-Technical Alignment Initiative	84.048		2,450
Subtotal Pass-Through Programs			<u>1,104,729</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through the Ohio Department of Education</i>			
Child and Adult Care Food Program	10.558	16-CU, 21-CU, 21-FU	9,099
<u>U.S. Department of Veterans Affairs</u>			
Disabled Veteran's Scholarship	64.UNK		106,899
Total Federal Expenditures			<u><u>\$ 38,953,375</u></u>

Shawnee State University

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Shawnee State University under programs of the federal government for the year ended June 30, 2014. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the schedule presents only a selected portion of the operations of Shawnee State University, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Shawnee State University. Pass-through entity identifying numbers are presented where available.

Note 2 - Federal Work-Study and Federal SEOG Waiver

For fiscal year 2014, the University received a waiver from the Department of Education for the Institutional Share Requirement under the Federal Work-Study and Federal Supplemental Educational Opportunity Grant programs.

Note 3 - Federal Direct Loan Program

The University participates in the William D. Ford Direct Loan Program. The University originates the loans, which are then funded through the U.S. Department of Education.

Shawnee State University

Schedule of Findings and Questioned Costs Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268, 84.379	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Shawnee State University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2014

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

RESOLUTION F32-14

APPOINTMENT OF VICE PRESIDENT FOR STUDENT AFFAIRS

WHEREAS, Mr. Robert Trusz has served as Interim Vice President for Student Affairs since August 20, 2013, bringing leadership and stability to the position and the Division of Student Affairs; and

WHEREAS, University-wide Policy 5.16Rev "President's Authority, University Personnel Actions," requires Board of Trustees' approval for appointment to the position of Vice President; and

WHEREAS, it is the desire of the Board of Trustees to provide stability in senior leadership through the upcoming leadership transition; and

WHEREAS, it is the desire of the Board of Trustees to transition all Vice Presidents to contracts of employment; and

WHEREAS, the President recommends the appointment of Mr. Trusz as Vice President for Student Affairs;

THEREFORE, BE IT RESOLVED, that the Board of Trustees of Shawnee State University approves the appointment of Mr. Robert Trusz as Vice President for Student Affairs, effective November 14, 2014, at his AY15 salary, and directs the President to enter into a two-year contract with Mr. Trusz, eligible for extension.

(November 14, 2014)

RESOLUTION F33-14

APPROVAL OF GRADUATE CENTER ADMINISTRATOR

WHEREAS, University-wide Policy 5.16Rev, President's Authority, University Personnel Actions, requires Board of Trustees' approval of newly created full-time administrative positions; and

WHEREAS, recent and planned growth in graduate education requires enhanced infrastructure and support to ensure consistency of service and support for students and faculty; and

WHEREAS, the Provost and the President recommend the creation of an administrative position titled Graduate Center Administrator in the Provost's office to serve as the primary point of contact for graduate education and to manage the supporting infrastructure required by all SSU graduate programs, in accordance with University employment policies; and

WHEREAS, this proposed position would be funded through the elimination of an open administrative position;

THEREFORE, BE IT RESOLVED, that Shawnee State University's Board of Trustees approves the creation of a full-time Graduate Center Administrator position effective November 14, 2014.

(November 14, 2014)

RESOLUTION F34-14

APPROVAL OF VETERANS AND TEST CENTER COORDINATOR

WHEREAS, University-wide Policy 5.16Rev, President's Authority, University Personnel Actions, requires Board of Trustees' approval of newly created full-time administrative positions; and

WHEREAS, Ohio Revised Code, Section 3345.421, states that "not later than December 31, 2014, the board of trustees of each state institution of higher education shall designate at least one person employed by the institution to serve as the contact person for veterans and service member affairs. Such a person shall assist and advise veterans and service members on issues related to earning college credit for military training, experience, and coursework."; and

WHEREAS, the University has determined the quality of service to veterans and compliance with regulatory requirements can best be provided by a realignment of duties of existing roles within the University College, and designating an incumbent to focus on these services to Veterans, compliance with the regulations, and complementary services in the Test Center; and

WHEREAS, the President recommends the creation of an administrative position titled Veterans and Test Center Coordinator for the purpose of developing and implementing programs and services to recruit, educate, and support students who are veterans or members of the United States Armed Forces, in accordance with University employment policies;

THEREFORE, BE IT RESOLVED, that Shawnee State University's Board of Trustees approves the creation of a full-time Veterans and Test Center Coordinator position effective November 14, 2014.

(November 14, 2014)

RESOLUTION F35-14

**APPROVAL OF THE RESCISSION OF POLICY 4.12,
SUPPLEMENTING CREDIT CARDS FOR TRAVEL
AND
UPDATE TO PROCEDURE 4.10:1
TRAVEL AUTHORITY - BUSINESS RULES**

WHEREAS, a review of Policy 4.12, Supplementing Credit Cards for Travel, reveals that this policy is outdated and the content is procedural in nature; and

WHEREAS, Procedure 4.10:1, Travel Authority-Business Rules has been updated to include the processes related to cash advances for University-approved travel and is provided for information purposes;

THEREFORE BE IT RESOLVED that the Board of Trustees of Shawnee State University hereby rescinds Policy 4.12 and updates Procedure 4.10:1 Travel Authority - Business Rules effective November 14, 2014.

(November 14, 2014)

INFORMATION ONLY

PROCEDURE TITLE:	TRAVEL AUTHORITY – BUSINESS RULES
PROCEDURE NO.:	4.10:1
RELATED POLICY:	4.10REV
PAGE NO.:	1 OF 7
RESPONSIBLE ADMINISTRATOR(S):	VPF&A / CONTROLLER
EFFECTIVE DATE:	11/14/14
NEXT REVIEW DATE:	01/2017
APPROVED BY:	PRESIDENT

1.0 AUTHORITY FOR TRAVEL

- 1.1 All travel (same-day and overnight) in-country and international must be authorized and approved in advance by the appropriate administrative supervisor responsible. Such approval indicates that the employee is authorized to travel on official university business and that related travel expenses will be covered per this policy.
- 1.2 For overnight travel, an Authorization for Official Overnight Travel form at <http://www.shawnee.edu/offices/controller/media/overnighttravel-2.pdf> must be completed, approved by the administrative supervisor, and submitted to the Finance Office *prior* to the expenditure of any University funds for travel expenses.
- 1.3 A supervisor's signature on the Travel Expense Report found at <http://www.shawnee.edu/offices/controller/travel.aspx> must be submitted after the travel has been completed, indicates approval and the propriety of all expenses and allowances listed as necessary to the performance of travel on official University business. Persons traveling on University business are expected to incur the lowest practical and reasonable expense while completing the travel process in an efficient and timely manner.

2.0 RULES REQUIRED FOR DRIVING

- 2.1 Rules addressing driving for University-sponsored travel are found at: [Driving Rules for University Sponsored Activities.](#)

3.0 REIMBURSEMENT OF TRAVEL EXPENSES

- 3.1 To ensure the proper handling of deposits and appropriateness of expenses, prior to approving a University-sponsored trip, the supervising official should contact

the Controller's office to review the purpose of the trip, the source(s) of funding, and the nature of the anticipated expenditures.

3.2 For reimbursement purposes, headquarters is Shawnee State University, 940 Second Street, Portsmouth, OH.

3.3 Travel Expenses – Use of purchasing card (PCard)

3.3.1 The preferred method of payment for all travel expenses, EXCLUDING meals and fuel for personal vehicles, is the Shawnee State University purchasing card (PCard). Personal credit cards are discouraged as a method of payment for any travel expenses allowed on the PCard.

3.3.2 Requests for reimbursement of travel expenses not eligible for PCard use shall be made on the Travel Expense Report, at the conclusion of travel. For procedures, forms and details on authorized travel expenses refer to the procurement and payables department web site at: <http://www.shawnee.edu/offices/procurement-services/>

3.4 Travel Expense Advances

3.4.1 University personnel may obtain cash advances prior to embarking on official overnight travel to cover eligible expenditures reimbursable to the traveler. Expenditures eligible to be reimbursed to the traveler are listed under the Reimbursable to Traveler section of the Authorization for Travel form. The Authorization for Travel form can be found at: <http://www.shawnee.edu/offices/controller/media/overnighttravel-2.pdf>

3.4.2 Personnel wishing travel advances shall request the advance by checking the Yes box under the Reimbursable to Traveler section of the Authorization for Travel form. The traveler may request an advance of 90% of the total reimbursable amount.

3.4.3 Once the Procurement Services Office receives a properly approved Authorization for Travel form requesting an advance, a check will be printed and available for the employee no less than two business days prior to the anticipated departure date of the travel.

3.4.4 Upon delivery of the check for the advance, the Procurement Services Office personnel shall explain the conditions for providing the advance, including the procedures for recovery of the advance by either:

3.4.4.1 subtracting the travel advance amount from the total amount reimbursable to the employee on the Travel Expense Report filed after the travel, or

3.4.4.2 depositing the advance amount at the Bursar Office if the advance amount was greater than the amount of reimbursable expenses noted on the Travel Expense Report filed after the travel, or

3.4.4.3 the University may deduct the advance amount from the employee's pay check if Travel Expense Report is not filed by the employee within thirty days of the anticipated travel date.

3.4.5 As a condition of the advance, the Procurement Services Office personnel shall obtain a completed Authorized Travel Advance form from the employee prior to the distribution of the travel advance check. A copy of the Authorized Travel Advance form is available on the Controller's web site at: <http://www.shawnee.edu/offices/controller/>.

3.4.6 If an employee has been provided a travel advance for a trip but is delinquent in repayment of the advance by one of the methods noted in Section 3.4.4 above, no additional travel advances will be issued to the employee until the initial advance has been recovered.

4.0 TRAVEL BY PRIVATELY-OWNED VEHICLES

4.1 Travel by a privately-owned vehicle is authorized only if the owner is insured under a policy of liability insurance as required by Ohio Revised Code Section 4509.51 and compliant with [Driving Rules for University Sponsored Activities](#).

4.2 Reimbursement is authorized at the Internal Revenue Service personal use automobile rate per mile. Current rates can be found at: <http://www.shawnee.edu/offices/controller/perdiem.aspx#Mileage>

4.3 For safety and liability reasons, motorcycles are not authorized to be used and will not be reimbursed.

4.4 Travel Expense Reports shall indicate all intermediate destinations between the commencement and termination of travel and vicinity mileage after arrival at destination. Reimbursement shall be made to only one of two or more employees traveling in the same privately-owned vehicle. The names of all personnel traveling in the same vehicle shall be listed on the Authorization for Official Overnight Travel form and the Travel Expense Report.

- 4.5 Allowable Mileage
Allowable mileage is the mileage from either the employee's headquarters or home address (whichever is less) as the starting location using an approved online mapping tool. Any additional mileage must be explained on the Travel Expense Report.
- 4.6 When using a personal vehicle on University business, the owner of the vehicle must carry automobile liability insurance. The owner's automobile liability insurance coverage is the primary coverage.
- 4.7 There is no physical damage coverage through the University on a personal vehicle. The employee is responsible for the deductible portion of the personal collision coverage and is responsible for any increased personal automobile insurance premiums as a result of an accident.
- 4.8 The owner's automobile liability insurance card received from his/her insurance agent needs to be in the driver's possession when using personal vehicles for University business.

5.0 TRAVEL BY COMMON CARRIER

- 5.1 Travel by common carrier (e.g., commercial airline) is authorized at the lowest available rate. Authorized travel expenses include, tickets purchased directly from the carrier (or agency if at a lower total rate), luggage charges (up to two bags), and any supplemental fees assessed to all passengers by the carrier. Whenever possible transportation by common carrier should be charged to the PCard and should not be included on the Travel Expense Report.
- 5.2 Employees not using a PCard are encouraged to order their tickets through the University's purchase order process. In that case, payment will be made directly by the University to the travel agent, and the expense will not be listed on the Travel Expense Report. Travelers who purchase tickets with a personal credit card will be reimbursed after the date(s) the trip was to have been taken or was taken. Tickets which are unused, but for which the traveler has been reimbursed, may only be later used for travel on official University business. It is expected the traveler will reschedule unused tickets for approved University travel within the time allowed by the carrier.

6.0 RENTAL VEHICLES

Employees not using the PCard will be reimbursed for automobile rental when traveling on official business provided such mode of transportation is advantageous to the University over other means of transportation. Rental must have prior approval of the appropriate administrative supervisor and compliant with [Driving Rules for University Sponsored Vehicles](#).

7.0 LODGING EXPENSES REQUIRING OVERNIGHT LODGING

7.1 Lodging

- 7.1.1 Reimbursement for lodging for those employees not using a PCard will be for reasonable rates as established by the University. If the rates exceed the established per-night ceiling, justification for the employee staying at this location must be provided and approved by the supervisor. Employees must ask for the "governmental rate" when reserving lodging.
- 7.1.2 The per-night ceiling rate is subject to adjustment each fiscal year with the CPI change as a basis for this adjustment.
- 7.1.3 A per-night lodging rate will be established for "high cost cities" effective each fiscal year. International travel will be reimbursed at the applicable "high cost city" per-night lodging rate.
- 7.1.4 Current lodging rates can be found at:
<http://www.shawnee.edu/offices/controller/perdiem.aspx#Lodging>
- 7.1.5 Non-commercial lodging, such as in a private home, will be reimbursed at the rate of \$12 per night.

8.0 MEALS WHILE IN TRAVEL

- 8.1 Breakfast is reimbursable if the employee is in travel status beginning at 6 a.m. or earlier and continuing through 11 a.m.
- 8.2 Lunch is reimbursable if the employee is in travel status beginning at 11 a.m. or earlier and continuing through 2 p.m.
- 8.3 Dinner is reimbursable if the employee is in travel status beginning at 2 p.m. and returns home after 7 p.m.
- 8.4 If an employee is in travel status beginning at 6 a.m. or earlier and continuing overnight, s/he is entitled to the daily per diem rate.
 - 8.4.1 Each meal and its per-diem amount must be listed on the Travel Expense Report.
 - 8.4.2 Expenses for meals are prohibited from being paid via a University-provided purchasing card (PCard).
 - 8.4.3 Current fiscal-year meal rates are posted at the Finance and Administration website at: <http://www.shawnee.edu/offices/controller/perdiem.aspx>. Per-diem meal rates are subject to adjustments effective the beginning of each fiscal year using CPI change as a basis for rate adjustments.

- 8.4.4 Reimbursement for “same-day” meal expenditures are subject to taxation as required under applicable IRS rules.

9.0 CONFERENCE REGISTRATION FEES

- 9.1 For employees not using the PCard for conference registration, registration fees may be paid directly by the University if verification of the fee is provided by the employee. The Request for Pay form should be submitted to the Procurement Services Department, along with a copy of the registration form for fee verification.
- 9.2 If registration fees are paid by the employee and reimbursement requested, the registration fee and other expenses under this section must be verified by receipt, conference brochure identifying applicable cost, and/or other documentation with similar validity.
- 9.3 Reimbursement is authorized for reasonable meals and lodging expenses if they are an integral part of the conference. Reimbursement of any expenses under section 8.0 of this policy must be verified by receipt, conference brochure identifying applicable cost and/or other documentation with similar validity.

10.0 MISCELLANEOUS TRAVEL EXPENSES

- 10.1 For employees not utilizing the PCard for approved miscellaneous travel expenses, reimbursement may be requested for parking charges, highway tolls, and other reasonably incurred travel expenses directly related to authorized travel.
- 10.2 Other out-of-pocket expenses, such as road services and towing and miscellaneous gratuities above \$5.00/day (i.e., baggage handlers, taxi drivers), will not be reimbursed. Miscellaneous travel expenses must be listed separately on the Travel Expense Report.
- 10.3 Miscellaneous expenses required for official University business, such as photocopying charges, storage of baggage, telephone calls or internet fees, rental of equipment, or temporary meeting or office facilities, may be reimbursed to those employees not utilizing a PCard. However, rental of equipment, meeting, or office facilities must be approved by the administrative supervisor prior to agreements being consummated for such rentals.
- 10.4 Expenses incurred for alcoholic beverages are not reimbursable.

11.0 CLAIMS FOR REIMBURSEMENT

- 11.1 Reimbursement claims for transportation, lodging, meals, and incidentals must be itemized on the Travel Expense Report. The lodging and incidental claims must be accompanied by original itemized receipts. Credit card slips are not acceptable.

- 11.2 Miscellaneous expenses must be itemized on the Travel Expense Report. Original itemized receipts shall be submitted for all miscellaneous expenditures in excess of five dollars (\$5.00). Personal credit card slips are not acceptable.

12.0 EXPENSES ASSOCIATED WITH INTERVIEWING APPLICANTS

- 12.1 When not utilizing the PCard, reimbursement may be requested for expenses for transportation by common carrier and for lodging expenses associated with interviewing applicants for approved University position openings. The following travel expenses associated with interviewing applicants for approved University position openings will also be reimbursed:

12.1.1 Reasonable meal and lodging costs

12.1.2 Transportation costs in accordance with this policy

- 12.2 Costs associated with a spouse to accompany the applicant will not be reimbursed.
- 12.3 Costs incurred by Shawnee State University employees will be reimbursed per policy 4.13 "[Entertainment Policy](#)."

Ref: [Driving Rules for University Sponsored Activities](#)

History

Effective: 01/17/14

Revised: 11/14/14

RESOLUTION F36-14

APPROVAL OF THE RESCISSION OF POLICY 4.20, AGENCY FUND

WHEREAS, Policy 5.00REV, Policy on Policies and Procedures, addresses policy subjects appropriate for Board approval and directs the President to establish a process for the regular review of existing Board policies; and

WHEREAS, a systematic review of institutional policies has been undertaken at the direction of the President in order to remove outdated policies, and to modify and update policies; and

WHEREAS, Policy 4.20, Agency Fund Policy, is outdated and its contents appropriately incorporated with processes that are relevant to student clubs and fund raising activities; and

WHEREAS, Policy 5.00REV, requires Board approval for rescission of any Board policy;

THEREFORE BE IT RESOLVED, that the Board of Trustees of Shawnee State University hereby approves rescission of Policy 4.20, Agency Fund Policy, effective November 14, 2014.

(November 14, 2014)

FY09 INVESTMENT PORTFOLIO PERFORMANCE

INVESTMENT COMPANY	VALUE AS OF JUNE 30, 2008	GAIN/(LOSS) JULY	GAIN/(LOSS) AUGUST	GAIN/(LOSS) SEPTEMBER	GAIN/(LOSS) OCTOBER	GAIN/(LOSS) NOVEMBER	GAIN/(LOSS) DECEMBER	GAIN/(LOSS) JANUARY	GAIN/(LOSS) FEBRUARY	GAIN/(LOSS) MARCH	GAIN/(LOSS) APRIL	GAIN/(LOSS) MAY	GAIN/(LOSS) JUNE END OF MONTH	TOTAL YTD GAIN/(LOSS)
BNY MELLON	\$ 5,506,098.49	\$ (56,114.97)	\$ 14,056.17	\$ (362,851.28)	\$ (590,949.76)	\$ (96,560.56)	\$ 121,159.88	\$ (187,686.21)	\$ (196,189.51)	\$ 163,367.53	\$ 222,701.09	\$ 186,448.80	\$ 9,685.91	\$ (772,932.91)
COMMONFUND	\$ 6,072,120.11	\$ (92,447.82)	\$ (8,628.26)	\$ (518,295.83)	\$ (622,635.06)	\$ (203,307.25)	\$ 127,061.23	\$ (114,088.57)	\$ (229,605.76)	\$ 172,269.42	\$ 288,312.38	\$ 245,792.42	\$ 50,710.06	\$ (904,863.04)
CURRENT MTD TOTAL GAIN/(LOSS)	\$ 11,578,218.60	\$ (148,562.79)	\$ 5,427.91	\$ (881,147.11)	\$ (1,213,584.82)	\$ (299,867.81)	\$ 248,221.11	\$ (301,774.78)	\$ (425,795.27)	\$ 335,636.95	\$ 511,013.47	\$ 432,241.22	\$ 60,395.97	\$ (1,677,795.95)
PRIOR WEEK'S REPORT TOTAL													\$ 65,241.79	
GAIN/(LOSS) FROM PRIOR WEEK													\$ (4,845.82)	
INVESTMENT FUND BALANCES:														
BNY MELLON		\$ 5,449,983.52	\$ 5,464,039.69	\$ 5,101,188.41	\$ 4,510,238.65	\$ 4,413,678.09	\$ 4,534,837.97	\$ 4,347,151.76	\$ 4,150,962.25	\$ 4,314,329.78	\$ 4,537,030.87	\$ 4,723,479.67	\$ 4,733,165.58	
COMMONFUND		\$ 5,979,672.29	\$ 5,971,044.03	\$ 5,452,748.20	\$ 4,830,113.14	\$ 4,626,805.89	\$ 4,753,867.12	\$ 4,639,778.55	\$ 4,410,172.79	\$ 4,582,442.21	\$ 4,870,754.59	\$ 5,116,547.01	\$ 5,167,257.07	
TOTAL		\$ 11,429,655.81	\$ 11,435,083.72	\$ 10,553,936.61	\$ 9,340,351.79	\$ 9,040,483.98	\$ 9,288,705.09	\$ 8,986,930.31	\$ 8,561,135.04	\$ 8,896,771.99	\$ 9,407,785.46	\$ 9,840,026.68	\$ 9,900,422.65	

INVESTMENT PORTFOLIO PERFORMANCE

2.2 INFORMATION

FISCAL YEAR 09:

INVESTMENT COMPANY	VALUE AS OF JUNE 30, 2008	GAIN/(LOSS) JULY	GAIN/(LOSS) AUGUST	GAIN/(LOSS) SEPTEMBER	GAIN/(LOSS) OCTOBER	GAIN/(LOSS) NOVEMBER	GAIN/(LOSS) DECEMBER	GAIN/(LOSS) JANUARY	GAIN/(LOSS) FEBRUARY	GAIN/(LOSS) MARCH	GAIN/(LOSS) APRIL	GAIN/(LOSS) MAY	GAIN/(LOSS) JUNE	TOTAL YTD GAIN/(LOSS)
BNY MELLON	\$ 5,506,098.49	\$ (56,114.97)	\$ 14,056.17	\$ (362,851.28)	\$ (590,949.76)	\$ (96,560.56)	\$ 121,159.88	\$ (187,686.21)	\$ (196,189.51)	\$ 163,367.53	\$ 222,701.09	\$ 186,448.80	\$ 9,685.91	\$ (772,932.91)
COMMONFUND	\$ 6,072,120.11	\$ (92,447.82)	\$ (8,628.26)	\$ (518,295.83)	\$ (622,635.06)	\$ (203,307.25)	\$ 127,061.23	\$ (114,088.57)	\$ (229,605.76)	\$ 172,269.42	\$ 288,312.38	\$ 245,792.42	\$ 50,710.06	\$ (904,863.04)
CURRENT MTD TOTAL GAIN/(LOSS)	\$ 11,578,218.60	\$ (148,562.79)	\$ 5,427.91	\$ (881,147.11)	\$ (1,213,584.82)	\$ (299,867.81)	\$ 248,221.11	\$ (301,774.78)	\$ (425,795.27)	\$ 335,636.95	\$ 511,013.47	\$ 432,241.22	\$ 60,395.97	\$ (1,677,795.95)

INVESTMENT FUND BALANCES:

BNY MELLON	\$ 5,449,983.52	\$ 5,464,039.69	\$ 5,101,188.41	\$ 4,510,238.65	\$ 4,413,678.09	\$ 4,534,837.97	\$ 4,347,151.76	\$ 4,150,962.25	\$ 4,314,329.78	\$ 4,537,030.87	\$ 4,723,479.67	\$ 4,733,165.58
COMMONFUND	\$ 5,979,672.29	\$ 5,971,044.03	\$ 5,452,748.20	\$ 4,830,113.14	\$ 4,626,805.89	\$ 4,753,867.12	\$ 4,639,778.55	\$ 4,410,172.79	\$ 4,582,442.21	\$ 4,870,754.59	\$ 5,116,547.01	\$ 5,167,257.07
TOTAL	\$ 11,429,655.81	\$ 11,435,083.72	\$ 10,553,936.61	\$ 9,340,351.79	\$ 9,040,483.98	\$ 9,288,705.09	\$ 8,986,930.31	\$ 8,561,135.04	\$ 8,896,771.99	\$ 9,407,785.46	\$ 9,840,026.68	\$ 9,900,422.65

FISCAL YEAR 10:

INVESTMENT COMPANY	VALUE AS OF JUNE 30, 2009	GAIN/(LOSS) JULY	GAIN/(LOSS) AUGUST	GAIN/(LOSS) SEPTEMBER	GAIN/(LOSS) OCTOBER	GAIN/(LOSS) NOVEMBER	GAIN/(LOSS) DECEMBER	GAIN/(LOSS) JANUARY	GAIN/(LOSS) FEBRUARY	GAIN/(LOSS) MARCH	GAIN/(LOSS) APRIL	GAIN/(LOSS) MAY	GAIN/(LOSS) JUNE	TOTAL YTD GAIN/(LOSS)
BNY MELLON	\$ 4,733,165.58	\$ 251,822.65	\$ 108,962.64	\$ 144,994.47	\$ (48,852.50)	\$ 147,219.50	\$ 57,027.49	\$ (89,955.04)	\$ 100,824.94	\$ 174,181.82	\$ 77,493.43	\$ (243,267.53)	\$ (84,749.17)	\$ 595,702.70
COMMONFUND	\$ 5,167,257.07	\$ 257,901.52	\$ 151,234.51	\$ 153,147.66	\$ (38,196.49)	\$ 208,099.48	\$ 32,264.31	\$ (46,698.65)	\$ 79,145.64	\$ 192,493.79	\$ 71,611.83	\$ (241,566.91)	\$ (103,978.62)	\$ 715,458.07
CURRENT MTD TOTAL GAIN/(LOSS)	\$ 9,900,422.65	\$ 509,724.17	\$ 260,197.15	\$ 298,142.13	\$ (87,048.99)	\$ 355,318.98	\$ 89,291.80	\$ (136,653.69)	\$ 179,970.58	\$ 366,675.61	\$ 149,105.26	\$ (484,834.44)	\$ (188,727.79)	\$ 1,311,160.77

INVESTMENT FUND BALANCES:

BNY MELLON	\$ 4,984,988.23	\$ 5,093,950.87	\$ 5,238,945.34	\$ 5,190,092.84	\$ 5,337,312.34	\$ 5,394,339.83	\$ 5,304,384.79	\$ 5,405,209.73	\$ 5,579,391.55	\$ 5,656,884.98	\$ 5,413,617.45	\$ 5,328,868.28
COMMONFUND	\$ 5,425,158.59	\$ 5,576,393.10	\$ 5,729,540.76	\$ 5,691,344.27	\$ 5,899,443.75	\$ 5,931,708.06	\$ 5,885,009.41	\$ 5,964,155.05	\$ 6,156,648.84	\$ 6,228,260.67	\$ 5,986,693.76	\$ 5,882,715.14
TOTAL	\$ 10,410,146.82	\$ 10,670,343.97	\$ 10,968,486.10	\$ 10,881,437.11	\$ 11,236,756.09	\$ 11,326,047.89	\$ 11,189,394.20	\$ 11,369,364.78	\$ 11,736,040.39	\$ 11,885,145.65	\$ 11,400,311.21	\$ 11,211,583.42

INVESTMENT PORTFOLIO PERFORMANCE

FISCAL YEAR 09:

INVESTMENT COMPANY	VALUE AS OF JUNE 30, 2008	GAIN/(LOSS) JULY	GAIN/(LOSS) AUGUST	GAIN/(LOSS) SEPTEMBER	GAIN/(LOSS) OCTOBER	GAIN/(LOSS) NOVEMBER	GAIN/(LOSS) DECEMBER	GAIN/(LOSS) JANUARY	GAIN/(LOSS) FEBRUARY	GAIN/(LOSS) MARCH	GAIN/(LOSS) APRIL	GAIN/(LOSS) MAY	GAIN/(LOSS) JUNE	TOTAL YTD GAIN/(LOSS)
BNY MELLON	\$ 5,506,098.49	\$ (56,114.97)	\$ 14,056.17	\$ (362,851.28)	\$ (590,949.76)	\$ (96,560.56)	\$ 121,159.88	\$ (187,686.21)	\$ (196,189.51)	\$ 163,367.53	\$ 222,701.09	\$ 186,448.80	\$ 9,685.91	\$ (772,932.91)
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CURRENT MTD TOTAL GAIN/(LOSS)	\$ 11,578,218.60	\$ (148,562.79)	\$ 5,427.91	\$ (881,147.11)	\$ (1,213,584.82)	\$ (299,867.81)	\$ 248,221.11	\$ (301,774.78)	\$ (425,795.27)	\$ 335,636.95	\$ 511,013.47	\$ 432,241.22	\$ 60,395.97	\$ (1,677,795.95)
INVESTMENT FUND BALANCES:														
BNY MELLON		\$ 5,449,983.52	\$ 5,464,039.69	\$ 5,101,188.41	\$ 4,510,238.65	\$ 4,413,678.09	\$ 4,534,837.97	\$ 4,347,151.76	\$ 4,150,962.25	\$ 4,314,329.78	\$ 4,537,030.87	\$ 4,723,479.67	\$ 4,733,165.58	
COMMONFUND		\$ 5,979,672.29	\$ 5,971,044.03	\$ 5,452,748.20	\$ 4,830,113.14	\$ 4,626,805.89	\$ 4,753,867.12	\$ 4,639,778.55	\$ 4,410,172.79	\$ 4,582,442.21	\$ 4,870,754.59	\$ 5,116,547.01	\$ 5,167,257.07	
TOTAL		\$ 11,429,655.81	\$ 11,435,083.72	\$ 10,553,936.61	\$ 9,340,351.79	\$ 9,040,483.98	\$ 9,288,705.09	\$ 8,986,930.31	\$ 8,561,135.04	\$ 8,896,771.99	\$ 9,407,785.46	\$ 9,840,026.68	\$ 9,900,422.65	

FISCAL YEAR 10:

INVESTMENT COMPANY	VALUE AS OF JUNE 30, 2009	GAIN/(LOSS) JULY	GAIN/(LOSS) AUGUST	GAIN/(LOSS) SEPTEMBER	GAIN/(LOSS) OCTOBER	GAIN/(LOSS) NOVEMBER	GAIN/(LOSS) DECEMBER	GAIN/(LOSS) JANUARY	GAIN/(LOSS) FEBRUARY	GAIN/(LOSS) MARCH	GAIN/(LOSS) APRIL	GAIN/(LOSS) MAY	GAIN/(LOSS) JUNE	TOTAL YTD GAIN/(LOSS)
BNY MELLON	\$ 4,733,165.58	\$ 251,822.65	\$ 108,962.64	\$ 144,994.47	\$ (48,852.50)	\$ 147,219.50	\$ 57,027.49	\$ (89,955.04)	\$ 100,824.94	\$ 174,181.82	\$ 77,493.43	\$ (243,267.53)	\$ (84,749.17)	\$ 595,702.70
COMMONFUND	\$ 5,167,257.07	\$ 257,901.52	\$ 151,234.51	\$ 153,147.66	\$ (38,196.49)	\$ 208,099.48	\$ 32,264.31	\$ (46,698.65)	\$ 79,145.64	\$ 192,493.79	\$ 71,611.83	\$ (241,566.91)	\$ (103,978.62)	\$ 715,458.07
CURRENT MTD TOTAL GAIN/(LOSS)	\$ 9,900,422.65	\$ 509,724.17	\$ 260,197.15	\$ 298,142.13	\$ (87,048.99)	\$ 355,318.98	\$ 89,291.80	\$ (136,653.69)	\$ 179,970.58	\$ 366,675.61	\$ 149,105.26	\$ (484,834.44)	\$ (188,727.79)	\$ 1,311,160.77
INVESTMENT FUND BALANCES:														
BNY MELLON		\$ 4,984,988.23	\$ 5,093,950.87	\$ 5,238,945.34	\$ 5,190,092.84	\$ 5,337,312.34	\$ 5,394,339.83	\$ 5,304,384.79	\$ 5,405,209.73	\$ 5,579,391.55	\$ 5,656,884.98	\$ 5,413,617.45	\$ 5,328,868.28	
COMMONFUND		\$ 5,425,158.59	\$ 5,576,393.10	\$ 5,729,540.76	\$ 5,691,344.27	\$ 5,899,443.75	\$ 5,931,708.06	\$ 5,885,009.41	\$ 5,964,155.05	\$ 6,156,648.84	\$ 6,228,260.67	\$ 5,986,693.76	\$ 5,882,715.14	
TOTAL		\$ 10,410,146.82	\$ 10,670,343.97	\$ 10,968,486.10	\$ 10,881,437.11	\$ 11,236,756.09	\$ 11,326,047.89	\$ 11,189,394.20	\$ 11,369,364.78	\$ 11,736,040.39	\$ 11,885,145.65	\$ 11,400,311.21	\$ 11,211,583.42	

FISCAL YEAR 11:

INVESTMENT COMPANY	VALUE AS OF JUNE 30, 2010	GAIN/(LOSS) JULY	GAIN/(LOSS) AUGUST	GAIN/(LOSS) SEPTEMBER	GAIN/(LOSS) OCTOBER	GAIN/(LOSS) NOVEMBER	GAIN/(LOSS) DECEMBER	GAIN/(LOSS) JANUARY	GAIN/(LOSS) FEBRUARY	GAIN/(LOSS) MARCH	GAIN/(LOSS) APRIL	GAIN/(LOSS) MAY	GAIN/(LOSS) JUNE	TOTAL YTD GAIN/(LOSS)
BNY MELLON	\$ 5,328,868.28	\$ 219,800.04	\$ (88,146.49)	\$ 273,190.96	\$ 104,225.41	\$ (24,286.16)	\$ 202,429.41	\$ 36,738.70	\$ 109,010.96	\$ 45,608.30	\$ 143,011.32	\$ (45,264.49)	\$ (75,356.05)	\$ 900,961.91
COMMONFUND	\$ 5,882,715.14	\$ 233,988.81	\$ (87,613.27)	\$ 292,732.99	\$ 143,135.79	\$ (12,048.85)	\$ 187,537.17	\$ 72,259.60	\$ 131,507.57	\$ (1,166.48)	\$ 169,965.40	\$ (26,385.58)	\$ (64,978.67)	\$ 1,038,934.48
CURRENT MTD TOTAL GAIN/(LOSS)	\$ 11,211,583.42	\$ 453,788.85	\$ (175,759.76)	\$ 565,923.95	\$ 247,361.20	\$ (36,335.01)	\$ 389,966.58	\$ 108,998.30	\$ 240,518.53	\$ 44,441.82	\$ 312,976.72	\$ (71,650.07)	\$ (140,334.72)	\$ 1,939,896.39
INVESTMENT FUND BALANCES:														
BNY MELLON		\$ 5,548,668.32	\$ 5,460,521.83	\$ 5,733,712.79	\$ 5,837,938.20	\$ 5,813,652.04	\$ 6,016,081.45	\$ 6,052,820.15	\$ 6,161,831.11	\$ 6,207,439.41	\$ 6,350,450.73	\$ 6,305,186.24	\$ 6,229,830.19	
COMMONFUND		\$ 6,116,703.95	\$ 6,029,090.68	\$ 6,321,823.67	\$ 6,464,959.46	\$ 6,452,910.61	\$ 6,640,447.78	\$ 6,712,707.38	\$ 6,844,214.95	\$ 6,843,048.47	\$ 7,013,013.87	\$ 6,986,628.29	\$ 6,921,649.62	
TOTAL		\$ 11,665,372.27	\$ 11,489,612.51	\$ 12,055,536.46	\$ 12,302,897.66	\$ 12,266,562.65	\$ 12,656,529.23	\$ 12,765,527.53	\$ 13,006,046.06	\$ 13,050,487.88	\$ 13,363,464.60	\$ 13,291,814.53	\$ 13,151,479.81	

INVESTMENT PORTFOLIO PERFORMANCE

FISCAL YEAR 11:

INVESTMENT COMPANY	VALUE AS OF JUNE 30, 2010	GAIN/(LOSS) JULY	GAIN/(LOSS) AUGUST	GAIN/(LOSS) SEPTEMBER	GAIN/(LOSS) OCTOBER	GAIN/(LOSS) NOVEMBER	GAIN/(LOSS) DECEMBER	GAIN/(LOSS) JANUARY	GAIN/(LOSS) FEBRUARY	GAIN/(LOSS) MARCH	GAIN/(LOSS) APRIL	GAIN/(LOSS) MAY	GAIN/(LOSS) JUNE	TOTAL YTD GAIN/(LOSS)
BNY MELLON	\$ 5,328,868.28	\$ 219,800.04	\$ (88,146.49)	\$ 273,190.96	\$ 104,225.41	\$ (24,286.16)	\$ 202,429.41	\$ 36,738.70	\$ 109,010.96	\$ 45,608.30	\$ 143,011.32	\$ (45,264.49)	\$ (75,356.05)	\$ 900,961.91
COMMONFUND	\$ 5,882,715.14	\$ 233,988.81	\$ (87,613.27)	\$ 292,732.99	\$ 143,135.79	\$ (12,048.85)	\$ 187,537.17	\$ 72,259.60	\$ 131,507.57	\$ (1,166.48)	\$ 169,965.40	\$ (26,385.58)	\$ (64,978.67)	\$ 1,038,934.48
Accrued Interest Receivable Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,776.46	\$ 8,776.46
CURRENT MTD TOTAL GAIN/(LOSS)	\$ 11,211,583.42	\$ 453,788.85	\$ (175,759.76)	\$ 565,923.95	\$ 247,361.20	\$ (36,335.01)	\$ 389,966.58	\$ 108,998.30	\$ 240,518.53	\$ 44,441.82	\$ 312,976.72	\$ (71,650.07)	\$ (131,558.26)	\$ 1,948,672.85

INVESTMENT FUND BALANCES:

BNY MELLON	\$ 5,548,668.32	\$ 5,460,521.83	\$ 5,733,712.79	\$ 5,837,938.20	\$ 5,813,652.04	\$ 6,016,081.45	\$ 6,052,820.15	\$ 6,161,831.11	\$ 6,207,439.41	\$ 6,350,450.73	\$ 6,305,186.24	\$ 6,229,830.19
COMMONFUND	\$ 6,116,703.95	\$ 6,029,090.68	\$ 6,321,823.67	\$ 6,464,959.46	\$ 6,452,910.61	\$ 6,640,447.78	\$ 6,712,707.38	\$ 6,844,214.95	\$ 6,843,048.47	\$ 7,013,013.87	\$ 6,986,628.29	\$ 6,921,649.62
TOTAL	\$ 11,665,372.27	\$ 11,489,612.51	\$ 12,055,536.46	\$ 12,302,897.66	\$ 12,266,562.65	\$ 12,656,529.23	\$ 12,765,527.53	\$ 13,006,046.06	\$ 13,050,487.88	\$ 13,363,464.60	\$ 13,291,814.53	\$ 13,151,479.81

FISCAL YEAR 12:

INVESTMENT COMPANY	VALUE AS OF JUNE 30, 2011	GAIN/(LOSS) JULY	GAIN/(LOSS) AUGUST	GAIN/(LOSS) SEPTEMBER	GAIN/(LOSS) OCTOBER	GAIN/(LOSS) NOVEMBER	GAIN/(LOSS) DECEMBER	GAIN/(LOSS) JANUARY	GAIN/(LOSS) FEBRUARY	GAIN/(LOSS) MARCH	GAIN/(LOSS) APRIL	GAIN/(LOSS) MAY	GAIN/(LOSS) JUNE	TOTAL YTD GAIN/(LOSS)
BNY MELLON	\$ 6,229,830.19	\$ (56,681.19)	\$ (246,258.09)	\$ (318,315.90)	\$ 335,735.25	\$ (50,280.78)	\$ 4,165.56	\$ 215,425.86	\$ 152,435.24	\$ 37,698.06	\$ (11,411.80)	\$ (248,960.23)	\$ 114,130.45	\$ (72,317.57)
COMMONFUND	\$ 6,921,649.62	\$ (18,353.60)	\$ (258,313.79)	\$ (275,661.82)	\$ 345,059.48	\$ (54,158.11)	\$ 48,784.33	\$ 206,901.12	\$ 178,740.17	\$ 99,752.91	\$ 13,195.17	\$ (274,234.44)	\$ 103,901.86	\$ 115,613.28
Accrued Interest Receivable Adjustment		\$ (8,776.46)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,126.48	\$ 1,350.02
CURRENT MTD TOTAL GAIN/(LOSS)	\$ (83,811.25)	\$ (504,571.88)	\$ (593,977.72)	\$ 680,794.73	\$ (104,438.89)	\$ 52,949.89	\$ 422,326.98	\$ 331,175.41	\$ 137,450.97	\$ 1,783.37	\$ (523,194.67)	\$ 228,158.79	\$ 44,645.73	

INVESTMENT FUND BALANCES:

BNY MELLON	\$ 6,173,149.00	\$ 5,926,890.91	\$ 5,608,575.01	\$ 5,944,310.26	\$ 5,894,029.48	\$ 5,898,195.04	\$ 6,113,620.90	\$ 6,266,056.14	\$ 6,303,754.20	\$ 6,292,342.40	\$ 6,043,382.17	\$ 6,157,512.62
COMMONFUND	\$ 6,903,296.02	\$ 6,644,982.23	\$ 6,369,320.41	\$ 6,714,379.89	\$ 6,660,221.78	\$ 6,709,006.11	\$ 6,915,907.23	\$ 7,094,647.40	\$ 7,194,400.31	\$ 7,207,595.48	\$ 6,933,361.04	\$ 7,037,262.90
TOTAL	\$ 13,076,445.02	\$ 12,571,873.14	\$ 11,977,895.42	\$ 12,658,690.15	\$ 12,554,251.26	\$ 12,607,201.15	\$ 13,029,528.13	\$ 13,360,703.54	\$ 13,498,154.51	\$ 13,499,937.88	\$ 12,976,743.21	\$ 13,194,775.52

INVESTMENT PORTFOLIO PERFORMANCE

FISCAL YEAR 13:

INVESTMENT COMPANY	VALUE AS OF JUNE 30, 2012	GAIN/(LOSS) JULY	GAIN/(LOSS) AUGUST	GAIN/(LOSS) SEPTEMBER	GAIN/(LOSS) OCTOBER	GAIN/(LOSS) NOVEMBER	GAIN/(LOSS) DECEMBER	GAIN/(LOSS) JANUARY	GAIN/(LOSS) FEBRUARY	GAIN/(LOSS) MARCH	GAIN/(LOSS) APRIL	GAIN/(LOSS) MAY	GAIN/(LOSS) JUNE	TOTAL YTD GAIN/(LOSS)
													As of 6/30/13	
BNY MELLON	\$ 6,157,512.62	\$ 73,745.08	\$ 80,858.88	\$ 94,277.64	\$ (36,315.97)	\$ 51,979.03	\$ 74,966.98	\$ 146,777.71	\$ 26,390.36	\$ 100,622.14	\$ 1,086.09	\$ (5,776.24)	\$ (500.83)	\$ 608,110.87
COMMONFUND	\$ 7,037,262.90	\$ 74,674.88	\$ 121,415.79	\$ 124,250.49	\$ (49,354.17)	\$ 63,502.39	\$ 47,948.80	\$ 218,134.82	\$ 50,868.57	\$ 146,223.04	\$ -	\$ -	\$ -	\$ 797,664.61
U.S. BANK FIXED INCOME MUTUAL FUNDS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,837.62	\$ (43,093.17)	\$ (102,352.90)	\$ (123,608.45)
U.S. BANK EQUITY MUTUAL FUNDS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,071.74	\$ 148,115.13	\$ (199,805.57)	\$ 52,381.30
U.S. BANK TACTICAL BALANCED MUTUAL FUNDS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,869.77	\$ 23,576.52	\$ (19,669.28)	\$ 26,777.01
AGINCOURT CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,360.41)	\$ (55,919.28)	\$ (38,570.80)	\$ (109,850.49)
TAMRO CAPITAL PARTNERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,186.05	\$ 33,721.43	\$ (13,893.66)	\$ 36,013.82
MANNING & NAPIER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,084.73	\$ 4,953.16	\$ (27,653.25)	\$ (18,615.36)
Accrued Interest Receivable Adjustment		\$ (10,126.48)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,126.48)
CURRENT MTD TOTAL GAIN/(LOSS)		\$ 138,293.48	\$ 202,274.67	\$ 218,528.13	\$ (85,670.14)	\$ 115,481.42	\$ 122,915.78	\$ 364,912.53	\$ 77,258.93	\$ 246,845.18	\$ 154,775.59	\$ 105,577.55	\$ (402,446.29)	\$ 1,258,746.83

INVESTMENT FUND BALANCES:

BNY MELLON	\$ 6,231,257.70	\$ 6,312,116.58	\$ 6,406,394.22	\$ 6,370,078.25	\$ 6,422,057.28	\$ 6,497,024.26	\$ 6,643,801.97	\$ 6,670,192.33	\$ 5,190.98	\$ 6,277.07	\$ 500.83	\$ -	\$ -
MELLON SALE PROCEEDS PENDING REINVESTMENT ON 3/31/2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,765,623.49	\$ -	\$ -	\$ -	\$ -
COMMONFUND	\$ 7,111,937.78	\$ 7,233,353.57	\$ 7,357,604.06	\$ 7,308,249.89	\$ 7,371,752.28	\$ 7,419,701.08	\$ 7,637,835.90	\$ 7,688,704.47	\$ 7,834,927.51	\$ -	\$ -	\$ -	\$ -
U.S. BANK FIXED INCOME MUTUAL FUNDS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,972,388.62	\$ 2,929,295.45	\$ 2,826,942.55	\$ -
U.S. BANK EQUITY MUTUAL FUNDS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,079,071.74	\$ 5,227,186.87	\$ 5,027,381.30	\$ -
U.S. BANK TACTICAL BALANCED MUTUAL FUNDS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,422,869.77	\$ 1,446,446.29	\$ 1,426,777.01	\$ -
AGINCOURT CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,884,639.59	\$ 2,828,720.31	\$ 2,790,149.51	\$ -
TAMRO CAPITAL PARTNERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 891,186.05	\$ 924,907.48	\$ 911,013.82	\$ -
MANNING & NAPIER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,504,084.73	\$ 1,509,037.89	\$ 1,481,384.64	\$ -
TOTAL	\$ 13,343,195.48	\$ 13,545,470.15	\$ 13,763,998.28	\$ 13,678,328.14	\$ 13,793,809.56	\$ 13,916,725.34	\$ 14,281,637.87	\$ 14,358,896.80	\$ 14,605,741.98	\$ 14,760,517.57	\$ 14,866,095.12	\$ 14,463,648.83	\$ -

FISCAL YEAR 14:

INVESTMENT COMPANY	VALUE AS OF JUNE 30, 2013	GAIN/(LOSS) JULY	GAIN/(LOSS) AUGUST	GAIN/(LOSS) SEPTEMBER	GAIN/(LOSS) OCTOBER	GAIN/(LOSS) NOVEMBER	GAIN/(LOSS) DECEMBER	GAIN/(LOSS) JANUARY	GAIN/(LOSS) FEBRUARY	GAIN/(LOSS) MARCH	GAIN/(LOSS) APRIL	GAIN/(LOSS) MAY	GAIN/(LOSS) JUNE	TOTAL YTD GAIN/(LOSS)
													AS OF EOY	
U.S. BANK FIXED INCOME MUTUAL FUNDS	\$ 2,826,942.55	\$ 31,910.00	\$ (32,434.87)	\$ 41,414.28	\$ 44,067.90	\$ (5,258.90)	\$ (5,007.21)	\$ 16,097.97	\$ 30,575.86	\$ (1,267.07)	\$ 10,304.63	\$ 49,871.60	\$ 21,347.55	\$ 201,621.74
U.S. BANK EQUITY MUTUAL FUNDS	\$ 5,027,381.30	\$ 243,230.33	\$ (134,360.28)	\$ 234,760.98	\$ 217,981.39	\$ 122,358.88	\$ 127,171.87	\$ (241,808.54)	\$ 272,132.22	\$ 40,337.61	\$ 44,228.22	\$ 136,867.72	\$ 114,641.65	\$ 1,177,542.05
U.S. BANK TACTICAL BALANCED MUTUAL FUNDS	\$ 1,426,777.01	\$ 32,404.69	\$ (25,307.22)	\$ 21,735.57	\$ 36,845.07	\$ 22,437.20	\$ 19,247.22	\$ (19,566.70)	\$ 37,895.43	\$ 16,828.78	\$ 11,348.87	\$ 25,090.16	\$ 19,335.89	\$ 198,294.96
AGINCOURT CAPITAL	\$ 2,790,149.51	\$ 13,003.09	\$ (16,865.75)	\$ 23,621.16	\$ 28,695.54	\$ (6,411.82)	\$ (19,078.82)	\$ 46,364.18	\$ 16,279.51	\$ (7,683.67)	\$ 27,186.40	\$ 33,687.09	\$ (306.05)	\$ 138,490.86
TAMRO CAPITAL PARTNERS	\$ 911,013.82	\$ 43,771.31	\$ (14,313.20)	\$ 50,070.05	\$ 21,980.20	\$ 22,948.02	\$ 2,442.37	\$ (40,289.37)	\$ 51,229.61	\$ (11,716.38)	\$ (67,662.62)	\$ 9,373.53	\$ 51,968.74	\$ 119,802.26
MANNING & NAPIER	\$ 1,481,384.64	\$ 44,135.95	\$ (16,888.09)	\$ 44,174.18	\$ 31,909.58	\$ 6,089.83	\$ 17,509.36	\$ (10,332.15)	\$ 53,357.70	\$ 4,889.80	\$ 17,182.20	\$ 26,140.05	\$ 27,974.30	\$ 246,142.71
CURRENT MTD TOTAL GAIN/(LOSS)		\$ 408,455.37	\$ (240,169.41)	\$ 415,776.22	\$ 381,479.68	\$ 162,163.21	\$ 142,284.79	\$ (249,534.61)	\$ 461,470.33	\$ 41,389.07	\$ 42,587.70	\$ 281,030.15	\$ 234,962.08	\$ 2,081,894.58

INVESTMENT FUND BALANCES:

U.S. BANK FIXED INCOME MUTUAL FUNDS	\$ 2,858,852.55	\$ 2,826,417.68	\$ 2,867,831.96	\$ 2,911,899.86	\$ 2,906,640.96	\$ 2,901,633.75	\$ 2,917,731.72	\$ 2,948,307.58	\$ 2,947,040.51	\$ 2,957,345.14	\$ 3,007,216.74	\$ 3,028,564.29	\$ -
U.S. BANK EQUITY MUTUAL FUNDS	\$ 5,270,611.63	\$ 5,136,251.35	\$ 5,371,012.33	\$ 5,588,993.72	\$ 5,711,352.60	\$ 5,838,524.47	\$ 5,596,715.93	\$ 5,868,848.15	\$ 5,909,185.76	\$ 5,953,413.98	\$ 6,090,281.70	\$ 6,204,923.35	\$ -
U.S. BANK TACTICAL BALANCED MUTUAL FUNDS	\$ 1,459,181.70	\$ 1,433,874.48	\$ 1,455,610.05	\$ 1,492,455.12	\$ 1,514,892.32	\$ 1,534,139.54	\$ 1,514,572.84	\$ 1,552,468.27	\$ 1,569,297.05	\$ 1,580,645.92	\$ 1,605,736.08	\$ 1,625,071.97	\$ -
AGINCOURT CAPITAL	\$ 2,803,152.60	\$ 2,786,286.85	\$ 2,809,908.01	\$ 2,838,603.55	\$ 2,832,191.73	\$ 2,813,112.91	\$ 2,859,477.09	\$ 2,875,756.60	\$ 2,868,072.93	\$ 2,895,259.33	\$ 2,928,946.42	\$ 2,928,640.37	\$ -
TAMRO CAPITAL PARTNERS	\$ 954,785.13	\$ 940,471.93	\$ 990,541.98	\$ 1,012,522.18	\$ 1,035,470.20	\$ 1,037,912.57	\$ 997,623.20	\$ 1,048,852.81	\$ 1,037,136.43	\$ 969,473.81	\$ 978,847.34	\$ 1,030,816.08	\$ -
MANNING & NAPIER	\$ 1,525,520.59	\$ 1,508,632.50	\$ 1,552,806.68	\$ 1,584,716.26	\$ 1,590,806.09	\$ 1,608,315.45	\$ 1,597,983.30	\$ 1,651,341.00	\$ 1,656,230.80	\$ 1,673,413.00	\$ 1,699,553.05	\$ 1,727,527.35	\$ -
TOTAL	\$ 14,463,648.83	\$ 14,872,104.20	\$ 14,631,934.79	\$ 15,047,711.01	\$ 15,429,190.69	\$ 15,591,353.90	\$ 15,733,638.69	\$ 15,484,104.08	\$ 15,945,574.41	\$ 15,986,963.48	\$ 16,029,551.18	\$ 16,310,581.33	\$ 16,545,543.41

Status of Construction/Renovation Projects through October 31, 2014

Project	Status	Projected Budget	Funding Source
Founders Plaza Project	<ul style="list-style-type: none">• Total renovation of Founder's Plaza - area between the Administration Building and the Athletic Center.• Pending final owner acceptance	\$1,426,845	State Capital
Nursing/Hatcher Hall Renovation	<ul style="list-style-type: none">• 6,300 square feet of the newly acquired Hatcher Hall is being renovated to house the Nursing Program.• Project complete	\$700,000	Local

(October 31, 2014)