CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Shawnee State University

(A COMPONENT UNIT OF THE STATE OF OHIO)

SCIOTO COUNTY

SINGLE AUDIT

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Shawnee State University

Contents

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Shawnee State University
Portsmouth, Ohio

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Shawnee State University (the University), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Prior Period Financial Statements

The financial statements of the University as of June 30, 2023, were audited by other auditors whose report dated October 12, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 14, 2024

This unaudited section of Shawnee State University's (the "University") annual financial report presents a discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2024. This discussion, prepared by University management, provides an overview of the University's financial activities and should be evaluated in conjunction with the accompanying financial statements and footnotes.

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

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

Financial Highlights

Key financial highlights for 2024 are as follows:

- Total net position increased $4,619,263. The increase is primarily due to a $3,363,331 increase in state appropriations and an increase of $2,142,561 in miscellaneous revenue. The $1,480,079 decrease in operating expenses mainly consisted of a $1,110,518 decrease in depreciation and amortization expense and a decrease of $647,200 in institutional support expenses.

- Total assets and deferred outflows of resources decreased $2,590,926 mainly due to a decrease of $4,305,250 in the deferred outflows portion of the GASB Statement No. 68 pension and No. 75 OPEB expense adjustment, offset by an increase of $3,968,994 in investments.

- The $5,814,769, decrease in total liabilities was primarily due to a $3,851,687 decrease in net pension liability related to GASB Statement No. 68 and a $2,175,004 decrease in net OPEB liability related to GASB Statement No. 75.

- Total deferred inflows of resources decreased $1,395,420, primarily due to the $836,456 decrease in deferred inflows related to pension and the $442,365 decrease in deferred inflows related to OPEB related to GASB Statement No. 68 and Statement No. 75, respectively.

- Total revenue increased $4,092,297 from 2023 to 2024 compared with a decrease of $11,369,201 from 2022 to 2023. The increase in 2024 was primarily due to a $3,363,331 increase in state appropriations revenue, an increase of $2,142,561 in miscellaneous revenue, and a decrease of $1,294,886 in capital appropriations.

- Total expenses decreased $1,513,449 in 2024 due to a decrease of $1,480,078 in operating expenses. The 2024 decrease in operating expenses consisted of a $647,200 decrease in institutional support expenses, a $1,110,518 decrease in depreciation and amortization expense, and a $452,173 increase in auxiliary enterprises.

- Operating revenue increased by $900,582 primarily due to a $2,142,561 increase in miscellaneous revenue, $807,862 decrease in operating grants and contracts and $543,632 decrease in student tuition and fee revenue.

Using this Financial Report

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

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

The statements of net position and statements of revenue, expenses, and changes in net position present information about the University and its activities in a way that helps answer the question, "How did the University do financially during 2024?" The statements of net position include all short-term and long-term assets and liabilities, both financial and capital and deferred outflows or inflows of resources. The accrual basis of accounting is used for the recording of revenue and expenses. This basis of accounting records revenue when earned and expenses when incurred, regardless of when the cash is actually received or paid. Over time, increases or decreases in net position are one indicator of the improvement or deterioration of the University's financial health. Nonfinancial factors such as student retention rate, enrollment growth, and condition of facilities must also be considered.

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 of resources minus total liabilities and deferred inflows of resources equal net position. The University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2024, 2023, and 2022 are presented below:

	2024	2023	2022
Assets			
Current assets	$ 16,030,447	$ 12,546,804	$ 13,910,514
Capital assets - Net	76,531,790	80,310,116	83,625,808
Other noncurrent assets	15,956,019	13,947,012	14,029,559
Total assets	108,518,256	106,803,932	111,565,881
Deferred Outflows of Resources	8,131,149	12,436,399	6,820,307
Liabilities			
Current liabilities	8,352,824	7,086,366	8,322,116
Noncurrent liabilities	48,780,144	55,861,371	36,326,017
Total liabilities	57,132,968	62,947,737	44,648,133
Deferred Inflows of Resources	5,194,861	6,590,281	23,049,259
Net Position			
Net investment in capital assets	60,347,294	62,967,975	65,378,140
Restricted, expendable	2,459,277	243,986	243,986
Unrestricted	(8,484,995)	(13,509,648)	(14,933,330)
Total net position	**$ 54,321,576**	**$ 49,702,313**	**$ 50,688,796**

The total assets of the University increased $1,714,324 in 2024 and decreased $4,761,949 in 2023. Current assets increased $3,483,643 in 2024 following a $1,363,710 decrease in 2023. An increase of $1,196,319 in accounts receivables and a $2,130,836 increase in cash and cash equivalents were the largest components of the 2024 increase in current assets. Noncurrent assets (excluding capital assets) increased $2,009,007 in 2024 and decreased $82,547 in 2023. The 2024 increase is due to investments and the 2023 decrease is due to amortization of the right-to-use assets.

The decreased expenditures for capital construction projects initiated in 2024 were below the 2024 depreciation expense amount which resulted in a decrease of $3,778,326 in net capital assets for 2024. In 2023, the depreciation expense increased $2,238,950 due to the adjustments made to buildings placed in service, see note 6 for more information.

The $5,814,769 decrease in 2024 and the $18,299,604 increase in 2023 to total liabilities was primarily due to decreases to the net pension liability of $3,851,687 and net OPEB liability of $2,175,004 in 2024 and increases to the net pension liability of $19,260,035 and net OPEB liability of $2,175,004 in 2023.

These liability decreases in 2024 were to recognize the reduction of the University's proportionate share of the net pension liability as determined by the two pension plans associated with the University, the State Teachers Retirement System and Ohio Public Employees Retirement System, as required by GASB Statement No. 68 and GASB Statement No. 75. See Note 14 to the financial statements for further details. The remainder of the decrease in 2024 and the decrease in 2023 total liabilities was attributable to a $1,043,156 and $1,010,323 reduction in long-term debt, respectively.

Statements of Revenue, Expenses, and Changes in Net Position

The statements of revenue, expenses, and changes in net position presents the results of operations for the University. The change in net position during the fiscal year is a measurement of the change in the overall financial condition of the University. The University's revenue, expenses, and changes in net position for the fiscal years ended June 30, 2024, 2023, and 2022 are as follows:

	2024	2023	2022
Operating revenue:			
Tuition, fees, and other student charges	$ 16,476,804	$ 17,020,436	$ 19,713,441
Grants and contracts	4,953,826	5,761,688	6,336,795
Sales and services	1,905,039	1,795,524	1,525,595
Miscellaneous income	2,925,157	782,596	983,684
Nonoperating revenue:			
Other grants	11,824,378	11,142,013	20,346,377
Investment income (loss)	1,060,787	619,882	(801,563)
State appropriations	22,584,385	19,221,054	18,449,269
Capital appropriations	57,642	1,352,528	2,511,324
Total revenue	61,788,018	57,695,721	69,064,922
Operating expenses:			
Instruction and research	15,511,547	15,741,693	14,026,555
Public service	4,974,994	5,038,978	6,200,165
Academic support	1,955,422	2,039,681	1,718,214
Student services	3,462,494	3,337,790	8,575,462
Institutional support	9,855,208	10,502,408	8,261,463
Operation and maintenance of plant	4,288,330	3,935,770	3,514,998
Scholarships and fellowships	4,456,080	4,729,488	6,327,757
Depreciation and amortization expense	5,177,178	6,287,696	4,048,746
Auxiliary enterprises	6,981,325	6,529,152	6,539,164
Nonoperating expense:			
Interest on capital debt	506,177	539,548	573,023
Total expenses	57,168,755	58,682,204	59,785,547
Increase (Decrease) in net position	**$ 4,619,263**	**$ (986,483)**	**$ 9,279,375**

The University is dedicated to its mission of providing higher education that fosters competence in oral and written communication, scientific and quantitative reasoning, and critical analysis/logical thinking. To enrich the lives of the community, the University provides opportunities for continuing personal and professional development, intellectual discovery, and appreciation for the creative and performing arts. The University charges students' tuition and fees in accordance with approved university policy, as constrained by state laws. Beginning with the Fall 2018 term, the University implemented a new tuition guarantee program for all new first-time freshmen students. The Shawnee Advantage tuition plan guarantees students a flat tuition rate for up to five years while attending the University. Each new fiscal year, the tuition rate is adjusted for that year's incoming freshman class. The Fall 2023 incoming freshman class tuition and fee rate was $4,811. Based on state regulations or University policy, rates charged for continuing in-state and all out-of-state student tuition and fees increased 3.0 percent during 2024. The Fall 2024 incoming freshman class tuition rate is $4,949. There was an increase of 4.6 percent to the tuition and fee rate for graduate students during 2024.

The University's 2024 revenue from student tuition and fees has decreased to $16,476,804 from $17,020,436 in 2023 from $19,713,441 in 2022 due to corresponding enrollment level and tuition rate changes over these years. Tuition and fees represent 26.7 percent of the University's total revenue in 2024, 29.5 percent in 2023 and 28.5 percent in 2022. The University's 2024 operating grants and contracts revenue decreased 14.0 percent to $4,953,826 from $5,761,688 in 2023 following a decrease of 9.1 percent from $6,336,795 in 2022 due to the lower level of federal and state operating grants, specifically the Higher Education Emergency Relief Fund (HEERF). The University continues initiatives to identify and obtain new grant funding.

Operating expenses decreased $1,480,078 in 2024. In 2024, depreciation and amortization expense decreased $1,110,518, and institutional support expenses decreased $647,200. Operating expenses in 2023 decreased $1,069,868. In 2024, pension and OPEB related operating expenses decreased $178,295 compared to 2023. Scholarship and fellowship expenses decreased $273,408 in 2024 following a decrease in 2023 of $1,598,269 due to corresponding changes in enrollment for those years. The 2023 decrease in operating expenses is partially due to a $5,237,672 decrease in student services, an increase of $2,240,945 in institutional support, and a $2,238,950 increase in depreciation and amortization expense.

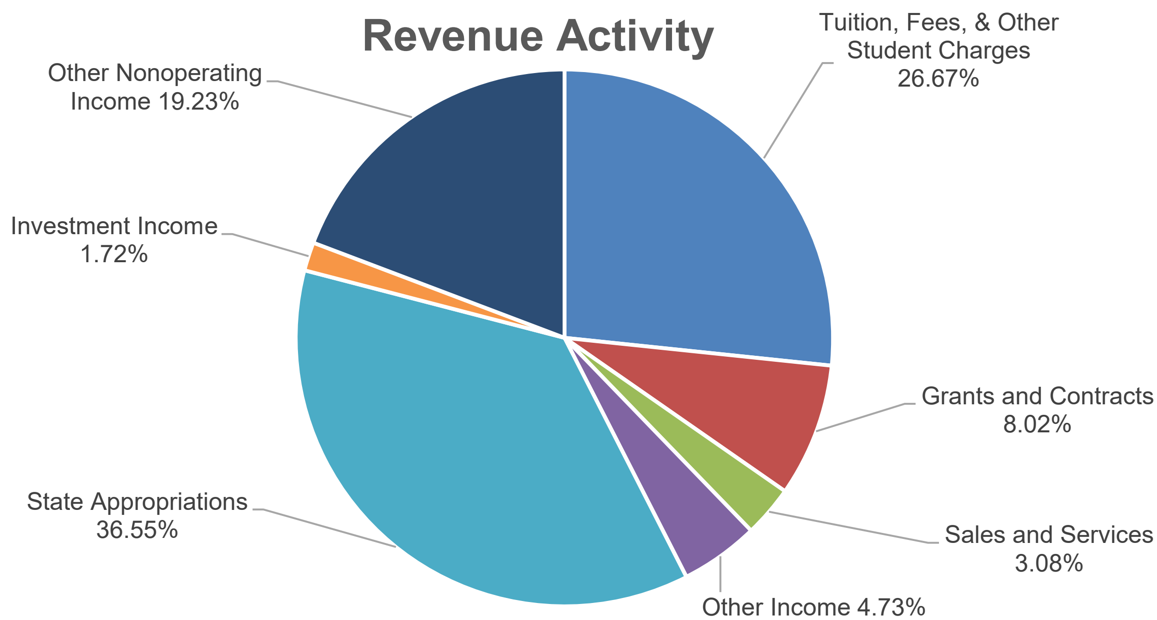
State appropriations represent 36.6 percent of the University's total revenue in 2024, 33.3 percent in 2023, and 26.7 percent in 2022. These percentages illustrate that tuition and fee revenue are not sufficient to cover operational expenses. The University has considerable dependency upon a predictable and relatively stable level of state appropriation funding.

During 2024, investment income/(loss) amounted to $1,060,787 as compared to $619,882 during 2023 and ($801,563) during 2022. This increase in investment income is the result of the impact of the general market increase for all investment segments and the continuation of high interest rates during 2024.

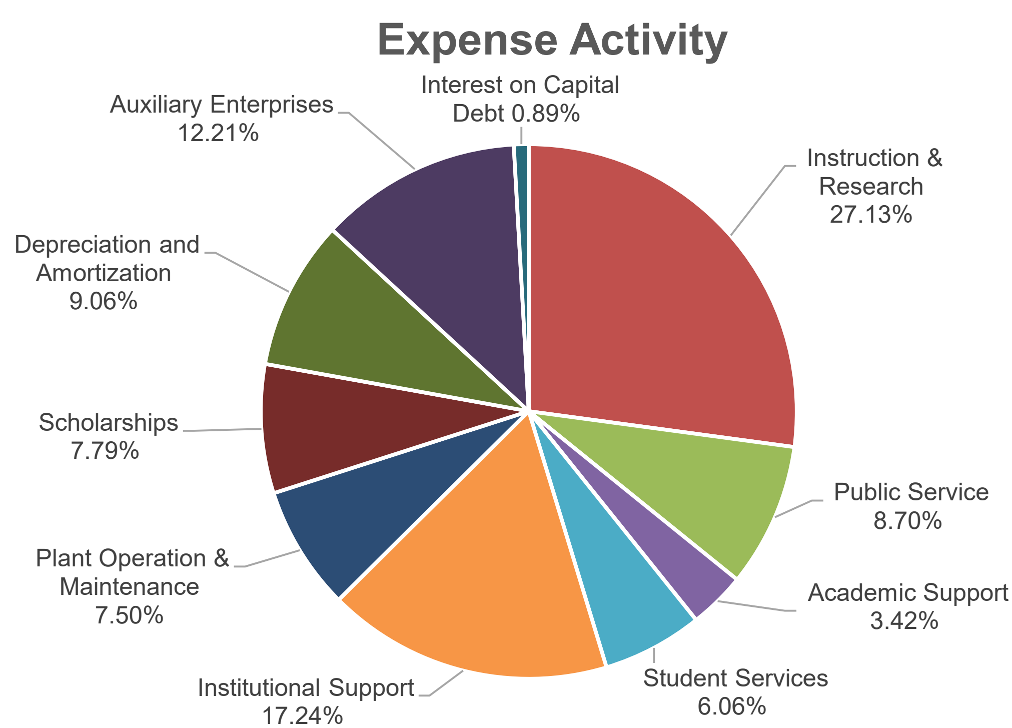
Pell Grants, HEERF grants, and certain other grants are considered nonexchange transactions and are reflected as nonoperating revenue. The $7,953,645 federal grants portion of nonoperating other grants and contract revenue experienced a 8.0 percent increase in 2024 after experiencing a 56.7 percent decrease from $17,025,774 in 2022 to $7,364,473 in 2023. The 2024 increase is due to the Pell grants. The 2023 decrease is due to the HEERF money being received in 2022 of $9,765,521 compared to $6,084 in 2023. Income from federal aid programs such as Pell, SEOG, and Veteran's Benefits amounted to $7.9 million (excluding Covid-19 funding) in 2024, as compared with $7.4 million in 2023, and $6.9 million in 2022. Nonoperating grants revenue represents 19.1 percent of the University's total revenue in 2024, down from 19.3 percent in 2023, and down from 29.5 percent in 2022.

The capital appropriations revenue decreased to $57,642 in 2024, from $1,352,528 in 2023, as work on state capital projects finished in 2024. The decrease to $1,352,528 in 2023 from $2,511,324 in 2022, reflects the use of state capital funding received to initiate new capital projects during 2022. Some projects that were completed in 2024 include the library HVAC renovation and the Center for the Arts renovations.

The following graph illustrates the University's revenue activity for the fiscal year ended June 30, 2024.



The following graph illustrates the University's expense activity for the fiscal year ended June 30, 2024.



Statements of Cash Flows

The statements of cash flows provides information about the University's financial condition by reporting the cash sources (receipts) and the cash uses (payments) during the fiscal year ended June 30, 2024. A comparison of cash sources and uses during fiscal years 2024, 2023, and 2022 is presented below:

	2024	2023	2022
Cash (Used in) Provided By			
Operating activities	$ (26,116,091)	$ (27,662,668)	$ (34,788,792)
Noncapital financing activities	34,006,987	34,356,408	37,992,792
Capital and related financing activities	(2,957,719)	(3,174,939)	(4,209,532)
Investing activities	(2,802,341)	51,113	45,255
Net increase (decrease) in cash and cash equivalents	2,130,836	3,569,915	(960,277)
Cash and Cash Equivalents			
Beginning of the year	5,064,864	1,494,949	2,455,226
End of the year	**$ 7,195,700**	**$ 5,064,864**	**$ 1,494,949**

The $2,130,836 increase in Cash and Cash Equivalents in 2024 is a result of increased cash inflows during the year attributable to an increase in state appropriations, as well as a decrease in payments to suppliers for goods and services. Cash and Cash Equivalents increased by $3,569,915 in 2023 as a result of increased cash inflows during the year attributable to an increase in state appropriations and private gifts, grants and contracts, as well as a decrease in payments to suppliers for goods and services and a decrease in tuition, fees and other student charges.

Capital Assets and Debt Administration

At the end of fiscal year 2024, the University held $76,531,790 in net capital assets. This reflects a decrease of $3,778,326 in net capital assets from 2023. The depreciation expense decreased $2,433,783 due to adjustments made to buildings placed in service, see note 6 for more information. The decrease was due to the decreased number of buildings and improvements during 2024. The 2024 construction projects funded by state capital appropriations or federal operating grants include such projects as the Library HVAC renovation and the Center for the Arts renovation.

Capital assets - Net of depreciation at June 30:

	2024	2023	2022
Land	$ 8,003,370	$ 8,003,370	$ 8,003,370
Land improvements	8,471,607	8,625,822	8,471,607
Buildings and improvements	57,606,441	58,779,180	62,273,378
Equipment	2,128,443	2,233,822	2,210,234
Library books	26,050	26,662	91,166
Construction in progress	295,879	2,641,260	2,576,053
Totals	**$ 76,531,790**	**$ 80,310,116**	**$ 83,625,808**

Debt Administration

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

The University recorded $2,045,152 in subscription liability as a result of implementation of GASB Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* in 2022. The decrease of $35,705 to subscription liability balance in 2024 was due to the scheduled SBITA payment offset by an extension of current contracts, the decrease of $770,551 in 2023 was due to the scheduled SBITA payment.

Outstanding debt at year end:

	2024	2023	2022
Unamortized bond premium	$ 394,460	$ 437,616	$ 477,939
General revenue bonds payable - 2% to 4%	15,090,000	16,090,000	17,060,000
Total long-term debt	**$ 15,484,460**	**$ 16,527,616**	**$ 17,537,939**

Current Financial Issues and Concerns

The University's operations continued to return to their pre-pandemic levels during 2024. The University is beginning to see the positive returns from new strategic initiatives put in place in prior fiscal years. While we continue to move past the uncertainties and disruptions of the pandemic which directly impacted the size of the incoming fall classes and other returning students in recent years, the financial strength of the University has improved.

Enrollment, Tuition and Fees

The University saw a decrease of 2% in new degree-seeking undergraduates' enrollment for the fall 2023 semester. Graduate students persisted at a higher rate than undergraduates and experienced an 8% increase over fall 2022. The net impact for all enrollment levels was a 2% decrease in total degree-seeking enrollment for the fall 2023 semester.

While enrollment continued to be challenged in 2024, there are positive indicators of a rebound for future entering classes. In-person recruitment activities have increased, and enrollments increased in the college credit plus program by 7% in fall 2023. The University's retention rate for returning students increased in fall 2023 to 70%, a significant increase from the fall 2022 rate of 65%. The number of adult non-degree seeking adult students increased 19% in the fall 2023 term as the University increased efforts to recruit non-traditional students to campus. These are all key enrollment revenue streams and a proven pipeline for future enrollment.

State Funding

The University relies on support from the State of Ohio to meet its educational mission and serve disadvantaged students in the region. The University’s state subsidy has two components: State Share of Instruction (SSI), which is allocated to public institutions through a performance-based funding formula; and a line-item appropriation, the Shawnee State Supplement, which enables the University to maintain lower undergraduate tuition and fund scholarships that increase access for Appalachian Ohioans and other historically underrepresented groups. Total state support increased by 17.5% ($3,363,331) from 2023 to 2024, 4.2% ($771,785) from 2022 to 2023 and 4.8% ($844,690) from 2021 to 2022. The State of Ohio continues to support the University’s mission with substantial increases to the Shawnee State Supplement. In the State of Ohio biennial budget bill passed in July 2023 for fiscal years 2024 and 2025, the University receives $9,000,000 each year in Shawnee State Supplement support. This new appropriation amount represents an increase of 66.4% ($3,590,750) each fiscal year from the previous Shawnee State Supplement appropriation amount.

Expenses

Total expenses decreased in 2024 due to several factors. As students, faculty, and staff returned fully to campus, and on-site activities and events resumed, several expense categories such as student services and auxiliary enterprise expenditures increased accordingly. Expenses associated with the operation and maintenance of plant increased because of capital improvements, increased consumer price index adjustments to service contracts, and escalating energy costs. Other expense categories such as instruction, public service, academic support and institutional support experienced reduced 2024 spending levels as a result of continuation of prior year cost containment measures and reduced HEERF related expenses during previous fiscal years. Scholarship expense was impacted by an increase to scholarship allowance associated with more student borrowing as a result of fewer HEERF student financial aid awards during 2024.

Cash, Cash Equivalents and Investments

In response to the enrollment challenges noted earlier, the University instituted new initiatives and cost containment measures in recent years to address actual and planned fiscal needs. As a result of these measures, the level of University’s cash and investment balances experienced significant increases in 2024. The total of cash, cash equivalents and investments increased 45.2% from 2023 ($13,501,729) to 2024 ($19,601,559).

Statements of Net Position
University
June 30, 2024 and 2023

	2024	2023
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	$ 7,195,700	$ 5,064,864
Accounts receivables (net of allowances for doubtful accounts of $1,292,681 in 2024 and $1,319,018 in 2023)	8,043,485	6,847,166
Notes receivable	196,705	196,750
Interest receivable	30,043	23,447
Inventory	-	11,498
Prepaid items	564,514	403,079
Total current assets	16,030,447	12,546,804
Noncurrent Assets		
Investments	12,405,859	8,436,865
Net OPEB asset	2,042,530	3,893,946
Right-to-use assets - net	1,507,630	1,616,201
Capital assets - not being depreciated	16,770,856	19,270,452
Capital assets - net of depreciation	59,760,934	61,039,664
Total noncurrent assets	92,487,809	94,257,128
Total assets	108,518,256	106,803,932
Deferred Outflows of Resources		
Pension	7,452,753	11,193,084
OPEB	678,396	1,243,315
Total deferred outflows of resources	8,131,149	12,436,399
Total Assets and Deferred Outflows of Resources	**$ 116,649,405**	**$ 119,240,331**

See notes to Financial Statements.

Shawnee State University

Statements of Net Position (Continued)
University
June 30, 2024 and 2023

		2024		2023
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	$	1,230,369	$	830,361
Accrued wages and benefits		2,420,900		2,614,881
Compensated absences payable		175,391		186,425
Long-term debt		1,076,204		1,043,155
Accrued interest payable		45,402		47,069
Unearned revenue		2,658,919		1,391,351
Lease liability		75,523		73,178
Subscription liability		566,553		800,463
Deposits held by and due to others		103,563		99,483
Total current liabilities		8,352,824		7,086,366
Noncurrent Liabilities				
Compensated absences payable		1,578,521		1,679,534
Net pension liability		31,779,402		35,631,089
Net OPEB liability		-		2,175,004
Lease liability		341,622		417,145
Subscription liability		672,343		474,138
Long-term debt		14,408,256		15,484,461
Total noncurrent liabilities		48,780,144		55,861,371
Total liabilities		57,132,968		62,947,737
Deferred Inflows of Resources				
Service concession agreements		398,585		483,152
Pension		2,880,399		3,716,855
OPEB		1,595,543		2,037,908
Bond refunding		320,334		352,366
Total deferred inflows of resources		5,194,861		6,590,281
Net Position				
Net investment in capital and right-to-use assets		60,347,294		62,967,975
Restricted - Expendable:				
Other postemployment benefits		2,042,530		-
Loans		387,288		212,906
Other		29,459		31,079
Unrestricted		(8,484,995)		(13,509,648)
Total net position		54,321,576		49,702,313
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$**	**116,649,405**	**$**	**119,240,331**

See notes to Financial Statements.

Statements of Net Assets
Development Foundation
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 1,391,770	$ 2,005,258
Investments	23,434,310	19,850,997
Contributions receivable - net	4,604,936	1,388,572
Lease receivable from related party	11,160	13,330
Grant receivable	-	6,137
Beneficial interest in trusts held by others	158,994	143,258
Cash surrender value of life insurance	268,875	242,616
Other assets	14,999	64,847
Assets held for resale	4,455,000	-
Net property and equipment	4,881,729	12,426,999
Total assets	**$ 39,221,773**	**$ 36,142,014**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 23,172	$ 28,029
Amount due to primary government	134,335	178,111
Accrued real estate tax	46,800	44,952
Grant payable	-	6,137
Other payable	500	500
Deposits held and due to others	2,258	4,101
Annuity payment liability	312,776	325,179
Note payable	2,727,390	2,941,552
Total liabilities	3,247,231	3,528,561
Net Assets		
Without donor restrictions	6,057,444	9,051,326
With donor restrictions	29,917,098	23,562,127
Total net assets	35,974,542	32,613,453
Total liabilities and net assets	**$ 39,221,773**	**$ 36,142,014**

See notes to Financial Statements.

Shawnee State University

Statements of Revenue, Expenses, and Changes in Net Position
University
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenue		
Student tuition and fees (net of scholarship allowances of $12,274,388 in 2024 and $11,327,796 in 2023)	$ 16,476,804	$ 17,020,436
Federal grants and contracts	3,429,400	3,301,358
State grants and contracts	799,204	1,010,225
Local grants and contracts	400,080	576,825
Private gifts, grants, and contracts	325,142	873,280
Sales and services	1,905,039	1,795,524
Miscellaneous	2,925,157	782,596
Total operating revenue	26,260,826	25,360,244
Operating Expenses		
Education and general:		
Instruction and departmental research	15,511,547	15,741,693
Public service	4,974,994	5,038,978
Academic support	1,955,422	2,039,681
Student services	3,462,494	3,337,790
Institutional support	9,855,208	10,502,408
Operation and maintenance of plant	4,288,330	3,935,770
Scholarships and fellowships	4,456,080	4,729,489
Depreciation and amortization expense	5,177,178	6,287,696
Auxiliary enterprises	6,981,325	6,529,152
Total operating expenses	56,662,578	58,142,657
Operating Loss	(30,401,752)	(32,782,412)
Nonoperating Revenue (Expenses)		
State appropriations	22,584,385	19,221,054
Federal, state, and local grants and contracts	10,789,018	10,148,016
Private grants and contracts	1,035,360	993,997
Investment income	1,060,787	619,882
Interest on capital asset-related debt	(506,177)	(539,548)
Net nonoperating revenue	34,963,373	30,443,400
Change in Net Position Before Capital Appropriations	4,561,621	(2,339,012)
Other Revenue - Capital appropriations	57,642	1,352,528
Increase (Decrease) in Net Position	4,619,263	(986,483)
Net Position - Beginning of year	49,702,313	50,688,796
Net Position - End of year	**$ 54,321,576**	**$ 49,702,313**

See notes to Financial Statements.

Statements of Activities
Development Foundation
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	$ 105,385	$ 5,327,948	$ 5,433,333
Contribution of nonfinancial assets	133,916	2,415	136,331
Investment income - net	410,040	2,500,931	2,910,971
Change in value of split-interest agreements	-	28,139	28,139
Federal grant revenue	-	72,258	72,258
Other income	-	4,356	4,356
Rental income	407,381	-	407,381
Net assets released from restrictions	1,581,076	(1,581,076)	-
Total revenue and other support	2,637,798	6,354,971	8,992,769
Expenses			
Program services:			
Scholarships and other student aid	573,432	-	573,432
Institutional support	1,257,881	-	1,257,881
Total program services	1,831,313	-	1,831,313
Management and general expenses	260,740	-	260,740
Rental activities	336,591	-	336,591
Fundraising	198,753	-	198,753
Total expenses	2,627,397	-	2,627,397
Losses			
Impairment loss on asset	3,004,283	-	3,004,283
Total expenses and losses	5,631,680	-	5,631,680
Change in Net Assets	(2,993,882)	6,354,971	3,361,089
Net Assets - Beginning of year	9,051,326	23,562,127	32,613,453
Net Assets - End of year	**$ 6,057,444**	**$ 29,917,098**	**$ 35,974,542**

See notes to Financial Statements.

Statements of Activities (Continued)
Development Foundation
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	$ 487,066	$ 1,048,354	$ 1,535,420
Contribution of nonfinancial assets	-	19,024	19,024
Investment income - Net	227,485	1,854,748	2,082,233
Change in value of split-interest agreements	-	425,953	425,953
Federal grant revenue	-	1,069,269	1,069,269
Other income	3,915	24,955	28,870
Rental income	407,381	-	407,381
Net assets released from restrictions	2,435,836	(2,435,836)	-
Total revenue and other support	3,561,683	2,006,467	5,568,150
Expenses			
Program services:			
Scholarships and other student aid	501,514	-	501,514
Institutional support	1,142,192	-	1,142,192
Total program services	1,643,706	-	1,643,706
Management and general expenses	213,993	-	213,993
Rental activities	467,229	-	467,229
Fundraising	152,266	-	152,266
Total expenses	2,477,194	-	2,477,194
Change in Net Assets	1,084,489	2,006,467	3,090,956
Net Assets - Beginning of year	7,966,837	21,555,660	29,522,497
Net Assets - End of year	**$ 9,051,326**	**$ 23,562,127**	**$ 32,613,453**

See notes to Financial Statements.

Statements of Cash Flows
University
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received from tuition, fees, and other student charges	$ 16,171,631	$ 16,671,721
Cash received from federal direct student loan receipts	9,876,627	11,155,406
Cash received from gifts, grants, and contracts	6,275,841	6,555,041
Cash received from sales and services	1,798,214	1,652,360
Cash received from miscellaneous services	2,840,590	918,151
Cash payments to suppliers for goods and services	(13,646,815)	(15,095,469)
Cash payments to employees for services	(25,295,161)	(25,289,269)
Cash payments for employee benefits	(9,270,547)	(8,626,281)
Cash payments for scholarships and fellowships	(4,456,080)	(4,729,489)
Cash payments for federal direct student loan disbursements	(10,410,391)	(10,874,839)
Net cash used in operating activities	(26,116,091)	(27,662,668)
Cash Flows from Noncapital Financing Activities		
State appropriations	22,584,385	19,221,054
Nonexchange gifts, grants, and contracts	11,424,211	15,143,994
Net deposits held by and due to others transactions	(1,609)	(8,640)
Net cash provided by noncapital financing activities	34,006,987	34,356,408
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	152,804	1,329,252
Payments for capital acquisitions	(611,443)	(2,082,104)
Principal payments on debts and leases	(1,879,109)	(1,811,459)
Interest payments on debts and leases	(619,971)	(610,627)
Net cash used in capital and related financing activities	(2,957,719)	(3,174,938)
Cash Flows from Investing Activities		
Interest on investments	484,859	155,175
Proceeds for sales and maturities of investments	7,304,477	3,918,495
Purchases of securities	(10,591,677)	(4,022,557)
Net cash provided by (used in) investing activities	(2,802,341)	51,113
Net Change in Cash and Cash Equivalents	2,130,836	3,569,915
Cash and Cash Equivalents - Beginning of year	5,064,864	1,494,949
Cash and Cash Equivalents - End of year	**$ 7,195,700**	**$ 5,064,864**

See notes to Financial Statements.

Statements of Cash Flows (Continued)
University
Years Ended June 30, 2024 and 2023

		2024		2023
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	$	(30,401,752)	$	(32,782,412)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation and amortization expense		5,177,178		6,287,696
Changes in operating assets and liabilities and deferred outflows of resources and deferred inflows of resources which provided (used) cash:				
Accounts receivable		(247,739)		446,413
Direct loans receivable		(533,764)		280,567
Notes receivable		45		(41,365)
Prepaid items		(165,211)		42,355
Inventory		11,498		8,830
Accounts payable		490,772		(1,020,048)
Accrued wages and benefits		(193,981)		61,963
Compensated absences payable		(112,047)		18,822
Unearned revenue		1,007,756		5,062
Net OPEB liability/asset		(323,588)		1,948,004
Net pension liability		(3,851,687)		19,260,035
Deferred outflows of resources - pension		3,740,331		(4,558,666)
Deferred outflows of resources - OPEB		564,919		(1,057,426)
Deferred inflows of resources - pension		(836,456)		(14,335,443)
Deferred inflows of resources - OPEB		(442,365)		(2,227,055)
Net cash used in operating activities	**$**	**(26,116,091)**	**$**	**(27,662,668)**

See notes to Financial Statements.

Note 1 - Reporting Entity

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

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

Shawnee State University Development Foundation (the "Foundation") is a legally separate, tax-exempt organization supporting the University. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The Foundation's board of trustees is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of the resources the Foundation holds and invests are restricted by the donors to the activities of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board. A separate financial report for the Foundation is available by contacting The Shawnee State University Development Foundation, 940 Second Street, Portsmouth, Ohio, 45662 or by calling 740-351-3284.

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

Note 2 - **Summary of Significant Accounting Policies**

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

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

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

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

Cash and Cash Equivalents - Cash consists primarily of petty cash and cash in bank 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 consist of tuition and fee charges to students and auxiliary enterprise services provided to students, staff, the majority of each residing in the state of Ohio. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

The University has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio's share price, or net asset value at June 30, 2024 and 2023, respectively.

Capital Assets - Capital assets utilized by the 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 acquisition value as of the date received. The University maintains a capitalization threshold of $5,000 for movable equipment and $100,000 for buildings. Building improvement projects over $100,000 are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or significantly extend an asset's life are not capitalized.

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

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

Leased assets and subscription-based IT arrangements (SBITA's) are amortized in a systematic and rational manner over the shorter of the term or the useful life of the underlying asset. The amortized asset is reported as an outflow of resources which is combined with depreciation expense related to other capital assets for financial reporting purposes.

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 the 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 the University's termination procedures.

Unearned Revenue - Unearned revenue is predominantly made up of two categories of income. The first consists of receipts relating to tuition and student fees in advance of the services to be provided. The University will recognize revenue to the extent these services are provided over the coming fiscal year. The remaining source of unearned revenue consists of grant funding received from the grantor prior to occurrence of allowable grant expenses. Revenue will be recognized as expenses are incurred.

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

Deferred Outflows of Resources - In addition to assets, the statements of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The government reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 14.

Deferred Inflows of Resources - In addition to liabilities, the statements of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 14. Defeasance of bond and service concession agreement amounts are included as deferred inflow of resources since they are recognized in a future period.

Note 2 - Summary of Significant Accounting Policies (Continued)

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, lease assets and subscription assets, net of accumulated amortization, reduced by the outstanding balances of debt, including liability and deferred inflows of resources related to the acquisition, construction, or improvement of those assets.

- **Restricted** - Owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted net position category is subdivided further into expendable and nonexpendable.

  - **Restricted Expendable** - May be spent by the institution, but only for the purpose specified by the donor, or other external entity. This category includes the unspent balance in loan funds, debt service funds, and bond-funded capital projects, as well as for other postemployment benefits.

  - **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.

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.

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

Self-Insurance - The University is self-insured through a consortium 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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

- Operating revenue includes revenue from activities that have characteristics similar to exchange transactions. These include student tuition and fees (net of scholarship discounts and allowances), sales and services of auxiliary enterprises (net of scholarship discounts and allowances), and certain federal, state, local and private grants, and contracts. The presumption is that there is a fair exchange of value between all parties to the transaction.

- Nonoperating revenue includes revenue from activities that have the characteristics of nonexchange transactions, such as state appropriations and certain federal, state, local, and private gifts, and grants. The implication is that such revenue is derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

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

Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements - The University has entered into various public-private and public-public partnership agreements that meet the definition of a service concession arrangement in which the operators will operate and maintain the University's assets while providing a public use. The University recognizes a PPP receivable and a deferred inflow of resources. At the commencement of a PPP, the University initially measures the PPP receivable at the present value of payments expected to be received during the term. Subsequently, the PPP receivable is reduced by the principal portion of PPP payments received. The deferred inflow of resources is initially measured as the initial amount of the PPP receivable, adjusted for PPP payments received at or before the commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the term. The University recorded deferred inflows of resources of $398,585 and $483,152 at June 30, 2024 and 2023, respectively. The projects included in this are the Dining Hall, Coffee House, Chilacas, and the Concession Stand. The University monitors changes in circumstances that would require a remeasurement of its PPPs and will remeasure the PPP receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the PPP receivable.

Note 2 - **Summary of Significant Accounting Policies (Continued)**

Subscription-Based Information Technology Arrangements - The University obtains the right to use vendors' information technology software through various long-term contracts. The University recognizes a subscription liability and an intangible right-to-use subscription asset. The University recognizes subscription assets and liabilities with an initial value of $100,000 or more. At the commencement of a subscription, the University initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the University determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term. The University uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancelable period of the subscription. The University monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

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 accordance with 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.

Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Adoption of New Accounting Pronouncements - As of June 30, 2024, the GASB issued the following statement implemented by the University:

- **Accounting Changes and Error Corrections** - For the fiscal year ended June 30, 2024, the College implemented GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB 62*. This Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement had no effect on beginning net position.

Upcoming Accounting Pronouncements - As of June 30, 2024, the GASB has issued the following statements not yet implemented by the University:

- **Compensated Absences** - In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2025.

- **Certain Risk Disclosures** - GASB Statement No. 102, objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether concentrations and constraints may limit the government's ability to acquire resources or control spending and provides for required disclosures, as certain criteria are met, of the government's vulnerability to the risk of a substantial impact. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2025.

Subsequent Events - The University on July 26, 2024, received notification from the Ohio Office of Budget and Management (OBM) that $5 million of One Time Strategic Community Investments (OTSCI) funding for our new College of Health and Human Services project would be available pending approval of our formal funding request. These funds will be used to expand capacity in key healthcare programs such as nursing, respiratory therapy, radiological technology, medical laboratory technology, dental hygiene, occupational therapy, physical therapy and biomedical science programs vital to the Appalachian area.

Note 3 - Deposits and Investments

Deposits - At June 30, 2024, the carrying amount of the University's deposits (which consist of cash, excluding cash on hand of $2,279, deposits held by trustee, and investments) was $7,193,421 and the bank balance was $7,648,535. The difference in the carrying amount and bank balance primarily results from outstanding checks. Of the bank balance, $250,000 is covered by the Federal Deposit Insurance Corporation. At June 30, 2023, the carrying amount of the University's deposits, (which consist of cash, excluding cash on hand of $2,131, deposits held by trustee, and investments) was $5,062,733 and the bank balance was $5,381,923.

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.

Note 3 - Deposits and Investments (Continued)

As of June 30, 2024, the University had the following investments and maturities using the segmented time distribution method:

Investment Type	Value	Investment Maturities (in years) <1	1-5	More than 5
U.S. govt. and agency bonds	$ 1,175,904	$ -	$ 659,103	$ 516,801
Corporate bonds and notes	985,801	-	394,999	590,802
Fixed-income mutual funds	798,548	798,548	-	-
Money market funds	1,809,248	1,809,248	-	-
STAR Ohio funds	1,216,621	1,216,621	-	-
Total	5,986,122	$ 3,824,417	$ 1,054,102	$ 1,107,603
Equities and equity funds	6,419,737			
Total	$ 12,405,859			

As of June 30, 2023, the University had the following investments and maturities using the segmented time distribution method:

Investment Type	Value	Investment Maturities (in years) <1	1-5	More than 5
U.S. govt. and agency bonds	$ 1,979,804	$ 152,691	$ 1,075,801	$ 751,312
Corporate bonds and notes	1,177,787	-	648,493	529,294
Fixed-income mutual funds	1,028,786	1,028,786	-	-
Money market funds	427,525	427,525	-	-
STAR Ohio funds	203,642	203,642	-	-
Total	4,817,544	$ 1,812,644	$ 1,724,294	$ 1,280,607
Equities and equity funds	3,619,321			
Total	$ 8,436,865			

Investments at June 30, 2024 and 2023, are shown in the statements of net position as noncurrent assets in the amount of $12,405,859 and $8,436,865, 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.

Note 3 - Deposits and Investments (Continued)

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

As of June 30, 2024 and 2023, the University had the following investments and quality ratings:

Investment Type	Rating	2024 Fair Value	2023 Fair Value
U.S. govt. and agency bonds	AAA	$ 1,175,904	$ 1,930,352
	AA+	-	49,452
Corporate bonds and notes	AAA	116,965	-
	AA	229,415	333,957
	A	293,332	561,899
	BBB	346,089	281,931
Fixed-income mutual funds	AAA	798,548	1,028,786
Money market funds	AAA	1,809,248	427,525
STAR Ohio funds	AAAm	1,216,621	203,642
		$ 5,986,122	$ 4,817,544

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

Note 4 - Fair Value Measurements

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

Note 4 - Fair Value Measurements (Continued)

The University has the following assets with recurring fair value measurements as of June 30, 2024:

	Balance at June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Money market:				
Money market	$ 1,809,248	$ 1,809,248	$ -	$ -
Total money market	1,809,248	1,809,248	-	-
Debt securities:				
U.S. govt. and agency bonds	1,175,904	1,175,904	-	-
Corporate bonds and notes	985,801	-	985,801	-
Total debt securities	2,161,705	1,175,904	985,801	-
Mutual funds:				
Fixed-income mutual funds	798,548	798,548	-	-
Equity mutual funds	6,419,737	6,419,737	-	-
Total mutual funds	7,218,285	7,218,285	-	-
Total investments by fair value level	$ 11,189,238	$ 10,203,437	$ 985,801	$ -

The University has the following assets with recurring fair value measurements as of June 30, 2023:

	Balance at June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Money market:				
Money market	$ 427,525	$ 427,525	$ -	$ -
Total money market	427,525	427,525	-	-
Debt securities:				
U.S. govt. and agency bonds	1,979,804	1,979,804	-	-
Corporate bonds and notes	1,177,787	-	1,177,787	-
Total debt securities	3,157,591	1,979,804	1,177,787	-
Mutual funds:				
Fixed-income mutual funds	1,028,786	1,028,786	-	-
Equity mutual funds	3,619,321	3,619,321	-	-
Total mutual funds	4,648,107	4,648,107	-	-
Total investments by fair value level	$ 8,233,223	$ 7,055,436	$ 1,177,787	$ -

Note 4 - Fair Value Measurements (Continued)

Short-term investment and investments on the statements of net position at June 30, 2024 and 2023, include investments in STAR Ohio of $1,216,621 and $203,642, respectively. The investments in STAR Ohio are measured at the net asset value (NAV) per share provided by STAR Ohio; therefore, they are not included in the tables above. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice for all deposits and withdrawals exceeding $100 million is encouraged. STAR Ohio reserves the right to limit the transactions to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

Note 5 - Accounts Receivable

The composition of accounts receivable at June 30, 2024 and 2023, is summarized as follows:

	2024	2023
Student tuition and fees	$ 4,708,104	$ 3,798,517
Grants and contracts	4,263,811	4,076,092
Other	364,251	291,575
Total accounts receivable	9,336,166	8,166,184
Less allowance for doubtful accounts	(1,292,681)	(1,319,018)
Accounts receivable - Net	$ 8,043,485	$ 6,847,166

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Reclass and Additions	Reclass and Reductions	Balance June 30, 2024
Capital assets not being depreciated:				
Land	$ 8,003,370	$ -	$ -	$ 8,003,370
Land improvements	8,625,822	-	(154,215)	8,471,607
Construction in progress	2,641,260	107,871	(2,453,252)	295,879
Total capital assets not being depreciated	19,270,452	107,871	(2,607,467)	16,770,856
Capital assets being depreciated:				
Buildings and improvements	124,945,448	2,646,005	-	127,591,453
Equipment	17,397,611	369,134	(26,665)	17,740,080
Library books	3,965,153	4,514	(78,942)	3,890,725
Total capital assets being depreciated	146,308,212	3,019,653	(105,607)	149,222,258
Less accumulated depreciation:				
Buildings and improvements	(66,166,269)	(3,818,743)	-	(69,985,012)
Equipment	(15,163,789)	(474,513)	26,665	(15,611,637)
Library books	(3,938,491)	(5,126)	78,942	(3,864,675)
Total accumulated depreciation	(85,268,549)	(4,298,382)	105,607	(89,461,324)
Total capital assets being depreciated - Net	61,039,663	(1,278,729)	-	59,760,934
Capital assets - Net	$ 80,310,115	$ (1,170,858)	$ (2,607,467)	$ 76,531,790

As of June 30, 2024, the total of outstanding commitments for Capital Projects funded by the State of Ohio was $243,888.

In addition, the schedule above reflects a reclassification of an HVAC project reported in 2023 as Land Improvements moved to Buildings and Improvements.

Note 6 - Capital Assets (Continued)

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Reclass and Additions	Reclass and Reductions	Balance June 30, 2023
Capital assets not being depreciated:				
Land	$ 8,003,370	$ -	$ -	$ 8,003,370
Land improvements	8,471,607	154,215	-	8,625,822
Construction in progress	2,576,053	1,422,124	(1,356,917)	2,641,260
Total capital assets not being depreciated	19,051,030	1,576,339	(1,356,917)	19,270,452
Capital assets being depreciated:				
Buildings and improvements	123,658,127	1,322,827	(35,506)	124,945,448
Equipment	16,868,514	615,871	(86,774)	17,397,611
Library books	3,997,882	8,827	(41,556)	3,965,153
Total capital assets being depreciated	144,524,523	1,947,526	(163,836)	146,308,213
Less accumulated depreciation:				
Buildings and improvements	(61,384,749)	(6,066,551)	1,285,031	(66,166,269)
Equipment	(14,658,280)	(592,283)	86,774	(15,163,789)
Library books	(3,906,716)	(73,331)	41,556	(3,938,491)
Total accumulated depreciation	(79,949,745)	(6,732,165)	1,413,361	(85,268,549)
Total capital assets being depreciated - Net	64,574,778	(4,784,639)	1,249,525	61,039,664
Capital assets - Net	$ 83,625,808	$ (3,208,300)	$ (107,392)	$ 80,310,116

As of June 30, 2023, the total of outstanding commitments for Capital Projects funded by the State of Ohio was $382,008.

Depreciation and amortization expense decreased by $2,238,950 primarily due to an adjustment within the depreciation calculation for buildings placed in service in 2021 ($550,909) and 2022 ($547,356). The University has updated the calculations for applicable existing buildings and has recorded depreciation expense adjustment through 2023 depreciation and amortization expense.

Note 7 - Compensated Absences

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

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

Note 8 - Long-term Obligations

The changes in the University's long-term obligations during fiscal year 2024 were as follows:

	Principal Outstanding July 1, 2023	Additions	Deductions	Principal Outstanding June 30, 2024	Current Portion
General Receipt Bonds, Series 2016	$ 16,090,000	$ -	$ 1,000,000	$ 15,090,000	$ 1,020,000
Unamortized bond premium	437,616	-	43,156	394,460	56,204
Subtotal long-term debt	16,527,616	-	1,043,156	15,484,460	1,076,204
Compensated absences	1,865,959	189,214	301,261	1,753,912	175,391
Leases	490,323	-	73,178	417,145	75,523
Subscriptions	1,274,601	770,226	805,931	1,238,896	566,553
Total long-term liabilities	$ 20,158,499	$ 959,440	$ 2,223,526	$ 18,894,413	$ 1,893,671

The changes in the University's long-term obligations during fiscal year 2023 were as follows:

	Principal Outstanding July 1, 2022	Additions	Deductions	Principal Outstanding June 30, 2023	Current Portion
General Receipt Bonds, Series 2016	$ 17,060,000	$ -	$ 970,000	$ 16,090,000	$ 1,000,000
Unamortized bond premium	477,939	-	40,323	437,616	43,155
Subtotal long-term debt	17,537,939	-	1,010,323	16,527,616	1,043,155
Compensated absences	1,847,137	261,828	243,006	1,865,959	186,425
Leases	561,230	-	70,907	490,323	73,178
Subscriptions	2,045,152	-	770,551	1,274,601	800,463
Total long-term liabilities	$ 21,991,458	$ 261,828	$ 2,094,786	$ 20,158,500	$ 2,103,221

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

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

The interest expense for the bonds in fiscal years 2024 and 2023 was $564,825 and $522,845 respectively.

Note 8 - Long-term Obligations (Continued)

Principal and interest amount due within each of the next five years and thereafter on the Series 2016 bond obligations outstanding at June 30, 2024 are as follows:

Years Ending June 30	Principal	Interest	Total
2025	$ 1,020,000	$ 544,825	$ 1,564,825
2026	1,045,000	521,875	1,566,875
2027	1,080,000	480,075	1,560,075
2028	1,120,000	439,575	1,559,575
2029	1,180,000	383,575	1,563,575
2030-2034	6,635,000	1,208,150	7,843,150
2035-2039	2,075,000	386,750	2,461,750
2040-2041	935,000	49,350	984,350
Total	$ 15,090,000	$ 4,014,175	$ 19,104,175

Note 9 - Leases

The University leases certain assets from a third party. The assets leased include two buildings located at 945 and 1001 Fourth Street, Portsmouth, Ohio 45662. The Foundation is the lessor. The lease is set to expire in fiscal year 2029 and has a discount rate of 3.16 percent. Payments are fixed annually at approximately $88,000 per year.

Lease asset activity of the University was as follows for June 30, 2024:

	Beginning Balance July 1, 2023	Additions	Deductions	Ending Balance June 30, 2024
Leased Asset Class				
Building	$ 696,505	$ -	$ -	$ 696,505
Accumulated Amortization				
Building	(227,946)	-	(75,983)	(303,929)
Net Book Value of Leased Assets	$ 468,559	$ -	$ (75,982)	$ 392,576

Note 9 - Leases (Continued)

Lease asset activity of the University was as follows for June 30, 2023:

	Beginning Balance July 1, 2022	Additions	Deductions	Ending Balance June 30, 2023
Leased Asset Class				
Building	$ 696,505	$ -	$ -	$ 696,505
Accumulated Amortization				
Building	(151,964)	-	(75,982)	(227,946)
Net Book Value of Leased Assets	$ 544,541	$ -	$ (75,982)	$ 468,559

Future principal and interest payment requirements related to the University's lease liability are as follows:

Years Ending June 30	Principal	Interest	Total
2025	$ 75,523	$ 12,087	$ 87,610
2026	77,943	9,667	87,610
2027	80,440	7,169	87,609
2028	83,018	4,592	87,610
2029	85,678	1,932	87,610
2030	14,543	57	14,600
Total	$ 417,145	$ 35,504	$ 452,649

The interest expense for the leases in fiscal years 2024 and 2023 was $14,431 and $16,703 respectively.

Note 10 - Subscription-based Information Technology Agreements

The University obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed monthly, with certain variable payments not included in the measurement of the liability required based on university needs and demand. The subscriptions have a discount rate of 3.16 percent.

Note 10 - Subscription-based Information Technology Agreements (Continued)

Subscription asset activity of the University was as follows for June 30, 2024:

	Beginning Balance July 1, 2023	Additions	Deductions	Ending Balance June 30, 2024
Subscription-based IT Assets	$ 2,676,804	$ 740,770	$ -	$ 3,417,574
Accumulated Amortization	(1,529,162)	-	(773,358)	(2,302,520)
Net Book Value of Subscription-based IT Assets	$ 1,147,642	$ 740,770	$ (773,358)	$ 1,115,054

Subscription asset activity of the University was as follows for June 30, 2023:

	Beginning Balance July 1, 2022	Additions	Deductions	Ending Balance June 30, 2023
Subscription-based IT Assets	$ 2,676,804	$ -	$ -	$ 2,676,804
Accumulated Amortization	(764,582)	-	(764,580)	(1,529,162)
Net Book Value of Subscription-based IT Assets	$ 1,912,222	$ -	$ (764,580)	$ 1,147,642

Future principal and interest payment requirements related to the University's subscription liability at June 30, 2024 are as follows:

Years Ending June 30	Principal	Interest	Total
2025	$ 566,553	$ 22,433	$ 588,986
2026	480,464	7,242	487,706
2027	59,070	4,292	63,362
2028	61,057	2,396	63,453
2029	63,667	420	64,087
2030	8,085	21	8,106
Total	$ 1,238,896	$ 36,804	$ 1,275,700

The interest expense for subscriptions in fiscal years 2024 and 2023 was $40,715 and $41,730 respectively.

Note 11 - 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, 2024.

Note 11 - Contingencies (Continued)

During the normal course of operations, the University has become a defendant in various legal and administrative actions. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. However, in the opinion of university management, the disposition of all pending litigations would not have a significant adverse effect on the University's financial position.

The U.S. Department of Commerce awarded an Economic Development Administration (EDA) Grant in the amount of $2,793,393 to the University and the Foundation. The State of Ohio awarded an additional $700,000 as matching funds to the University. The funding was utilized for the renovations of the Shawnee State University Kricker Innovation Hub. The University is the lead recipient on the project and facilitated the administration of the award. The construction was completed by March 2023. The Foundation holds title to the property on which the renovations occurred.

As a stipulation of the award, the EDA requires the Foundation to hold title to the building and to utilize the building for the authorized purpose of the project for 20 years from the date construction is completed. As such, the EDA has a first priority unsubordinated mortgage lien on the building in favor of the EDA. If the property is no longer used for the authorized purpose of the project, disposed of, or encumbered without EDA approval within that timeframe, the EDA may assert its interest in the property to recover the federal share of the value of the property, which was determined to be the percentage of the current fair market value of the property attributed to the EDA participation in the project. The property is being utilized for the authorized purpose of the project at June 30, 2024.

Note 12 - State Support

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

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

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

Note 12 - 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 Capital Facilities Bond Service Fund, and future payments to be received by such fund, which is established in the custody of the Treasurer of State. As a result of the above-described financial assistance provided by the State of Ohio to the University, outstanding debt issued by the Ohio Public Facilities Commission is not included on the University's statements of net position. In addition, appropriations by the General Assembly to the Ohio Department of Higher Education for payment of debt service charges are not reflected as appropriation revenue received by the University, and the related debt service payments are not recorded in the University's accounts.

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

Note 13 - 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 14 - Retirement Plans

Net Pension Liability

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

The net pension liability represents the University's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the University's obligation for this liability to annually required payments. The University cannot control benefit terms or the manner in which pensions are financed; however, the University does receive the benefit of employees' services in exchange for compensation including pension.

Note 14 - Retirement Plans (Continued)

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for contractually-required pension contributions outstanding at the end of the fiscal year is included in *accrued wages and benefits*.

Plan Description* - *State Teachers Retirement System (STRS)

Plan Description - University licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective August 1, 2023 to July 1, 2028, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2028, any member can retire with unreduced benefits with 35 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age or 5 years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

Note 14 - Retirement Plans (Continued)

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with 5 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or CO Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal years ended June 30, 2024 and 2023, plan members were required to contribute 14% of their annual covered salary. For both fiscal years, the University was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2024 and 2023 contribution rates were equal to the statutory maximum rates.

The University's contractually required contribution to STRS was $1,451,689 and $1,518,542 for fiscal years 2024 and 2023, respectively.

Plan Description - Ohio Public Employees' Retirement System (OPERS):

Plan Description - University employees who are not covered by STRS participate in OPERS. OPERS administers three separate pension plans. The traditional pension plan is a cost-share, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. Effective January 1, 2022, members may no longer select the combined plan. In October 2023, the legislature approved House Bill 33, which allows for the consolidation at the discretion of the OPERS Board. While members (e.g., University employees) may have elected the member-directed plan or the combined plan, the majority of employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

Note 14 - Retirement Plans (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS's fiduciary net position that may be obtained by visiting www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' ACFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five year after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Note 14 - Retirement Plans (Continued)

Funding Policy - The ORC provides statutory authority for member and employer contributions. For fiscal years 2024 and 2023, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are expressed as a percentage of covered payroll. The University's contractually required contributions was $1,415,990 and $1,404,959 for fiscal years 2024 and 2023, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

The net pension liability presented as of June 30, 2024 was measured as of June 30, 2023 for the STRS plan and December 31, 2023 for the OPERS plan. The net pension liability presented as of June 30, 2023 was measured as of June 30, 2022 for the STRS plan and December 31, 2022 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the projected contributions of all participating entities. The following is information related to the University's proportionate share, pension expense, and deferred inflows and outflows reported for fiscal years 2024 and 2023:

Fiscal Year 2024	STRS	OPERS	Total
Proportionate Share of Net Pension Liability	$ 17,293,730	$ 14,485,672	$ 31,779,402
Proportion of Net Pension Liability	0.080305%	0.055330%	
Change in Proportion	-0.000177%	-0.004967%	
Pension Expense	$ 518,715	$ 733,883	$ 1,252,598
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 630,492	$ 236,756	$ 867,248
Net difference between projected and actual earnings on pension plan investments	-	2,923,825	2,923,825
Change in assumptions	1,424,232	-	1,424,232
Difference in employer contributions and proportionate share of contributions	31,345	5,693	37,038
University contributions subsequent to the measurement date	1,451,689	748,721	2,200,410
	$ 3,537,758	$ 3,914,995	$ 7,452,753
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (38,375)	$ -	$ (38,375)
Net difference between projected and actual earnings on pension plan investments	(51,830)	-	(51,830)
Change in assumptions	(1,072,038)	-	(1,072,038)
Difference in employer contributions and proportionate share of contributions	(1,155,917)	(562,239)	(1,718,156)
	$ (2,318,160)	$ (562,239)	$ (2,880,399)

Note 14 - Retirement Plans (Continued)

Fiscal Year 2023	STRS	OPERS	Total
Proportionate Share of Net Pension Liability	$ 17,891,165	$ 17,739,924	$ 35,631,089
Proportion of Net Pension Liability	0.08048%	0.06029%	
Change in Proportion	-0.00759%	0.00016%	
Pension Expense	$ (590,011)	$ 955,937	$ 365,926
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 229,030	$ 600,933	$ 829,963
Net difference between projected and actual earnings on pension plan investments	622,573	5,103,464	5,726,037
Change in assumptions	2,141,035	192,943	2,333,978
Difference in employer contributions and proportionate share of contributions	62,691	49,509	112,200
College contributions subsequent to the measurement date	1,518,542	657,403	2,175,945
	$ 4,573,871	$ 6,604,252	$ 11,178,123
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (68,439)	$ (10,060)	$ (78,499)
Net difference between projected and actual earnings on pension plan investments	-	-	-
Change in assumptions	(1,611,584)	-	(1,611,584)
Difference in employer contributions and proportionate share of contributions	(2,009,789)	(2,024)	(2,011,813)
	$ (3,689,812)	$ (12,084)	$ (3,701,896)

$2,200,410 reported as deferred outflows of resources related to pension at June 30, 2024 resulting from University contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	OPERS	Total
Fiscal Year Ending June 30:			
2025	$ (691,062)	$ 344,667	$ (346,395)
2026	(1,151,518)	809,889	(341,629)
2027	1,710,485	1,865,821	3,576,306
2028	(99,996)	(416,342)	(516,338)
	$ (232,091)	$ 2,604,035	$ 2,371,944

Note 14 - Retirement Plans (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service from 2.5% to 8.5%
Payroll increases	3.00%
Investment rate of return	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%
Cost-of-living adjustments (COLA)	0%

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

The actuarial assumptions used in the June 30, 2023 and 2022 valuations are based on the results of the latest available actual experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
	100.00%	

** Final target weights reflected at October 1, 2022.*
*** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

Note 14 - Retirement Plans (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023 and 2022.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the University's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

Fiscal Year 2024	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
University's proportionate share of the net pension liability	$ 26,593,929	$ 17,293,730	$ 9,428,306
Fiscal Year 2023			
University's proportionate share of the net pension liability	$ 27,027,038	$ 17,891,165	$ 10,165,046

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	2.75%
Future salary increases (including inflation)	2.75% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 3% simple through 2024, then 2.05% simple
Investment rate of return	6.90%
Actuarial cost method	Individual entry age

Note 14 - Retirement Plans (Continued)

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

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023 and 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2% for 2023 and a loss of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocations for the most recent valuation periods, these best estimates are summarized in the following table:

	December 31, 2023		December 31, 2022	
Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	24.00%	2.85%	22.00%	2.62%
Domestic Equities	21.00%	4.27%	22.00%	4.60%
Real Estate	13.00%	4.46%	13.00%	3.27%
Private Equity	15.00%	7.52%	15.00%	7.53%
International Equities	20.00%	5.16%	21.00%	5.51%
Risk Parity	2.00%	4.38%	2.00%	4.37%
Other Investments	5.00%	3.46%	5.00%	3.27%
Total	100.00%		100.00%	

Note 14 - Retirement Plans (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan as of December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.90% was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2023 and 2022.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the University's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.90%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

Fiscal Year 2024	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
University's proportionate share of the net pension liability	$ 22,804,697	$ 14,485,672	$ 7,567,076
Fiscal Year 2023			
University's proportionate share of the net pension liability	$ 26,644,018	$ 17,739,924	$ 10,334,673

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statements of net position represents a liability to (or assets for) employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability (asset) represents the University's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, health care cost trend rates and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the University's obligation for this liability to annually required payments. The University cannot control benefit terms or the manner in which OPEB are financed; however, the University does receive the benefit of employees' services in exchange for compensation including OPEB.

Note 14 - Retirement Plans (Continued)

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* or fully-funded benefits as a long-term *net OPEB asset* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in *accrued wages and benefits*.

Plan Description - ***State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing, multiple-employer health care plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS Board to offer this plan.

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the 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 health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal years ended June 30, 2024 and 2023, no employer allocation was made to the health care fund.

Plan Description - ***OPERS***

Plan Description - The OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Effective January 1, 2022, the combined plan is no longer available for member selection. In October 2023, the legislature approved House Bill 33 which allows for the consolidation of the combined plan with the traditional pension plan with the timing of the consolidation at the discretion of OPERS.

Note 14 - Retirement Plans (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via a Health Reimbursement Arrangement allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024 and 2023, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care. For calendar years 2024 and 2023, the portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and 2% for members in the Combined Plan.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. For calendar years 2024 and 2023, as recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0% for the traditional pension plan and 2% for the combined plan. The employer contribution as a percentage of covered payroll deposited for member-directed plan participants was 4%.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) for STRS was measured as of June 30, 2023 and 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of those dates. The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022 and 2021, rolled forward to the measurement date of December 31, 2023 and 2022, respectively, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The University's proportion of the net OPEB liability (asset) was based on the University's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Fiscal Year 2024	STRS	OPERS	Total
Proportionate Share of Net OPEB Asset	$ 1,561,830	$ 480,700	$ 2,042,530
Proportion of Net OPEB Asset	0.080305%	0.053262%	
Change in Proportion	-0.000177%	-0.004637%	
OPEB (Negative) Expense	$ (122,963)	$ (78,071)	$ (201,034)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 2,437	$ -	$ 2,437
Net difference between projected and actual earnings on OPEB plan investments	2,787	288,687	291,474
Change in assumptions	230,080	123,756	353,836
Difference in employer contributions and proportionate share of contributions	6,494	24,155	30,649
	$ 241,798	$ 436,598	$ 678,396
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (238,217)	$ (68,418)	$ (306,635)
Change in assumptions	(1,030,472)	(206,639)	(1,237,111)
Difference in employer contributions and proportionate share of contributions	(51,797)	-	(51,797)
	$ (1,320,486)	$ (275,057)	$ (1,595,543)

Note 14 - Retirement Plans (Continued)

Fiscal Year 2023	STRS	OPERS	Total
Proportionate Share of Net OPEB Liability (Asset)	$ (2,084,000)	$ 365,058	$ (1,718,942)
Proportion of Net OPEB Liability (Asset)	0.080482%	0.057899%	
Change in Proportion	-0.007592%	0.000113%	
OPEB (Negative) Expense	$ (417,464)	$ (919,013)	$ (1,336,477)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 30,000	$ -	$ 30,000
Net difference between projected and actual earnings on OPEB plan investments	36,000	725,018	761,018
Change in assumptions	89,000	356,560	445,560
Difference in employer contributions and proportionate share of contributions	6,666	71	6,737
	$ 161,666	$ 1,081,649	$ 1,243,315
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (313,000)	$ (91,060)	$ (404,060)
Change in assumptions	(1,478,000)	(29,340)	(1,507,340)
Difference in employer contributions and proportionate share of contributions	(94,487)	(32,021)	(126,508)
	$ (1,885,487)	$ (152,421)	$ (2,037,908)

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

	STRS	OPERS	Total
Fiscal Year Ending June 30:			
2025	$ (499,381)	$ 3,338	$ (496,043)
2026	(217,676)	30,965	(186,711)
2027	(79,402)	224,718	145,316
2028	(108,249)	(97,480)	(205,729)
2029	(98,730)	-	(98,730)
2030	(75,250)	-	(75,250)
	$ (1,078,688)	$ 161,541	$ (917,147)

Note 14 - Retirement Plans (Continued)

Actuarial Assumptions - STRS

The total OPEB liability in the June 30, 2023 and 2022 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	Varies by service from 2.5% to 8.5%
Payroll increases	3.0%
Investment rate of return	7.0%, net of investment expenses, including inflation
Discount rate of return	7.0%

Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare		
Current measurement period	7.50%	4.14%
Prior measurement period	7.50%	3.94%
Medicare		
Current measurement period	-10.94%	4.14%
Prior measurement period	-68.78%	3.94%
Prescription Drug		
Pre-Medicare		
Current measurement period	-11.95%	4.14%
Prior measurement period	9.00%	3.94%
Medicare		
Current measurement period	1.33%	4.14%
Prior measurement period	-5.47%	3.94%

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

The actuarial assumptions used in the June 30, 2023 and 2022 valuations are based on the results of the latest available actual experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Note 14 - Retirement Plans (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
	100.00%	

** Final target weights reflected at October 1, 2022.*
*** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023 and 2022.

Sensitivity of the University's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the University's proportionate share of the net OPEB asset for fiscal years 2024 and 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the University's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) and one percentage point higher (8.00%) than the current rate.

Fiscal Year 2024	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
University's proportionate share of the net OPEB asset	$ 1,321,885	$ 1,561,830	$ 1,770,797
Fiscal Year 2023			
University's proportionate share of the net OPEB asset	$ 1,926,545	$ 2,084,000	$ 2,218,757

Note 14 - Retirement Plans (Continued)

Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

Fiscal Year 2024	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
University's proportionate share of the net OPEB asset	$ 1,780,494	$ 1,561,830	$ 1,298,453
Fiscal Year 2023			
University's proportionate share of the net OPEB asset	$ 2,161,550	$ 2,084,000	$ 1,985,970

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB liability for fiscal year 2024 was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The total OBEB liability for fiscal year 2023 was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	2.75%
Projected salary increases	2.75% to 10.75%, including wage inflation
Singe discount rate:	
Current measurement period	5.70%
Prior measurement period	5.22%
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement period	3.77%
Prior measurement period	4.05%
Health care cost trend rate:	
Current measurement period	5.5% initial, 3.50% ultimate in 2038
Prior measurement period	5.5% initial, 3.50% ultimate in 2036
Actuarial cost method	Individual entry age

Note 14 - Retirement Plans (Continued)

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

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023 and 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023 and was a loss of 15.6% for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation for the most recent valuation periods, these best estimates are summarized in the following table:

	December 31, 2023		December 31, 2022	
Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	37.00%	2.82%	34.00%	2.56%
Domestic Equities	25.00%	4.27%	26.00%	4.60%
REITs	5.00%	4.68%	7.00%	4.70%
International Equities	25.00%	5.16%	25.00%	5.51%
Risk Parity	3.00%	4.38%	2.00%	4.37%
Other Investments	5.00%	2.43%	6.00%	1.84%
Total	100.00%		100.00%	

Note 14 - Retirement Plans (Continued)

Discount Rate - A single discount rate of 5.70% and 5.22% was used to measure the OPEB liability on the measurement date of December 31, 2023 and 2022, respectively. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The single discount rate on the prior measurement date was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the University's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following table presents the University's proportionate share of the net OPEB liability (asset) for fiscal years 2024 and 2023, calculated using the single discount rate of 5.70% and 5.22%, respectively, as well as what the University's proportionate share of the net OPEB liability (asset) if it were calculated using a discount rate that is 1.0% point lower or 1.0% point higher than the current rate:

Fiscal Year 2024	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
University's proportionate share of the net OPEB liability (asset)	$ 264,039	$ (480,700)	$ (1,097,146)

Fiscal Year 2023	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
University's proportionate share of the net OPEB liability (asset)	$ 1,242,491	$ 365,058	$ (358,968)

Sensitivity of the University's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate **–** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Note 14 - Retirement Plans (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

Fiscal Year 2024	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
University's proportionate share of the net OPEB asset	$ 500,396	$ 480,700	$ 457,810
Fiscal Year 2023			
University's proportionate share of the net OPEB liability	$ 342,177	$ 365,058	$ 390,812

Note 15 - Risk Management

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

During fiscal year 2024, 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.

Description of Coverage	Policy Term	Limit of Liability	Member Deductible
GROUP PROPERTY PROGRAM			
"All Risk" Property Coverage	07/01/2023 - 07/01/2024	$900,000	$100,000 (2)
including Time Element, Equipment Breakdown, Engineering On-Site Surveys & Boiler Jurisdictionals (3)	07/01/2023 - 07/01/2024	$1,000,000,000 Various Sublimits Apply	$1,000,000 (Pool)
Automobile Physical Damage (Self-Insured)	07/01/2023 - 07/01/2024	Actual Cash Value	Varies
Administrative Fees (4)	07/01/2023 - 07/01/2024	N/A	N/A
Fine Arts, including Library Values	07/01/2021 - 07/01/2024	$350,000,000 library values, any one loss $100,000,000 fine art, any one loss $25,000,000 any one transit $25,000,000 any one exhibition $20,000,000 unscheduled items, any one	$25,000 each and every loss except Nil for Non-Owned Fine Arts
Terrorism, including Active Assailant & SRCC	07/01/2023 - 07/01/2024	$100,000,000 $500,000,000	$100,000

Note 15 - Risk Management (Continued)

GROUP CASUALTY PROGRAM			
IUC-RMIC Casualty Pool	07/01/2023 - 07/01/2024	$1,500,000 (5)	$100,000
Deductible Paybacks (Carl Warren Claims)	07/01/2023 - 07/01/2024	N/A	N/A
IUC-RMIC Coverage Agreement - General Liability	07/01/2023 - 07/01/2024	$10,000,000(6)	$100,000
IUC-RMIC Coverage Agreement - Automobile Liability	07/01/2023 - 07/01/2024	$10,000,000(6)	$100,000
IUC-RMIC Coverage Agreement - Educators Legal	07/01/2023 - 07/01/2024	$10,000,000(6)	$100,000
1st Excess General & Automobile Liability	07/01/2023 - 07/01/2024	$25,000,000 excess $10,000,000	N/A
1st Excess Educators Legal Liability	07/01/2023 - 07/01/2024	$25,000,000 excess $10,000,000	N/A
Optional Excess: Princeton	07/01/2023 - 07/01/2024	$5,000,000 excess $35,000,000	N/A
Optional Excess: Evanston			
Casualty Administrative Fees (7)	07/01/2023 - 07/01/2024	N/A	N/A
Member Loss Control Funds	07/01/2023 - 07/01/2024	N/A	N/A

OTHER GROUP COVERAGES			
Crime	07/01/2024 - 10/01/2024	$5,000,000	$100,000
Cyber Liability/Breach Response	07/01/2024 - 10/01/2024	$5,000,000	$250,000
Excess Social Engineering (8)	07/01/2024 - 10/01/2024	$3,000,000	N/A
Fiduciary Liability	07/01/2024 - 10/01/2024	$2,000,000 Various Sublimits	$250,000 except- $500,000 class action $1,000,000 excess fees
Foreign Package Liability	07/01/2021 - 07/01/2024	$1,000,000 / $2,000,000	Nil
International Travel Assistance Services - ISOS (9)	07/01/2023 - 07/01/2026	$5,000,000	
Medical Malpractice (10)	07/01/2023 - 07/01/2024	$1,000,000 / $3,000,000 $2,000,000 / $6,000,000	$25,000
Pollution (11)	07/01/2021 - 07/01/2024	$5,000,000 Each Incident $15,000,000 Aggregate (3-yr term)	$50,000 (12)
Special Accident (12)	07/01/2022 - 07/01/2025	$20,000,000	Nil

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

On July 1, 2020, the University enter into an agreement with Cincinnati State Technical and Community College, Clark State Community College, and Southern State Community College to establish a joint self-insurance program for the provision of health care benefits to the eligible employees of each school and their eligible dependents (the “Program”) under authority of Ohio Revised Code Section 9.833. The Program shall provide cooperatively for the provision of group employee benefits, which may include without limitation medical, prescription drug, dental, vision, flexible spending accounts, wellness, and other benefits and services necessary to operate the Program, solely for eligible participants of the public colleges and university adopting the Program.

Changes in the self-insurance claims liability for the years ended June 30, 2024, 2023, and 2022 are summarized as follows:

	2024	2023	2022
Accrued claims liability - Beginning of year	$ 450,709	$ 389,867	$ 405,767
Current year claims	5,423,866	5,369,958	4,734,098
Claims payments	(5,394,264)	(5,309,116)	(4,749,998)
Accrued claims liability - End of year	$ 480,311	$ 450,709	$ 389,867

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

Note 15 - Risk Management (Continued)

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 16 - Component Unit Disclosure

Basis of Presentation

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

Net Assets

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Net assets without donor restrictions are resources available to support operations. Net assets with donor restrictions at June 30, 2024 and 2023 are restricted primarily for scholarships, university programs, and capital improvements.

Contribution Revenue

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

Investments

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

The fair value of investments at June 30, 2024 and 2023, by classification, is as follows:

	2024	2023
U.S. government securities	$ 1,972,530	$ 2,407,155
Foreign bond issues	245,947	310,364
Mutual funds:		
Equity	16,857,392	14,226,320
Fixed income	3,616,654	1,977,460
Corporate bond issues	726,789	891,764
Limited Partnership	14,998	37,934
Total	$ 23,434,310	$ 19,850,997

Note 16 - Component Unit Disclosure (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
U.S. government securities	$ 1,972,530	$ -	$ -	$ 1,972,530
Mutual funds:				
Equity	16,857,392	-	-	16,857,392
Fixed income	3,616,654	-	-	3,616,654
Foreign bond issues	-	245,947	-	245,947
Corporate bond issues	-	726,789	-	726,789
Beneficial interest in trusts	-	-	158,994	158,994
Measured using NAV as a practical expedient:				
Partnership	-	-	-	14,998
Total assets	$ 22,446,576	$ 972,736	$ 158,994	$ 23,593,304

Assets Measured at Fair Value on a Recurring Basis at June 30, 2023

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
U.S. government securities	$ 2,407,155	$ -	$ -	$ 2,407,155
Mutual funds:				
Equity	14,226,320	-	-	14,226,320
Fixed income	1,977,460	-	-	1,977,460
Foreign bond issues	-	310,364	-	310,364
Corporate bond issues	-	891,764	-	891,764
Beneficial interest in trusts	-	-	143,258	143,258
Measured using NAV as a practical expedient:				
Partnership	-	-	-	37,934
Total assets	$ 18,610,935	$ 1,202,128	$ 143,258	$ 19,994,255

Asset Held for Resale and Impairment Loss

During the year ended June 30, 2024, the Foundation determined that the real estate owned and located on Fourth Street in Portsmouth, Ohio would be sold. On July 16, 2024, the Foundation entered an agreement to sell this real estate to a third party in the amount of $4,500,000. In accordance with generally accepted accounting principles, the building, land and other improvements associated with this property was reclassified as an asset held for resale at the fair market value of the property, which was determined to be $4,455,000, and was based on the value the property is expected to be sold less selling expenses. In accordance with generally accepted accounting principles, an impairment loss was recorded in the amount of $3,004,283 for the year ended June 30, 2024 which is the amount that the net book value of the property exceeded the fair market value.

Note 16 - Component Unit Disclosure (Continued)

Fixed Assets

Property and equipment consist of the following:

	2024	2023
Land	$ 511,199	$ 2,011,200
Land improvements	56,064	-
Equipment and furniture	18,389	81,202
Buildings	4,648,598	12,370,654
Construction in progress	-	33,800
Total property and equipment	5,234,250	14,496,856
Less: accumulated depreciation	352,521	2,069,857
Net property and equipment	$ 4,881,729	$ 12,426,999

Debt

The Foundation entered into a $4,500,000 note with an interest rate of 5.0 percent payable to Hatcher Real Estate, LLC for the purchase of the Fourth Street Properties. The note is secured by the land and buildings. This note is payable in monthly installments of $29,698. The payments are based on a 20-year amortization schedule and include a balloon payment due at maturity on February 25, 2019 for the remaining balance. The Foundation exercised an option to extend the maturity date for a two-year period to February 25, 2021, then exercised a second option to extend the maturity date to February 25, 2028. At June 30, 2024 and 2023, the outstanding principal balance of the note was $2,727,390 and $2,941,552 respectively.

Related Party Transactions

The Foundation made distributions to, or on behalf of, the University of $2,049,388 during the year ended June 30, 2024 and $1,668,850 during the year ended June 30, 2023. Administrative expenses of $241,418 in fiscal year 2024 and $341,115 in fiscal year 2023 were reimbursed to the University for direct costs, including an allocation of salary and benefits, incurred in the management of the Foundation’s and University’s endowment funds. A total of $134,335 and $178,111 was payable from the Foundation to the University at June 30, 2024 and 2023, respectively.

The Foundation leases building space to the University for the use of educational facilities. The outstanding lease due under this arrangement was $11,160 and $13,330 as of June 30, 2024 and 2023, respectively, and is reflected as a lease receivable in the Foundation’s statements of net assets.

The Foundation passed through federal grants to the University, the administrative agent for the grants, in the amount of $0 and $199,122 during the years ended June 30, 2024 and 2023, respectively. The Foundation has recorded a grant payable to the University at June 30, 2024 and 2023 in the amount of $0 and $6,137.

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

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)	University's Proportion of the Net Pension Liability	University's Proportionate Share of the Net Pension Liability	University's Covered Payroll	University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.113470%	$ 27,600,967	$ 10,440,100	264.37%	74.71%
2016	0.109619%	30,295,455	11,593,979	261.30%	72.09%
2017	0.111824%	37,430,954	11,823,029	316.59%	66.78%
2018	0.105700%	25,109,186	11,247,129	223.25%	75.29%
2019	0.099927%	21,971,679	11,360,000	193.41%	77.31%
2020	0.091547%	20,245,020	10,747,943	188.36%	77.40%
2021	0.092311%	22,335,934	11,153,686	200.26%	75.48%
2022	0.088074%	11,261,080	10,962,843	102.72%	87.78%
2023	0.080482%	17,891,165	10,478,014	170.75%	78.88%
2024	0.080305%	17,293,730	10,846,729	159.44%	80.02%

(1) Amounts presented for each year were determined as of the University's measurement date, which is the prior fiscal year-end.

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 1,623,157	$ (1,623,157)	$ -	$ 11,593,979	14.00%
2016	1,655,224	(1,655,224)	-	11,823,029	14.00%
2017	1,574,598	(1,574,598)	-	11,247,129	14.00%
2018	1,590,400	(1,590,400)	-	11,360,000	14.00%
2019	1,504,712	(1,504,712)	-	10,747,943	14.00%
2020	1,561,516	(1,561,516)	-	11,153,686	14.00%
2021	1,534,798	(1,534,798)	-	10,962,843	14.00%
2022	1,466,922	(1,466,922)	-	10,478,014	14.00%
2023	1,518,542	(1,518,542)	-	10,846,729	14.00%
2024	1,451,689	(1,451,689)	-	10,369,207	14.00%

See Notes to Required Supplementary Information.

Shawnee State University

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

Ohio Public Employees Retirement System – Traditional Pension Plan

Measurement Date Fiscal Year (1)	University's Proportion of the Net Pension Liability	University's Proportionate Share of the Net Pension Liability	University's Covered Payroll	University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.086330%	$ 10,394,787	$ 10,899,653	95.37%	86.45%
2016	0.084694%	14,649,733	12,789,883	114.54%	81.08%
2017	0.079764%	18,089,973	12,464,200	145.14%	77.25%
2018	0.072871%	11,380,348	10,235,240	111.19%	84.66%
2019	0.069375%	18,960,124	10,716,452	176.93%	74.70%
2020	0.066025%	12,986,955	10,567,457	122.90%	82.17%
2021	0.059459%	8,717,478	9,748,350	89.43%	86.88%
2022	0.060131%	5,109,974	8,792,043	58.12%	92.62%
2023	0.060297%	17,739,924	9,620,921	184.39%	75.74%
2024	0.055330%	14,485,672	10,035,421	144.35%	79.01%

(1) Amounts presented for each year were determined as of the University's measurement date, which is the prior calendar year-end.

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 1,534,786	$ (1,534,786)	$ -	$ 12,789,883	12.00%
2016	1,495,704	(1,495,704)	-	12,464,200	12.00%
2017	1,279,405	(1,279,405)	-	10,235,240	12.50%
2018	1,446,721	(1,446,721)	-	10,716,452	13.50%
2019	1,479,444	(1,479,444)	-	10,567,457	14.00%
2020	1,364,769	(1,364,769)	-	9,748,350	14.00%
2021	1,230,886	(1,230,886)	-	8,792,043	14.00%
2022	1,346,929	(1,346,929)	-	9,620,921	14.00%
2023	1,404,959	(1,404,959)	-	10,035,421	14.00%
2024	1,462,467	(1,462,467)	-	10,446,193	14.00%

See Notes to Required Supplementary Information.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Notes to Pension Information

Changes of Benefit Terms

For measurement year 2017, the COLA was reduced to zero.

Changes of Assumptions

For measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The health and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement period 2022, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

OHIO PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Notes to Pension Information

Changes of Benefit Terms

There have been no changes in benefit terms.

Changes of Assumptions

For measurement year 2016, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.00% to 7.50%, a reduction in the wage inflation rate from 3.75% to 3.25%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation. The health and disabled mortality assumptions were transitioned from the RP-2000 mortality tables to the RP-2014 mortality tables. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement year 2018, a reduction of the discount rate was made from 7.50% to 7.20%.

For measurement year 2021, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.20% to 6.90%, a reduction in the wage inflation rate from 3.25% to 2.75%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation. The health and disabled mortality assumptions were transitioned from the RP-2014 mortality tables to the Pub-2010 mortality tables.

Schedules of University's Proportionate Share of the Net OPEB Liability (Asset) and University OPEB Contributions

State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1) (2)	University's Proportion of the Net OPEB Liability (Asset)	University's Proportionate Share of the Net OPEB Liability (Asset)	University's Covered Payroll	University's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.105700%	$ 4,124,011	$ 11,247,129	36.67%	47.11%
2019	0.099927%	(1,606,000)	11,360,000	(14.14%)	176.00%
2020	0.091547%	(1,516,000)	10,747,943	(14.11%)	174.74%
2021	0.092311%	(1,622,000)	11,153,686	(14.54%)	182.13%
2022	0.088074%	(1,857,000)	10,962,843	(16.94%)	174.73%
2023	0.080482%	(2,084,000)	10,478,014	(19.89%)	230.73%
2024	0.080305%	(1,561,830)	10,846,729	(14.40%)	168.52%

(1) Information prior to 2018 is not available. The University will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the University's measurement date, which is the prior fiscal year-end.

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ -	$ -	$ -	$ 11,247,129	0.00%
2018	-	-	-	11,360,000	0.00%
2019	-	-	-	10,747,943	0.00%
2020	-	-	-	11,153,686	0.00%
2021	-	-	-	10,962,843	0.00%
2022	-	-	-	10,478,014	0.00%
2023	-	-	-	10,846,729	0.00%
2024	-	-	-	10,369,207	0.00%

(3) The University elected not to present information prior to 2017. The University will continue to present information for years available until a full ten-year trend is compiled.

(4) STRS allocated the entire 14% employer contribution rate towards pension benefits.

See Notes to Required Supplementary Information.

Schedules of University's Proportionate Share of the Net OPEB Liability (Asset) and University OPEB Contributions

Ohio Public Employees Retirement System

Measurement Date Fiscal Year (1) (2)	University's Proportion of the Net OPEB Liability (Asset)	University's Proportionate Share of the Net OPEB Liability (Asset)	University's Covered Payroll	University's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.070448%	$ 7,650,350	$ 10,235,240	74.75%	54.14%
2019	0.066857%	8,716,574	10,716,452	81.34%	46.33%
2020	0.063317%	8,745,723	10,567,457	82.76%	47.80%
2021	0.057156%	(1,018,280)	9,748,350	-10.45%	115.57%
2022	0.057786%	(1,809,946)	8,792,043	-20.59%	128.23%
2023	0.057899%	365,058	9,620,921	3.79%	94.79%
2024	0.053262%	(480,700)	10,035,421	-4.79%	107.76%

(1) Information prior to 2018 is not available. The University will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the University's measurement date, which is the prior fiscal year-end.

Fiscal Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 153,529	$ (153,529)	$ -	$ 10,235,240	1.50%
2018	53,582	(53,582)	-	10,716,452	0.50%
2019	-	-	-	10,567,457	0.00%
2020	-	-	-	9,748,350	0.00%
2021	-	-	-	8,792,043	0.00%
2022	-	-	-	9,620,921	0.00%
2023	-	-	-	10,035,421	0.00%
2024	-	-	-	10,446,193	0.00%

(3) The University elected not to present information prior to 2017. The University will continue to present information for years available until a full ten-year trend is compiled.

See Notes to Required Supplementary Information.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Notes to OPEB Information

For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

For measurement year 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For measurement year 2019, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For measurement year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement year 2022, salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age-based to service-based.

For measurement year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

<u>Changes of Assumptions</u>

For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trends were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capita health care costs were updated.

For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement year 2022, healthcare trends were updated to reflect emerging claims and recoveries experience.

OHIO PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Notes to OPEB Information

Changes of Benefit Terms

There have been no changes in benefit terms.

Changes of Assumptions

For measurement year 2017, the single discount rate changed from 4.23% to 3.85%.

For measurement year 2018, the single discount rate increased from 3.85% to 3.96%, the investment rate of return was reduced from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial, 3.25% ultimate in 2028 to 10.0% initial, 3.25% ultimate in 2029.

For measurement year 2019, the single discount rate was reduced from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

For measurement year 2020, the single discount rate increased from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

For measurement year 2021, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction in the wage inflation rate from 3.25% to 2.75%, lowering of the total salary increases rate by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation, and the health care cost trend rate changing from 8.5% initial, 3.50% ultimate in 2035 to 5.5% initial, 3.50% ultimate in 2034.

For measurement year 2022, the single discount rate changed from 6.00% to 5.22%.

For measurement year 2023, the single discount rate changed from 5.22% to 5.70%.

Supplementary Information

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' 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*

Board of Trustees
Shawnee State University
Portsmouth, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Shawnee State University (the University), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 14, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 14, 2024

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Shawnee State University
Portsmouth, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Shawnee State University's (the University) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2024. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 14, 2024

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grant or Pass Through Number	Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grant	84.007	(1)	$ 91,168
Federal Work-Study Program	84.033	(1)	102,717
Federal Pell Grant Program	84.063	(1)	6,379,770
Federal Direct Student Loans	84.268	(1)	10,410,391
Teacher Education Assistance for College and Higher Education (TEACH)	84.379	(1)	123,661
Total Student Financial Assistance Cluster			17,107,707
TRIO Cluster:			
TRIO - Upward Bound	84.047M	(1)	361,887
TRIO - Educational Opportunities Centers	84.066A	(1)	377,773
Total TRIO Cluster			739,660
Special Education Cluster (IDEA)			
Passed through Ohio Department of Education			
Special Education–Grants to States (IDEA, Part B)	84.027	H027A23011/H027A24011	1,285,277
Passed through Ohio Dean's Compact			
Special Education–Grants to States (IDEA, Part B)	84.027A	HQ23A22301111	21,649
Total Special Education Cluster (IDEA)			1,306,926
Twenty-First Century Community Learning Centers	84.287	(1)	96,274
Passed through Ohio Department of Education and Workforce			
Special Education - State Personnel Development	84.323	H323A220007	7,197
Comprehensive Literacy Development	84.371C	(1)	126,644
Education Stabilization Fund:			
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	(1)	17,773
COVID-19 - American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	(1)	367,652
Total Education Stabilization Fund			385,425
Total U.S. Department of Education			19,769,833
U.S. Department of Agriculture			
Passed through Ohio Department of Education			
Child and Adult Care Food Program	10.558	16-CU, 21-CU, 21-FU	25,810
Total U.S. Department of Agriculture			25,810
U.S. Department of Commerce			
Build to Scale	11.024	(1)	228,012
Economic Development Cluster			
Passed through Ohio Manufacturer's Association			
Economic Adjustment Assistance	11.307	GJC.ISP005	203,760
Total Economic Development Cluster			203,760
Total U.S. Department of Commerce			$ 431,772

(continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grant or Pass Through Number	Expenditures
U.S. Department of Labor			
Passed through Lorain County Community College			
H-1B Job Training Grants	17.268	HG-33034-19-60-A-39	$ 179,688
Total U.S. Department of Labor			179,688
U.S. Department of the Treasury			
Passed through Ohio Department of Development			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	N/A	72,258
Total U.S. Department of the Treasury			72,258
Appalachian Regional Commission			
Passed through Economic and Community Development Institute, Inc.			
Appalachian Regional Development	23.001	PW-20869-IM-22	141,721
Passed through Lawrence Economic Development Commission			
Appalachian Area Development	23.002	N/A	82,001
Total Appalachian Regional Commission			223,722
National Aeronautics and Space Administration			
Passed through Space Telescope Science Institute			
Space Technology	43.012	HST-AR-16621.056A	6,176
Total National Aeronautics and Space Administration			6,176
U.S. Department of Health and Human Services			
CCDF Cluster:			
Passed through Ohio Department of Jobs and Family Services			
Child Care and Development Block Grant	93.575	N/A	49,320
Total CCDF Cluster			49,320
Mental and Behavioral Health Education and Training Grants	93.732	(1)	23,572
Total U.S. Department of Health and Human Services			72,892
Corporation For National And Community Service			
Passed through Serve Ohio			
AmeriCorps	94.006	AC3006	875
AmeriCorps	94.006	221AFC-1502-24-OC140	694,824
Volunteers In Service to America	94.013	(1)	90,733
Total U.S. Environmental Protection Agency			786,432
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 21,568,583

(1) - Direct Award

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Shawnee State University (the “University”) and its discretely presented component unit, Shawnee State University Development Foundation, under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 –Significant Accounting Policies

Expenditures reported in the Schedule are reported on same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The pass-through entity identifying numbers are presented where available.

The University has elected to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 – Federal Work-Study and Federal SEOG Waiver

For the year ended June 30, 2024, the University received a waiver from the U.S. Department of Education for the institutional share requirement under the Federal Work-Study and Federal Supplemental Educational Opportunity Grant (SEOG) programs.

Note 4 – Loan Programs

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.

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major federal program:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major program:

Student Financial Assistance Cluster:
ALN 84.007 – Federal Supplemental Educational Opportunity Grants
ALN 84.033 – Federal Work-Study Program
ALN 84.063 – Federal Pell Grant Program
ALN 84.268 – Federal Direct Student Loans
ALN 84.379 – Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)

Dollar threshold to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

Shawnee State
UNIVERSITY

Shawnee State University

October 14, 2024

Summary Schedule of Prior Audit Findings

Prior Year Finding Number:
2023-001

Fiscal Year in Which the Finding Initially Occurred:
2023

Original Finding Description:
The University did not properly calculate and record depreciation expense and accumulated depreciation for years ended 2021 and 2022.

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

Planned Corrective Action:
No further action needed.

Prior Year Finding Number:
2023-002

Fiscal Year in Which the Finding Initially Occurred:
2021

Federal Program, Assistance Listing Number and Name:
ALN Nos. 84.063 and 84.268; Department of Education; Federal Pell Grant Program and Federal Direct Loan Program.

Original Finding Description:
The University did not return Title IV funds to the Department of Education within the required time frame for certain students who required a return of funds, and it did not initially identify all students who required a return of Title IV funds.

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

Planned Corrective Action:
No further action needed.

Prior Year Finding Number:
2023-003

Fiscal Year in Which the Finding Initially Occurred:
2022

Federal Program, Assistance Listing Number and Name:
ALN Nos. 84.063 and 84.268; Department of Education; Federal Pell Grant Program and Federal Direct Loan Program.

Original Finding Description:
Shawnee State University did not report student status changes timely and accurately for certain students who withdrew during the year.

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

Planned Corrective Action:
No further action needed.

Prior Year Finding Number:
2023-004

Fiscal Year in Which the Finding Initially Occurred:
2023

Federal Program, Assistance Listing Number and Name:
ALN No. 84.268; Federal Direct Loan Program.

Original Finding Description:
The University did not timely notify the student or parent within 30 days of crediting the student's account with Federal Direct Loans.

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

Planned Corrective Action:
No further action needed.