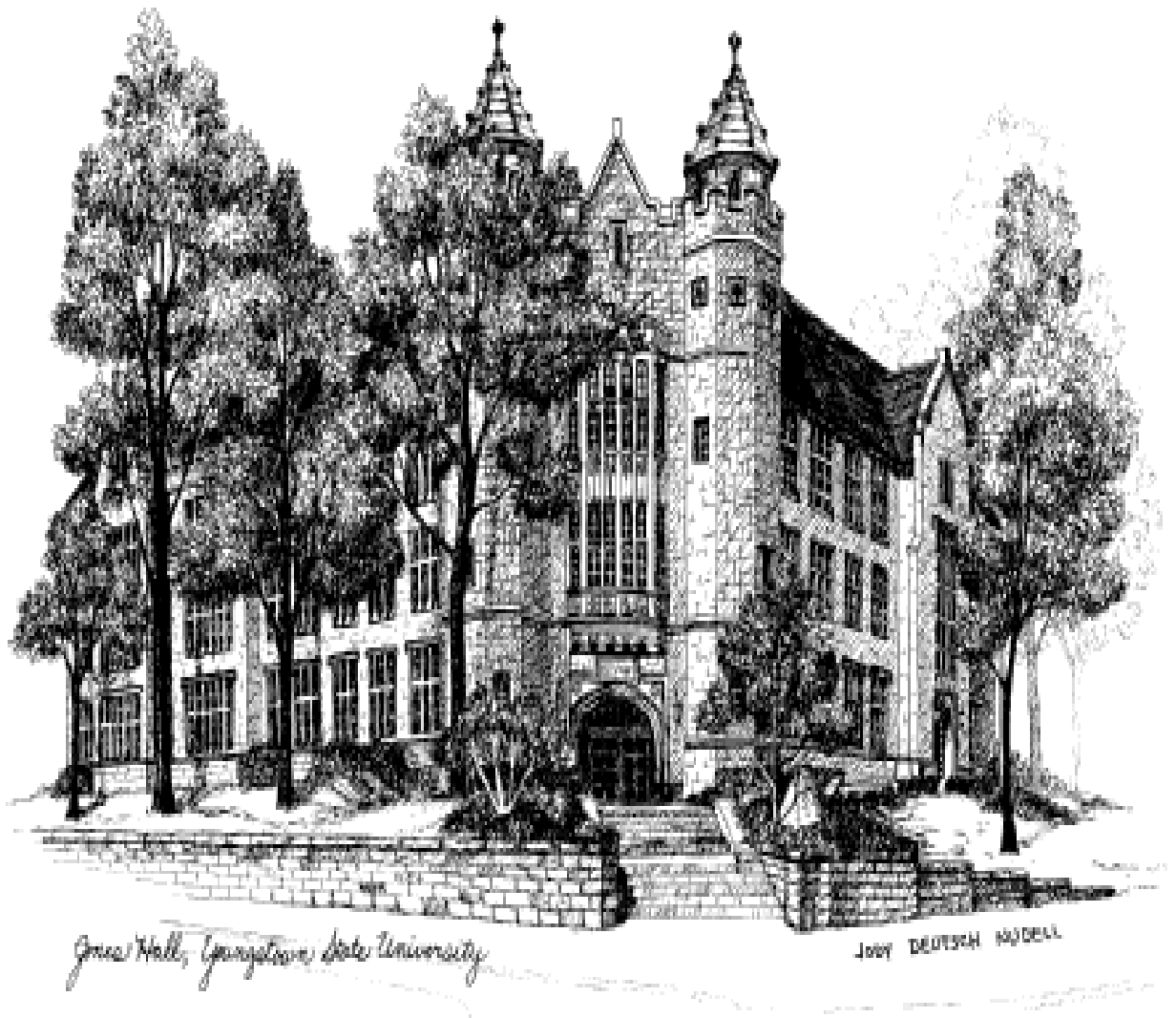


Youngstown State University

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2001





STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Youngstown State University

We have reviewed the Independent Auditor's Report of the Youngstown State University, Mahoning County, prepared by Packer Thomas for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

February 5, 2002

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REPORT OF INDEPENDENT AUDITORS

THE BOARD OF TRUSTEES
YOUNGSTOWN STATE UNIVERSITY

We have audited the accompanying balance sheets of Youngstown State University, a component unit of the State of Ohio, (the University) as of June 30, 2001 and 2000, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year ended June 30, 2001. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information in the statements of changes in fund balances and current funds revenues, expenditures, and other changes has been derived from the University's June 30, 2000 financial statements and, in our report dated October 13, 2000, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youngstown State University as of June 30, 2001 and 2000, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the year ended June 30, 2001 in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 12, 2001 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.



Youngstown, Ohio
October 12, 2001

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**YOUNGSTOWN STATE UNIVERSITY
BALANCE SHEETS**

| <u>Assets</u> | <u>2001</u> | <u>2000</u> |
|--|-------------------|-------------------|
| CURRENT FUNDS | | |
| Unrestricted | | |
| Educational and general | | |
| Cash, cash equivalents, and temporary investments | \$ 964,316 | \$ 993,611 |
| Investments | 12,044,754 | 11,265,732 |
| Investments held by investment manager | 385 | 194 |
| Interest receivable | 474,012 | 329,611 |
| Interfund interest receivable | 15,684 | 15,685 |
| Accounts receivable (less allowance for doubtful accounts of \$1,337,122 in 2001 and \$1,169,696 in 2000) | 2,034,313 | 1,309,589 |
| Inventories | 399,364 | 339,200 |
| Interfund loan receivable | 100,000 | 100,000 |
| Prepaid expenses and deferred charges | 238,151 | 430,987 |
| Due from other funds | 7,162,883 | 3,675,896 |
| Total educational and general unrestricted | <u>23,433,862</u> | <u>18,460,505</u> |
| Auxiliary enterprises | | |
| Cash, cash equivalents, and temporary investments | 98,423 | 36,123 |
| Investments | 1,109,734 | 1,614,662 |
| Accounts receivable (less allowance for doubtful accounts of \$107,547 in 2001 and \$16,631 in 2000) | 354,575 | 394,702 |
| Inventories | 1,101,648 | 1,026,909 |
| Prepaid expenses and deferred charges | 492,545 | 309,434 |
| Due from other funds | 181,166 | 0 |
| Total auxiliary enterprises unrestricted | <u>3,338,091</u> | <u>3,381,830</u> |
| Total unrestricted | <u>26,771,953</u> | <u>21,842,335</u> |
| Restricted | | |
| Educational and general | | |
| Cash, cash equivalents, and temporary investments | 202,260 | 747,897 |
| Investments | 4,138,760 | 3,040,337 |
| Investments held by investment manager | 506,012 | 398,429 |
| Interest receivable | 1,774 | 1,278 |
| Accounts receivable | 2,365,187 | 2,248,485 |
| Prepaid expenses and deferred charges | 289,374 | 476,409 |
| Due from other funds | 9 | 228,866 |
| Total educational and general restricted | <u>7,503,376</u> | <u>7,141,701</u> |

See accompanying notes to financial statements

Liabilities and Fund Balances

| | <u>2001</u> | <u>2000</u> |
|--|------------------|------------------|
| CURRENT FUNDS | | |
| Unrestricted | | |
| Educational and general | | |
| Accounts payable | \$ 401,317 | \$ 756,661 |
| Accrued salaries and wages | 3,186,367 | 3,180,220 |
| Other accrued liabilities | 9,412,314 | 8,100,938 |
| Early retirement incentive plan payable | 0 | 505,898 |
| Deferred revenue | 1,741,953 | 3,475,285 |
| Due to other funds | 3,794,516 | 951,192 |
| Fund balances-allocated | 2,947,395 | 990,312 |
| Fund balances-unallocated | 1,950,000 | 499,999 |
| | <hr/> | <hr/> |
| Total educational and general unrestricted | 23,433,862 | 18,460,505 |
| Auxiliary enterprises | | |
| Accounts payable | 342,380 | 487,513 |
| Accrued salaries and wages | 0 | 78,947 |
| Other accrued liabilities | 28,815 | 18,069 |
| Deposits held for others | 139,898 | 177,715 |
| Deferred revenue | 476,918 | 668,732 |
| Due to other funds | 742,993 | 343,085 |
| Fund balances-allocated | 546,018 | 97,737 |
| Fund balances-unallocated | 1,061,069 | 1,510,032 |
| | <hr/> | <hr/> |
| Total auxiliary enterprises unrestricted | 3,338,091 | 3,381,830 |
| Total unrestricted | <hr/> 26,771,953 | <hr/> 21,842,335 |
| Restricted | | |
| Educational and general | | |
| Accounts payable | 12,797 | 86,737 |
| Accrued salaries and wages | 17,599 | 12,659 |
| Accrued liabilities | 452 | 690 |
| Deferred revenue | 0 | 26,097 |
| Due to other funds | 2,356,145 | 2,741,428 |
| Fund balances | 5,116,383 | 4,274,090 |
| | <hr/> | <hr/> |
| Total educational and general restricted | 7,503,376 | 7,141,701 |

YOUNGSTOWN STATE UNIVERSITY
BALANCE SHEETS

Assets

| | <u>2001</u> | <u>2000</u> |
|--|--------------------|--------------------|
| Restricted | | |
| Auxiliary enterprises | | |
| Cash, cash equivalents, and temporary investments | 21,585 | 33,197 |
| Investments | 157,426 | 225,879 |
| Accounts receivable | 440 | 3,650 |
| | <hr/> | <hr/> |
| Total auxiliary enterprises restricted | 179,451 | 262,726 |
| | <hr/> | <hr/> |
| Total restricted | 7,682,827 | 7,404,427 |
| | <hr/> | <hr/> |
| Total current funds | \$ 34,454,780 | \$ 29,246,762 |
| | <hr/> | <hr/> |
| LOAN FUNDS | | |
| Cash, cash equivalents, and temporary investments | \$ 53,077 | \$ 147,831 |
| Investments | 350,350 | 275,645 |
| Loans receivable (less allowance for doubtful loans of \$434,126 in 2001 and \$468,800 in 2000) | 2,900,302 | 2,727,032 |
| | <hr/> | <hr/> |
| Total loan funds | \$ 3,303,729 | \$ 3,150,508 |
| | <hr/> | <hr/> |
| ENDOWMENT AND FUNDS FUNCTIONING AS ENDOWMENT | | |
| Cash, cash equivalents, and temporary investments | \$ 967,069 | \$ 358,841 |
| Investments | 1,968,402 | 1,309,829 |
| Investments held by investment manager | 4,924,218 | 5,600,432 |
| Due from other funds | 0 | 167,756 |
| Accounts receivable | 2,000 | 0 |
| | <hr/> | <hr/> |
| Total endowment and funds functioning as endowment | \$ 7,861,689 | \$ 7,436,858 |
| | <hr/> | <hr/> |
| PLANT FUNDS | | |
| Unexpended | | |
| Cash, cash equivalents, and temporary investments | \$ 921,687 | \$ 422,254 |
| Investments | 1,067,470 | 1,017,949 |
| Interest receivable | 71,581 | 53,486 |
| Interfund loan receivable | 100,000 | 100,000 |
| Interfund interest receivable | 15,685 | 15,684 |
| Accounts receivable | 103,387 | 0 |
| | <hr/> | <hr/> |
| Total unexpended | 2,279,810 | 1,609,373 |
| | <hr/> | <hr/> |

See accompanying notes to financial statements

Liabilities and Fund Balances

| | <u>2001</u> | <u>2000</u> |
|---|---------------|---------------|
| Restricted | | |
| Auxiliary enterprises | | |
| Accounts payable | 1,296 | 142,203 |
| Due to other funds | 21,193 | 1,182 |
| Fund balances | 156,962 | 119,341 |
| | <hr/> | <hr/> |
| Total auxiliary enterprises restricted | 179,451 | 262,726 |
| | <hr/> | <hr/> |
| Total restricted | 7,682,827 | 7,404,427 |
| | <hr/> | <hr/> |
| Total current funds | \$ 34,454,780 | \$ 29,246,762 |
| | <hr/> | <hr/> |
| LOAN FUNDS | | |
| Due to other funds | \$ 0 | \$ 265 |
| Other liabilities | 0 | 20 |
| Fund balances | | |
| Government grants, refundable | | |
| Perkins loans | 2,525,865 | 2,400,168 |
| University funds-allocated | 721,580 | 700,021 |
| University funds-restricted | 56,284 | 50,034 |
| | <hr/> | <hr/> |
| Total loan funds | \$ 3,303,729 | \$ 3,150,508 |
| | <hr/> | <hr/> |
| ENDOWMENT AND FUNDS FUNCTIONING AS ENDOWMENT | | |
| Fund balances | | |
| Endowment | \$ 4,940,036 | \$ 5,600,984 |
| Funds functioning as endowment | 2,921,653 | 1,835,874 |
| | <hr/> | <hr/> |
| Total endowment and funds functioning as endowment | \$ 7,861,689 | \$ 7,436,858 |
| | <hr/> | <hr/> |
| PLANT FUNDS | | |
| Unexpended | | |
| Accounts payable | \$ 279 | \$ 162,582 |
| Interfund loan payable | 300,000 | 300,000 |
| Interfund interest payable | 47,053 | 47,053 |
| Due to other funds | 405,742 | 9,094 |
| Fund balance-allocated | 1,399,769 | 1,149,706 |
| Fund balance-restricted | 126,967 | (59,062) |
| | <hr/> | <hr/> |
| Total unexpended | 2,279,810 | 1,609,373 |
| | <hr/> | <hr/> |

**YOUNGSTOWN STATE UNIVERSITY
BALANCE SHEETS**

| <u>Assets</u> | <u>2001</u> | <u>2000</u> |
|---|----------------|----------------|
| Renewal and replacement | | |
| Cash, cash equivalents, and temporary investments | 581,431 | 548,353 |
| Investments | 2,052,462 | 2,019,699 |
| Interest receivable | 19,493 | 16,435 |
| Interfund interest receivable | 15,684 | 15,684 |
| Accounts receivable | 335,954 | 288,785 |
| Interfund loan receivable | 100,000 | 100,000 |
| | <hr/> | <hr/> |
| Total renewal and replacement | 3,105,024 | 2,988,956 |
| | <hr/> | <hr/> |
| Retirement of indebtedness | | |
| Cash, cash equivalents, and temporary investments | 56,480 | 99,289 |
| Investments | 337,592 | 294,783 |
| Deposits held by trustee | 152,656 | 143,526 |
| | <hr/> | <hr/> |
| Total retirement of indebtedness | 546,728 | 537,598 |
| | <hr/> | <hr/> |
| Investment in plant | | |
| Land | 12,051,067 | 12,051,067 |
| Buildings | 218,992,710 | 215,913,232 |
| Improvements other than buildings | 17,711,002 | 18,643,607 |
| Moveable equipment, furniture, and library books | 20,765,802 | 63,591,512 |
| Construction in progress | 0 | 45,360 |
| Historical treasures | 297,513 | 0 |
| Lease equipment | 3,421,374 | 3,421,374 |
| | <hr/> | <hr/> |
| Total investment in plant | 273,239,468 | 313,666,152 |
| | <hr/> | <hr/> |
| Total plant funds | \$ 279,171,030 | \$ 318,802,079 |
| | <hr/> | <hr/> |
| AGENCY FUNDS | | |
| Cash, cash equivalents, and temporary investments | \$ 58,968 | \$ 46,352 |
| Investments | 20,749 | 10,861 |
| | <hr/> | <hr/> |
| Total agency funds | \$ 79,717 | \$ 57,213 |
| | <hr/> | <hr/> |

See accompanying notes to financial statements

Liabilities and Fund Balances

| | <u>2001</u> | <u>2000</u> |
|-------------------------------------|-----------------------|-----------------------|
| Renewal and replacement | | |
| Accrued salaries and wages payable | 0 | 697 |
| Accounts payable | 344,238 | 818,994 |
| Due to other funds | 2,045 | 4,734 |
| Fund balances-allocated | 2,430,352 | 2,231,786 |
| Fund balances-restricted | 328,389 | (67,255) |
| | <hr/> | <hr/> |
| Total renewal and replacement | <u>3,105,024</u> | <u>2,988,956</u> |
| Retirement of indebtedness | | |
| Accrued interest payable | 30,746 | 32,339 |
| Bond issuance cost payable | 11,570 | 11,570 |
| Due to other funds | 21,041 | 21,041 |
| Fund balance | 483,371 | 472,648 |
| | <hr/> | <hr/> |
| Total retirement of indebtedness | <u>546,728</u> | <u>537,598</u> |
| Investment in plant | | |
| Bonds payable | 15,710,135 | 16,479,825 |
| Capital lease payable | 658,022 | 1,360,856 |
| Fund balance | 256,871,311 | 295,825,471 |
| | <hr/> | <hr/> |
| Total investment in plant | <u>273,239,468</u> | <u>313,666,152</u> |
| Total plant funds | \$ <u>279,171,030</u> | \$ <u>318,802,079</u> |
| AGENCY FUNDS | | |
| Due to other funds | \$ 383 | \$ 497 |
| Deposits held in custody for others | 79,334 | 56,716 |
| | <hr/> | <hr/> |
| Total agency funds | \$ <u>79,717</u> | \$ <u>57,213</u> |

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YOUNGSTOWN STATE UNIVERSITY
Statement of Changes in Fund Balances

| | Current Unrestricted | | | | Current Restricted | |
|--|-------------------------|-----------|-----------------------|-----------|-------------------------|-----------------------|
| | Educational and General | | Auxiliary Enterprises | | Educational and General | Auxiliary Enterprises |
| | Unallocated | Allocated | Unallocated | Allocated | | |
| Revenue and other additions | | | | | | |
| Unrestricted current fund revenue | \$ 102,730,434 | | 14,535,758 | | 9,758,177 | |
| Federal grants and contracts | | | | | 6,457,388 | |
| State grants and contracts | | | | | 165,764 | |
| Local grants and contracts | | | | | 7,710,323 | 333,813 |
| Private gifts, grants, and contracts | | | | | 211,098 | |
| Endowment income | | | | | 5,371 | |
| Investment income | | | | | | |
| Interest on loans receivable | | | | | | |
| State of Ohio projects completed and capitalized | | | | | | |
| Expended for plant facilities (including \$2,064,893 charges to current fund expenditures) | | | | | | |
| Retirement of indebtedness | | | | | 16,632 | |
| Other revenue and additions | | | | | | |
| Total revenue and other additions | 102,730,434 | 0 | 14,535,758 | 0 | 24,324,753 | 333,813 |
| Expenditures and other deductions | | | | | | |
| Educational and general expenditures | 90,323,766 | 1,399,898 | | | 23,122,154 | |
| Auxiliary enterprises expenditures | | | 18,268,921 | | | 302,514 |
| Indirect costs recovered | | | | | 242,140 | |
| Loan cancellations and write-offs | | | | | | |
| Interest on indebtedness | | | | | | |
| Expended for plant facilities (including \$36,000 amount not capitalized) | | | | | | |
| Retirement of indebtedness | | | | | | |
| Disposal and write-off of plant facilities | | | | | | |
| Other deductions | | | | | | |
| Total expenditures and other deductions | 90,323,766 | 1,399,898 | 18,268,921 | 0 | 23,364,294 | 302,514 |
| Transfers among funds-additions (deductions) | | | | | | |
| Mandatory | | | | | | |
| Principal and interest | (552,370) | | (892,372) | | | |
| Loan fund match | (29,452) | | | | | |
| Nonmandatory | | | | | | |
| Current allocated fund balances-net | (3,304,540) | 3,304,540 | (448,281) | 448,281 | | |
| Support to auxiliary enterprises | (5,356,007) | 62,213 | 5,293,794 | | | |
| Capital improvements | (201,239) | (10,515) | (683,432) | | | |
| Other interfund transfers | (1,513,059) | 743 | 14,491 | | (118,166) | 6,322 |
| Total transfers | (10,956,667) | 3,356,981 | 3,284,200 | 448,281 | (118,166) | 6,322 |
| Net increase (decrease) in fund balances | 1,450,001 | 1,957,083 | (448,963) | 448,281 | 842,293 | 37,621 |
| Cumulative effect of a change in accounting principle | 0 | 0 | 0 | 0 | 0 | 0 |
| Fund balances at July 1, 2000 | 499,999 | 990,312 | 1,510,032 | 97,737 | 4,274,090 | 119,341 |
| Fund balances at June 30, 2001 | \$ 1,950,000 | 2,947,395 | 1,061,069 | 546,018 | 5,116,383 | 156,962 |

See accompanying notes to financial statements

Year Ended June 30, 2001

| Loan Funds | Endowment and Funds Functioning as Endowment | Plant Funds | | | | 2001 Total | 2000 Total |
|------------|--|-------------|---------------------------|----------------------------|---------------------|----------------|----------------|
| | | Unexpended | Renewals and Replacements | Retirement of Indebtedness | Investment in Plant | | |
| | | | 71,912 | | | \$ 117,338,104 | \$ 111,350,497 |
| 120,218 | | | 1,378,727 | | | 9,878,395 | 8,497,168 |
| | | | | | | 7,836,115 | 9,272,318 |
| 6,250 | 58,307 | 431,803 | 57,391 | | | 165,764 | 87,599 |
| | | | | | | 8,539,580 | 8,092,401 |
| | | 235,322 | 37,131 | 8,513 | | 269,405 | 185,260 |
| 41,543 | | | | | | 286,337 | 278,866 |
| | | | | | 2,197,136 | 41,543 | 59,067 |
| | | | | | | 2,197,136 | 3,408,123 |
| | | | | | 3,976,439 | 3,976,439 | 10,309,785 |
| | | | | | 795,000 | 795,000 | 765,000 |
| 32,483 | (743,072) | (18,542) | (2,865) | 25,310 | 1,050,348 | 360,294 | 1,371,362 |
| 200,494 | (684,765) | 648,583 | 1,542,296 | 33,823 | 8,018,923 | 151,684,112 | 153,677,446 |
| | | | | | | 114,845,818 | 109,215,090 |
| | | | | | | 18,571,435 | 18,326,582 |
| | | | | | | 242,140 | 94,812 |
| 81,540 | | | | | | 81,540 | 106,512 |
| | | | | 780,745 | | 780,745 | 818,316 |
| | | 241,577 | 2,193,256 | | | 2,434,833 | 6,646,634 |
| | | | | 795,000 | | 795,000 | 765,000 |
| | | | | | 1,177,677 | 1,177,677 | 2,536,043 |
| | | | | 8,000 | 25,310 | 33,310 | 34,801 |
| 81,540 | 0 | 241,577 | 2,193,256 | 1,583,745 | 1,202,987 | 138,962,498 | 138,543,790 |
| | | (115,903) | | 1,560,645 | | 0 | 0 |
| 29,452 | | | | | | 0 | 0 |
| | | | | | | 0 | 0 |
| | (50,000) | 233,325 | 711,861 | | | 0 | 0 |
| 5,100 | 1,159,596 | (88,336) | 533,309 | | | 0 | 0 |
| 34,552 | 1,109,596 | 29,086 | 1,245,170 | 1,560,645 | 0 | 0 | 0 |
| | | | | | | 0 | 0 |
| 153,506 | 424,831 | 436,092 | 594,210 | 10,723 | 6,815,936 | 12,721,614 | 15,133,656 |
| 0 | 0 | 0 | 0 | 0 | (45,770,096) | (45,770,096) | (2,848,682) |
| 3,150,223 | 7,436,858 | 1,090,644 | 2,164,531 | 472,648 | 295,825,471 | 317,631,886 | 305,346,912 |
| 3,303,729 | 7,861,689 | 1,526,736 | 2,758,741 | 483,371 | 256,871,311 | \$ 284,583,404 | \$ 317,631,886 |

YOUNGSTOWN STATE UNIVERSITY
Statement of Current Funds Revenues, Expenditures, and Other Changes

| | Unrestricted | | | |
|--|-------------------------|------------------|-----------------------|----------------|
| | Educational and General | | Auxiliary Enterprises | |
| | Unallocated | Allocated | Unallocated | Allocated |
| Revenue | | | | |
| Tuition, fees, and other student charges | \$ 51,349,809 | | | |
| State appropriations | 48,429,230 | | | |
| Federal grants and contracts | | | | |
| State grants and contracts | | | | |
| Local grants and contracts | | | | |
| Private gifts, grants, and contracts | 86,568 | | 475 | |
| Sales and services | 180,909 | | 14,326,980 | |
| Investment income | 1,433,436 | | | |
| Other sources | 1,250,482 | | 208,303 | |
| Total revenue | <u>102,730,434</u> | <u>0</u> | <u>14,535,758</u> | <u>0</u> |
| Expenditures and mandatory transfers | | | | |
| Educational and general | | | | |
| Instruction and departmental research | 46,108,657 | 16,837 | | |
| Separately budgeted research | 166,073 | 90,800 | | |
| Public services | 3,237,506 | 10,182 | | |
| Academic support | 9,172,519 | 8,784 | | |
| Student services | 5,829,138 | 617,491 | | |
| Institutional support | 14,830,475 | 641,502 | | |
| Operation and maintenance of plant | 8,499,223 | 10,849 | | |
| Scholarships | 2,480,175 | 3,453 | | |
| Total educational and general | <u>90,323,766</u> | <u>1,399,898</u> | <u>0</u> | <u>0</u> |
| Auxiliary enterprises | | | 18,268,921 | |
| Mandatory transfers | 581,822 | | 892,372 | |
| Total expenditures and mandatory transfers | <u>90,905,588</u> | <u>1,399,898</u> | <u>19,161,293</u> | <u>0</u> |
| Nonmandatory transfers and additions (deductions) | | | | |
| Current allocated fund balances-net | (3,304,540) | 3,304,540 | (448,281) | 448,281 |
| Support to auxiliary enterprises | (5,356,007) | 62,213 | 5,293,794 | |
| Capital improvements | (201,239) | (10,515) | (683,432) | |
| Other interfund transfers | (1,513,059) | 743 | 14,491 | |
| Excess of restricted receipts over transfers to revenue | | | | |
| Indirect costs recovered | | | | |
| Net increase (decrease) in fund balances | <u>\$ 1,450,001</u> | <u>1,957,083</u> | <u>(448,963)</u> | <u>448,281</u> |

See accompanying notes to financial statements

Year Ended June 30, 2001

| Restricted | | Total Current Funds 2001 | Total Current Funds 2000 |
|----------------------------|--------------------------|-----------------------------------|-----------------------------------|
| Educational and General | Auxiliary Enterprises | | |
| | | \$ 51,349,809 | \$ 45,918,418 |
| | | 48,429,230 | 48,187,366 |
| 9,338,228 | | 9,338,228 | 8,267,993 |
| 6,256,652 | | 6,256,652 | 5,250,334 |
| 196,702 | | 196,702 | 66,758 |
| 6,905,938 | 280,447 | 7,273,428 | 7,653,900 |
| 47,845 | 145 | 14,555,879 | 14,160,212 |
| 204,854 | | 1,638,290 | 1,325,252 |
| 171,935 | 21,922 | 1,652,642 | 2,060,442 |
| <u>23,122,154</u> | <u>302,514</u> | <u>140,690,860</u> | <u>132,890,675</u> |
| | | | |
| 1,817,239 | | 47,942,733 | 45,349,508 |
| 627,477 | | 884,350 | 560,310 |
| 2,325,562 | | 5,573,250 | 5,142,293 |
| 10,289 | | 9,191,592 | 7,918,961 |
| 231,463 | | 6,678,092 | 6,328,161 |
| 123,423 | | 15,595,400 | 16,577,603 |
| | | 8,510,072 | 8,381,327 |
| 17,986,701 | | 20,470,329 | 18,956,927 |
| <u>23,122,154</u> | <u>0</u> | <u>114,845,818</u> | <u>109,215,090</u> |
| | | | |
| | 302,514 | 18,571,435 | 18,326,582 |
| | | 1,474,194 | 1,501,369 |
| <u>23,122,154</u> | <u>302,514</u> | <u>134,891,447</u> | <u>129,043,041</u> |
| | | | |
| | | 0 | 9,620 |
| | | 0 | 0 |
| | | (895,186) | (20) |
| (118,166) | 6,322 | (1,609,669) | (616,614) |
| | | | |
| 1,202,599 | 31,299 | 1,233,898 | 169,821 |
| (242,140) | | (242,140) | (94,812) |
| <u>842,293</u> | <u>37,621</u> | <u>\$ 4,286,316</u> | <u>\$ 3,315,629</u> |

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Note 1 - Summary of Significant Accounting Policies

Organization

Youngstown State University (the University) is a coeducational, degree granting state-assisted metropolitan university and was established by the General Assembly of the State of Ohio in 1967. The University provides a wide range of opportunities in higher education primarily to residents in northeastern Ohio and western Pennsylvania. The University offers degrees at the undergraduate, masters, and doctoral levels.

The University, together with Kent State University and The University of Akron; created a consortium to establish and govern Northeastern Education Television of Ohio, Inc. (NETO), Channels 45 and 49, Kent, Ohio, and Northeastern Ohio Universities College of Medicine (NEOUCOM), Rootstown, Ohio. These organizations are legally separate from the University, accordingly, their financial activity is not included within the accompanying financial statements.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the University's financial statements are included, as a discrete entity, on the State of Ohio's Consolidated Annual Financial Report.

Basis of Accounting

The financial statements of the University have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America except for depreciation of plant and equipment which is not required to be recorded by governmental institutions of higher education. Under this accounting method, resources for various purposes are classified into funds in accordance with specific activities or objectives, with separate accounts maintained for each fund. For reporting purposes, funds with similar characteristics are combined into fund groups, and financial transactions are recorded and reported by such fund groups.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from internally designated and unrestricted funds. Restricted funds may only be utilized in accordance with the purposes established by the source of such funds. Internally designated funds are unrestricted funds that, at the discretion of the Board of Trustees or management, have been designated for specific purposes.

Unrestricted and internally designated funds are accounted for initially in the unrestricted current

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

fund group and then in the designated fund group. Restricted revenues are accounted for in the appropriate restricted fund and are reported as revenue when utilized for current operating purposes. All gains and losses arising from the sale, collection or other disposition of investments and non-cash assets are accounted for in the fund which owned such assets. Income derived from investments and notes receivable are accounted for in the fund owning such assets, except for income derived from investments of endowment and funds functioning as endowment, which is accounted for in the fund to which it is restricted or, if unrestricted, as revenue in unrestricted current funds.

Unrestricted revenues, relating primarily to tuition and other student fees, which are billed in advance of the services to be provided are reported as deferred in the current period and recognized as income in the period during which the related services are provided.

To the extent current funds are used to finance plant assets, the amounts so provided are accounted for as (1) current fund expenditures in the case of normal replacement of moveable equipment, furniture and/or (2) non-mandatory transfers to the plant fund groups.

Endowment and Funds Functioning as Endowment

Endowment funds are subject to the restrictions of gift instruments, usually requiring in perpetuity that the principal be invested and the income only be utilized. Funds functioning as endowment have been established by the Board of Trustees for the same purpose as endowment funds, however, any portion of such funds may be expended.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or, if acquired by gift, at an appraisal value at the date of the gift. The University follows the general governmental educational institution practice of not providing for depreciation. There was no construction in progress at June 30, 2001.

The University changed its capitalization policy in fiscal years 2001 and 2000. Thresholds for capitalizing equipment and improvements (building and other) in 2001 were increased to \$5,000 and \$100,000, respectively and thresholds for equipment and betterments in 2000 were increased to \$1,500 and \$1,000, respectively. In 2001, the University established historical treasures as a separate category of property and excluded library purchases from capitalization. The University retroactively wrote-off property acquired in previous years that did not meet the new capitalization policies. The cumulative effect of these changes, which were recorded in the Investment in Plant fund, amounted to \$45,770,096 in 2001 and \$2,848,682 in 2000.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first in, first out (FIFO) method.

Financial Statement Presentation

Data in the total columns of the accompanying financial statements have been included to provide a basis for comparison between fiscal years and present summarized information only, without regard to restrictions by individual fund. As such, this data does not present financial position or results of operations in conformity with generally accepted accounting principles.

Income Taxes

The Internal Revenue Service has ruled that the University's income is generally exempt from Federal income taxes under Section 115 of the Internal Revenue Code. The University is subject to tax on unrelated business income and has made the necessary provision in the accompanying financial statements.

Compensated Absences

Accumulated unpaid vacation and sick leave benefits have been accrued in accordance with GASB Statement No.16, "Accounting for Compensated Absences". Unpaid vacation and sick leave benefits of \$5,239,805 and \$4,854,804 have been accrued at June 30, 2001 and 2000, respectively.

Due to and due from other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. The more significant estimates relate to allowance for uncollectible accounts receivable and compensated absences.

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

Reclassifications

Certain prior year amounts have been reclassified to conform with current year classifications.

Note 2 - State Support

The University is a state-assisted institution of higher education which receives a student-based state share of instruction from the State of Ohio determined annually based upon a formula devised by the Ohio Board of Regents.

In addition, the State of Ohio provides funding for the construction of major plant facilities on the University campus. Funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn is used for the construction and subsequent lease of the facilities by the Ohio Board of Regents.

University facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the state.

Construction in progress for any portion of new facilities being financed by State agencies for use by the University is recorded on the University's books of account as the funds are expended for construction. Upon completion of a facility, the Board of Regents turns over control to the University which capitalizes the cost thereof. Construction in progress was \$0 in 2001 and \$45,360 in 2000.

Outstanding debt issued by OPFC is not included on the University's balance sheet. In addition, the appropriations by the General Assembly to the Board of Regents for payment of debt service are not reflected as appropriation revenue received by the University, and the related debt service payments are not recorded in the University's accounts.

Note 3 - Cash, Cash Equivalents, and Temporary Investments

Investments with maturities of three months or less when purchased are treated as cash equivalents.

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2001

For financial statement presentation purposes, cash in banks has been combined with the University's cash equivalents and temporary investments in repurchase agreements and certificate of deposits. The aggregate cost of repurchase agreements and certificate of deposits, which approximates market value, included in cash, cash equivalents, and temporary investments is \$4,085,548 and \$4,027,234 as of June 30, 2001 and 2000, respectively.

In accordance with Section 135.18 of the Ohio Revised Code, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or pledge a pool of securities with a value of at least 110% of the total value of public monies on deposit at the institution. All collateral, both specific and pooled, is held by the Federal Reserve Bank of Cleveland or by a designated trustee as agent for the public depositories used by the University.

GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements," requires cash, cash equivalents and temporary investments held by the University to be categorized into the following credit risk categories:

1. Insured or collateralized with securities held by the University, or by its agent in the University's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the University's name.
3. Uncollateralized (This includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the University's name).

At June 30, 2001 and 2000, the carrying amount of the University's bank deposits, cash equivalents and temporary investments were \$4,077,952 and \$3,577,274 and the bank balances were \$5,428,297 and \$5,198,197, respectively. The difference in carrying amount and bank balance is caused by items in transit and outstanding checks. Of the balance: \$100,000 in 2001 and \$100,000 in 2000 was covered by federal depository insurance (Credit Risk Category 1); \$0 was covered in 2001 or 2000 by the pledging of specific assets of the financial institution in the University's name (Credit Risk Category 2); and the remaining balance of \$5,328,297 in 2001 and \$5,098,197 in 2000 is uncollateralized (Credit Risk Category 3).

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

Note 4 -Investments

In accordance with GASB Statement No. 31 the University records investments at fair value and recognizes unrealized gains and losses in the financial statements. The change in unrealized gain (loss) on investments is reflected in the Statement of Changes in Fund Balances as “Other Revenue and Additions” as follows:

| | | |
|-----------------------------|----|------------------|
| Restricted funds | \$ | (217) |
| Endowment and similar funds | | (722,790) |
| Plant funds | | <u>(17,257)</u> |
| Net | \$ | <u>(740,264)</u> |

GASB Statement No. 3 requires investments held by the University to be categorized into the following credit risk categories:

1. Insured or registered, or securities held by the University or its agent in the University’s name.
2. Uninsured and unregistered, with securities held by the broker’s trust department or agent in the University’s name.
3. Uninsured and unregistered with securities held by the broker or by its trust department or agent, but not in the University’s name.

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2001

The University's investments are categorized below, in accordance with GASB Statement No. 3, as category three credit risk at June 30, 2001 and 2000:

| | <u>June 30, 2001</u> | | <u>June 30, 2000</u> | |
|--|----------------------|---------------------|----------------------|---------------------|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> |
| Pooled Investments | | | | |
| U S Government and Agency Securities | \$ 3,947,699 | \$ 3,947,699 | \$ 6,531,828 | \$ 6,575,375 |
| Certificate of Deposit | <u>19,300,000</u> | <u>19,300,000</u> | <u>14,500,000</u> | <u>14,500,000</u> |
| Total Pooled Investments | 23,247,699 | 23,247,699 | 21,031,828 | 21,075,375 |
| Investments Held by Investment Manager: | | | | |
| Common Stock | 1,719,368 | 2,968,422 | 1,668,346 | 3,671,636 |
| Corporate Notes and Bonds | 934,699 | 865,905 | 985,432 | 946,487 |
| Preferred Stock | 251,000 | 249,570 | 201,000 | 178,750 |
| U S Government and Agency Securities | 872,474 | 876,894 | 898,060 | 862,007 |
| Other Securities | <u>469,825</u> | <u>469,825</u> | <u>340,175</u> | <u>340,175</u> |
| Total Investments Held by Investment Manager | <u>4,247,366</u> | <u>5,430,616</u> | <u>4,093,013</u> | <u>5,999,055</u> |
| Total | <u>\$27,495,065</u> | <u>\$28,678,315</u> | <u>\$25,124,841</u> | <u>\$27,074,430</u> |

Note 5 - Bonds Payable

Bonds Payable consist of General Receipts Bonds, Series 1996B, Series 1997 and Series 1998. The Series 1996A and B Bonds and the Series 1997 Bonds were issued December 18, 1996 and May 15, 1997, respectively. The proceeds were used for the construction of a stadium club, stadium loges and press box improvement. The Series 1998 Bonds were issued January 28, 1998 for the purpose of advance refunding the Series 1989 Bonds, Series 1994 Bonds and the retirement of the 1996A Bonds.

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

Details of the Bonds Payable are as follows:

| | <u>Stated Interest Rate</u> | <u>Effective Interest Rate</u> | <u>Maturing Through</u> | <u>Original Principal</u> |
|---------------|-------------------------------------|--|-----------------------------|-------------------------------|
| <u>1996B:</u> | | | | |
| Term Bonds | 7.15% | 7.15% | 2005 | \$ 1,420,000 |
| <u>1997:</u> | | | | |
| Term Bonds | 6.25% | 6.25% | 2017 | \$ 200,000 |
| <u>1998:</u> | | | | |
| Serial Bonds | 3.60%-4.70% | 3.60%-4.75% | 2012 | \$11,920,000 |
| Term Bonds | 4.75% | 4.86% | 2016 | 5,030,000 |

The indebtedness created through all issues of the general receipts bonds is bound by the provision of the 1989 Trust Agreement and subsequent supplemental trust agreements. The University has complied with all covenant requirements.

The debt is secured by a pledge of all University general receipts, except for State appropriations, and those receipts previously pledged or otherwise restricted. In lieu of a bond reserve fund, the University has elected, as permitted by the trust agreements, to purchase an insurance policy and surety bond equal to the maximum annual debt service as a guarantee of principal and interest payments.

Scheduled debt service payments for the bonds subsequent to June 30, 2001 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------|---------------------|---------------------|---------------------|
| 2002 | \$ 835,000 | \$ 717,610 | \$ 1,552,610 |
| 2003 | 735,000 | 680,899 | 1,415,899 |
| 2004 | 760,000 | 647,329 | 1,407,329 |
| 2005 | 805,000 | 611,712 | 1,416,712 |
| 2006 | 845,000 | 573,709 | 1,418,709 |
| Thereafter | <u>12,030,000</u> | <u>3,374,313</u> | <u>15,404,313</u> |
| Total | <u>\$16,010,000</u> | <u>\$ 6,605,572</u> | <u>\$22,615,572</u> |

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2001

Maturities of bonds payable for the fiscal years subsequent to June 30, 2001, are as follows:

| | <u>General Receipts</u> | | | |
|------------|-------------------------|------------------|---------------------|---------------------|
| | Series | Series | Series | <u>Total</u> |
| | <u>1996B</u> | <u>1997</u> | <u>1998</u> | |
| 2002 | \$225,000 | \$ 5,000 | \$ 605,000 | \$ 835,000 |
| 2003 | 95,000 | 5,000 | 635,000 | 735,000 |
| 2004 | 100,000 | 5,000 | 655,000 | 760,000 |
| 2005 | 110,000 | 10,000 | 685,000 | 805,000 |
| 2006 | 115,000 | 10,000 | 720,000 | 845,000 |
| Thereafter | <u>-0-</u> | <u>150,000</u> | <u>11,880,000</u> | <u>12,030,000</u> |
| Total | <u>\$645,000</u> | <u>\$185,000</u> | <u>\$15,180,000</u> | <u>\$16,010,000</u> |

Note 6 - Deposits Held by Trustee-Plant Fund

Plant fund deposits are held in safekeeping by a bank as trustee and include cash and investments in government securities with a cost of \$152,656 and \$143,526 as of June 30, 2001 and 2000, respectively, which approximates market. These deposits, including interest on the investments, are retained in the trust for payment of principal and interest on the related outstanding indebtedness (Note 5).

Note 7 - Retirement Plans

Basic Retirement Benefits

Employee retirement benefits are available for substantially all employees under contributory retirement plans administered by the Public Employees Retirement System (PERS) and the State Teachers Retirement System (STRS). These retirement programs are statewide, cost-sharing, multiple-employer defined benefit plans. STRS and PERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits for plan members.

The Public Employees Retirement System's Comprehensive Annual Financial Report may be obtained by writing to Public Employees Retirement System of Ohio, 277 East Town St., Columbus, Ohio 43215-4642. The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate was 8.5% of covered payroll and the University was required to contribute 10.65% of covered payroll. The 10.65% rate was the result of a temporary rollback and was reflected in the University's required contributions for the period July 1, 2000 through December 31, 2000. Effective January 1, 2001, the rate returned to 13.31% as in 2000 and 1999. The University's contributions to PERS for the years ending

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

June 30, 2001, 2000 and 1999 were \$2,673,307, \$3,054,735 and \$3,075,610 respectively, which is equal to the required contributions for each year.

Beginning January 1, 1999 employees could elect to participate in the Alternative Retirement Plan. The employee contribution rate is 8.5% of covered payroll and the University was required to contribute 10.65% of covered payroll. The 10.65% rate was the result of a temporary rollback, and was reflected in the University's required contributions for the period July 1, 2000 through December 31, 2000. Effective January 1, 2001, the rate returned to 13.31% as in 2000 and 1999. The University's contribution to the Alternative Retirement Plan selected by the employees was \$190,391 in 2001 and \$249,179 in 2000.

Certain PERS members are covered by the law enforcement benefit provisions, Section 145.33 (B), Ohio Revised Code (PERSLE). The employee contribution rate is 9% of covered payroll and the University was required to contribute 15.70% and 16.7% of covered payroll for the law enforcement coverage for 2001 and 2000. The University's contributions to PERSLE was \$119,753 in 2001 and \$119,604 in 2000.

The State Teachers Retirement System's Comprehensive Annual Financial Report may be obtained by writing to State Teacher's Retirement System of Ohio, 275 East Broad St., Columbus, Ohio 43215-3771. The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate was 9.3% in 2001, 2000 and 1999 of covered payroll and the University was required to contribute 14% of covered payroll for 2001, 2000 and 1999. The University's contributions to STRS for the years ending June 30, 2001, 2000 and 1999 were \$4,140,400, \$3,991,149 and \$4,186,741, respectively, which is equal to the required contributions for each year.

Beginning January 1, 1999 employees could elect to participate in the Alternative Retirement Plan. The employee contribution rate is 9.3% of covered payroll and the University was required to contribute 14% of covered payroll. The University paid 5.76% and 6% to STRS and 8.24% and 8% to the Alternative Retirement Plan selected by the employee for 2001 and 2000. The University's contribution to STRS was \$152,177 in 2001 and \$131,859 in 2000. The University's contribution to the Alternative Retirement Plan was \$217,698 in 2001 and \$177,980 in 2000.

Note 8 - Postretirement Benefits

Public Employees Retirement System

The Public Employees Retirement System of Ohio provides postretirement health care coverage

to age and service retirants with 10 or more years of qualifying Ohio service credit. The health care coverage provided by the retirement system is considered an other postemployment benefit (OPEB). Health care coverage is available for disability recipients and primary survivor recipients. A portion of the University's contribution to PERS is set aside for funding post retirement health care as required of public employers under the statutory authority of the Ohio Revised Code. The employer contribution rate for 2001 was 10.84% of covered payroll; the portion used to fund health care was 4.3%; the employer contribution rate for the years 2000 and 1999 was 13.31% of covered payroll; the portion used to fund health care costs was 4.2% in 2000 and 1999. Benefits are advance-funded using an entry age normal actuarial cost method to determine the present value of benefit liabilities and normal cost.

The number of active contribution participants at December 31, 2000 (the latest date information is available) was 401,339. The portion of the University's 2001, 2000 and 1999 contributions to PERS used to fund postretirement benefits was \$867,154, \$963,928 and \$970,515, respectively. The retirement systems' net assets available for payment of benefits at December 31, 2000 (the latest date information is available) was \$10.8 billion.

State Teachers Retirement System

The State Teachers Retirement System provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and reimbursement of Medicare premiums. No premiums are currently paid by retirees or primary benefit recipients. Premium payments, as determined by the State Teachers Retirement Board, pursuant to the ORC, are required for covered spouses and other dependents. The University's contribution rate for 2001, 2000 and 1999 was 14% of covered payroll, of which 8% in 2001, 2000 and 1999 was used to fund health care benefits. Benefits are advance-funded, using an entry age normal actuarial cost method to determine the present value of benefit liabilities and normal cost.

Eligible benefit recipients at June 30, 2000 (the latest date information is available) were 99,011. The portion of the University's 2001, 2000 and 1999 contributions to STRS used to fund postretirement benefits was \$2,365,942, \$2,280,656 and \$2,392,424, respectively. The health care reserve fund within the employers' trust fund from which payments for health care benefits are paid has a balance of \$3.419 billion at June 30, 2000. Health care benefits paid by the plan were \$283.137 million for the fiscal year ended June 30, 2000.

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

Note 9 - Related Organization

Not included in these financial statements is the Youngstown State University Foundation (YSUF), a not-for-profit organization operated to provide support for the general educational needs of the University.

The University files an application for any funds requested from YSUF, which is subject to approval by the Board of Trustees of YSUF. Financial support received from YSUF was \$3,287,000 and \$3,381,700 for the fiscal years ended June 30, 2001 and 2000 respectively.

The University entered into an agreement with Youngstown State University Foundation (YSUF) to manage the University's endowment funds. Under this agreement, the YSUF provides management services free of charge and invests the funds in a manner consistent with YSUF funds. Proceeds are forwarded to the University on an as needed basis to satisfy the individual endowment purposes. At June 30, 2001 and 2000, the cost of the University's investments managed by YSUF was \$4,247,366 and \$4,093,013 respectively and the fair value was \$5,430,616 and \$5,999,055 respectively.

Note 10 - Litigation

During the normal course of its operations, the University has been notified of threatened claims and has become a defendant in various legal actions. In the opinion of legal counsel and the University administration, the disposition of these threatened claims and pending cases will not have a material adverse effect on the financial condition of the University.

Note 11 - Lease Obligations

The University leases certain computer equipment, telephone switch equipment and a printing press under capital lease agreements. The computer equipment capital lease bears interest between 4.82 – 7.26%. The telephone switch equipment capital lease bears interest at 5.65%. The printing press capital lease bears interest at 7.09%. At June 30, 2001, \$3,421,374 is included in Investment in Plant in the balance sheet.

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2001

Future minimum lease payments under the capital leases are as follows:

| Year Ending <u>June 30</u> | Computer <u>Equipment</u> | Telephone Switch <u>Equipment</u> | Printing <u>Press</u> | <u>Total</u> |
|---|------------------------------|--------------------------------------|--------------------------|-------------------|
| 2002 | \$ 359,288 | \$ 199,237 | \$ 32,410 | \$ 590,935 |
| 2003 | 18,271 | - | 32,410 | 50,681 |
| 2004 | - | - | 32,410 | 32,410 |
| 2005 | - | - | <u>16,205</u> | <u>16,205</u> |
| Total future minimum lease payments | 377,559 | 199,237 | 113,435 | 690,231 |
| Less amount representing interest | <u>8,303</u> | <u>10,655</u> | <u>13,252</u> | <u>32,210</u> |
| Total obligations under capital lease | \$ <u>369,256</u> | \$ <u>188,582</u> | \$ <u>100,813</u> | \$ <u>658,021</u> |

Note 12 – Accounting and Financial Reporting for Nonexchange Transactions

The University adopted GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions” in fiscal year 2001. This statement requires providers to recognize liabilities (or a decrease in assets) and expenses from government-mandated or voluntary nonexchange transactions, and recipients should recognize receivables (or a decrease in liabilities) and revenues (net of uncollectible amounts) when all eligibility requirements are met. Eligibility requirements comprise of one or more of the following: 1) the recipient has the characteristics specified by the provider; 2) time requirements have been met; 3) the recipient has incurred allowable costs under an applicable provider reimbursement program or, 4) the recipient has completed any required actions by the provider. The University recorded \$109,400 in pledge receivables at June 30, 2001.

Note 13 – New Pronouncements

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis-for State and Local Governments. The University is required to apply this statement for periods beginning after June 15, 2001. GASB Statement No. 34 establishes

**YOUNGSTOWN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS**

new financial reporting requirements that fundamentally affect the presentation of a general purpose government's basic financial statements and related required supplementary information.

In November 1999, the GASB established accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement No. 34 when the Board issued GASB Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities.

Management has not yet determined the impact that GASB Statements No. 34 and 35 will have on the University's financial statements.



Youngstown State University

**REPORTS REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET
CIRCULAR A-133**

June 30, 2001

YOUNGSTOWN STATE UNIVERSITY

June 30, 2001

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

THE BOARD OF TRUSTEES
YOUNGSTOWN STATE UNIVERSITY

We have audited the financial statements of Youngstown State University (the University) as of and for the year ended June 30, 2001, and have issued our report thereon dated October 12, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

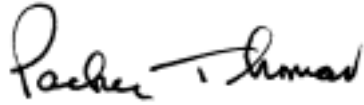
As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the University, in a separate letter dated October 12, 2001.

This report is intended for the information of the board of trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Rachel Thomas". The signature is written in a cursive style with a large initial "R" and a long horizontal stroke extending to the right.

Youngstown, Ohio
October 12, 2001

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

THE BOARD OF TRUSTEES
YOUNGSTOWN STATE UNIVERSITY

Compliance

We have audited the compliance of Youngstown State University (the University) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University as of and for the year ended June 30, 2001, and have issued our report thereon dated October 12, 2001. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Rachel Thomas". The signature is written in a cursive style with a horizontal line extending to the right.

Youngstown, Ohio
October 12, 2001

Youngstown State University
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2001

| Federal Grantor / Pass-Through Grantor / Program Title | Federal CFDA Number | Agency or Pass-Through Number | Fund Balance June 30, 2000 | Revenue Recognized | Disbursements/ Expenditures | Fund Balance June 30, 2001 |
|--|------------------------|-------------------------------------|-------------------------------------|-----------------------|--------------------------------|-------------------------------------|
| U.S. Department of Education | | | | | | |
| Student Financial Assistance Programs | | | | | | |
| Pell Grant | 84.063 | N/A | \$ 8,237 | \$ 6,912,292 | \$ 6,921,929 | \$ (1,400) |
| Supplemental Educational Opportunity Grant | 84.007 | N/A | 5,198 | 330,137 | 294,957 | 40,378 |
| College Work Study | 84.033 | N/A | (25,831) | 447,283 | 497,609 | (76,157) |
| Perkins Loan Program | 84.038 | N/A | 2,823,725 | 3,990,291 | 3,842,411 | 2,971,605 |
| Federal Family Education Loans | 84.032 | N/A | - | 20,120,351 | 20,120,351 | - |
| Subtotal-Student Financial Assistance Program | | | 2,811,329 | 31,800,354 | 31,677,257 | 2,934,426 |
| Small Business Administration | | | | | | |
| Passed through the Ohio Department of Development | | | | | | |
| Small business development center, year 13 | 59.005 | N/A | - | 62,757 | 58,885 | 3,872 |
| Small business development center, year 14 | 59.037 | N/A | - | 135,227 | 135,227 | - |
| Small business institute program | 59.005 | SB-95-0549-6209 | 7,487 | - | 7,487 | - |
| Subtotal-Small Business Administration | | | 7,487 | 197,984 | 201,599 | 3,872 |
| National Science Foundation | | | | | | |
| San Diego Grant | 47.076 | N/A | 20,655 | 5,984 | 26,639 | - |
| NSF-Ed Mossbauer | 47.076 | N/A | - | 1,785 | 1,785 | - |
| NSF-Modern Physical Measurement | 47.076 | N/A | - | 27,581 | 27,581 | - |
| Intergration of computer technology in chemistry curriculum | 47.076 | N/A | - | 62,872 | 62,872 | - |
| Xray Diffractrion Analysis | 47.076 | N/A | - | 26,534 | 25,534 | 1,000 |
| NSF-Investigative Approaches in Science | 47.076 | N/A | 1,672 | 52,378 | 54,050 | - |
| Subtotal | | | 22,327 | 177,134 | 198,461 | 1,000 |
| Research Experiments in Undergrade Chemistry | 47.049 | N/A | - | 29,083 | 29,083 | - |
| NSF-Matrix Isolation | 47.049 | N/A | 1,275 | 2,000 | 1,423 | 1,852 |
| Subtotal-National Science Foundation | | | 23,602 | 208,217 | 228,967 | 2,852 |

The accompanying notes are in integral part of these financial statements.

Youngstown State University
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2001

| Federal Grantor / Pass-Through Grantor / Program Title | Federal CFDA Number | Agency or Pass-Through Number | Fund Balance June 30, 2000 | Revenue Recognized | Disbursements/ Expenditures | Fund Balance June 30, 2001 |
|---|------------------------|-------------------------------------|-------------------------------------|-----------------------|--------------------------------|-------------------------------------|
| U.S. Department of Education | | | | | | |
| Passed through the State of Ohio Department of Education for MAC Tech-Prep | 84.243 | VETP-22X | 72,735 | 81,721 | 85,642 | 68,814 |
| Passed through the Ohio Department of Education - Marion Professional Development | 84.243 | N/A | 900 | - | 900 | - |
| Passed through the Ohio Department of Education for Mac Tech - Student Enrollment | 84.243 | N/A | - | 1,070 | 157 | 913 |
| Education - Information Tech | 84.243 | N/A | 15,385 | - | 15,385 | - |
| Subtotal | | | 89,020 | 82,791 | 102,084 | 69,727 |
| Character Education | 84.215V | N/A | - | 9,040 | 9,040 | - |
| Subtotal | | | - | 9,040 | 9,040 | - |
| Upward Bound | 84.047A | N/A | - | 231,436 | 231,436 | - |
| Passed through the State of Ohio Department of Education for 2-year college strategic plan | 84.048 | CP11-P97 | 10,684 | 72,483 | 74,349 | 8,818 |
| Eisenhower Grant - Simple Machines and Mechanics | 84.281 | 8-64 | 34 | 123 | 157 | - |
| Tri City Partnership for Excellance | 84.336B | N/A | 17 | 475,149 | 480,675 | (5,509) |
| Subtotal-U.S. Department of Education | | | 99,755 | 871,022 | 897,741 | 73,036 |
| Department of Housing and Urban Development | | | | | | |
| COPC | 14.511 | N/A | - | 32,136 | 32,136 | - |
| HUD Lead Based Paint Program | 14.511 | N/A | - | 4,839 | 4,839 | - |
| Subtotal | | | - | 36,975 | 36,975 | - |
| Passed through the Trumbull County Board of Alcohol Drug and Mental Health | | | | | | |
| Community partnership evaluation | 14.863 | N/A | 4,658 | - | 4,560 | 98 |
| EDSS | 14.863 | N/A | 2 | - | 2 | - |
| Subtotal | | | 4,660 | - | 4,562 | 98 |

The accompanying notes are in integral part of these financial statements.

Youngstown State University
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2001

| Federal Grantor / Pass-Through Grantor / Program Title | Federal CFDA Number | Agency or Pass-Through Number | Fund Balance June 30, 2000 | Revenue Recognized | Disbursements/ Expenditures | Fund Balance June 30, 2001 |
|---|--|---|-------------------------------------|---|---|-------------------------------------|
| PHDEP Youngstown Metropolitan Housing Authority YMHA Market/Land Use Study Evaluation of the East Liverpool Youngstown Metropolitan Housing Authority YMHA Drug Elimination Project Evaluation Subtotal | 14.854 14.854 14.854 | N/A N/A N/A | 3 1 - | - - 8,486 | 3 1 6,628 | - - 1,858 |
| Subtotal | | | 4 | 8,486 | 6,632 | 1,858 |
| City Grant Writer Services Youngstown Consolidated Plan Subtotal-Department of Housing and Urban Development | 14.21CDBC 14.219 | N/A N/A | - - | 40,557 7,853 | 40,637 7,853 | (80) - |
| Subtotal | | | 4,664 | 93,871 | 96,659 | 1,876 |
| Department of Justice Task Force GIS Mapping Subtotal | 16.579 | N/A | - | 20,736 | 20,736 | - |
| Subtotal | | | - | 20,736 | 20,736 | - |
| Consultation Crime Analysis Passed through State of Ohio to Office of Criminal Justice Service - Steps to Success Evaluation of the MCADASB Drug Court Campus Police Tech Update 2000 Youngstown Police Department Grant Bulletproof Vest Partnership Subtotal-U.S. Department of Justice | 16.544 16.540 16.585 16.592 16.595 16.607 | N/A 98-JJ-DP2-0481 N/A N/A N/A N/A | 6,099 - - - - | - 7,257 12,000 2,377 4,783 7,203 | 1,038 7,257 12,000 2,377 4,783 7,203 | 5,061 - - - - - |
| Subtotal | | | 6,099 | 54,356 | 55,394 | 5,061 |
| U.S. Department of Labor Passed through Mahoning County Educational Service Center Private Industry Council Job Training Initiative 98-99 Welfare Collaberation Subtotal-U.S. Department of Labor | 17.250 17.253 | N/A N/A | - - | 10,092 22,978 | 10,092 22,978 | - - |
| Subtotal | | | - | 33,070 | 33,070 | - |

The accompanying notes are in integral part of these financial statements.

Youngstown State University
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2001

| Federal Grantor / Pass-Through Grantor / Program Title | Federal CFDA Number | Agency or Pass-Through Number | Fund Balance June 30, 2000 | Revenue Recognized | Disbursements/ Expenditures | Fund Balance June 30, 2001 |
|---|------------------------|-------------------------------------|-------------------------------------|-----------------------|--------------------------------|-------------------------------------|
| Corporation for National & Community Service | | | | | | |
| Governor's Community Service Commission | | | | | | |
| Youngstown Americorps Rejuvenation Project | 94.006 | 94ASCOHO36-Y3-F11 | (19) | 19 | - | - |
| Commercial Resources Evaluation of East Liverpool | 94.006 | N/A | - | 741 | 741 | - |
| Subtotal-Corporation for National & Community Service | | | (19) | 760 | 741 | - |
| Department of Defense | | | | | | |
| Modification of Mosbauer Spectrometer | 12.300 | N/A | - | 9,534 | 9,534 | - |
| Xray Source Trigger Electromagnetic | 12.630 | N/A | - | 251,456 | - | 251,456 |
| Air Force Office of Scientific Research Examination of Critical Issues in Triggering of Gamma Rays from 178HFm2 | 12.800 | 96-0136 | - | 219,160 | 219,160 | - |
| Subtotal-U.S. Department of Defense | | | - | 480,150 | 228,694 | 251,456 |
| Department of Energy | | | | | | |
| Sandia Corporation Department of Energy Review | 81.XXX | N/A | - | 8,520 | 8,520 | - |
| Fundamental Standard Subatomic Physics | 81.050 | N/A | - | 10,152 | 10,152 | - |
| Subtotal-Department of Energy | | | - | 18,672 | 18,672 | - |
| Environmental Protection Agency | | | | | | |
| Development Watershed Plan for the Mahoning River | 66.460 | N/A | - | 14,439 | 14,439 | - |
| Mahoning Valley Environmental Justice | 66.606 | N/A | - | 23,222 | 23,222 | - |
| A Revitalization Strategy for the Mahoning River | 66.651 | N/A | - | 27,269 | 27,269 | - |
| Subtotal-Environmental Protection Agency | | | - | 64,930 | 64,930 | - |

The accompanying notes are in integral part of these financial statements.

Youngstown State University
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2001

| Federal Grantor / Pass-Through Grantor / Program Title | Federal CFDA Number | Agency or Pass-Through Number | Fund Balance June 30, 2000 | Revenue Recognized | Disbursements/ Expenditures | Fund Balance June 30, 2001 |
|---|------------------------|-------------------------------------|-------------------------------------|-----------------------|--------------------------------|-------------------------------------|
| National Labor Relations Board Hydrogen Bonding Transfer | 46.076 | CHE-9505889 | - | 51,490 | 50,695 | 795 |
| Department of Health and Human Services National Youth Sport Program | 93.570 | N/A | 189 | 138,409 | 127,425 | 11,173 |
| Federal Emergency Management Agency Strengthening Institutions | 83.031A | N/A | - | 2,222 | 2,222 | - |
| TOTAL FEDERAL AWARDS | | | 2,953,106 | 34,015,507 | 33,684,066 | 3,284,547 |

The accompanying notes are in integral part of these financial statements.

Youngstown State University
**NOTES TO THE SCHEDULE OF EXPENDITURES
 OF FEDERAL AWARDS**

Year ended June 30, 2001

(1) GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of Youngstown State University (the University). Federal financial assistance received directly from federal agencies as well as federal awards passed through other government agencies are included on the accompanying schedule.

(2) BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

(3) RELATIONSHIP TO FINANCIAL STATEMENTS

Federal financial assistance is reported in the University's financial statements as follows:

| | |
|--|----------------------|
| Current restricted funds | |
| Educational and general | |
| Federal grants and contracts | \$ 9,758,177 |
| Amount excluded from the financial statements: | |
| Perkins Loan Program | 3,766,971 |
| Federal Family Education Loans Program | 20,120,351 |
| Indirect costs | 370,008 |
| Total federal awards revenue recognized | <u>\$ 34,015,507</u> |

(4) FEDERAL LOAN PROGRAMS ADMINISTERED

Total loan advancement and disbursements for federal student financial assistance programs are as follows:

| | | |
|-------------------------------------|----------------------------|---|
| | Perkins Loan Program | Federal Family Education Loans |
| New Loans | \$ 590,542 | \$ 20,120,351 |
| Balance of Loans from Previous Year | 3,176,429 | |
| Administrative Costs | 75,440 | |
| Total | <u>\$3,842,411</u> | <u>\$ 20,120,351</u> |

Youngstown State University

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2001

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Youngstown State University.
2. No reportable conditions relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances on noncompliance material to the financial statements of Youngstown State University were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for the major federal award programs for Youngstown State University expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Youngstown State University are reported in Part C of this Schedule.
7. The programs tested as major programs include: Federal Pell Grant (CFDA #84.063), Federal Perkins Loan (CFDA #84.038), Federal Supplemental Educational Opportunity Grant (CFDA #84.007), Federal Work Study (CFDA #84.033), Federal Family Education Loan (CFDA #84.032), Tri City Partnership for Excellence (CFDA #84.336B).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Youngstown State University was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

NONE

REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES TO THE RECORDS OF YOUNGSTOWN STATE UNIVERSITY AND TO ITS SYSTEM OF INTERNAL ACCOUNTING CONTROL

Dr. David C. Sweet
President
Youngstown State University

We have audited the financial statements of Youngstown State University (University) as of and for the year ended June 30, 2001, and have issued our unqualified report thereon under date of October 12, 2001. At your request, we also have applied certain agreed-upon procedures, as discussed below, to the accounting records and system of internal accounting control of the University, as of June 30, 2001, solely to assist the University in complying with NCAA Bylaw 6.2.3.1. It is understood that this report is solely for your information and is not to be referred to or distributed for any purposes to anyone who is not a member of management of the University or an authorized representative of the National Collegiate Athletic Association. Our procedures and findings are as follows:

STATEMENT OF REVENUE, SUPPORT, AND EXPENDITURES--AGREED-UPON SUBSTANTIVE PROCEDURES

(a) We obtained the statement of revenue, support, and expenditures of the Youngstown State University Intercollegiate Athletics Department for the year ended June 30, 2001, as prepared by management and shown as an appendix to this letter. We recalculated the addition of the amounts on the statement, traced the amounts on the statement to management's worksheets and agreed the amounts on management's worksheets to the University's general ledger. We noted no differences between the amounts on the general ledger and the amounts on the worksheets. We discussed the nature of the worksheet adjustments with management and are satisfied that the adjustments are appropriate.

(b) We compared revenue, support, and expenditures to amounts recorded for the previous year and budgeted amounts for the current year. We analytically reviewed the fluctuations and obtained explanations for the significant fluctuations.

(c) We obtained a copy of the financial statements of the Penguin Club for the year ended June 30, 2001 and performed the following:

Confirmed the revenue, support, and expenditures listed on the Penguin Club's statement of revenues, support, and expenditures directly with a responsible official of the Penguin Club.

Reconciled the amounts recorded on the University's intercollegiate athletics programs statement of revenue, support, and expenditures to those amounts included in the Penguin Club's financial statements.

Because the above procedures "(a)" through "(c)" do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with procedures "a" through "c" referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the intercollegiate athletics department of the University in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the accounts and items specified above and does not extend to the financial statements of the University or its intercollegiate athletics department taken as a whole.

INTERNAL CONTROL STRUCTURE: POLICIES AND PROCEDURES RELATED TO INTERCOLLEGIATE ATHLETICS--AGREED-UPON PROCEDURES

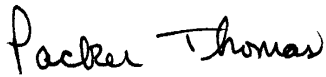
The management of the University is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, fraud may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

(d) We reviewed and discussed an organization chart of the intercollegiate athletics department with management. We reviewed the extent of documentation of accounting systems and procedures. We also made certain inquiries of management regarding control consciousness, competence of personnel and protection of records and equipment. We noted a lack of segregation of duties in the cash receipt area as follows: (1) processing of mail receipts; (2) reconciliation of deposit slips to athletic department cash receipt records and (3) reconciliation of cash amounts received to supporting receivable documentation.

(e) We noted that the Athletic Business Office has internal controls in place; however, the effectiveness of these controls is somewhat limited by the lack of segregation of duties.

Agreed-upon procedures "(d)" and "(e)" applied to certain aspects of the University's system of internal accounting control and were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Because our study and evaluation was limited to applying agreed-upon procedures "(d)" and "(e)" to certain aspects of the system of internal accounting control, we do not express an opinion on whether the system of internal accounting control of the University in effect for the year ended June 30, 2001, taken as a whole, was sufficient to meet the objectives stated above.

A handwritten signature in black ink that reads "Packer Thomas". The signature is written in a cursive style with a large initial "P" and a long, sweeping underline.

Youngstown, Ohio
December 26, 2001

Youngstown State University
STATEMENT OF REVENUE, SUPPORT AND EXPENDITURES
FOR THE INTERCOLLEGIATE ATHLETICS DEPARTMENT

Year ended June 30, 2001

| | UNRESTRICTED | | | | Restricted | Penguin Club | Total |
|---|------------------|----------------|------------------|---------------------|----------------|----------------|------------------|
| | Football | Basketball | Other Sports | Nonprogram Specific | | | |
| REVENUE AND SUPPORT | | | | | | | |
| Revenue | | | | | | | |
| Ticket sales | \$ 626,489 | \$ 145,247 | \$ - | \$ - | \$ - | \$ - | 771,736 |
| Fund raising (net of cost of services of \$152,730) | - | - | - | - | - | 440,147 | 440,147 |
| Revenue sharing | 73,061 | 15,557 | 108,311 | - | - | - | 196,929 |
| M.C.C. Share of Men's Basketball | | 27,938 | | | | | 27,938 |
| Telephone and vending machine commissions | - | - | - | 99,400 | - | - | 99,400 |
| Guarantees | 20,000 | 56,000 | - | - | - | - | 76,000 |
| Program advertising | 61,550 | 7,500 | - | - | - | - | 69,050 |
| Stambaugh Stadium viewing boxes | 419,997 | - | - | - | - | - | 419,997 |
| Stambaugh Stadium scoreboard panels | 81,500 | - | - | - | - | - | 81,500 |
| Penguin sports network | - | - | - | 45,472 | - | - | 45,472 |
| Courtside coaches club | - | 2,850 | - | - | - | - | 2,850 |
| Gifts and grants | - | - | - | - | 331,172 | - | 331,172 |
| Program sales | 10,528 | 1,478 | - | - | - | - | 12,006 |
| Advertising panel | - | 45,000 | - | - | - | - | 45,000 |
| Miscellaneous | 28,688 | - | 20,937 | 14,726 | - | - | 64,351 |
| TOTAL REVENUE | 1,321,813 | 301,570 | 129,248 | 159,598 | 331,172 | 440,147 | 2,683,548 |
| Support | | | | | | | |
| Non-mandatory transfers and additions | | | | | | | |
| General fees allocation | 96,013 | 251,002 | 2,049,016 | 1,656,492 | - | - | 4,052,523 |
| TOTAL REVENUE AND SUPPORT | 1,417,826 | 552,572 | 2,178,264 | 1,816,090 | 331,172 | 440,147 | 6,736,071 |
| EXPENDITURES | | | | | | | |
| Personal services | | | | | | | |
| Salaries | 375,377 | 186,523 | 453,047 | 1,104,458 | 42,554 | - | 2,161,959 |
| Fringe benefits | 116,812 | 45,273 | 137,194 | 294,195 | 10,297 | - | 603,771 |
| TOTAL PERSONAL SERVICES | 492,189 | 231,796 | 590,241 | 1,398,653 | 52,851 | - | 2,765,730 |

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUE, SUPPORT AND EXPENDITURES
FOR THE INTERCOLLEGIATE ATHLETICS DEPARTMENT (continued)**

Year ended June 30, 2001

| | UNRESTRICTED | | | | | Restricted | Penguin Club | Total |
|---|------------------|----------------|------------------|---------------------|----------------|----------------|--------------|------------------|
| | Football | Basketball | Other Sports | Nonprogram Specific | | | | |
| EXPENDITURES (continued) | | | | | | | | |
| Operating expenses | | | | | | | | |
| Scholarships | \$ 702,776 | \$ 161,600 | \$ 812,606 | \$ (14,574) | \$ - | \$ - | \$ - | \$ 1,662,408 |
| Team travel | 189,915 | 91,133 | 286,501 | 8,077 | 70,033 | - | - | 645,659 |
| Recruiting | 32,911 | 31,253 | 37,774 | - | 2,043 | - | - | 103,981 |
| Supplies | 50,404 | 13,031 | 90,451 | 47,192 | 41,403 | - | - | 242,481 |
| Guarantees | 70,500 | 46,488 | 2,661 | - | - | - | - | 119,649 |
| Telephone | 17,466 | 10,610 | 14,030 | 17,011 | 2 | - | - | 59,119 |
| Officials | 28,020 | 25,000 | 36,573 | 28,125 | 12,285 | - | - | 130,003 |
| Printing | - | - | - | 27,872 | 41,960 | 142,803 | - | 212,635 |
| Pre-season practice | 54,543 | - | 16,958 | - | 901 | - | - | 72,402 |
| Food service | 5,060 | 7,962 | 7,193 | 427 | 2,404 | - | - | 23,046 |
| Miscellaneous | - | 1,890 | 2,394 | 93,092 | 13,786 | 169,262 | - | 280,424 |
| Postage and freight | - | - | - | 32,872 | - | - | - | 32,872 |
| Clinics and meetings | - | - | - | - | - | - | - | - |
| Equipment | - | - | 1,594 | 2,995 | 10,028 | - | - | 14,617 |
| Liability insurance | - | - | - | 50,514 | - | - | - | 50,514 |
| Training room supplies | - | - | - | - | - | - | - | - |
| Rentals--facilities | - | - | 29,821 | 17,514 | 4,193 | - | - | 51,528 |
| Maintenance and repairs | - | - | 114 | 6,859 | 37,601 | - | - | 44,574 |
| Awards and recognitions | - | - | - | 11,897 | 2,954 | 21,799 | - | 36,650 |
| Subscriptions and publications | - | - | 130 | 872 | - | - | - | 1,002 |
| Publicity | - | - | - | 49,196 | (343) | - | - | 48,853 |
| Dues | - | - | - | 50,410 | - | - | - | 50,410 |
| Security Services | - | - | - | - | 3,026 | - | - | 3,026 |
| Business relations | - | - | - | - | 7,549 | - | - | 7,549 |
| Stadium contributions | - | - | - | - | - | 145,136 | - | 145,136 |
| Property, plant and equipment purchases | - | - | - | - | 48,243 | - | - | 48,243 |
| TOTAL OPERATING EXPENSES | 1,151,595 | 388,967 | 1,338,800 | 430,351 | 298,068 | 479,000 | | 4,086,781 |
| TOTAL EXPENDITURES | 1,643,784 | 620,763 | 1,929,041 | 1,829,004 | 350,919 | 479,000 | | 6,852,511 |

The accompanying notes are an integral part of these financial statements.

Youngstown State University

**STATEMENT OF REVENUE, SUPPORT AND EXPENDITURES
FOR THE INTERCOLLEGIATE ATHLETICS DEPARTMENT (continued)**

Year ended June 30, 2001

| | UNRESTRICTED | | | | | | Total |
|---|---------------------|--------------------|-------------------|---------------------|------------------|--------------------|-------------------|
| | Football | Basketball | Other Sports | Nonprogram Specific | Restricted | Penguin Club | |
| Revenue and support in excess of (less than) expenditures | \$ (225,958) | \$ (68,191) | \$ 249,223 | \$ (12,914) | \$ (19,747) | \$ (38,853) | \$ (116,440) |
| Transfers from (to) other funds | 91,443 | 33,868 | 108,375 | (162,382) | 56,323 | - | 127,627 |
| Reserve for encumbrances | - | - | - | (12,205) | - | - | (12,205) |
| REVENUE AND SUPPORT IN EXCESS OF (LESS THAN) EXPENDITURES, TRANSFERS AND RESERVE | \$ (134,515) | \$ (34,323) | \$ 357,598 | \$ (187,501) | \$ 36,576 | \$ (38,853) | \$ (1,018) |

The accompanying notes are an integral part of these financial statements.

NOTES TO AGREED-UPON PROCEDURES REPORT

June 30, 2001

NOTE 1--PROPERTY, PLANT AND EQUIPMENT

This category includes amounts expended from current funds for acquisition of property, plant and equipment purchases.

NOTE 2--RELATED PARTIES

Certain employees of the University's Intercollegiate Athletic Department are also officers of the Penguin Club, the outside booster organization. The following represents the individual's role at both the University and Penguin Club levels:

| <u>University</u> | <u>Penguin Club</u> |
|---------------------------------|---------------------|
| Executive Director of Athletics | Executive Director |
| Associate Director of Athletics | Trustee |

NOTE 3--CONTRIBUTIONS

For the year ended June 30, 2001, the Intercollegiate Athletic Department received two individual contributions which constituted more than 10 percent of all contributions received by the Department. The Penguin Club and the Youngstown State University Foundation made cash contributions of \$479,000 and \$80,000, respectively.

**WYSU-FM,
Youngstown State
University Radio**

**AUDITED FINANCIAL STATEMENTS AND
SCHEDULE OF NONFEDERAL
FINANCIAL SUPPORT**

Years ended June 30, 2001 and 2000

REPORT OF INDEPENDENT AUDITORS

THE BOARD OF TRUSTEES
YOUNGSTOWN STATE UNIVERSITY

We have audited the accompanying balance sheets of WYSU-FM, Youngstown State University Radio, as of June 30, 2001 and 2000, and the related statements of support, revenues, expenditures, and changes in fund balances and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WYSU-FM, Youngstown State University Radio, as of June 30, 2001 and 2000, and its changes in fund balances and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedule of Nonfederal Financial Support is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Packer Thomas

Youngstown, Ohio
December 17, 2001

WYSU-FM, Youngstown State University Radio

BALANCE SHEETS

Years ended June 30, 2001 and 2000

| | 2001 | | | | 2000 | | | |
|--|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Operating Funds | | Property Fund | Total | Operating Funds | | Property Fund | Total |
| | Unrestricted | Restricted | Unrestricted | | Unrestricted | Restricted | Unrestricted | |
| ASSETS | | | | | | | | |
| CURRENT ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 269,064 | \$ 83,467 | \$ - | \$ 352,531 | \$ 217,298 | \$ 105,288 | \$ - | \$ 322,586 |
| Prepaid expenses | 2,002 | - | - | 2,002 | - | 289 | - | 289 |
| Accounts receivable | 16,432 | - | - | 16,432 | 225 | 19,689 | - | 19,914 |
| TOTAL CURRENT ASSETS | 287,498 | 83,467 | - | 370,965 | 217,523 | 125,266 | - | 342,789 |
| PROPERTY AND EQUIPMENT | | | | | | | | |
| Transmitter, antenna, and tower | - | - | 176,747 | 176,747 | - | - | 269,391 | 269,391 |
| Studio and other broadcast equipment | - | - | 152,748 | 152,748 | - | - | 267,124 | 267,124 |
| Furniture and fixtures | - | - | - | - | - | - | 57,885 | 57,885 |
| TOTAL PROPERTY AND EQUIPMENT | - | - | 329,495 | 329,495 | - | - | 594,400 | 594,400 |
| TOTAL ASSETS | \$ 287,498 | \$ 83,467 | \$ 329,495 | \$ 700,460 | \$ 217,523 | \$ 125,266 | \$ 594,400 | \$ 937,189 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | |
| Accounts payable and accrued expenses | \$ 48,383 | \$ - | \$ - | \$ 48,383 | \$ 23,244 | \$ 21,214 | \$ - | \$ 44,458 |
| TOTAL CURRENT LIABILITIES | 48,383 | - | - | 48,383 | 23,244 | 21,214 | - | 44,458 |
| FUND BALANCES | 239,115 | 83,467 | 329,495 | 652,077 | 194,279 | 104,052 | 594,400 | 892,731 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 287,498 | \$ 83,467 | \$ 329,495 | \$ 700,460 | \$ 217,523 | \$ 125,266 | \$ 594,400 | \$ 937,189 |

The accompanying notes are an integral part of these financial statements.

WYSU-FM Youngstown State University Radio
STATEMENTS OF SUPPORT, REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

Years ended June 30, 2001 and 2000

| | 2001 | | | | 2000 | | | |
|---|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Operating Funds | | Property Fund | Total | Operating Funds | | Property Fund | Total |
| | Unrestricted | Restricted | Unrestricted | | Unrestricted | Restricted | Unrestricted | |
| SUPPORT AND REVENUE | | | | | | | | |
| General appropriation from the University | \$ 356,142 | \$ - | \$ - | \$ 356,142 | \$ 363,711 | \$ - | \$ - | \$ 363,711 |
| In-kind contributions | 167,114 | - | - | 167,114 | 112,458 | - | - | 112,458 |
| Donated facilities and administrative support from the University | 128,391 | - | - | 128,391 | 148,849 | - | - | 148,849 |
| Subscription and membership income | 167,718 | 7,605 | - | 175,323 | 162,814 | 10,140 | - | 172,954 |
| Community service grants from Corporation for Public Broadcasting | 91,049 | 34,536 | - | 125,585 | 88,715 | 38,021 | - | 126,736 |
| Other revenue | 133,586 | 7,436 | - | 141,022 | 115,784 | 28,884 | - | 144,668 |
| TOTAL SUPPORT AND REVENUE | 1,044,000 | 49,577 | - | 1,093,577 | 992,331 | 77,045 | - | 1,069,376 |
| EXPENDITURES | | | | | | | | |
| Program services | | | | | | | | |
| Programming and production | 349,117 | 38,021 | - | 387,138 | 374,171 | 35,162 | - | 409,333 |
| Broadcasting | 128,140 | - | - | 128,140 | 131,348 | - | - | 131,348 |
| Program information | 24,992 | - | - | 24,992 | 24,402 | - | - | 24,402 |
| Supporting services--management and general | 283,271 | 11,280 | - | 294,551 | 302,515 | 625 | - | 303,140 |
| Fund raising and membership development | 213,644 | - | - | 213,644 | 172,349 | - | - | 172,349 |
| Disposal of property and equipment | - | - | 285,766 | 285,766 | - | - | 30,289 | 30,289 |
| TOTAL EXPENDITURES | 999,164 | 49,301 | 285,766 | 1,334,231 | 1,004,785 | 35,787 | 30,289 | 1,070,861 |
| Excess (deficit) of support and revenue over expenditures | 44,836 | 276 | (285,766) | (240,654) | (12,454) | 41,258 | (30,289) | (1,485) |
| Equipment transfers (net) | - | (20,861) | 20,861 | - | (1,480) | (9,126) | 10,606 | - |
| Fund balances--at beginning of year | 194,279 | 104,052 | 594,400 | 892,731 | 208,213 | 71,920 | 614,083 | 894,216 |
| FUND BALANCES--AT END OF YEAR | \$ 239,115 | \$ 83,467 | \$ 329,495 | \$ 652,077 | \$ 194,279 | \$ 104,052 | \$ 594,400 | \$ 892,731 |

The accompanying notes are an integral part of these financial statements.

WYSU-FM, Youngstown State University Radio

STATEMENTS OF CASH FLOWS

Years ended June 30, 2001 and 2000

| | 2001 | | | | 2000 | | | |
|---|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|---------------|-------------------|
| | Operating Funds | | Property Fund | Total | Operating Funds | | Property Fund | Total |
| | Unrestricted | Restricted | Unrestricted | | Unrestricted | Restricted | Unrestricted | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | |
| Excess (deficit) of support and revenue over expenditures | \$ 44,836 | \$ 276 | \$ (285,766) | \$ (240,654) | \$ (12,454) | \$ 41,258 | \$ (30,289) | \$ (1,485) |
| Disposal of property and equipment | - | - | 285,766 | 285,766 | - | - | 30,289 | 30,289 |
| Change in assets and liabilities: | | | | | | | | |
| (Increase) decrease in: | | | | | | | | |
| Prepaid expenses | -1,713 | - | -1,713 | -1,713 | | | | |
| Accounts receivable | 3,482 | - | - | 3,482 | 109,436 | 35,162 | - | 144,598 |
| (Decrease) increase in: | | | | | | | | |
| Accounts payable and accrued expenses | 5,161 | (1,236) | - | 3,925 | (6,452) | 1,236 | - | (5,216) |
| | | | | | | | - | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 51,766 | (960) | (1,713) | 50,806 | 90,530 | 77,656 | - | 168,186 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Acquisition of equipment | - | (20,861) | - | (20,861) | (1,480) | (9,126) | - | (10,606) |
| NET CASH (USED) BY INVESTING ACTIVITIES | - | (20,861) | - | (20,861) | (1,480) | (9,126) | - | (10,606) |
| NET INCREASE (DECREASE) IN CASH | 51,766 | (21,821) | (1,713) | 29,945 | 89,050 | 68,530 | - | 157,580 |
| CASH AT BEGINNING OF YEAR | 217,298 | 105,288 | - | 322,586 | 128,248 | 36,758 | - | 165,006 |
| CASH AT END OF YEAR | \$ 269,064 | \$ 83,467 | \$ (1,713) | \$ 352,531 | \$ 217,298 | \$ 105,288 | \$ - | \$ 322,586 |

The accompanying notes are an integral part of these financial statements.

WYSU-FM, Youngstown State University Radio
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization

WYSU Radio (Station) is operated as a function of the Telecommunications Department of Youngstown State University (University) and is subject to the policies established by the University's Board of Trustees. It is a not-for-profit entity that reports annually to the Corporation for Public Broadcasting (CPB).

(b) Unrestricted Fund

This fund includes resources which are available for the general support of the Station.

(c) Restricted Fund

This fund includes contributions that are restricted by donors. Revenue is deferred until funds are expended.

(d) Property Fund

This fund includes resources invested in property and equipment.

(e) Property and Equipment

Equipment values are based on the University's movable equipment inventory listing of those items assigned to the Station. Property and equipment are recorded by the University at cost or, if acquired by gift, at an appraisal value at the date of the gift. The Station, at the direction of the University, follows the general practice for governmental educational institutions of not providing for depreciation.

(f) General Appropriation

General appropriation represents support from the University for salaries and operating expenditures not provided through other sources.

(g) Administrative Support

These funds are allocated by the University based on the Station's pro rata share of total salaries, wages, and administrative expenditures. Donated facilities consist of office and studio space together with related occupancy costs and are recorded as revenue and expenditures in the statements of support, revenues, expenditures, and changes in fund balances.

(h) Cash Equivalents

For purposes of the statements of cash flows, the Station considers all investments with a maturity date of three months or less at date of purchase to be cash equivalents.

(i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(j) Reclassifications

Certain prior year amounts have been reclassified to conform with current year classifications.

WYSU-FM, Youngstown State University Radio

SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT

Year ended June 30, 2001

| | | |
|---|----|---------|
| Direct income | \$ | 672,487 |
| Indirect administrative support | | 128,391 |
| In-kind contributions of services and other intangibles | | 167,114 |
| | \$ | 967,992 |



STATE OF OHIO
OFFICE OF THE AUDITOR

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YOUNGSTOWN STATE UNIVERSITY

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 14, 2002**