YOUNGSTOWN STATE UNIVERSITY

SINGLE AUDIT REPORT

June 30, 2015 and 2014

Dave Yost • Auditor of State

Board of Trustees
Youngstown State University
One University Plaza
Youngstown, Ohio 44555

We have reviewed the *Independent Auditor's Report* of the Youngstown State University, Mahoning County, prepared by Crowe Horwath LLP, for the audit period July 1, 2014 through June 30, 2015. 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.

Dave Yost
Auditor of State

January 26, 2016

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YOUNGSTOWN STATE UNIVERSITY

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YOUNGSTOWN STATE UNIVERSITY

Message from President Tressel

October 15, 2015

After several years of declining student populations and growing financial challenges, Youngstown State University (YSU) made significant progress during fiscal year 2015 to stabilize our budget and to set the stage for long term, sustainable enrollment growth. In fact, for the first time in more than four years, YSU anticipates that enrollment will be on the upswing come the Spring 2016 semester.

While much work remains, the University's leadership, students, faculty, staff and supporters deserve recognition for their hard work and dedication as we maneuvered through several challenges and steadfastly moved the University forward in a positive direction. Most important, in the midst of these issues, YSU continued to achieve on the highest levels. For instance…

- *Forbes* magazine again listed YSU as one of America's Top Universities. The Youngstown business Incubator, located only a few blocks from the YSU campus, was named *the* top University Affiliated Business Incubator in the world. Meanwhile, *Washington Monthly* magazine and Affordable Colleges Online both ranked YSU as one of the nation's top universities.
- On the college level, *U.S. News* named our engineering program as one of the top programs in the nation. Our business college earned the prestigious international AACSB reaccreditation, while graduates of our Doctor of Physical Therapy program scored 100% pass rates on national boards. The master's programs in Financial Economics and in Counseling both earned multiple national honors, while our University Theater garnered recognition from the esteemed Kennedy Center for the Arts.
- Our faculty boasted an award-winning poet and a successful novelist, whose book was made into a movie. Two members of our STEM faculty earned federal patents for groundbreaking innovations in physics and mechanical engineering, while our award-winning piano professor in the Dana School of Music released her fifth album.
- We awarded 2,270 diplomas this past year – the most in 31 years. Our incoming freshmen class had the highest ACT scores and high school GPA's in the University's history. Nearly 550,000 people visited the campus – to compete in academic games, attend interesting lectures, experience musical performances and art exhibits, and cheer on our athletics teams. Our scholar athletes took home five Horizon League championships, and our award-winning Wind Ensemble has been invited to perform at Carnegie Hall in New York this fall.

All of this occurred as we launched efforts to commit the campus to an enhanced culture of community, a culture that provides expanded opportunities for the University, the region, our students and our alumni to reach their full potential. In that culture, we are working diligently to ensure the success of all students, to enhance and widen the discovery of knowledge, and to develop partnerships, programs and activities that significantly impact the people and the institutions across the Northeast Ohio and Western Pennsylvania regions.

So, with another busy, productive and rewarding year behind us, we look forward to many more successes in the year to come and to continue working to increase our excellence across all levels of the institution.

Sincerely yours,

James P. Tressel

James P. Tressel
President

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Youngstown State University (the "University"), a component unit of the State of Ohio, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the University and its discretely presented component unit, as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, P*ension Transition for Contributions Made Subsequent to the Measurement Date* were effective for the University's fiscal year ending June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Our opinions are not modified with respect to this matter.

As discussed in Note 16 to the financial statements, the 2014 financial statements of the discretely presented component unit have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 5-21, the Schedules of the University's Proportionate Share of the Net Pension Liability on page 60, and the Schedules of the University's Contributions on page 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the Message from President Tressel, Board of Trustees listing and Principal Administrators listing are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Message from President Tressel on page 1, Board of Trustees listing on page 62, and Principal Administrators listing on page 63 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 15, 2015

The Management's Discussion and Analysis section of Youngstown State University's (YSU or University) Financial Report presents a discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2015 with comparative information for the fiscal years ended June 30, 2014 and June 30, 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

Introduction

Youngstown State University, an urban research university, emphasizes a creative, integrated approach to education, scholarship, and service. The University places students at its center; leads in the discovery, dissemination, and application of knowledge; advances civic, scientific, and technological development; and fosters collaboration to enrich the region and the world.

Youngstown State University traces its beginnings to a commercial law course offered by the Young Men's Christian Association (YMCA) in 1908. The YMCA had offered high school level and vocational courses since 1888, but wanted to meet the college-level needs of area residents in a society undergoing rapid industrialization and urbanization. The YMCA offered courses on law, business and engineering; and in 1910, even instituted a School of Law that granted no degree, but prepared students to take the bar exam. In 1916, the YMCA incorporated all of its education work under the Youngstown Association School. By the early 1920's the Ohio Board of Education granted the School of Law the power to confer the Bachelor of Science in Law degree and in 1924 the School of Commerce and Finance the right to confer the bachelor's degree in commercial science. The YMCA also offered courses to prepare teachers for certification, a program that evolved by 1927 into a separate school named Youngstown College and recognized by the State Department of Education. Throughout the 1920s, the schools of law and commercial science were called the Youngstown Institute of Technology, which began a move from downtown to the present location with the purchase of several mansions owned by the Wick family.

In 1931, the YMCA constructed its first building, the present-day Jones Hall, and appointed Howard Jones as the educational director. By the mid-1930s, the Board of Directors decided to incorporate with the official name of Youngstown College separate from the other YMCA educational efforts; they appointed Howard Jones as the first president, a position he held until 1966. In 1944, the trustees of the YMCA transferred control of the institution to the members of the Corporation of Youngstown College, and in 1955 the corporation was rechartered as The Youngstown University. The University joined the Ohio system of higher education in September 1967 as Youngstown State University.

Dana's Musical Institute, founded in nearby Warren in 1869, became Dana's Musical Institute of Youngstown College in 1941. In 1946, the Engineering Department, organized several years before, became the William Rayen School of Engineering; two years later, the Business Administration Department became the School of Business Administration; and in 1981 the school name was changed to the Warren P. Williamson, Jr. School of Business Administration. In 1960, the Education Department became the School of Education. The Graduate School and College of Applied Science and Technology were created in 1968, and, in 1974, the College of Fine and Performing Arts was established. In 1972, Youngstown State University, with the University of

Akron and Kent State University formed a consortium to sponsor the Northeastern University's College of Medicine, which enrolled its first students in 1975. In 1991 the engineering technology departments separated from the College of Applied Science and Technology and joined the new College of Engineering and Technology; the remaining departments formed the new College of Health and Human Services. In 2007, the Rayen College of Engineering and Technology incorporated the science and mathematics departments from the College of Arts and Sciences. This reorganization linked science, technology, engineering and mathematics on one hand, and the humanities and social sciences on the other.

Youngstown State University consists of the College of Graduate Studies and six undergraduate colleges: the Williamson College of Business Administration; the Beeghly College of Education; the College of Creative Arts & Communication; the Bitonte College of Health and Human Services; the College of Liberal Arts and Social Sciences; and the College of Science, Technology, Engineering, and Mathematics. Degrees offered include associate, bachelor's, master's, and doctorate.

The University is located on a 145-acre campus near downtown Youngstown, Ohio and is equidistant (approximately 60 miles) from both Pittsburgh and Cleveland. Fall 2015 enrollment is 12,471.

Using the Financial Statements

The University's financial report includes three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with the financial reporting format required by the Governmental Accounting Standards Board's (GASB) Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus;* and No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole.

During fiscal year 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. These statements significantly revise accounting for pension costs and liabilities.

Prior to GASBs 68 and 71, the accounting for pension costs, was focused on a funding approach, which limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each pension plan's *net pension liability*.

Under the new standards required by GASBs 68 and 71, the net pension liability equals the University's proportionate share of each pension plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits. Pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension. The unfunded portion of this pension promise is a present obligation, part of a bargained-for benefit to the employee, and should be reported by the University as a liability since the benefit of the exchange was received.

However, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements. The University is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by the state statute. A change in these caps requires action of both Houses of the General Assembly, and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *against the public employer*. State law operates to mitigate/lessen the obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the public employer. In the event that contributions, investment returns and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASBs 68 and 71, the University's statements, prepared on an accrual basis of accounting, include an annual pension expense for the proportionate share of each pension plan's *change* in net pension liability.

As a result of implementing GASBs 68 and 71, the University is reporting a net pension liability and deferred outflows and deferred inflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at July 1, 2014 from $194,637,169 to $57,894,442.

During fiscal year 2014, the University adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* The provisions of this Statement were effective for periods beginning after December 15, 2012. This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities; and recognizes as outflows of resources or inflows or resources certain items that were previously reported as assets and liabilities. The principal effect of the adoption of this GASB Statement was the requirement in GASB 65 for the expensing of debt issuance costs. The University has reflected this accounting change retroactively as required by the GASB guidance.

Key presentation elements include:

- Assets and liabilities are categorized as either current or noncurrent. Current assets and liabilities will be consumed or fulfilled within one year.

- Revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the University's revenues, including State of Ohio (State) appropriations, certain grants, gifts and investment income are considered nonoperating, as defined by GASB Statement No. 35.

- University scholarships that represent reduced tuition (i.e. are applied to student accounts rather than refunded to students) are shown as a reduction of tuition, fees and other student charges, while payments made directly to students are presented as scholarship expense. Third party scholarships are treated as though the students made the payments themselves.

- Capital assets are reported net of accumulated depreciation.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, The Youngstown State University Foundation (YSUF or Foundation) is treated as a component unit of the University. The Foundation is discretely presented in this report by presentation of the individual financial statements immediately following the University's respective GASB financial statements. Additional information on component units is contained in Note 16. Management's Discussion and Analysis focuses on the University and does not include the component unit.

The Statements of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position of the University. Current assets are classified as such if they are available to satisfy current liabilities, which are generally defined as being due within one year of the date of the Statement of Net Position. Net position is one indicator of the financial condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

A summarized comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2015, 2014, and 2013 was as follows.

	June 30, 2015	June 30, 2014	June 30, 2013
Assets			
Current assets	$ 66,419,457	$ 66,718,238	$ 68,038,365
Noncurrent assets			
Capital assets, net	198,752,775	201,160,882	201,197,373
Other assets	26,855,908	29,900,130	31,284,004
Total Noncurrent assets	225,608,683	231,061,012	232,481,377
Total Assets	292,028,140	297,779,250	300,519,742
Deferred Outflows of Resources	10,611,171	-	-
Liabilities			
Current liabilities	22,283,707	23,369,754	26,017,851
Noncurrent liabilities	204,168,166	224,259,150	82,465,934
Total Liabiltities	226,451,873	247,628,904	108,483,785
Deferred Inflows of Resources	18,680,757	382,500	-
Total Net Position	$ 57,506,681	$ 49,767,846	$ 192,035,957
Net Position			
Net investment in capital assets	$ 132,793,340	$ 133,638,628	$ 133,918,811
Restricted	30,045,809	29,377,651	28,154,243
Unrestricted	(105,332,468)	31,620,890	29,962,903
Total Net Position	$ 57,506,681	$ 194,637,169	$ 192,035,957

Current assets include unrestricted and restricted cash and cash equivalents, investments that mature within one year, receivables, inventories and other short-term assets. Noncurrent assets include unrestricted investments that mature in more than one year, as well as cash and cash equivalents and investments that are restricted by donors or external parties as to their use. Also included are receivables deemed to be collectible in more than one year and capital assets. Current assets remained flat from fiscal year 2014 to fiscal year 2015 and decreased $1.3 million from fiscal year 2013 to fiscal year 2014. Noncurrent assets decreased $5.5 million from fiscal year 2014 to fiscal year 2015 and decreased $1.4 million from fiscal year 2013 to fiscal year 2014.

Deferred outflows of resources include resources where the consumption is applicable to a future reporting period, but does not require further exchange of service. Deferred outflows include items relating to pensions. There were no deferred outflows of resources in fiscal years 2014 and 2013.

Current liabilities include all liabilities that are payable within the next fiscal year. Unearned revenues, principally from summer programs, are also presented as current liabilities. Liabilities that are due to be paid beyond the next fiscal year are reported as noncurrent liabilities and include debt, compensated absences, and net pension liability. Current liabilities decreased $1.1 million from fiscal year 2014 to fiscal year 2015 and decreased $2.6 million from fiscal year 2013 to fiscal year 2014. Noncurrent liabilities increased $124.8 million from fiscal year 2014 to fiscal year 2015 and decreased $3.1 million from fiscal year 2013 to fiscal year 2014.

Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period. Deferred inflows of resources include unamortized concession arrangements and items relating to pensions. Deferred inflows of resources increased $18.3 million from fiscal year 2014 to fiscal year 2015.

Assets

Assets primarily consist of cash and cash equivalents, investments, receivables and capital assets. The following table summarizes balances at:

	June 30, 2015	June 30, 2014	June 30, 2013
Cash and cash equivalents	$ 11,472,553	$ 16,762,273	$ 22,898,563
Investments	63,058,179	60,725,589	55,039,561
Accounts, loans and pledges receivable, net	15,579,115	15,237,373	17,945,418
Capital assets, net	198,752,775	201,160,882	201,197,373
Other	3,165,518	3,893,133	3,438,827
Total Assets	$ 292,028,140	$ 297,779,250	$ 300,519,742

Cash and cash equivalents decreased $5.3 million or 32% from fiscal year 2014 to fiscal year 2015. Decreased enrollment, spending of prior year's bond proceeds to fund various campus projects and the impact of a change in the direct loan disbursement policy contributed to the decrease. Deposits held by Trustee totaled $1.7 million at June 30, 2015 compared to $3.7 million at June 30, 2014. Investments increased $2.3 million or 4% from fiscal year 2014 to fiscal year 2015. The increase was due to a shift of cash to equities. Endowment principal and operating reserves are included in noncurrent assets and are invested in long-term maturities. Refer to Notes 3 and 4 for additional information on cash and cash equivalents, and investments.

Overall, net accounts, loans and pledges receivable increased slightly from $15.2 million at June 30, 2014 to $15.6 million at June 30, 2015. Net accounts increased $2.1 million or 25% largely due to the timing of receipt of student federal direct loans, resulting from changes in disbursement policies. Net loans decreased $300,000 due to a decrease in the number of Perkins loans disbursed in fiscal year 2015 compared to prior years. Net pledges decreased $1.5 million or 36% due to payments on pledges for the WCBA Building and the WATTS Indoor Athletic Facility.

Cash and cash equivalents decreased $6.1 million or 27% from fiscal year 2013 to fiscal year 2014. The net decrease resulted from a combination of decreased enrollment and state funding, and the spending of prior year's bond proceeds on capital projects. Deposits held by Trustee totaled $3.7 million at June 30, 2014 compared to $7.2 million at June 30, 2013. Investments increased $5.7 million or 10% from fiscal year 2013 to fiscal year 2014. The increase was due to a favorable investment environment.

Overall, net accounts, loans and pledges receivable decreased $2.7 million or 15% from fiscal year 2013 to fiscal year 2014. Net accounts decreased $1.2 million or 12% largely due to decreased enrollment. Net pledges decreased $1.8 million or 29% due to payments on pledges for the WCBA Building. See Notes 5 and 6 for additional information.

At June 30, 2015, the University had $198,752,775 in capital assets, net of accumulated depreciation. Depreciation totaled $11,455,171, $11,243,549, and $10,444,021 in fiscal years 2015, 2014, and 2013 respectively. Details of net capital assets are shown below.

	June 30, 2015	June 30, 2014	June 30, 2013
Land	$ 16,093,678	$ 15,692,070	$ 15,686,564
Buildings, net	116,250,393	120,052,098	125,083,004
Improvements to buildings, net	37,309,800	34,065,430	31,240,519
Improvements other than buildings, net	16,922,143	17,270,296	12,758,004
Construction in progress	6,129,774	6,577,088	8,523,237
Moveable equipment and furniture, net	5,212,193	6,636,913	7,024,231
Vehicles, net	199,328	231,521	246,348
Historical treasures	635,466	635,466	635,466
Total Capital Assets, net	$ 198,752,775	$ 201,160,882	$ 201,197,373

Major capital activity during fiscal year 2015 included completion of the Veteran's Resource Center, the second phase of the DeBartolo Hall improvements, and renovations to Beeghly Center. In addition, six campus buildings received new roofs and elevator repairs were completed in four buildings. Construction in progress includes continued construction on Melnick Hall, additional roofing projects, and a new scoreboard system and upgraded lighting to Stambaugh Stadium.

Major capital activity during fiscal year 2014 included the completion of an outdoor athletic facility and interior renovations in Cushwa and DeBartolo Halls. The second phase of improvements in DeBartolo Hall started during Spring semester and work continued on campus-wide elevator upgrades and concrete replacement. The Veteran's Resource Center is scheduled to be completed during the Fall semester. These projects are included in construction in progress at June 30, 2014.

Major capital activity during fiscal year 2013 included completion of the Pollock House renovation, home to YSU's President. Construction continued on an outdoor athletic facility that includes a new soccer field, track, and softball field. Interior renovations began in Cushwa and Debartolo Halls, two of YSU's academic buildings, which were scheduled to be completed in August 2013.

See Note 7 for additional information on capital assets.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require further exchange of goods or services; whereas deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period. The following table summarizes balances at:

Deferred Outflows of Resources	June 30, 2015	June 30, 2014	June 30, 2013
Pension OPERS	$ 4,448,632	$ -	$ -
Pension STRS	6,162,539	-	-
Total Deferred Outflows of Resources	$ 10,611,171	$ -	$ -

Deferred Inflows of Resources	June 30, 2015	June 30, 2014	June 30, 2013
Service concession agreements	$ 745,000	$ 382,500	$ -
Pension OPERS	635,671	-	-
Pension STRS	17,300,086	-	-
Total Deferred Inflows of Resources	$ 18,680,757	$ 382,500	$ -

Included in deferred outflows of resources and deferred inflows of resources are items relating to pensions and service concession agreements. Certain elements impacting the change in the net pension liability have a longer term perspective than the current year, therefore to reduce volatility these elements are amortized over a closed period of specified duration. These include differences between expected and actual experience, changes of assumptions, and net differences between projected and actual earnings of pension plan investments. These elements can be reflected as either a deferred outflow of resources or a deferred inflow of resources. Included in deferred inflows is $17.3 million for the net difference between projected and actual earnings of pension plan investments for STRS Ohio. In addition, University contributions to the pension plans subsequent to the measurement date of the pension plans are reflected as deferred outflows of resources. These contributions totaled $7.9 million in fiscal year 2015. The University adopted GASBs 68 and 71 in fiscal year 2015. The University made no restatement for deferred outflows of resources and deferred inflows of resources for fiscal year 2014 as the information needed to generate these restatements was not available.

See Note 13 for additional information on Defined Benefit Pension Plans.

During fiscal year 2015, the University entered into a ten year agreement with Pepsi-Cola for exclusive pouring rights and sponsorship program. The University received initial support funds in the amount of $450,000 which are contingent upon the University utilizing the services of the beverage company over a ten year period. During fiscal year 2014, the University received $425,000 from Chartwells toward dining hall renovations that are contingent upon the University utilizing the services of the food service provider over a ten year period. The unamortized amounts are reflected in the Statement of Net Position.

Liabilities

Liabilities largely consist of accrued payroll and payroll withholdings, debt, unearned revenue, compensated absences, and net pension liability. The following table summarizes balances at:

	June 30, 2015	June 30, 2014	June 30, 2013
Accounts and construction payable	$ 4,895,024	$ 5,056,206	$ 5,657,067
Payroll liabilites	7,543,616	7,573,736	8,491,849
Notes payable	1,139,444	2,240,037	3,303,103
Bonds payable, net	66,658,996	68,498,512	70,293,249
Unearned revenue	5,294,416	5,418,952	7,099,828
Compensated absences	9,843,762	9,896,456	9,917,913
Refundable advance	2,581,299	2,628,561	2,635,179
Other	810,173	1,447,121	1,085,597
Net pension liability	127,685,143	-	-
Total Liabilities	$ 226,451,873	$ 102,759,581	$ 108,483,785

Total liabilities increased $123.7 million or 120.4% from fiscal year 2014 to fiscal year 2015. Notes and bonds payable decreased $2.9 million due to scheduled debt service payments. Other liabilities decreased $600,000 or 44% primarily due to payment of previously accrued legal liabilities. Due to the adoption of GASBs 68 and 71, the University recorded a net pension liability of $136.7 million at July 1, 2014. The net pension liability totaled $127.7 million at June 30, 2015. Of this amount, $93.5 is attributed to the OPERS pension plan and $34.2 million to the OPERS pension plan.

Total liabilities decreased $5.7 million or 5.3% from fiscal year 2013 to fiscal year 2014. Notes and Bonds payables decreased $2.9 million due to scheduled debt service payments. Unearned revenue decreased $1.7 million due primarily from certain fiscal year 2013 advance payments not repeating in fiscal year 2014.

See Note 8 for a further breakout of payroll and other liabilities, see Notes 9 and 10 for more detailed information about the University's debt, and Note 12 for information on long-term liabilities.

Net Position

Net position represents the residual interest in the University's assets after deferred outflows of resources are added, and liabilities and deferred inflows of resources are deducted. The following table summarizes the categories of net position at:

	June 30, 2015	June 30, 2014	June 30, 2013
Net investment in capital assets	$ 132,793,340	$ 133,638,628	$ 133,918,811
Restricted-nonexpendable	8,312,725	8,155,510	7,162,823
Restricted-expendable	21,733,084	21,222,141	20,991,420
Unrestricted	(105,332,468)	31,620,890	29,962,903
Total Net Position	$ 57,506,681	$ 194,637,169	$ 192,035,957

Overall, the University's total net position decreased $137.1 million or 70.5% from $194.6 million at June 30, 2014 to $57.5 million at June 30, 2015. This resulted from excess expenses over revenues and includes a $900,000 decrease in the net amount invested in capital assets, a $700,000 increase in restricted net position, a $136.9 million decrease in unrestricted net position which includes a $135 million decrease due to the adoption of GASBs 68 and 71, and a $1.9 million decrease in other unrestricted funds. For comparison purposes, the reconciliation below presents the University's net position removing the impact GASBs 68 and 71.

	June 30, 2015	June 30, 2014	June 30, 2013
Total Net Position	$ 57,506,681	$ 194,637,169	$ 192,035,957
Add			
Deferred inflows of resources related to pension	17,935,757	-	-
Net pension liability	127,685,143	-	-
Subtract			
Deferred outflows of resources related to pension	(10,611,171)	-	-
Total Net Position without GASBs 68 and 71	$ 192,516,410	$ 194,637,169	$ 192,035,957

The University's total net position increased $2.6 million or 1.4% from $192 million at June 30, 2013 to $194.6 million at June 30, 2014. This resulted from excess revenues over expenses and includes a $300,000 decrease in the net investment in capital assets, a $1.2 million increase in restricted net position and $1.7 million increase in unrestricted net position.

The net investment in capital assets consists of capital assets net of accumulated depreciation reduced by outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The decrease of $900,000 was due to spending $1.4 million for capital projects financed with bond proceeds, $2.9 million reduction in outstanding debt, net capital additions of $9 million and current year depreciation of $11.4 million. Outstanding debt was $67,798,440 at June 30, 2015 compared to $70,738,549 at June 30, 2014.

The overall decrease of $300,000 in investment in capital assets from fiscal year 2013 to fiscal year 2014 was due to the spending of $3 million for capital projects financed with bond proceeds, $2.9 million reduction in outstanding debt, net capital additions of $11.2 million, and current year depreciation of $11.2 million. Outstanding plant debt was $70,738,549 at June 30, 2014 compared to $73,596,352 at June 30, 2013.

Restricted non-expendable net position consists primarily of endowment funds held by the University. Changes in this category are driven primarily by investment performance, which was positive in both fiscal years 2015 and 2014.

Restricted expendable net position is subject to externally imposed restrictions governing their use. Changes in this category are due to the timing of revenues and expenses in funds provided by donors and grantors. The following table summarizes restricted expendable net position at:

	June 30, 2015	June 30, 2014	June 30, 2013
Current funds	$ 9,889,312	$ 9,625,741	$ 8,423,655
Plant funds	11,636,581	11,390,029	12,372,096
Quasi-Endowments	148,201	147,644	137,377
Loan funds	58,990	58,727	58,292
Total Restricted Expendable Net Position	$ 21,733,084	$ 21,222,141	$ 20,991,420

Total restricted expendable net position was $21.7 million at June 30, 2015 compared to $21.2 million at June 30, 2014. Current restricted funds include grants and sponsored programs, and gifts which include scholarship donations and program support. These funds increased $300,000 from $9.6 million at June 30, 2014 to $9.9 million at June 30, 2015. Plant funds primarily include donations and pledges for construction or renovation. Approximately $8.7 of the $11.6 million balance at June 30, 2015 related to gifts, which have been internally designated for future debt service attributed to those projects.

Total restricted expendable net position was $21.2 million at June 30, 2014 compared to $21 million at June 30, 2013. Current funds increased $1.2 million from $8.4 million at June 30, 2013 to $9.6 million at June 30, 2014. Approximately $9.8 of the $11.4 million balance at June 30, 2014 related to gifts, which have been internally designated for future debt service attributed to those projects.

Unrestricted net position is not subject to externally imposed restrictions and is designated for future operations, plant construction and maintenance, and debt service. The following table summarizes unrestricted net position at:

	June 30, 2015	June 30, 2014	June 30, 2013
Current funds (without GASBs 68 and 71)	$ 7,817,248	$ 8,780,693	$ 7,979,549
GASBs 68 and 71	(135,009,729)	-	-
Operating reserves	7,714,609	8,692,753	8,772,753
Plant funds	14,124,645	14,126,396	13,188,674
Loan funds	20,759	21,048	21,927
Total Unrestricted Net Position	$ (105,332,468)	$ 31,620,890	$ 29,962,903

Total unrestricted net position was ($105.3) million at June 30, 2015 compared to $31.6 million at June 30, 2014. The decrease of $136.9 million from fiscal year 2014 to fiscal year 2015 reflects generally the excess of expenses over revenues during fiscal year 2015 from non-capital activity and the impact of the adoption of GASBs 68 and 71.

Total unrestricted net position was $31.6 million at June 30, 2014 compared to $30 million at June 30, 2013. The increase of $1.6 million from fiscal year 2013 to fiscal year 2014 reflects generally the excess of revenues over expenses during fiscal year 2014 from non-capital asset activity.

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

These statements present the operating results and the nonoperating revenues and expenses of the University. Annual State appropriations, while budgeted for operations, are considered nonoperating revenues according to generally accepted accounting principles.

A summary of revenues, expenses and changes in net position follows:

	June 30, 2015	June 30, 2014	June 30, 2013
Operating Revenues			
Net tuition, fees and other student charges	$ 84,357,825	$ 87,064,562	$ 88,938,239
Auxiliary enterprises	22,098,719	22,804,151	22,070,093
Grants and contracts	9,340,832	8,466,912	9,469,577
Other	2,469,689	2,300,536	2,216,714
Total Operating Revenues	118,267,065	120,636,161	122,694,623
Operating Expenses	194,842,580	198,300,930	200,324,473
Operating Loss	(76,575,515)	(77,664,769)	(77,629,850)
Nonoperating Revenues (Expenses)			
State appropriations	38,930,258	37,712,282	38,480,351
Gifts, grants, and contracts	33,714,863	34,368,531	36,186,489
Investment income	1,566,035	5,481,254	3,635,834
Other	(5,333,131)	(4,422,670)	(5,433,031)
Net Nonoperating Revenues	68,878,025	73,139,397	72,869,643
Loss Before Other Revenues, Expenses, and Changes	(7,697,490)	(4,525,372)	(4,760,207)
Other Revenues, Expenses, and Changes			
State capital appropriations	6,174,875	4,195,720	2,904,410
Capital grants and gifts	1,069,282	2,482,221	2,466,376
Other	65,572	448,643	117,026
Total Other Revenues, Expenses, and Changes	7,309,729	7,126,584	5,487,812
Change in Net Position	(387,761)	2,601,212	727,605
Net Position at Beginning of the Year, as origninally stated	194,637,169	192,035,957	191,308,352
Cumulative effect of GASBs 68 and 71 implementation	(136,742,727)		
Net Position, Beginning of the Year, as restated	57,894,442	192,035,957	191,308,352
Net Position at End of the Year	$ 57,506,681	$ 194,637,169	$ 192,035,957

Revenues

Following is a recap of revenues by source (operating, nonoperating, and other sources), which were used to fund the University's activities for the years ended:

	June 30, 2015	June 30, 2014	June 30, 2013
Net tuition, fees, and other student charges	$ 84,357,825	$ 87,064,562	$ 88,938,239
Gifts, grants and contracts	44,124,977	45,317,664	48,122,442
State appropriations	38,930,258	37,712,282	38,480,351
Auxiliary enterprises	22,098,719	22,804,151	22,070,093
Investment income	1,566,035	5,481,254	3,635,834
State capital appropriations	6,174,875	4,195,720	2,904,410
Other revenue	2,942,894	3,146,602	2,700,309
Total Revenues	$ 200,195,583	$ 205,722,235	$ 206,851,678

Overall, the University's total revenues decreased $5.5 million or 3% between fiscal year 2015 and fiscal year 2014. The majority of the University's revenue, 62% in fiscal year 2015 and 61% in fiscal year 2014 is attributed to State appropriations, and net tuition and fees. Combined, these two revenue streams decreased $1.5 million from fiscal year 2014 to fiscal year 2015.

Despite increases in tuition and fee rates in fiscal year 2015, income from net tuition, fees and other student charges decreased a net $2.7 million or 3% from fiscal year 2014 to fiscal year 2015 due to decreased enrollment. Gifts, grants and contracts decreased $1.2 million or 3% over the prior year due to a combination of increased federal grant and gift activity and decreased Pell grant and capital grant activity. Federal grant activity relating to the TechBelt Energy Innovation Center increased $1.2 million and the University received a $1 million gift, the majority of which was dedicated for improvements to Wick Avenue. Pell grants decreased $2.1 million resulting from decreased enrollment and capital grants decreased $1.2 million due to the prior year including grant funding for new equipment in the STEM College. State Appropriations increased $1.2 million or 3% from $37.7 million in fiscal year 2014 to $38.9 million in fiscal year 2015. The increase was attributable to three main factors: (1) an increase in the statewide appropriation for higher education operating support; (2) the University's institutional allocation of these funds, which is distributed through a performance-based funding formula administered by the Ohio Department of Higher Education (formerly the Ohio Board of Regents), and (3) increased efforts on the part of management to more aggressively use state capital dollars to address deferred maintenance needs. Investment income decreased $3.9 million or 71%. Fiscal year 2014 had net unrealized gains due to a favorable market environment; whereas fiscal year 2015 had net unrealized losses due to a less favorable market environment. State capital appropriations increased $2 million or 47% from fiscal year 2014 to fiscal year 2015 as more projects were being financed with capital funds rather than bond proceeds and gifts as in the prior years. Bond proceeds of $1.7 million and $3.7 million were utilized for capital additions in fiscal year 2015 and fiscal year 2014, respectively.

Overall, the University's total revenues decreased $1.1 million or .5% between fiscal year 2014 and fiscal year 2013. The majority of the University's revenue, 61% in fiscal year 2014 and 62%

in fiscal year 2013 is attributed to State appropriations, and net tuition and fees. Combined, these two revenue streams decreased $2.6 million from fiscal year 2013 to fiscal year 2014.

Net tuition, fees and other student charges decreased $1.9 million or 2% from fiscal year 2013 to fiscal year 2014 due to a combination of increased tuition and fees and decreased enrollment. Gifts, grants, and contracts decreased $2.8 million or 6% over the prior year primarily due to a $1.7 million decrease in Pell Grants resulting from decreased enrollment and a $900,000 decrease in federal grant activity. Combined capital grants and gifts remained relatively flat in fiscal year 2013 and fiscal year 2014; however, capital gifts decreased $900,000 due to the prior year including gifts and pledges relating to an outdoor athletic facility and a Veteran's Resource Center and capital grants increased $900,000 due to the current year including new grants in the STEM College for equipment. Investment income increased $1.8 million or 51% primarily due to unrealized gains in equities. State Capital Appropriations increased $1.3 million or 44% due to increased capital activity.

Expenses

Operating expenses can be displayed in two formats: functional classification and natural classification. The functional classification can be found on the Statements of Revenues, Expenses, and Changes in Net Position. Due to the unavailability of information, fiscal year 2014 operating expenses were not restated for the adoption of GASBs 68 and 71. The impact of GASBs 68 and 71 on the 2015 operating expenses is a $1.7 million reduction in compensation (pension expense), $1.3 of which is reflected in instruction. In order to compare 2015 total operating expenses to the prior years, the effect of GASBs 68 and 71 is added back to total operating expenses. Following is a recap of total operating expenses by natural classification.

	June 30, 2015	June 30, 2014	June 30, 2013
Compensation	$ 119,022,196	$ 122,144,817	$ 121,308,570
Operations	43,982,094	43,490,982	45,142,640
Scholarships	20,365,896	21,403,818	23,399,981
Depreciation and Amortization	11,472,394	11,261,313	10,473,282
Operating expenses	194,842,580	198,300,930	200,324,473
Add: GASBs 68 and 71	1,732,998		
Operating Expenses without GASBs 68 and 71	$ 196,575,578		

Excluding the impact of GASBs 68 and 71, total operating expenses decreased $1.7 million or 0.9% from fiscal year 2014 to fiscal year 2015, a combination of a $1.4 million decrease in compensation, a $500,000 increase in operations and a $1 million decrease in scholarships. Salary and wages decreased $2.2 million or 2.4% from $95.5 million in fiscal year 2014 to $90.3 million in fiscal year 2015, reflective of continued strategic elimination of staff vacancies and efforts to control and reduce personnel costs. Fringe benefits increased $800,000 or 2.8% from $29.6 million to $30.4 million due to increased health care claims. Operations increased $500,000 due to a combination of a $1.3 million increase in funds distributed under a subcontract to the TechBelt Energy Innovation Center and a $900,000 decrease in bad debt resulting from stricter admission standards, a focus on internal collection efforts, and more financial literacy counseling to students.

A large portion of all aid is classified as scholarship allowance on the Statement of Revenues, Expenses and Changes in Net Position. Therefore, the $1 million decrease in scholarship expense is a partial reflection of a $2.1 million decrease in federal financial aid for Pell grant recipients and a $600,000 increase in external support. Overall, the University disbursed $42.4 million to students in fiscal year 2015 compared to $43.8 million in fiscal year 2014, including $22.2 million and $24.3 million in Federal Pell grants, respectively.

Total operating expenses decreased $2 million or 1% between fiscal year 2014 and fiscal year 2013. Total compensation increased slightly from $121.3 million in fiscal year 2013 to $122.1 million in fiscal year 2014. Salary and wages remained relatively flat at $92.5 million in fiscal year 2014 and $92.6 million in fiscal year 2013 despite a 2% contractual compensation increase, reflective of strategic elimination of staff vacancies and efforts to control and reduce personnel costs. Fringe benefits increased approximately $900,000 or 3% from $28.7 million to $29.6 million due to increased health care claims. Operations expenses decreased $1.7 million or 4% due to continued spending containment.

A large portion of all aid is classified as scholarship allowance on the Statement of Revenues, Expenses and changes in Net Position. Therefore, the $2 million decrease in scholarships expense is a partial reflection of a $1.7 million decrease in federal financial aid for Pell grant recipients and a $1.7 million increase in support from YSUF. Overall, the University disbursed $43.8 million to students in both fiscal years 2014 and 2013, including $24.3 million and $26.0 million in Federal Pell grants, respectively.

Total operating and non operating expenses for the University were $197,303,378, $203,121,023, and $206,124,073, in fiscal years 2015, 2014 and 2013, respectively.

Economic Factors for the Future

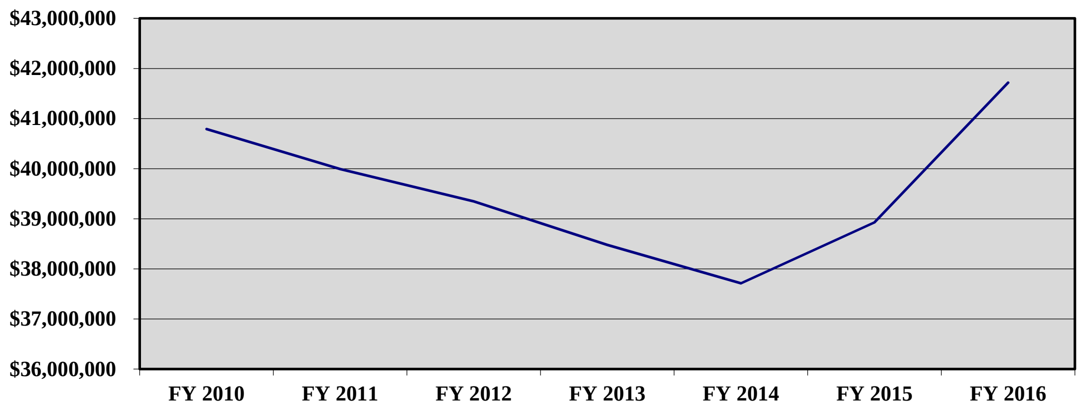
Looking to the future, management believes the University is well-positioned to continue its favorable financial condition and level of excellence in service to students.

Based on the most recent estimate provided by the Ohio Department of Higher Education (formerly the Ohio Board of Regents), State Share of Instruction (SSI) funding for the University is expected to rise by $2.8 million or 7.2%. This increase is partially attributable to an increase in the statewide SSI appropriation, as enacted in House Bill 64, the State's operating budget legislation.

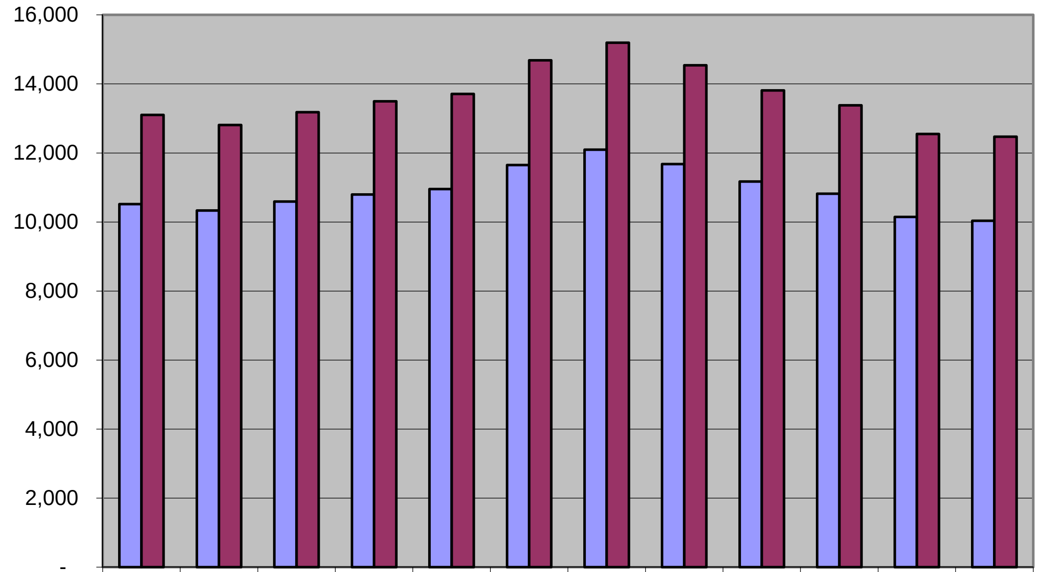
The increase in statewide higher education funding notwithstanding, degrees awarded and course completions will continue to be primary drivers of SSI funding. Datasets used in the formula are based on a three-year rolling average, and are weighted to take into account various at-risk student characteristics. The SSI formula continues to factor in discipline costs and enrollment levels.

The following graph reflects six years actual data for State Appropriations plus the budgeted amount for fiscal year 2016. Fiscal years 2010 and 2011 do not include federal stimulus funds.

State Appropriations
Fiscal Years 2010 through 2016



Fall Semester Enrollment Trends
2004 through 2015



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Full-Time Equivalent	10,518	10,332	10,590	10,796	10,953	11,649	12,093	11,677	11,171	10,819	10,149	10,034
Headcount	13,101	12,812	13,183	13,497	13,712	14,682	15,194	14,541	13,813	13,381	12,551	12,471

As expected, Fall 2015 enrollments have stabilized following a four year decline of over 17%. The results of the University's new incoming student enrollments, coupled with the academic quality of those students, provide significant cause for optimism for Spring 2016 and beyond.

For Fall 2015, the University experienced increases in high school students enrolled in the College Credit Plus program; new freshman, graduate, and transfer students; and new students enrolled in the Honors College.

Freshman GPA and ACT averages were both the highest in University history. Efforts to widen the University's appeal beyond the traditional footprint also appear to be showing some early signs of success. Enrollment increases were noted for out of state freshmen as well as the Ohio counties and number of high schools represented in the freshmen class.

Further support of management's belief that the University has turned a corner is the freshmen to sophomore retention which increased from Fall 2013 to Fall 2014. Finally, early results for Fall 2016 are even more positive than expected, running far ahead of Fall 2015 at this same time.

YOUNGSTOWN STATE UNIVERSITY

Statements of Net Position at June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 11,472,553	$ 16,762,273
Investments	39,133,843	35,414,416
Restricted investments	866,522	281,476
Interest receivable	94,242	102,084
Accounts receivable, net	10,735,452	8,597,917
Pledges receivable, net	1,140,910	1,839,740
Loans receivable, net	404,434	435,703
Inventories	1,186,416	1,657,629
Prepaid expenses and unearned charges	1,385,085	1,627,000
Total Current Assets	66,419,457	66,718,238
Noncurrent Assets		
Investments	14,723,869	17,056,568
Endowments and other restricted investments	8,333,945	7,973,129
Pledges receivable, net	1,526,422	2,324,067
Loans receivable, net	1,771,897	2,039,946
Other noncurrent assets	187,782	205,005
Cash surrender value of life insurance	311,993	301,415
Nondepreciable capital assets	22,858,918	22,904,624
Depreciable capital assets, net	175,893,857	178,256,258
Total Noncurrent Assets	225,608,683	231,061,012
Total Assets	292,028,140	297,779,250
DEFERRED OUTFLOWS OF RESOURCES		
Pension OPERS	4,448,632	-
Pension STRS	6,162,539	-
Total Deferred Outflows of Resources	10,611,171	-
LIABILITIES		
Current Liabilities		
Accounts payable	2,963,665	3,269,184
Construction payable	1,931,359	1,787,022
Payroll liabilities	7,543,616	7,573,736
Bonds payable	1,865,000	1,790,000
Notes payable	1,139,444	1,100,593
Compensated absences	736,034	983,146
Unearned revenue	5,294,416	5,418,952
Other liabilities	810,173	1,447,121
Total Current Liabilities	22,283,707	23,369,754
Noncurrent Liabilities		
Bonds payable, net	64,793,996	66,708,512
Notes payable	-	1,139,444
Compensated absences	9,107,728	8,913,310
Refundable advance	2,581,299	2,628,561
Net pension liability	127,685,143	-
Total Noncurrent Liabilities	204,168,166	79,389,827
Total Liabilities	226,451,873	102,759,581
DEFERRED INFLOWS OF RESOURCES		
Service concession agreements	745,000	382,500
Pension OPERS	635,671	-
Pension STRS	17,300,086	-
Total Deferred Resources of Inflows	18,680,757	382,500
NET POSITION		
Net investment in capital assets	132,793,340	133,638,628
Restricted - Nonexpendable	8,312,725	8,155,510
Restricted - Expendable	21,733,084	21,222,141
Unrestricted	(105,332,468)	31,620,890
Total Net Position	$ 57,506,681	$ 194,637,169

See accompanying notes to financial statements.

THE YOUNGSTOWN STATE UNIVERSITY FOUNDATION

Statements of Financial Position at June 30, 2015 and 2014

	June 30, 2015	June 30, 2014 (As Restated)
ASSETS		
Cash and cash equivalents	$ 4,341,923	$ 3,965,721
Investments	218,740,363	226,773,293
Investments held for others	3,474,650	3,216,100
Property acquired for resale to Youngstown State University	-	95,341
Pledges receivable, net	731,033	-
Pledges receivable for Youngstown State University, net	1,346,918	-
Other assets	20,098	12,920
Property and equipment, net	22,344	15,287
Beneficial interest in remainder trusts	441,661	669,486
TOTAL ASSETS	$ 229,118,990	$ 234,748,148
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 522,776	$ 12,276
Grant commitments to Youngstown State University for scholarship awards	7,722,375	7,394,304
Funds held for others	3,474,650	3,216,100
TOTAL LIABILITIES	11,719,801	10,622,680
NET ASSETS		
Unrestricted	152,937,194	161,925,106
Temporarily restricted	6,799,238	9,091,700
Permanently restricted	57,662,757	53,108,662
TOTAL NET ASSETS	217,399,189	224,125,468
TOTAL LIABILITIES AND NET ASSETS	$ 229,118,990	$ 234,748,148

See accompanying notes to financial statements.

YOUNGSTOWN STATE UNIVERSITY

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
OPERATING REVENUES		
Tuition, fees, and other student charges (net of scholarship allowance of $22,051,829 in 2015 and 22,427,278 in 2014)	$ 84,357,825	$ 87,064,562
Federal grants and contracts	4,113,501	3,056,136
State grants and contracts	4,675,489	4,884,522
Local grants and contracts	153,686	208,966
Private grants and contracts	398,156	317,288
Sales and services	508,200	419,693
Auxiliary enterprises	22,098,719	22,804,151
Other operating revenues	1,961,489	1,880,843
Total Operating Revenues	118,267,065	120,636,161
OPERATING EXPENSES		
Instruction	66,393,543	67,123,276
Research	2,721,990	1,933,865
Public service	4,768,094	4,670,516
Academic support	14,053,028	14,978,678
Student services	9,625,128	9,018,683
Institutional support	22,612,180	25,668,789
Operation and maintenance of plant	16,526,726	16,411,586
Scholarships	16,358,672	17,126,520
Auxiliary enterprises	30,310,825	30,107,704
Depreciation and amortization	11,472,394	11,261,313
Total Operating Expenses	194,842,580	198,300,930
Operating Loss	(76,575,515)	(77,664,769)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	38,930,258	37,712,282
Federal grants	22,747,643	24,807,884
Private gifts	10,967,220	9,560,647
Unrestricted investment income, net of investment expense	1,288,186	4,337,195
Restricted investment income, net of investment expense	277,849	1,144,059
Interest on capital asset-related debt	(3,454,055)	(3,360,561)
Other nonoperating expenses, net	(1,879,076)	(1,062,109)
Net Nonoperating Revenues	68,878,025	73,139,397
Loss Before Other Revenues, Expenses, and Changes	(7,697,490)	(4,525,372)
OTHER REVENUES, EXPENSES, AND CHANGES		
State capital appropriations	6,174,875	4,195,720
Capital grants and gifts	1,069,282	2,482,221
Other	65,572	448,643
Total Other Revenues, Expenses, and Changes	7,309,729	7,126,584
Change In Net Position	(387,761)	2,601,212
NET POSITION		
Net Position at beginning of the year, originally stated	194,637,169	192,035,957
Cumulative effect of GASBs 68 and 71 implementation	(136,742,727)	-
Net Position at beginning of the year, as restated	57,894,442	192,035,957
Net Position at End of the Year	$ 57,506,681	$ 194,637,169

See accompanying notes to financial statements.

THE YOUNGSTOWN STATE UNIVERSITY FOUNDATION

Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2015 and 2014

	June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	$ 842,868	$ 2,457,583	$ 4,781,920	$ 8,082,371
In-kind donations	2,168	-	-	2,168
Investment earnings	2,203,829	688,250	-	2,892,079
Net realized gain on sale of investments	2,094,161	784,244	-	2,878,405
Net unrealized (loss) gain on long-term investments	(6,494,585)	(1,295,899)	-	(7,790,484)
Change in benefitial interest in remainder trusts	-	-	(227,825)	(227,825)
Net assets released from restrictions	4,926,640	(4,926,640)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	3,575,081	(2,292,462)	4,554,095	5,836,714
EXPENSES				
Distribution to Youngstown State University - Scholarships and other	10,324,044	-	-	10,324,044
Administrative expenditures	2,236,949	-	-	2,236,949
Benefits for retired Youngstown University faculty	2,000	-	-	2,000
TOTAL EXPENSES	12,562,993	-	-	12,562,993
DONOR RECLASSIFICATIONS	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	(8,987,912)	(2,292,462)	4,554,095	(6,726,279)
Net Assets - Beginning of Year	161,925,106	9,091,700	53,108,662	224,125,468
Net Assets - End of Year	$ 152,937,194	$ 6,799,238	$ 57,662,757	$ 217,399,189

	June 30, 2014 (as restated)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	$ 144,032	$ 31,373	$ 2,498,412	$ 2,673,817
In-kind donations	-	-	-	-
Investment earnings	2,850,909	25,388	-	2,876,297
Net realized gain on sale of investments	2,463,649	1,929,008	-	4,392,657
Net unrealized (loss) gain on long-term investments	19,304,229	3,134,272	-	22,438,501
Change in benefitial interest in remainder trusts	-	-	83,511	83,511
Net assets released from restrictions	1,373,398	(1,373,398)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	26,136,217	3,746,643	2,581,923	32,464,783
EXPENSES				
Distribution to Youngstown State University - Scholarships and other	8,399,544	-	-	8,399,544
Administrative expenditures	1,883,305	-	-	1,883,305
Benefits for retired Youngstown University faculty	2,275	-	-	2,275
TOTAL EXPENSES	10,285,124	-	-	10,285,124
DONOR RECLASSIFICATIONS	-	(1,018,415)	1,018,415	-
INCREASE (DECREASE) IN NET ASSETS	15,851,093	2,728,228	3,600,338	22,179,659
Net Assets - Beginning of Year - as restated	146,074,013	6,363,472	49,508,324	201,945,809
Net Assets - End of Year	$ 161,925,106	$ 9,091,700	$ 53,108,662	$ 224,125,468

See accompanying notes to financial statements.

YOUNGSTOWN STATE UNIVERSITY

Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
Cash Flows from Operating Activities		
Student tuition and fees	$ 83,469,446	$ 85,754,058
Federal, state, and local grants and contracts	9,252,531	8,337,937
Private grants and contracts	446,764	328,401
Sales and services of educational and other departmental activities	21,849,847	23,200,737
Payments to suppliers	(47,075,352)	(45,629,635)
Payments to employees	(90,341,601)	(93,460,353)
Payments for benefits	(30,522,935)	(29,600,103)
Payments for scholarships	(16,316,513)	(17,194,143)
Student loans issued	(146,195)	(649,621)
Student loans collected	477,591	440,751
Student loan interest and fees collected	159,717	67,561
Other receipts, net	1,816,723	1,757,992
Total Cash Flows Used In Operating Activities	(66,929,977)	(66,646,418)
Cash Flows from Noncapital Financing Activities		
Federal grants	22,723,447	24,727,107
State educational appropriations	38,930,258	37,712,282
Direct lending receipts	67,086,876	76,485,875
Direct lending disbursements	(68,491,854)	(76,494,907)
Private gifts	10,861,294	7,775,730
Other	65,572	448,643
Other nonoperating expenses	(1,489,452)	(677,409)
Total Cash Flows Provided by Noncapital Financing Activities	69,686,141	69,977,321
Cash Flows from Investing Activities		
Proceeds from sale of investments	23,051,150	13,105,897
Purchase of investments	(25,383,740)	(18,791,925)
Interest on investments	1,573,877	5,498,253
Total Cash Flows Used In Investing Activities	(758,713)	(187,775)
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	5,811,369	4,526,242
Private capital gifts and grants	2,221,092	4,335,092
Purchase of capital assets	(8,902,727)	(11,900,663)
Principal payments on capital debt	(2,890,593)	(2,798,066)
Interest payments on capital debt	(3,526,312)	(3,442,023)
Total Cash Flows Used In Capital and Related Financing Activities	(7,287,171)	(9,279,418)
Change in Cash and Cash Equivalents	(5,289,720)	(6,136,290)
Cash and Cash Equivalents, Beginning of Year	16,762,273	22,898,563
Cash and Cash Equivalents, End of Year	$ 11,472,553	$ 16,762,273

YOUNGSTOWN STATE UNIVERSITY

Statements of Cash Flows (cont.)
For the Years Ended June 30, 2015 and 2014

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	June 30, 2015	June 30, 2014
Operating loss	$ (76,575,515)	$ (77,664,769)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	11,472,394	11,261,313
Provision for bad debts	1,097,692	2,017,286
Gifts in kind	30,978	97,881
Changes in assets and liabilities:		
Accounts receivable, net	(1,085,805)	(1,071,714)
Loans receivable, net	316,347	(214,160)
Inventories	471,213	109,938
Prepaid expenses and unearned charges	241,915	(594,458)
Accounts payable	(305,519)	92,743
Accrued and other liabilities	(637,391)	(546,289)
Unearned revenue	(170,594)	(112,732)
Compensated absences	(52,694)	(21,457)
Net pension liability	(9,057,584)	-
Deferred outflow-pension	(10,611,171)	-
Deferred inflow-pension	17,935,757	-
Net Cash Flows Used In Operating Activities	$ (66,929,977)	$ (66,646,418)

See accompanying notes to financial statements.

Note 1 – Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

Youngstown State University (the University or YSU) 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 is a component unit of the State of Ohio. 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, graduate and doctoral levels.

In accordance with Governmental Accounting Standards Board (GASB) Statement No.14, *The Reporting Entity*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the University's financial statements are included, as a discretely presented component unit, in the State of Ohio's (State) Comprehensive Annual Financial Report. In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Youngstown State University Foundation's (YSUF or Foundation) financial statements are included, as a discretely presented component unit, in the University's financial report by presentation of the individual financial statements of the entity immediately following the University's respective GASB financial statements. See Note 16 for additional information regarding the University's component unit.

The University's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB.

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), which operates Western Reserve Public Media which is made up of two separately licensed public television stations (WNEO and WEAO). These organizations are legally separate from the University; accordingly, their financial activity is not included within the accompanying financial statements.

Under the provisions of GASB Statement No. 63, resources are classified for accounting and reporting purposes into the following four net position categories:

- Net investment in capital assets – Capital assets, net of accumulated depreciation, outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Restricted Nonexpendable – Resources subject to externally imposed stipulations that they be maintained permanently by the University. Such resources include the University's permanent endowment funds.

- Restricted Expendable – Resources whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- Unrestricted – Resources that are not subject to externally imposed stipulations. Unrestricted resources may be designated for specific purposes by action of management, Board of Trustees, Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted resources are designated for academic and research programs and initiatives, capital projects, and operating reserves.

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The University reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or in part by fees charged to external parties.

Cash Equivalents – The University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value and excludes amounts restricted by board designation or whose use is limited.

Investments – In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value based on quoted market prices. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Endowment Policy – The University Endowment Fund consists of 99 named funds. Each named fund is assigned a number of shares in the University Endowment Fund based on the value of the gifts to that named fund. The University's policy is to limit annual distributions to no greater than accumulated income earned. Distributions greater than the accumulated income earned require written justification and Board of Trustees' approval. In December 2014, the Board of Trustees approved a new endowment spending policy, implemented in July 2015, where annual distributions each fiscal year will be set to 5% of the twelve-quarter average of the market value for the preceding twelve calendar quarters. In calculating the twelve-quarter average, census dates of March 31, June 30, September 30 and December 31 for the previous three years shall be used. Any distribution greater than this would require written justification and Board of Trustees' approval.

Accounts Receivable – Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Also included are amounts due from federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenses under the applicable University grants and contracts. Accounts are recorded net of allowance for uncollectible amounts.

Pledges Receivable – The University receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of a conditional pledge, revenue is recognized when the gift is received. Pledges are recorded net of an allowance for uncollectible amounts and are discounted to net present value.

Inventories – Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out (FIFO) method for the Bookstore.

Capital Assets – Capital assets are stated at cost or fair value at date of gift. Infrastructure assets are included in the financial statements and are depreciated. The University's capitalization threshold for equipment, furniture and vehicles is $5,000; and for buildings, building improvements and improvements other than buildings is $100,000. Land is capitalized regardless of cost. Library purchases are excluded from capitalization and expensed as purchased.

Depreciation (including amortization of capital leased assets) is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Historical collections, including assets that are held for public exhibition, education, or research in furtherance of public service, which are protected and preserved, are not depreciated.

When capital assets are sold, or otherwise disposed of, the carrying value of such assets and any accumulated depreciation is removed from asset accounts and the net investment in capital assets. The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the capital asset's life are expensed when incurred. Estimated lives are as follows:

Classification	Estimated Life
Buildings	40 to 50 years
Improvements to buildings	10 to 40 years
Improvements other than buildings	15 years
Moveable equipment, furniture and vehicles	3 to 7 years

Unearned Revenue – Unearned revenue includes tuition and fee revenues billed or received prior to the end of the current fiscal year end, but related to the period after the current fiscal year. Also included are amounts received from grants and contract sponsors that have not yet been earned and other resources received before the eligibility requirements are met.

Compensated Absences – Accumulated unpaid vacation, personal and sick leave benefits have been accrued in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The University uses the termination method to accrue sick leave compensated absences on the Statement of Net Position.

Refundable Advances from Government for Federal Loans – Funds provided by the United States government under the Federal Perkins Loan program are loaned to qualified students and re-loaned after collections. These funds are ultimately refundable to the government and, therefore, are recorded as a liability in the accompanying financial statements.

Deferred Outflows and Inflows of Resources – Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require further exchange of goods or services. Deferred inflows of resources represent the acquisition of resources that are applicable to a future resource period. Deferred outflows of resources in the University's financial statements consist of differences between projections and actual in the OPERS and STRS Ohio pension plans and contributions subsequent to the measurement dates of the plans. Deferred inflows of resources in the University's financial statements consist of unamortized service concession arrangements and differences between projections and the actual in the OPERS and STRS Ohio pension plans.

Service Concession Arrangements – Service concession arrangements consist of an agreement with a food service provider and an agreement with a beverage company for exclusive pouring rights. Funds received are contingent upon utilization of services over a specified time period and are amortized over the term of the contract arrangement. Unamortized amounts are reflected as deferred inflows of resources on the Statement of Net Position.

Pensions – For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net positions of the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS Ohio) and additions to/deductions from OPERS' and STRS Ohio's fiduciary net positions have been determined on the same basis as they are reported by these pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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.

Measurement Focus and Financial Statement Presentation – Operating revenues and expenses generally result from providing educational and instructional service in connection with the University's principal ongoing operations. The principal operating revenues include student tuition, fees and other student charges. The University also recognizes as operating revenue grants classified as exchange transactions and auxiliary activities. Operating expenses include educational costs, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition including State appropriations are reported as nonoperating revenues and expenses.

Scholarship Allowances and Student Aid – Tuition, fees, and other student charges are reflected net of scholarship allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Certain aid (such as loans and funds awarded to students by third parties) is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

Release of Restricted Funds – When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the University's policy to apply restricted resources first, then unrestricted resources as needed.

Management's Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period. Disclosure of contingent assets and liabilities at the date of the financial statements may also be affected. Actual results could differ from these estimates.

Adoption of New Accounting Pronouncements – In fiscal year 2015, the provisions of the following GASB Statements became effective:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, issued June 2012. The provisions of this Statement are effective for periods beginning after June 15, 2014. This Statement is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013. The requirements of this Statement are effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

- GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68,* issued November 2013. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68*, Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

See adoption of accounting principle section below and Note 13 for more information on the effect of GASB Statements Nos. 68 and 71. GASB Statement 69 did not have any impact on the financial statements.

Newly Issued Accounting Pronouncements – As of the report date, the GASB issued the following statements not yet implemented by the University:

- GASB Statement No. 72, *Fair Value Measurement and Application,* issued February 2015. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements.

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* issued June 2015. The requirements of this Statement are effective for fiscal years beginning after June 15, 2015 except those provisions that address employers and governmental nonemployer contribution entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. This objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* issued June 2015. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* issued June 2015. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* issued June 2015. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP).

- GASB Statement No. 77, *Tax Abatement Disclosures,* issued August 2015. The requirements of this Statement are effective for reporting periods beginning after December 31, 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues.

The University has not yet determined the effect these Statements will have on the University's financial statements and disclosures.

Adoption of Accounting Principle – Due to the University's adoption of GASBs 68 and 71, net position was restated at July 1, 2014. Previously, pension expense was reported equal to the amount remitted as statutory contributions. Information describing the retirement plans, contribution rates and where to find information about the plans was included in the Notes to the Financial Statements. With the adoption of GASBs 68 and 71, the University is required to report a proportionate share of the retirement system's net pension liability (or unfunded liability) and other activity, including pension expense on the University's financial statements and also provide disclosures in the Notes to the Financial Statements (See Note 13 Defined Benefit Pension Plans). This standard only impacts financial reporting and does not affect the amount the University is required to fund under Ohio law. Under Ohio law, employers are not required to pay more than the current statutory contribution.

The effect of this change resulted in a net decrease in net position of the University at July 1, 2014 of $136,742,727. The University did not retroactively implement these statements as of July 1, 2013 because it was not deemed practical. The defined benefit plans in which the University participates did not have the information readily available. Therefore, certain disclosures required under previous GASB statements are disclosed for fiscal year 2014.

Reclassification – Certain reclassifications have been made to the fiscal year 2014 amounts to conform with the fiscal year 2015 presentation. These reclassifications had no effect on the total net position or change in net position.

Note 2 – State Support

The University receives support from the State in the form of State appropriations and capital appropriations. As required by GASB Statement No. 35, these are reflected as non operating revenues on the Statement of Revenues, Expenses, and Changes in Net Position.

State appropriations totaled $38,930,258 in fiscal year 2015; compared to $37,712,282 in fiscal year 2014. The State Share of Instruction (SSI) is determined annually by the Ohio Department of Higher Education (formerly Ohio Board of Regents).

Capital appropriations from the State totaled $6,174,875 in fiscal year 2015 compared to $4,195,720 in fiscal year 2014 and included funding for equipment and the construction/major renovations of plant facilities.

Funding for the construction of major plant facilities on the University campus 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 Department of Higher Education.

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 of Ohio. 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.

Outstanding debt issued by OPFC is not included on the University's Statement of Net Position. In addition, the appropriations by the General Assembly to the Ohio Department of Higher Education 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 and Cash Equivalents

For financial statement presentation purposes, cash in banks has been combined with the University's cash equivalents and temporary investments in repurchase agreements and certificates of deposit.

The aggregate cost of repurchase agreements, which approximates fair value, included in cash and cash equivalents is $2,083,878 and $2,586,357 at June 30, 2015 and 2014, respectively.

Depository funds held in the name of the University are secured by a pool of securities with a value of at least 105% of the total value of monies on deposit at the depository bank. During fiscal year 2009, the University entered into a continuing deposit security agreement with its depository bank to ensure continuous collateralization of its deposits. All collateral, both specific and pooled, is held by the Federal Reserve Bank or by a designated trustee as agent for the public depositories used by the University.

Cash and Cash Equivalents at June 30, 2015 and June 30, 2014 consist of the following:

	2015	2014
Carrying Amount	$ 11,472,553	$ 16,762,273
FDIC Insured	$ 5,817,914	$ 5,815,682
Uninsured but collateralized by pools of securities pledged by the depository banks	3,883,274	7,639,356
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	3,274,251	4,194,116
Bank Balance	$ 12,975,439	$ 17,649,154

The difference in carrying amount and bank balance is caused by items in transit and outstanding checks. Deposits held in safekeeping by a bank, as trustee or escrow agent, included in cash totaled

$1,671,240 as of June 30, 2015 and $3,656,287 as of June 30, 2014, which approximates market. These deposits, including interest on the investments, are retained in the trust for projects funded by bond proceeds and payment of principal and interest on outstanding indebtedness. During fiscal year 2014, the University opened a Star Ohio Plus account. These deposits are federally insured and totaled $5,008,195 and $5,003,888 at June 30, 2015 and 2014, respectively.

Credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. At June 30, 2015 and June 30, 2014, all uncollateralized or uninsured deposits of the University are exposed to credit risk. The University's investment policy and asset allocation guidelines facilitate the management and monitoring of credit risk.

Note 4 – Investments

The University's investment policy authorizes the University to invest non-endowed and endowed University funds in compliance with provisions of the Ohio Revised Code including House Bill 524, Section 3345.05 of the Ohio Revised Code, and all other applicable laws and regulations.

In accordance with the Policies of the Board of Trustees of the University, investment types are not specifically limited but shall be made with care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Furthermore, investments shall be managed for the use and benefit of the University in a diversified portfolio that focuses, over time, on the preservation of capital, minimization of cost and risk, and maintenance of required levels of liquidity in the overall portfolio to meet cash flow requirements.

The University utilizes an investment advisor and investment manager for non-endowment funds. The University's endowment funds were managed by the Youngstown State University Foundation until the agreement was terminated by YSUF in November 2013.

As of June 30, 2015, the University had the following investments and maturities using the segmented time distribution method:

		Investment maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	$ 7,427,958	$ 1,531,665	$ 5,568,903	$ 323,820	$ 3,570
Corporate Bonds	9,845,758	1,170,620	6,338,186	2,296,806	40,146
Foreign Bonds	100,406	-	100,406	-	-
U.S. Government Bonds	1,618,225	1,037	436,488	636,761	543,939
Bond Mutual Funds	11,211,109	11,211,109	-	-	-
Preferred and Common Stock	5,987,195	5,987,195	-	-	-
Equity Mutual Funds	26,867,528	26,867,528	-	-	-
Totals	$ 63,058,179	$ 46,769,154	$ 12,443,983	$ 3,257,387	$ 587,655

All callable stocks were assumed to mature in less than one year.

As of June 30, 2014, the University had the following investments and maturities using the segmented time distribution method:

		Investment maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	$ 9,672,919	$ 1,584,061	$ 7,881,043	$ 184,577	$ 23,238
Corporate Bonds	8,641,793	685,431	6,762,194	1,184,037	10,131
U.S. Government Bonds	1,965,627	-	569,078	864,727	531,822
Bond Mutual Funds	13,971,974	13,971,974	-	-	-
Preferred and Common Stock	6,331,274	6,331,274	-	-	-
Equity Mutual Funds	20,142,002	20,142,002	-	-	-
Totals	$ 60,725,589	$ 42,714,742	$ 15,212,315	$ 2,233,341	$ 565,191

All callable stocks were assumed to mature in less than one year.

As of June 30, 2015, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	$ 9,845,758	$ 2,377,138	$ 1,054,576	$ 2,600,761	$ 3,158,288	$ 654,995
Foreign Bonds	100,406	-	100,406	-	-	-
U.S. Government Bonds	1,618,225	1,093,212	525,013	-	-	-
Bond Mutual Funds	$ 11,211,109	7,484,001	1,444,326	992,086	960,770	329,926
Totals	$ 22,775,498	$ 10,954,351	$ 3,124,321	$ 3,592,847	$ 4,119,058	$ 984,921

As of June 30, 2014, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	$ 8,641,793	$ 2,342,309	$ 760,144	$ 2,004,809	$ 3,258,689	$ 275,842
U.S. Government Bonds	1,965,627	1,448,148	517,479	-	-	-
Bond Mutual Funds	13,971,974	7,090,138	1,372,308	934,280	888,798	3,686,450
Totals	$ 24,579,394	$ 10,880,595	$ 2,649,931	$ 2,939,089	$ 4,147,487	$ 3,962,292

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy and asset allocation guidelines facilitate the management and monitoring of its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2015, $5,140,428 or 8% of the University's portfolio was held in an intermediate term bond fund and $3,214,825 or 5% was held in a short-term bond fund. As of June 30, 2014, $6,007,541 or 10% of the University's portfolio was held in an intermediate bond fund and $3,339,497 or 6% was held in a short-term bond fund. The University's investment policy and asset allocation guidelines contain provisions to manage credit risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Investments that are both unregistered and uninsured are exposed to custodial credit risk if investments are held by the counterparty, or are held by the counterparty's trust department or agent but not in the name of the University. At June 30, 2015 and 2014, the University had no exposure to custodial credit risk. The University does not address custodial credit risk in its investment policy and asset allocation guidelines.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2015 and 2014, the University had no material exposure to foreign currency risk. The University does not address foreign currency risk in its investment policy and asset allocation guidelines.

Note 5 – Accounts and Loans Receivable

Accounts and loans receivable at June 30, 2015 and June 30, 2014 consist of the following:

	2015	2014
Accounts receivable		
Student accounts	$ 10,641,281	$ 9,935,733
Grants and contracts	1,304,892	1,611,473
State appropriations	1,402,082	1,038,576
Other receivables	3,133,608	1,958,449
Total Accounts receivable	16,481,863	14,544,231
Less: Allowance for doubtful accounts	5,746,411	5,946,314
Accounts receivable, net	$ 10,735,452	$ 8,597,917
Loans receivable - student notes	$ 2,830,696	$ 3,148,968
Less: Allowance for doubtful accounts	654,365	673,319
Loans receivable, net	2,176,331	2,475,649
Less: current portion	404,434	435,703
Loans receivable, noncurrent portion	$ 1,771,897	$ 2,039,946

Note 6 – Pledges Receivable

Unconditional promises to give to the University recorded as pledges receivable at June 30, 2015 and June 30, 2014 were as follows:

	2015	2014
Pledges receivable	$ 2,903,613	$ 4,521,565
Less: Allowance for doubtful accounts	127,797	190,394
Present value discount	108,484	167,364
Pledges receivable, net	2,667,332	4,163,807
Less: current portion	1,140,910	1,839,740
Pledges receivable, noncurrent portion	$ 1,526,422	$ 2,324,067

Pledges have been discounted to net present value using June 30, 2015 and June 30, 2014 U.S. Treasury Note rates of 1.62% (5-year) and 2.12% (7-year), respectively.

Note 7 – Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Nondepreciable assets:					
Land	$ 15,692,070	$ 378,637	$ -	$ 22,971	$ 16,093,678
Construction in progress	6,577,088	4,264,650	256,749	(4,455,215)	6,129,774
Historical treasures	635,466	-	-	-	635,466
Depreciable assets:					
Buildings	280,101,358	228,771	1,218,615	1,455,438	280,566,952
Improvements to buildings	45,718,508	2,983,875	-	1,990,523	50,692,906
Improvements other than buildings	34,559,486	877,367	1,000,000	579,118	35,015,971
Moveable equipment and furniture	32,591,938	825,309	782,077	407,165	33,042,335
Vehicles	1,221,666	56,234	55,632	-	1,222,268
Total cost	417,097,580	9,614,843	3,313,073	-	423,399,350
Less accumulated depreciation:					
Buildings	160,049,260	5,215,513	948,214	-	164,316,559
Improvements to buildings	11,653,078	1,730,028	-	-	13,383,106
Improvements other than buildings	17,289,190	1,804,638	1,000,000	-	18,093,828
Moveable equipment and furniture	25,955,025	2,616,565	741,448	-	27,830,142
Vehicles	990,145	88,427	55,632	-	1,022,940
Total accumulated depreciation	215,936,698	11,455,171	2,745,294	-	224,646,575
Capital assets, net	$ 201,160,882	$ (1,840,328)	$ 567,779	$ -	$ 198,752,775

Projects completed and transferred from construction in progress during fiscal year 2015 included the Veterans Resource Center as well as roof and elevator renovations to several buildings across campus.

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

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Nondepreciable assets:					
Land	$ 15,686,564	$ 33,800	$ 28,294	$ -	$ 15,692,070
Construction in progress	8,523,237	4,632,206	37,077	(6,541,278)	6,577,088
Historical treasures	635,466	-	-	-	635,466
Depreciable assets:					
Buildings	279,943,243	158,115	-	-	280,101,358
Improvements to buildings	41,368,195	2,343,872	-	2,006,441	45,718,508
Improvements other than buildings	29,397,426	1,734,340	1,000,000	4,427,720	34,559,486
Moveable equipment and furniture	30,952,908	2,336,616	804,703	107,117	32,591,938
Vehicles	1,212,443	77,727	68,504	-	1,221,666
Total cost	407,719,482	11,316,676	1,938,578	-	417,097,580
Less accumulated depreciation:					
Buildings	154,860,239	5,189,021	-	-	160,049,260
Improvements to buildings	10,127,676	1,525,402	-	-	11,653,078
Improvements other than buildings	16,639,422	1,649,768	1,000,000	-	17,289,190
Moveable equipment and furniture	23,928,677	2,786,804	760,456	-	25,955,025
Vehicles	966,095	92,554	68,504	-	990,145
Total accumulated depreciation	206,522,109	11,243,549	1,828,960	-	215,936,698
Capital assets, net	$ 201,197,373	$ 73,127	$ 109,618	$ -	$ 201,160,882

Projects completed and transferred from Construction in progress during fiscal year 2014 included the DeBartolo Hall and Cushwa Hall Renovations and the construction of an outdoor athletic facility.

Note 8 – Payroll and Other Liabilities

Payroll and other liabilities at June 30, 2015 and 2014 consist of the following:

	2015	2014
Payroll liabilities:		
Accrued compensation	$ 5,004,530	$ 5,100,483
Accrued benefits	166,851	174,899
Accrued health care benefits and insurance payable	1,234,509	1,123,691
Retirement system contribution payable	1,137,726	1,174,663
Totals	$ 7,543,616	$ 7,573,736
Other liabilities:		
Deposits held in custody	$ 453,194	$ 445,654
Interest payable	169,392	192,133
Other liabilities	187,587	809,334
Totals	$ 810,173	$ 1,447,121

Encumbrances representing estimated amounts of expenses ultimately to result, if unperformed contracts in process at June 30, 2015 are completed, totaled $8 million compared to $7.1 million at June 30, 2014. These amounts do not constitute expenses incurred or liabilities.

Note 9 – Bonds

In June 2011, the Board of Trustees of Youngstown State University authorized through a Board resolution the issuance of General Receipts Bonds, Series 2011 in the amount of $18,660,000. The $19,006,093 in bond proceeds were received in July 2011. The Series 2011 Bonds were utilized to pay costs associated with acquiring the University Courtyard Apartments, any necessary related improvements thereto and to pay costs of issuing the Series 2011 Bonds.

Details of the bonds payable for the General Receipts Bonds, Series 2011 as of June 30 follow:

Bond Component	Rate	Yield	Maturity Through	Original Principal
Serial Bond	4.00%	2.13%	2016	$ 575,000
Serial Bond	4.00%	2.45%	2017	595,000
Serial Bond	5.00%	2.90%	2018	625,000
Serial Bond	5.00%	3.28%	2019	655,000
Serial Bond	5.00%	3.58%	2020	690,000
Serial Bond	3.50%	3.82%	2021	720,000
Serial Bond	3.75%	3.98%	2022	450,000
Serial Bond	5.00%	3.98%	2022	300,000
Serial Bond	4.00%	4.14%	2023	780,000
Term Bond	5.00%	4.55%	2026	2,570,000
Term Bond	5.00%	5.08%	2034	9,085,000
Total				$ 17,045,000

As part of the American Recovery and Reinvestment Act of 2009, states and local governments are permitted to issue two types of taxable obligations, referred to as Build America Bonds (BABs). The BABs include federal subsidies to offset a portion of interest costs as an alternative to issuing traditional tax-exempt obligations.

In March 2010, the University issued $25,335,000 of General Receipts Bonds (Taxable Build America Bonds), Series 2010 to provide funding to pay costs associated with facilities planning for the University's College of Science, Technology, Engineering and Mathematics (STEM), convert the old college of business building for use as a laboratory, office and classroom space, renovate Kilcawley Center, reconfigure and replace campus parking facilities, begin construction the WATTS Center, relocate certain existing outdoor athletic facilities and pay the costs of issuance of the Series 2010 Bonds. In September 2011, approximately $9.9 million was re-allocated from the Kilcawley Center project to Academic building renovation projects.

The University designated the Series 2010 Bonds both as Build America Bonds and as Qualified Bonds and intends to apply for Credit Payments pursuant only to the extent that the Series 2010 Bonds remain Qualified Bonds, which requires the University to comply with certain covenants and to establish certain facts and expectations with respect to the Series 2010 Bonds, the use and investment of proceeds thereof and the use of property financed thereby.

Details of the bonds payable for the General Receipts Bonds (Taxable Build America Bonds), Series 2010 as of June 30, 2015 follow:

Bond Component	Rate/Yield *	Maturity Through	Original Principal
Serial Bond	4.192%	2017	$ 525,000
Serial Bond	4.542%	2018	1,065,000
Serial Bond	4.959%	2019	1,110,000
Serial Bond	5.109%	2020	1,145,000
Serial Bond	5.209%	2021	1,185,000
Serial Bond	5.359%	2022	1,225,000
Serial Bond	5.509%	2023	1,265,000
Term Bond	6.109%	2026	4,085,000
Term Bond	6.549%	2031	8,030,000
Term Bond	6.579%	2034	5,700,000
Total			$ 25,335,000

* Does not reflect impact of federal subsidies

In March 2009, the University issued $31,255,000 of General Receipts Bonds, Series 2009 to acquire, construct and equip the new WCBA building, renovate and replace portions of the existing Wick Pollock Inn, refund the remaining General Receipts Bonds, Series 1997 and Series 1998, refund the General Receipts Bond Anticipation Notes, Series 2008 (BAN), and pay a portion of the costs of issuance of the bonds.

Details of the bonds payable for the General Receipts Bonds, Series 2009 as of June 30, 2015 follow:

Bond Component	Rate	Yield	Maturity Through	Original Principal
Serial Bond	4.000%	3.700%	2016	$ 1,290,000
Serial Bond	4.000%	4.000%	2017	1,335,000
Serial Bond	4.125%	4.200%	2018	860,000
Serial Bond	4.375%	4.400%	2019	885,000
Serial Bond	4.500%	4.600%	2020	925,000
Serial Bond	4.625%	4.750%	2021	965,000
Serial Bond	4.750%	4.900%	2022	1,010,000
Term Bond	5.000%	5.080%	2024	2,170,000
Serial Bond	5.125%	5.180%	2025	1,170,000
Term Bond	5.250%	5.340%	2030	6,815,000
Term Bond	5.500%	5.540%	2034	6,875,000
Total				$ 24,300,000

The indebtedness created through all issues of the General Receipts Bonds is bound by the Amended and Restated Trust Indenture dated as of March 1, 2009. The Series 2010 Bonds and Series 2011 Bonds are also bound by the First Supplemental Trust Indenture dated as of February 2010; and in addition, the Series 2011 Bonds are also bound by the Second Supplemental Trust Indebtedness dated as of July 1, 2011. The University has complied with all covenant requirements.

The debt is secured by a pledge of all University general receipts, excluding state appropriations and receipts previously pledged or otherwise restricted. Payment of bond principal and interest on the Bond Series 2009 is guaranteed under a municipal bond insurance policy.

Maturities of all bonds payable and debt service for fiscal years subsequent to June 30, 2015 follow (also see Note 12):

	General Receipts Bonds		
Fiscal Year	Principal	Interest	Total
2016	$ 1,865,000	$ 3,528,252	$ 5,393,252
2017	2,455,000	3,441,348	5,896,348
2018	2,550,000	3,334,196	5,884,196
2019	2,650,000	3,213,390	5,863,390
2020	2,760,000	3,082,822	5,842,822
2021-2025	15,580,000	13,234,261	28,814,261
2026-2030	19,505,000	8,464,467	27,969,467
2031-2034	19,315,000	2,301,961	21,616,961
Totals	$ 66,680,000	$ 40,600,697	$ 107,280,697

NOTE: Expected future federal subsidies for the BABs is $6,297,413

Federal subsidies received by the University were $496,871 in fiscal year 2015 and $497,407 in fiscal year 2014. These are reported as non operating federal grant revenue. Interest expense on indebtedness was $3,454,055 in fiscal year 2015 and $3,360,561 in fiscal year 2014. On construction-related debt, net interest cost of $149,795 was capitalized in fiscal year 2015, and $330,615 in fiscal year 2014.

Note 10 – Notes Payable

During fiscal year 2006, the University's Board of Trustees authorized the Administration to secure third party financing to implement energy conservation measures for its building, structures and systems using an installment financing plan, pursuant to Ohio Revised Code, Section 3345.65; with repayment of such loan with the annual savings in energy and operating costs realized as a result of such improvements.

In addition, the University entered into a ten year performance contract with Johnson Controls, which includes an assured performance providing for an annual measured cost savings of $1,296,298. The contract amount of $9,796,000 was financed with Chase Equipment Leasing, Inc. over 10 years, bears interest at 3.53%, and requires equal annual installment payments. The final payment of $1,179,666 is due December 23, 2015 and includes $40,222 in interest.

Subsequent to June 30, 2015, the University entered into a fourteen year performance contract with Johnson Controls, which includes an assured performance providing for an annual measured cost savings of not less than $2 million per year. The contract amount of $16 million will be financed through PNC Equipment Finance over 14 years is at an interest rate of 3.366% and requires annual installment payments.

Title to the assets vests in the University. The debt is secured by a pledge of all University general receipts, excluding State appropriations and receipts previously pledged or otherwise restricted. The University has complied with all covenant requirements.

Note 11 – Operating Lease

The University has as an operating lease for the usage of mailroom equipment which ends April 30, 2016 and bears interest at 9.904%. Lease payments totaled $198,877 in fiscal year 2015 and $193,061 in fiscal year 2014. Future minimum lease payments under the operating leases are $18,347 and include $9,190 for maintenance and $843 for interest.

Note 12 – Long-Term Liabilities

Long-term liability activity (also see Notes 9, 10 and 13) for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable					
General receipts bonds principal	$ 68,470,000	$ -	$ 1,790,000	$ 66,680,000	$1,865,000
Unamoritized premium/discount	28,512	-	49,516	(21,004)	-
Bonds payable, net	68,498,512	-	1,839,516	66,658,996	1,865,000
Note payable	2,240,037	-	1,100,593	1,139,444	1,139,444
Compensated absences	9,896,456	230,000	282,694	9,843,762	736,034
Refundable advance	2,628,561	9,098	56,360	2,581,299	-
Net pension liability					
OPERS	-	34,173,082		34,173,082	-
STRS	-	111,390,955	17,878,894	93,512,061	-
Net pension liability	-	145,564,037	17,878,894	127,685,143	-
Total long-term liabilities	$ 83,263,566	$ 145,803,135	$ 21,158,057	$ 207,908,644	$3,740,478

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable					
General receipts bonds principal	$ 70,205,000	$ -	$ 1,735,000	$ 68,470,000	$ 1,790,000
Unamoritized premium/discount	88,249	-	59,737	28,512	-
Bonds payable, net	70,293,249	-	1,794,737	68,498,512	1,790,000
Note payable	3,303,103	-	1,063,066	2,240,037	1,100,593
Compensated absences	9,917,913	16,616	38,073	9,896,456	983,146
Refundable advance	2,635,179	42,150	48,768	2,628,561	-
Total long-term liabilities	$ 86,149,444	$ 58,766	$ 2,944,644	$ 83,263,566	$ 3,873,739

Note 13 – Defined Benefit Pension Plans

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

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

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

GASBs 68 and 71 assumes the liability is solely the obligation of the employer, because (1) the employer benefits from employee services; and (2) State statute requires all funding to come from the employer. All contributions to date have come solely from employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Descriptions

University faculty are provided with pensions through STRS Ohio. Substantially all other University employees are provided with pensions through the OPERS. Both OPERS and STRS Ohio are statewide cost-sharing multiple employer defined benefit pension plans. Authority to establish and amend benefits for OPERS and STRS Ohio is authorized by Chapters 145 and 3307, respectively, of the Ohio Revised Code. Both OPERS and STRS Ohio issue publicly available financial reports. The OPERS report can be obtained at https://www.opers.org/investments/cafr.shtml. The STRS Ohio report can be obtained at https://www.strsoh.org/publications/annualreports/cafrs.html.

OPERS and STRS Ohio each offer three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

OPERS and STRS Ohio Defined Benefit Plans pay service retirement benefits using a fixed formula based on age, years of service credit and final average salary (FAS). In addition to service retirement, participants are eligible for disability and survivor benefits.

OPERS Member-Directed Plan and STRS Ohio Defined Contribution Plan are optional alternative retirement plans available to new members. Participants allocate both member and a portion of the employer contributions in an investment account. Portions of the employer contributions are allocated to the defined benefit unfunded liabilities. Benefits are based on the member's account value.

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

Benefits Provided

OPERS and STRS Ohio provide retirement, disability, annual cost-of-living adjustments, and survivor benefits for plan members and beneficiaries. The benefit provisions stated in the following paragraphs are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

OPERS Benefits

Under OPERS, retirement benefits are specific to each pension plan and members must meet the eligibility requirements based on their age and years of service credit within the plan. Retirement eligibility also varies by division and transition group. Members who were eligible to retire under law in effect prior to SB 343 before January 7, 2023 are included in transition Groups A and B.

Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

State and Local members in transition groups A and B are eligible for retirement benefits at age 55 with 25 or more years of service credit or at age 60 with 5 years of service credit. State and Local members in transition Group C are eligible for retirement at age 57 with 25 years of service credit or at age 62 with 5 years of service credit.

Under the Traditional Plan, for Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service credit for the first 30 years of service credit and 2.5% for years of service credit in excess of 30 years. For Group C the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service credit in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Under the Combined Plan, the benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service credit. A factor of 1.25% is applied to years of service credit in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service credit and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Member-Directed participants must have attained the age of 55, have money on deposit in the Defined Contribution Plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts.

The OPERS law enforcement program consists of two separate divisions: Law Enforcement and Public Safety. Both divisions of members are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed or Combined plans. Public Safety members in transition Groups A and B may file an application for full retirement benefits at age 48 or older with 25 or more years of service credit or 52 or older with 15 or more years of service credit. Public Safety members in transition Group C are eligible for benefits at age 52 or older with 25 years of service credit or at age 56 or older with 15 years of service credit. Those members classified as Law Enforcement officers are eligible for full retirement at age 52 or older with 15 or more years of service credit for Group A. Law Enforcement Group B is eligible at age 48 or older with 25 years of service credit or at age 52 or older with 15 years of service credit. Law Enforcement Group C is eligible at age 48 or older with 25 years of service credit or at age 56 with 15 years of service credit. Annual benefits under both divisions are calculated by multiplying 2.5% of FAS by the actual years of service credit for the first 25 years of service credit, and 2.1% of FAS for each year of service credit over 25 years. These options also permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect coverage under either the original plan or the revised plan. All members who entered the System after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. Law Enforcement officers are immediately eligible for disability benefits if disabled by an on-duty illness or injury. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. Law Enforcement and Public Safety personnel are eligible for survivor benefits immediately upon employment.

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit.

<u>STRS Ohio Benefits</u>

Under the Defined Benefit Plan, on or before July 1, 2015, benefits are based on 2.2% of FAS for the three highest years of earnings, multiplied by years of total Ohio service credit. The percentages increase if the member has 35 or more years of contributing service credit. Effective Aug. 1, 2015, benefits are based on an annual amount equal to 2.2% of FAS for the five highest years of earnings, multiplied by all years of service credit. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or at age 55 with 25 years of service credit, or 30 years of service credit regardless of age. Age and service requirements for retirement will increase effective Aug. 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service credit or age 65 and 5 years of service credit on Aug. 1, 2026.

Under the Combined Plan, member contributions are allocated among investment choices by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular Defined Benefit Plan. Benefits are based on the balance in the member's defined contribution account plus an annual amount equal to 1% of FAS for the three highest paid years multiplied by years of total Ohio service credit. Effective Aug. 1, 2015, FAS will be average of the member's five highest salary years. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with 5 years of service credit. The defined contribution portion of the Combined Plan may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

The Defined Contribution Plan allows members to place all of their member contributions plus a portion of the employer contributions into an investment account. Investment allocation decisions are determined by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

A Defined Benefit Plan or Combined Plan member with 5 or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Disability benefits are determined in the same manner as retirement benefits. Members in the Defined Contribution Plan who become disabled are entitled only to their account balance. If a member of the Defined Contribution Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Under the Defined Benefit Plan, members will receive a 2% annual cost of living adjustment beginning on the fifth anniversary of retirement. Under the Combined Plan, a cost of living adjustment is not available on the service retirement benefit. For disability and survivor benefits, the basic benefit is increased each year by 2% of the original base benefit.

Contributions

OPERS Contributions

Employer and member contribution rates are established by the OPERS Board subject to limits per Chapter 145 of the Ohio Revised Code. Under the OPERS plans, the employee contribution rate for the years ended June 30, 2015 and 2014 is 10% for all employees with the exception of law enforcement. The law enforcement contribution rate was 12.6% through December 31, 2013 and increased to 13% effective January 1, 2014. The employer contribution rate is 14% for all employees with the exception of law enforcement whose rate is 18.1%. For Member-Directed Plans, for the years ended June 30, 2014 and 2013, 13.23% was paid into the member's member-directed account and the remaining .77% was paid to OPERS, as required by state legislation, to cover unfunded liabilities.

The University's contributions to OPERS were $5,095,976, $5,202,082, $5,152,609 and $5,762,560 for the fiscal years ended June 30, 2015, 2014, 2013 and 2012, respectively, whereas the University's contributions to the ARP totaled $607,807, $716,792, $719,884 and $734,723. Contributions were equal to the required contributions for each year as set by state statute.

STRS Ohio Contributions

Employer and member contribution rates are established by the STRS Ohio Board and limited by Chapter 3307 of the Ohio Revised Code. Under the STRS Ohio plans, the employee contribution rate is 12% and 11%, for years ended June 30, 2015 and 2014, respectively. Under the Combined Plan, 1% of the employee contribution is to fund the defined benefit. The member contribution rate is scheduled to increase to 13% of salary effective July 1, 2015 and to 14% of salary effective July 1, 2016. The employer contribution rate is 14%. Under the Defined Contribution Plan, for the fiscal years ended June 30, 2015 and June 30, 2014, 9.5% was paid into the member's directed account and the remaining 4.5% was paid to STRS Ohio as required by State legislation to cover unfunded liabilities.

The University's contributions to STRS Ohio were $5,315,436, $5,556,565, $5,393,650 and $5,807,224 for the fiscal years ended June 30, 2015, 2014, 2013 and 2012, respectively, whereas the University's contributions to the ARP totaled $668,878, $670,222, $645,879 and $684,577. Contributions were equal to the required contributions for each year as set by state statute.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

OPERS Pension Costs

At June 30, 2015, the University reported a liability of $34,173,082 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total employer contributions from all participating OPERS employers. At December 31, 2014, the University's proportion was 0.28424%.

The net pension liability and asset for the Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2014, and the total pension liabilities were determined by an actuarial valuation as of that date.

For the year ended June 30, 2015, the University recognized pension expense of ($492,650). At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 635,671
Net difference between projected and actual earnings on pension plan investments	1,835,891	-
University contributions subsequent to the measurement date	2,612,741	-
Totals	$ 4,448,632	$ 635,671

At June 30, 2015, the University reported $2,612,741 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to OPERS pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2016	$ 458,973	$ 281,864
2017	458,973	281,864
2018	458,973	50,464
2019	458,972	3,972
2020	-	3,972
Thereafter	-	13,535
Totals	$ 1,835,891	$ 635,671

STRS Ohio Pension Costs

At June 30, 2015, the University reported a liability of $93,512,061 for its proportionate share of the STRS Ohio net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total employer contributions from all participating STRS Ohio employers. At June 30, 2014 the University's proportion was 0.38445212%.

For the year ended June 30, 2015, the University recognized pension expense of $(1,240,348). At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 900,257	$ -
Net difference between projected and actual earnings on pension plan investments	-	17,300,086
University contributions subsequent to the measurement date	5,262,282	-
Totals	$ 6,162,539	$ 17,300,086

At June 30, 2015, the University reported $5,262,282 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to STRS Ohio pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2016	$ 225,064	$ 4,325,022
2017	225,064	4,325,022
2018	225,064	4,325,022
2019	225,065	4,325,020
Totals	$ 900,257	$ 17,300,086

Actuarial Assumptions

<u>OPERS Actuarial Assumptions</u>

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75%
Salary increases	4.25%-10.05%, including inflation
Investment rate of return	8.00%
Cost of living adjustment	3.00% simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the five year period ended December 31, 2010.

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board as outlined in the annual investment plan. The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class Return	Target Allocation	Long-Term expected Real Rate of Return
Fixed income	23.0%	2.31%
Domestic equity	19.9%	5.84%
International equity	19.1%	7.40%
Real estate	10.0%	4.25%
Private equity	10.0%	9.25%
Other	18.0%	4.59%
Totals	100.0%	

STRS Ohio Actuarial Assumptions

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	12.25% at age 20 to 2.75% at age 70
Investment rate of return	7.75%, net of investment expense
Cost of living adjustment	2.00% simple applied as follows: - for members retiring before August 1, 2013, 2% per year - for members retiring August 1, 2013 or later, 2% COLA paid on fifth anniversary of retirement date

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and expected real rates of return for each major asset class are summarized as follows:

Asset Class Return	Target Allocation	Long-Term expected Real Rate of Return
Fixed income	18.0%	3.75%
Domestic equity	31.0%	8.00%
International equity	26.0%	7.85%
Alternative investments	14.0%	8.00%
Real estate	10.0%	6.75%
Liquidity reserves	1.0%	3.00%
Totals	100.0%	

Discount rate

The discount rate used to measure OPERS total pension liability was 8.0% as of December 31, 2014. The projection of cash flows used to determine the discount rates assumed that employee and University contributions will be made at the statutory contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure STRS Ohio total pension liability was 7.75% as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the OPERS pension plans net pension liability calculated using the discount rate of 8.0%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate.

	($ in thousands)		
	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
University's proportionate share of the net pension liability	$ 63,084	$ 34,173	$ 9,772

The following presents the University's proportionate share of the STRS Ohio pension plans net pension liability calculated using the discount rate of 7.75%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate.

	($ in thousands)		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
University's proportionate share of the net pension liability	$ 133,872	$ 93,512	$ 59,381

Pension plan fiduciary net position

Detailed information about OPERS and STRS Ohio fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS Ohio may be obtained at strsoh.org or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

Note 14 – Other Post-employment Benefits (OPEB)

The Ohio Revised Code provides the statutory authority for public employers to fund post-retirement health care through their contributions to STRS Ohio and OPERS.

State Teachers Retirement System of Ohio (STRS Ohio)

STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio Law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of the covered payroll was allocated to post-employment health care for 2014 and 2013. Effective July 1, 2014, 0% of covered payroll was allocated to post-employment health care. The portion of the University's fiscal years 2015, 2014 and 2013 contributions to STRS Ohio used to fund post-employment benefits was $0, $374,996 and $369,890, respectively.

Ohio Public Employees Retirement System (OPERS)

OPERS provides post-employment health care coverage to age-and-service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS' Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 2.0% during calendar year 2014. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013 and 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013 and 6.05% during calendar year 2012. The portion of the University's calendar years 2014, 2013 and 2012 contributions to OPERS used to fund post-retirement benefits was $715,110, $361,468 and $1,449,088, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Note 15 – Contingencies and Risk Management

The University is a defendant in various lawsuits. It is the opinion of University management that disposition of pending litigation will not have a material adverse effect on the financial statements of the University. The University receives grants and contracts from certain federal, state and local agencies to fund research and other activities. The costs, both direct and indirect, that have been charged to the grants or contracts are subject to examination and approval by the granting agency. It is the opinion of the University's administration that any disallowance or adjustment of such costs would not have a material effect on the financial statements.

The University was self-insured for all employee health care benefits through December 31, 2014. Effective January 1, 2015, the University became fully insured for dental and vision employee health care benefits. The self-insured plan includes stop loss provisions.

Liabilities for estimates of outstanding claims and claims incurred but not reported under self-insurance programs have been recorded. Changes in the self-insured health care liabilities included in accrued health care benefits payable (also see Note 8) at June 30, 2015, June 30, 2014, and June 30, 2013 were as follows:

	2015	2014	2013
Liability at beginning of fiscal year	$ 1,092,773	$ 1,065,342	$ 958,717
Current year claims including changes in estimates	14,872,219	13,199,498	10,655,411
Claim payments	(14,941,976)	(13,172,067)	(10,548,786)
Liability at end of fiscal year	$ 1,023,016	$ 1,092,773	$ 1,065,342

Health insurance claims are based upon estimates of the claims liabilities. Estimates are based upon past experience, medical inflation trends, and current claims outstanding, including year end lag analysis. Differences between the estimated claims payable and actual claims paid are reported in the Statement of Revenues, Expenses and Changes in Net Position.

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University has joined with other state-assisted universities in Ohio to form an insurance pool for the acquisition of commercial property and casualty insurance. The University pays annual premiums to the pool for its property and casualty insurance coverage based on its percentage of the total insurance value to the pool. Future contributions will be adjusted based upon each university's loss history. The University had no significant reductions in coverage from the prior year. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

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

Note 16 – Component Unit

Youngstown State University Foundation (YSUF) is a legally separate nonprofit organization exempt from federal income tax and classified as a public charity. YSUF is devoted to the support, expansion, and development of educational programs at the University that are useful and beneficial to the students and the community. In order to maintain its public charity classification, YSUF must exclusively support the University, be responsive to its needs and distribute substantially all of its net income (other than net long-term capital gain) to the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University.

YSUF is a nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to YSUF's financial information in the University's financial report for these differences.

The Foundation financial statements for 2014 have been restated to correct errors related to investments held for others and the classification of net assets. This resulted in a decrease of $917,232 in the June 30, 2014 change in net assets and a $3,216,100 decrease to total net assets at June 30, 2014. The following financial statement line items for fiscal year 2014 were affected by the change:

Statement of Activities June 30, 2014	As Previously Reported	As Restated	Effect of Change
Contributions - permanently restricted	$ 3,073,031	$ 2,498,412	$ (574,619)
Investment earnings - unrestricted	$ 2,876,186	$ 2,876,297	111
Net realized gain on sale of investments - unrestricted	3,490,154	2,463,649	(1,026,505)
Net realized gain on sale of investments - temporarily restricted	70,593	1,929,008	1,858,415
Net realized gain on sale of investments - permanenetly restricted	1,233,440	-	(1,233,440)
Net unrealized gain on long-term investments - unrestricted	17,791,368	19,304,229	1,512,861
Net unrealized gain on long-term investments - temporarily restricted	147,176	3,134,272	2,987,096
Net unrealized gain on long-term investments - permanently restricted	4,659,708	-	(4,659,708)
Reclass of restrictions - unrestricted	23,053	1,373,398	1,350,345
Release of restrictions - temporarily restricted	(23,053)	(1,373,398)	(1,350,345)
Administrative expenditures	(1,906,506)	(1,883,305)	23,201
Scholarships and other expenses	(8,594,900)	(8,399,544)	195,356
Net effect on Statement of Activities			$ (917,232)

Statement of Financial Position June 30, 2014			
	As Previously Reported	As Restated	Effect of Change
Funds held for other	-	3,216,100	3,216,100
Unrestricted net assets	164,650,540	161,925,106	(2,725,434)
Temporarily restricted net assets	1,981,323	9,091,700	7,110,377
Permanently restricted net assets	60,709,705	53,108,662	(7,601,043)

As of July 1, 2013, as a result of the prior period adjustments, unrestricted net assets decreased from $150,854,816, as originally reported, to $146,074,013; temporarily restricted net assets increased from $2,748,261, as originally reported, to $6,363,472; and permanently restricted net assets decreased from $50,641,599, as originally reported, to $49,508,324.

YSUF investments consist of the following at June 30, 2015 and 2014:

	2015	2014
Common stock	$ 64,527,428	$ 33,601,589
Mutual funds	78,046,023	122,737,143
Alternative investments	79,641,562	73,650,661
Total investments	$ 222,215,013	$ 229,989,393

Financial support from YSUF was $7,394,304 for the fiscal year ended June 30, 2015 and $6,859,781 for the fiscal year ended June 30, 2014. Financial support from YSUF has been committed for fiscal year 2016 in the amount of $7,722,375. In addition, rental income from YSUF of $13,000 each of the fiscal years ended June 30, 2015 and June 30, 2014 was recorded and is reflected in the University's Statements of Revenues, Expenses and Changes in Net Position.

In July 2015, the Foundation entered into a new lease agreement with the University wherein the Foundation will begin leasing a new building beginning in January 2016. Under the new lease agreement, the Foundation prepaid $500,000 in rent with an additional $500,000 to be paid upon taking possession of the new space. The $1,000,000 in prepaid rent is in lieu of monthly rent payments through January 2031.

Complete financial statements for the Youngstown State University Foundation can be obtained from The Youngstown State University Foundation, 606 Wick Avenue, Youngstown, Ohio 44502.

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

OPERS

	2015
University's proportion of the collective net pension liability (asset)	0.28424%
University's proportionate share of the collective net pension liability (asset)	$ 34,173,082
University's covered-employee payroll	$ 40,769,505
University's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll	83.82%
Plan fiduciary net position as a percentage of the total pension liability	84.00%

STRS Ohio

	2015
University's proportion of the collective net pension liability (asset)	0.38445212%
University's proportionate share of the collective net pension liability (asset)	$ 93,512,061
University's covered-employee payroll	$ 44,313,510
University's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll	211.02%
Plan fiduciary net position as a percentage of the total pension liability	74.70%

NOTE: Years prior to 2015 are not available.

Schedules of the University's Contributions

OPERS

	2015
Statutorily required contribution	$ 5,095,976
Contributions in relation to the Statutorily required contribution	$ 5,095,976
Annual contribution deficiency	$ -
University's covered-employee payroll	$ 40,264,007
Contributions recognized by the pension plan in relation to the the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll	12.66%

STRS Ohio

	2015
Statutorily required contribution	$ 5,315,436
Contributions in relation to the Statutorily required contribution	$ 5,315,436
Annual contribution deficiency	$ -
University's covered-employee payroll	$ 42,774,459
Contributions recognized by the pension plan in relation to the the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll	12.43%

Board of Trustees

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YOUNGSTOWN STATE UNIVERSITY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Program Title	CFDA #	Pass Through Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
Department of Commerce (DOC)						
Economic Adjustment Assistance	11.307		–	–	146,444	146,444
Sea Grant Support						
Pass-Through Entity Ohio State National Oceanic and Atmospheric Administration (NOAA)	11.417	NA140AR4170067	3,123	–	–	3,123
Congressionally Identified Awards and Projects						
Pass-Through Entity Consortium for Oceanographic Research and Applied Scientific Research	11.469	SA#15-10	–	–	10,000	10,000
Total Department of Commerce (DOC)			3,123	–	156,444	159,567
Department of Defense (DOD)						
Air Force Defense Research Sciences Program						
Pass-Through Entity National Additive Manufacturing Institute						
Pass-Through Entity University of Texas at El Paso	12.800	FA8650-12-2-7230	37,459	–	–	37,459
Pass-Through Entity Youngstown Business Incubator	12.800	N/A	74,741	–	–	74,741
Pass-Through Entity The University of Dayton	12.800	FA8650-10-D-5011/0009	2,069	–	–	2,069
Total Department of Defense (DOD)			114,269	–	–	114,269
Department of Housing and Urban Development (HUD)						
Emergency Solutions Grant Program						
Pass-Through Entity Youngstown Community Development Agency	14.231	E-13-MC-39-0023	–	–	6,498	6,498
Supportive Housing Program	14.235		–	–	9,990	9,990
Total Department of Housing and Urban Development (HUD)			–	–	16,488	16,488
Department of the Interior						
Water Reseach Institute Program						
Pass-Through Entity The Ohio State University	15.805	G11AP20099	7,253	–	–	7,253
Total Department of the Interior			7,253	–	–	7,253
Department of Justice (DOJ)						
Edward Byrne Memorial Justice Assistance Grant Program						
Pass-Through Entity Ohio Department of Public Safety	16.738	2009-JG-A0V-V6959	–	–	1,674	1,674
Total Department of Justice (DOJ)			–	–	1,674	1,674
Department of Labor (DOL)						
Workforce Innovation Fund						
Pass-Through Entity Commonwealth of Pennsylvania						
Pass-Through Entity West Central Job Partnership Inc	17.283	8030-J301	–	–	115,895	115,895
Pass-Through Entity West Central Job Partnership Inc	17.283	8030-J401			184,512	184,512
Total Department of Labor (DOL)			–	–	300,407	300,407
Department of Transportation (DOT)						
Highway Planning and Construction						
Pass-Through Entity Ohio Department of Transportation	20.205	E120696	64	–	–	64
Total Department of Transportation (DOT)			64	–	–	64
Appalachian Regional Commission (ARC)						
Supplemental and Direct Grants	23.002		–	–	125,000	125,000
Total Appalachian Regional Commission (ARC)			–	–	125,000	125,000
National Aeronautics and Space Administration (NASA)						
Science	43.001		–	–	6,000	6,000
Total National Aeronautics and Space Administration (NASA)			–	–	6,000	6,000
National Science Foundation (NSF)						
Physics & Astronomy	47.041		76,948	–	–	76,948
Mathematical and Physical Sciences	47.049		347,247	–	–	347,247
Mathematical and Physical Sciences						
Pass-Through Entity Case Western Reserve University	47.049	DMR-0423914	46,165	–	–	46,165
	Total 47.049		393,412	–	–	393,412
Computer and Information Science of Engineering						
Pass-Through Entity The University of Akron	47.070	YSU1-535326	305	–	–	305
Biological Sciences	47.074		7,956	–	–	7,956
Total National Science Foundation (NSF)			478,621	–	–	478,621

See Notes to Schedule of Expenditures of Federal Awards.

YOUNGSTOWN STATE UNIVERSITY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Program Title	CFDA #	Pass Through Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
Small Business Administration (SBA)						
Small Business Development Center						
Pass-Through Entity Small Business Development Centers of Ohio	59.037	N/A	–	–	146,464	146,464
Total Small Business Administration (SBA)			–	–	146,464	146,464
Department of Energy (DOE)						
Conservation Research and Development	81.086		1,489,952	–	–	1,489,952
Renewable Energy Research and Development	81.087		87,568	–	–	87,568
Total Department of Energy (DOE)			1,577,520	–	–	1,577,520
Department of Education (DOEd)						
Federal Supplemental Educational Opportunity Grants	84.007		–	394,097	–	394,097
Federal Work Study Program	84.033		–	454,277	–	454,277
Federal Perkins Loan Program (see Note 2)	84.038		–	2,618,945	–	2,618,945
TRIO – Upward Bound	84.047		–	–	244,482	244,482
Career and Technical Education -- Basic Grants to States						
Pass-Through Entity Ohio Board of Regents	84.048	N/A			3,500	3,500
Federal Pell Grant Program	84.063		–	22,250,771	–	22,250,771
Federal Direct Student Loans (see Note 2)	84.268		–	68,491,854	–	68,491,854
College Access Act						
Pass-Through Entity DC Higher Ed	84.UNK		–	–	7,035	7,035
Twenty-First Century Community Learning Centers						
Pass-Through Entity State of Ohio Department of Education	84.287	USAS 599	–	–	191,769	191,769
Statewide Project						
Pass-Through Entity State of Ohio Department of Education	84.287	USAS 599	–	–	58,626	58,626
	Total 84.287		–	–	250,395	250,395
Transition Program for Students with Intellectual Disabilities into Higher Education						
Pass-Through Entity The Ohio State University	84.407A	60027994	–	–	13,709	13,709
Total Department of Education (DOEd)			–	94,209,944	519,121	94,729,065
Department of Health and Human Services (HHS)						
Nurse Anesthetist Traineeships	93.124		–	–	16,388	16,388
Stephanie Tubbs Jones Child Welfare Services Program						
Pass-Through Entity State of Ohio DoJFS	93.645	G-1415-06-0357	–	–	3,632	3,632
Foster Care-Title IV-E						
Pass-Through Entity State of Ohio DoJFS	93.658	G-1415-06-0357	–	–	54,608	54,608
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		40,029	–	–	40,029
Total Department of Health and Human Services (HHS)			40,029	–	74,628	114,657
Corporation for Public Broadcasting (CPB)						
CPB Community Service Grant FY14						
Pass-Through Corporation for Public Broadcasting	99.UNK	N/A	–	–	134,443	134,443
Total Corporation for Public Broadcasting (CPB)			–	–	134,443	134,443
Total Federal Expenditures			$ 2,220,879	$ 94,209,944	$ 1,480,669	$ 97,911,492

N/A - Pass Through number is not available

See Notes to Schedule of Expenditures of Federal Awards.

Note 1 – Basis of Accounting

This schedule includes the federal awards activity of Youngstown State University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Catalog of Federal Domestic Assistance (CFDA) numbers are presented for those programs for which such numbers were available. All programs are presented by federal agency. Pass-through programs are also presented by the entity through which the University received the federal award.

Note 2 – Loans

Federal Direct Loan Program
The University participates in the Federal Direct Student Loan Program (84.268). The University originates but does not provide funding for Federal Direct Loans (FDSL). The $68,491,854 presented on the Schedule of Expenditures of Federal Awards represents the value of new FDSL processed by the University for the year ended June 30, 2015.

Federal Perkins Loan Program
The $2,618,945 presented on the Schedule of Expenditures of Federal Awards for the Federal Perkins Loan Program (84.038) represents the outstanding balance of loans for which the government imposes continuing compliance requirements. New loans and the administrative cost allowance disbursed under the Federal Perkins Loan Program for the fiscal year ended June 30, 2015 totaled $206,036

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Youngstown State University (the "University") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 15, 2015. Our report includes a reference to other auditors who audited the financial statements of the Youngstown State University Foundation, as described in our report on Youngstown State University's financial statements. The financial statements of the Youngstown State University Foundation were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 15, 2015

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

Report on Compliance for Each Major Federal Program

We have audited Youngstown State University's (the "University") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 15, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiencies identified not considered to be material weaknesses?	______ Yes	__X__ None Reported
Noncompliance material to financial statements noted?	______ Yes	__X__ No

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

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiencies identified not considered to be material weaknesses?	______ Yes	__X__ None Reported
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	______ Yes	__X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Student Financial Aid Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work Study Program
84.038	Federal Perkins Loan Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Loans Program
17.283	Workforce Innovation Fund

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

Auditee qualified as low-risk auditee? ___X___ Yes ________ No

Section II - Financial Statement Findings

There were no findings for the year ended June 30, 2015.

Section III - Federal Award Findings

There were no findings for the year ended June 30, 2015.

Section IV - Prior Year Audit Findings

There were no findings for the year ended June 30, 2014.

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Youngstown State University
INTERCOLLEGIATE ATHLETICS DEPARTMENT

Independent Accountant's Report on Applying Agreed-Upon Procedures
June 30, 2015

Youngstown State University
INTERCOLLEGIATE ATHLETICS DEPARTMENT
Youngstown, Ohio

AGREED UPON PROCEDURES
REQUIRED BY THE NCAA
June 30, 2015

CONTENTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To James M. Tressel, President of Youngstown State University

We have performed the procedures enumerated below, which were agreed to by the President of Youngstown State University ("the University"), and the National Collegiate Athletic Association ("NCAA") solely to assist the specified parties in evaluating the University's compliance with the NCAA Constitution Article 3.2.4.16 during the year ended June 30, 2015. The University's management is responsible for the Schedule of Revenue and Expenses of intercollegiate athletics operations ("Schedule") and the Schedule's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached listing of procedures and findings either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are included in Attachment A.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Schedule of Revenue and Expenses of Youngstown State University intercollegiate athletic programs with the NCAA Constitution Article 3.2.4.16. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the President of Youngstown State University and the NCAA and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
December 18, 2015

Youngstown State University
Intercollegiate Athletics Department
Schedule of Revenue and Expenses
(Unaudited)
For the Year Ended June 30, 2015

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Revenues						
Ticket Sales	$ 363,089	$ 116,371	$ 19,784	$ -	$ -	$ 499,244
Direct Institutional Support	51,028	16,488	1,829	6,197	11,236,756	11,312,298
Less - Transfers to Institution	-	-	-	-	(63,815)	(63,815)
Indirect Institutional Support	-	-	-	-	36,667	36,667
Guarantees	560,000	175,000	15,000	-	-	750,000
Contributions	441,748	3,370	4,725	171,987	622,440	1,244,270
Media Rights	-	-	-	-	5,806	5,806
NCAA Distributions	183,308	45,924	52,451	430,808	172,213	884,704
Program Sales, Concessions, Novelty Sales and Parking	66,121	1,144	-	-	45,000	112,265
Royalties, Licensing, Advertisements and Sponsorships	274,117	118,225	-	-	86,950	479,292
Sports Camp Revenues	-	-	-	-	288,600	288,600
Athletics Restricted Endowment and Investment Income	-	-	-	-	1,710	1,710
Other Operating Revenue	-	-	11,273	50,287	308,806	370,366
Total Revenues	**$ 1,939,411**	**$ 476,522**	**$ 105,062**	**$ 659,279**	**$ 12,741,133**	**$ 15,921,407**
Expenses						
Athletic Student Aid	$ 1,479,554	$ 314,200	$ 241,105	$ 2,111,068	$ 243,051	$ 4,388,978
Guarantees	256,000	9,500	4,000	1,000	-	270,500
Coaching Salaries, Benefits, and Bonuses Paid by the University	1,342,135	511,601	380,134	1,013,741	-	3,247,611
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University	-	-	2,170	-	2,603,698	2,605,868
Recruiting	103,805	98,507	54,606	59,596	-	316,514
Team Travel	492,052	151,429	100,191	615,690	7,153	1,366,515
Equipment, Uniforms and Supplies	184,072	39,114	27,197	153,009	42,264	445,656
Game Expenses	119,836	107,556	61,788	84,160	33,550	406,890
Fund Raising, Marketing and Promotion	35,412	24,366	15,883	19,268	190,796	285,725
Sports Camp Expenses	-	-	-	-	155,657	155,657
Spirit Groups	-	-	-	-	64,176	64,176
Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	38,683	338,177	376,860
Direct Overhead and Administrative Expenses	-	-	970	388	450,236	451,594
Medical Expenses and Medical Insurance	-	-	-	-	165,791	165,791
Membership and Dues	180	-	800	4,017	18,319	23,316
Other Operating Expenses	117,039	13,910	15,725	37,608	1,080,648	1,264,930
Total Expenses	**$ 4,130,085**	**$ 1,270,183**	**$ 904,569**	**$ 4,138,228**	**$ 5,393,516**	**$ 15,836,581**
Revenues (Less Than) in Excess of Expenses	**$ (2,190,674)**	**$ (793,661)**	**$ (799,507)**	**$ (3,478,949)**	**$ 7,347,617**	**$ 84,826**

Note A - Contributions

NCAA requires disclosure of total contributions from a single donor in excess of 10% of total contributions. In 2015, there were no such contributions noted.

Note B - Capital Assets

Capital assets are stated at cost or fair value at date of gift. Infrastructure assets are included in the financial statements and are depreciated. The University's capitalization threshold for equipment, furniture and vehicles is $5,000; and for buildings, building improvements and improvements other than buildings is $100,000. Land is capitalized regardless of cost. Library purchases are excluded from capitalization and expensed as purchased.

Depreciation (including amortization of capital leased assets) is computed using the straight-line method over the estimated useful life of the asset and is not included in the Schedule of Revenue and Expenses. Historical collections, including assets that are held for public exhibition, education, or research in furtherance of public service, which are protected and preserved, are not depreciated.

When capital assets are sold, or otherwise disposed of, the carrying value of such assets and any accumulated depreciation is removed from asset accounts and the net investment in capital assets. The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the capital asset's life are expensed when incurred. Estimated lives are as follows:

Classification	Estimated Life
Buildings	40 to 50 years
Improvements to buildings	10 to 40 years
Improvements other than buildings	15 years
Moveable equipment, furniture and vehicles	3 to 7 years

For purposes of the Schedule of Revenue and Expenses, capital asset additions in which revenues were received and spent in the current year have been recorded as Other Operating Expenses.

Note C – Intercollegiate Athletics-Related Debt

The annual debt service and debt outstanding for the Athletics-related facilities and University as of the year ended June 30, 2015 is as follows:

	Annual Debt Service	Debt Outstanding
Athletics-Related Facilities	$ 338,177	$ 4,869,343
Total University	$ 4,890,162	$ 67,819,444

(Continued)

Note C – Intercollegiate Athletics-Related Debt (Continued)

The repayment schedule for all outstanding intercollegiate athletics-related debt maintained by the University during the year ended June 30, 2015 is as follows:

Year Ending June 30	Total Intercollegiate Athletics Debt
2016	$ 79,374
2017	162,850
2018	201,772
2019	206,870
2020	213,393
2021-2025	1,182,516
2026-2030	1,435,046
2031-2014	1,387,522
Total	$ 4,869,343

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

Revenue Procedures

1. Before the commencement of fieldwork, determine that the amounts reported on the Schedule agree to the institution's general ledger. Recalculate totals.

   Results: No exceptions noted.

2. Compare and agree each operating revenue category reported in the Schedule during the reporting period to supporting statements provided by the institution.

   Results: No exceptions noted.

3. Compare and agree a haphazard sample of 5 operating revenue receipts obtained from the above operating revenue supporting statements to adequate supporting documentation (such as payment receipts, posting general and daily balancing report).

   Results: No exceptions noted.

4. Compare each major revenue account over $1 million or 10% of the total revenues to prior period amounts and budget estimates. Obtain and document an understanding of any significant variations (significant defined as $1 million or 10%). Report the analysis as a supplement to the final agreed upon procedures report.

   Results: Refer to Attachment B for results of procedures performed.

Ticket Sales

5. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Institution in the Schedule and the related attendance figures.

   Results: We agreed football ticket revenues per the performance sales and gate sales reports for all games to the general ledger, noting the schedule was $245 (.067% of football ticket revenues) lower than the June 30, 2015 general ledger. We agreed basketball ticket revenues from the summary to supporting schedules for three games and agreed the ticket revenue to the general ledger, noting the schedule was $366 (.269% of basketball revenues) lower than the June 30, 2015 general ledger.

6. Recalculate totals of the listings of tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets.

   Results: No exceptions noted.

Student Fees

7. Compare and agree student fees reported by the institution in the Schedule for the reporting period to the student enrollment report obtained from the Registrar during the same reporting period.

   Results: We were informed by management that Athletics does not receive student fees revenue, and as such, none were reported within the Schedule. Therefore, the procedures enumerated above are not applicable.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

8. Obtain and document an understanding of institution's methodology for allocating student fees to intercollegiate athletics programs.

   Results: We were informed by management that Athletics does not receive student fees revenue, and as such, none were reported within the Schedule. Therefore, the procedures enumerated above are not applicable.

9. Recalculate total student fees on the enrollment report.

   Results: We were informed by management that Athletics does not receive student fees revenue, and as such, none were reported within the Schedule. Therefore, the procedures enumerated above are not applicable.

10. If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate their calculation for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

    Results: We were informed by management that Athletics does not receive student fees revenue, and as such, none were reported within the Schedule. Therefore, the procedures enumerated above are not applicable.

Direct State or Other Governmental Support

11. Compare direct state or other governmental support recorded by the institution during the reporting period with state appropriations, institutional authorizations or other corroborative supporting documentation

    Results: We were informed by management that Athletics did not receive any direct state or other governmental support, and as such, none were reported within the Schedule. Therefore, the procedures enumerated above are not applicable.

12. Recalculate the total for direct state of other governmental support based on the detailed listing of components provided by the institution.

    Results: We were informed by management that Athletics did not receive any direct state or other governmental support. Therefore, the procedures enumerated above are not applicable.

Direct Institutional Support

13. Compare the direct institutional support recorded by the institution during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation.

    Results: No exceptions noted.

14. Recalculate the total of direct institutional support based on the detailed listing of institutional supporting budget transfers documentation and other corroborative supporting documentation provided by the institution.

    Results: No exceptions noted.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

Transfers Back to Institution

15. Compare the transfers back to institution reported on the Schedule by the athletics department with supporting journal entries of the institution.

    Results: No exceptions noted.

16. Recalculate totals of transfers back to the institution based on detailed listing of supporting journal entries provided by the institution.

    Results: No exceptions noted.

Indirect Institutional Support

17. Compare the indirect institutional support recorded by the institution during the reporting period with corroborative documentation such as expense payments, cost allocation detail or other corroborative supporting documentation by the institution.

    Results: We reviewed the calculation of Athletic Facilities Debt Service provided by management, the portion of revenue reported within this line represents the amount of debt service the University is providing, and the remaining amount of Athletic Facilities Debt Service is funded through Operating funds and Contributions.

18. Recalculate totals of indirect institutional support based on detailed listing of expense payments, cost allocation detail or other corroborative supporting documentation provided by the institution.

    Results: No exceptions noted.

Guarantees

19. Select a haphazard sample of 4 settlement reports for away games during the reporting period and agree each selection to the institution's general ledger and the Schedule.

    Results: We were informed by management, settlement reports are not used by the University for away games. Therefore, the procedures above are enumerated above are not applicable.

20. Select a haphazard sample of 4 contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the institution's general ledger and the Schedule.

    Results: No exceptions noted.

21. Recalculate totals of the guarantees reported on the Schedule based on detailed listing of guarantees provided by the institution.

    Results: No exceptions noted.

Contributions

22. Obtain and agree supporting documentation for any contributions of money, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10% or more of all contributions received for intercollegiate athletics during the reporting period.

    Results: There were no individual contributions that exceeded 10% of total contributions. Therefore, the procedures enumerated above are not applicable.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

In-Kind

23. Compare the in-kind recorded by the institution during the reporting period with a schedule of in-kind donations.

    Results: We were informed by management that Athletics did not receive any In-Kind revenues, and as such, none were reported within the Schedule. Therefore, the procedures enumerated above are not applicable.

24. Recalculate total of the schedule of in-kind donations.

    Results: We were informed by management that Athletics did not receive any In-Kind revenues, and as such, none were reported within the Schedule. Therefore, the procedures enumerated above are not applicable.

Compensation and Benefits Provided by a Third-Party

25. Obtain the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the institution.

    Results: Management of the University informed us that there was no revenue from affiliated and outside organizations provided to the coaching staff or certain support staff, and as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

26. Select a haphazard sample of funds representing at least 20% of the compensation and benefits revenues from the Summary and compare and agree each selection to supporting documentation (such as a report from the third-party), the institution's general ledger, and the Summary.

    Results: Management of the University informed us that there was no revenue from affiliated and outside organizations provided to the coaching staff or certain support staff, and as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

27. Recalculate totals of the summary of compensation and benefits provided by a third party based on the listing of revenues from affiliated and outside organizations provided by the institution.

    Results: Management of the University informed us that there was no revenue from affiliated and outside organizations provided to the coaching staff or certain support staff, and as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

28. If the third party was audited by independent auditors, obtain the related independent auditors' report.

    Results: Management of the University informed us that there was no revenue from affiliated and outside organizations provided to the coaching staff or certain support staff, and as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

Media Rights

29. Obtain and inspect agreements to understand the institution’s total media (broadcast, television, radio) rights received by the institution or through their conference offices.

    Results: No exceptions noted.

30. Compare and agree the media right revenues recorded to a summary statement of all media rights identified, if applicable, to the institution’s general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

    Results: No exceptions noted.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

31. Recalculate totals of the listing or general ledger detail of revenues related to media rights based on listing of media rights provided by the institution.

    Results: No exceptions noted.

NCAA Distributions

32. Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents (i.e., check copy, agreement, etc.).

    Results: No exceptions noted.

33. Recalculate totals of amounts recorded in the general ledger detail for NCAA distributions based on the general ledger detail provided by the institution.

    Results: No exceptions noted.

Conference Distributions

34. Obtain and inspect all agreements related to the institution's participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions.

    Results: We were informed by management, there was no revenue earned in the current year from tournaments, as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

35. Compare and agree the related revenues to the institution's general ledger and the Schedule.

    Results: We were informed by management, there was no revenue earned in the current year from tournaments, as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

36. Recalculate totals of conference distributions based on the detailed listing of agreements and related revenues provided by the institution.

    Results: We were informed by management, there was no revenue earned in the current year from tournaments, as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

Program Sales, Concessions, Novelty Sales and Parking

37. Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents (i.e., check copy, agreement, etc.).

    Results: No exceptions noted.

38. Recalculate totals of program sales, concessions, novelty sales and parking revenues based on the detailed listing and general ledger detail provided by the institution.

    Results: No exceptions noted.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

Royalties, Licensing, Advertisements and Sponsorships

39. Obtain and inspect all agreements related to the institution's participation in revenues from royalties, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.

    Results: No exceptions noted.

40. Compare and agree the related revenues to the institution's general ledger and the Schedule.

    Results: No exceptions noted.

41. Recalculate totals of royalties, licensing, advertisements and sponsorship revenues based on the detailed listing of agreements and related revenues provided by management.

    Results: No exceptions noted.

Sports Camp Revenues

42. Inspect sports-camp contract(s) between the institution and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain an understanding of the institution's methodology for recording revenues from sports-camps.

    Results: Management informed us that there were no contracts between the University and outside persons conducting the institutional sports camps or clinics during the year ended June 30, 2015.

43. Obtain schedules of camp participants.

    Results: No exceptions noted.

44. Select a haphazard sample of 2 individual camp participant cash receipts from the statement of sports-camp participants and agree each selection to the institution's general ledger and the Schedule.

    Results: No exceptions noted.

45. Recalculate totals of sports camp revenues based on the detailed listing of sport camp revenues provided by management.

    Results: No exceptions noted.

Athletics Restricted Endowment and Investment Income

46. Obtain and inspect all endowment agreements (if any) to gain an understanding of the relevant terms and conditions.

    Results: No exceptions noted.

47. Compare and agree the classification and use of endowment and investment income reported in the Schedule during the reporting period to the uses of income defined within the related endowment agreement.

    Results: No exceptions noted.

48. Recalculate totals of athletics restricted endowment and investment income based on the detailed schedule of the athletics endowment and investment income provided by the institution.

    Results: No exceptions noted.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

Other Operating Revenues

49. Perform minimum agreed-upon procedures referenced for all revenue categories (see above under revenue procedures, points 1-3).

    Results: No exceptions noted.

50. Recalculate totals of detailed listing provided by the institution supporting other revenues.

    Results: No exceptions noted.

* * * * *

Expense Procedures

1. Before the commencement of fieldwork, determine that the amounts reported on the Schedule agree to the institution's general ledger. Recalculate totals.

   Results: No exceptions noted.

2. Compare and agree each operating expense category reported in the Schedule during the reporting period to supporting schedules provided by the institution.

   Results: No exceptions noted.

3. Compare and agree a haphazard sample of 5 operating expenses (or all if the population is less than 5) obtained from the above operating expense supporting schedules to adequate supporting documentation (such as completed expense reimbursement forms, copies of receipts and invoices).

   Results: No exceptions noted.

4. Compare and agree each major expense account over $1 million or 10% of the total expenses to prior period amounts and budget estimates (major defined as 10% of total expenses). Obtain and document an understanding of any significant variations (significant defined as 10% or $1 million). Report the analysis as a supplement to the final agreed upon procedures report.

   Results: Refer to Attachment B for results of procedures performed.

Athletic Student Aid

5. Select a haphazard sample of students from the listing of institutional student aid recipients during the reporting period. Sample shall be no less than 10% of the total student athletes for institutions who have used NCAA's Compliance Assistant software to prepare athletic aid detail and no less than 20% of total student athletes for institutions who have not.

   Results: As the University uses the NCAA's Compliance Assistant software, we selected 43 students receiving financial aid to reach the 10% minimum.

6. Obtain individual student-account detail for each selection and compare total aid allocated from the related aid award letter to the student's account.

   Results: We noted one instance in which the total aid entered into the Compliance Assistance software had been transposed by $30 for a student. Management corrected this error and no other exceptions noted.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

7. Perform a check of each student selected to determine their information was reported accurately in either the NCAA's Compliance Assistant software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:

   The equivalency value for each student-athlete in all sports, including head-count sports, need to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount which is the total cost for tuition, fees, books, room and board for an academic year as the denominator. If using the NCAA Compliance Assistant software, this equivalency value should already be calculated for you on that squad list labeled "Rev. Dist. Equivalent Award". If not using the NCAA Compliance Assistant Software, agree the numerator to the grant amount reported on the squad list and the denominator to a schedule of the total cost or tuition, fees, books, room and board for the academic year, and recalculate.

   a. *Criterion:* If an athlete participates in more than one sport, the Rev. Dist. Equivalent Award can only be included in one sport. NCAA Compliance Assistant software will place an asterisk by the student athlete within the sport that is not countable towards grants-in- aid revenue distribution.

   Procedure: For each student selected, determine if the student participated in more than one sport by scanning all squad lists and verify that the student was properly flagged or not flagged by the Compliance assistant software as being in more than one sport. If the Compliance Assistance software is not used, observe computation to determine whether only one equivalent award value was used for each student.

   Results: No exceptions noted.

   b. *Criterion:* All equivalency calculations should be rounded to two decimal places. The NCAA Compliance Assistant software and the on-line summary form will automatically round to two decimal places.

   Procedure: For each student selected, observe that calculations have two decimal points.

   Results: No exceptions noted.

   c. *Criterion:* The full grant amount should be the full cost of tuition for an academic year, not semester.

   Procedure: For each student selected, compare the grant amount shown to the cost of tuition as published the institution and determine whether it is for the full year, not a semester.

   Results: We noted one instance in which the full grant entered into the Compliance Assistance software had been transposed by $30 for a student. Management corrected this error and no other exceptions noted.

   d. *Criterion:* If a sport is discontinued and the grant(s) are still being honored by the institution, the grant(s) may be included in the total.

   Procedure: For each selection, if the sport is not discontinued, this is not applicable. For any selections where the sport is discontinued and the institution has included the related grant for the student, observe documentation that the grant is still being honored by the institution.

   Results: There were no discontinued sports in the current year.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

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e. *Criterion:* Student-athletes receiving athletic aid who have exhausted their athletics eligibility or are inactive due to medical reasons should be included in the grants-in-aid calculation, marked properly on the squad list and on the Grants-in-Aid submission form. Students who have exhausted eligibility will be marked with an "E" and students who are inactive due to medical reasons will be marked with an "M".

Procedure: If a student selected is included in the grants in aid calculation, obtain and observe letter(s) from the institution to the student communicating the status and determine that the student is properly flagged in the compliance software (if used). Obtain the grants in aid calculation and observe the student is included in the calculation.

Results: No exceptions noted.

f. *Criterion:* Only athletic grants awarded in sports in which the NCAA conducts championship competitions, emerging sports for women and football should be included in the calculations.

Procedure: Obtain a list of NCAA championship competitions and emerging sports for women. For the students selected, compare the sports included within the calculations to those on the list and determine if there are any discrepancies other than football.

Results: No exceptions noted.

8. Recalculate total student aid for each sport and overall based on detailed listing of student aid expense provided by the institution.

   Results: No exceptions noted.

Guarantees

9. Obtain and inspect visiting institution's away-game settlement reports received by the institution during the reporting period and agree related expenses to the institution's general ledger and the Schedule.

   Results: We were informed by management, settlement reports are not received by the University for away games. Therefore, the procedures above are enumerated above are not applicable.

10. Obtain and inspect all contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period.

    Results: No exceptions noted.

11. Compare and agree related amounts expensed by the institution during the reporting period to the institution's general ledger and the Schedule.

    Results: No exceptions noted.

12. Recalculate total guarantee expense based on detailed listing provided by the institution.

    Results: No exceptions noted.

Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

13. Obtain and inspect a listing of coaches employed by the institution and related entities during the reporting period.

    Results: No exceptions noted.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

14. Select a haphazard sample of 5 coaches' contracts that must include football, and men's and women's basketball from the above listing.

    Results: No exceptions noted.

15. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the Schedule during the reporting period.

    Results: No exceptions noted.

16. Obtain and inspect payroll summary registers for the reporting period for each selection.

    Results: No exceptions noted.

17. Compare and agree related payroll registers for the reporting period to the related coaching salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the Schedule during the reporting period.

    Results: No exceptions noted.

18. Compare and agree the totals recorded to any employment contracts executed for the sample selected.

    Results: No exceptions noted.

19. Recalculate totals of coaching salaries, benefits and bonuses paid based on detailed listing provided by the institution.

    Results: No exceptions noted.

<u>Coaching Other Compensation and Benefits Paid by a Third-Party</u>

20. Obtain and inspect a listing of coaches employed by third parties during the reporting period.

    Results: We were informed by University management that no coaches were employed or otherwise compensated by third parties, and as such, none was recorded on the Schedule. Therefore, the procedures enumerated above are not applicable.

21. Select a haphazard sample of 5 coaches from the listing above, or all if less than 5. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by third party and recorded by the institution in the Schedule during the reporting period.

    Results: We were informed by University management that no coaches were employed or otherwise compensated by third parties, and as such, none was recorded on the Schedule. Therefore, the procedures enumerated above are not applicable.

22. Obtain and inspect reporting period payroll summary registers for each selection.

    Results: We were informed by University management that no coaches were employed or otherwise compensated by third parties, and as such, none was recorded on the Schedule. Therefore, the procedures enumerated above are not applicable.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

23. Compare and agree the related payroll summary register to the coaching other compensation and benefits paid by a third party expenses recorded by the institution in the Schedule during the reporting period.

    Results: We were informed by University management that no coaches were employed or otherwise compensated by third parties, and as such, none was recorded on the Schedule. Therefore, the procedures enumerated above are not applicable.

24. Recalculate totals of coaching salaries, benefits and bonuses paid by third parties based on detail listing provided by the institution.

    Results: We were informed by University management that no coaches were employed or otherwise compensated by third parties, and as such, none was recorded on the Schedule. Therefore, the procedures enumerated above are not applicable.

<u>Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities</u>

25. Select a haphazard sample 5 (or all if fewer than 5) support staff/administrative personnel employed by the institution and related entities during the reporting period.

    Results: No exceptions noted.

26. Obtain and inspect the reporting period summary payroll register for each selection.

    Results: No exceptions noted.

27. Compare and agree related reporting period payroll summary registers to the related support/staff administrative salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the Schedule during the reporting period.

    Results: No exceptions noted.

28. Recalculate totals of support staff/administrative salaries, benefits, and bonuses based on detailed listing provided by the institution.

    Results: No exceptions noted.

<u>Support Staff/Administrative Compensation and Benefits Paid by a Third Party</u>

29. Select a haphazard sample of 5 (or all if fewer than 5) support staff/administrative personnel employed by the third parties during the reporting period.

    Results: We were informed by University management that no support or administrative staff was employed or otherwise compensated by third parties, and as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

30. Obtain and inspect reporting period payroll summary registers for each selection.

    Results: We were informed by University management that no support or administrative staff was employed or otherwise compensated by third parties, and as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

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31. Compare and agree related reporting period payroll summary registers to the related support/staff administrative other compensation and benefits expense recorded by the institution in the Schedule during the reporting period.

    Results: We were informed by University management that no support or administrative staff was employed or otherwise compensated by third parties, and as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

32. Recalculate totals of support staff/administrative salaries, benefits, and bonuses paid by third parties based on detailed listing provided by the institution.

    Results: We were informed by University management that no support or administrative staff was employed or otherwise compensated by third parties, and as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

Severance Payments

33. Select a haphazard sample of 5 employees (or all if fewer than 5) receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract.

    Results: We were informed by University management that there were no severance payments for the year ended June 30, 2015, and as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

34. Recalculate totals of severance payments based on the detail listing provided by the institution.

    Results: We were informed by University management that there were no severance payments for the year ended June 30, 2015, and as such, none was reported on the Schedule. Therefore, the procedures enumerated above are not applicable.

Recruiting

35. Obtain and document an understanding of the Institution's recruiting expense policies.

    Results: We obtained the University's 2014-2015 Operations Manual, which includes the most up to date recruiting expense policies.

36. Compare and agree to existing institutional and NCAA-related policies.

    Results: No exceptions noted.

37. Obtain general ledger detail and compare to the total expenses reported.

    Results: No exceptions noted.

Team Travel

38. Obtain and document an understanding of the Institution's team travel policies.

    Results: We obtained the University's 2014-2015 Operations Manual, which includes the most up to date team travel policies.

39. Compare and agree to existing institutional and NCAA-related policies.

    Results: No exceptions noted.

40. Obtain general ledger detail and compare to the total expenses reported.

    Results: No exceptions noted.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

Equipment, Uniforms and Supplies

41. Obtain general ledger detail and compare to the total expenses reported. Select a haphazard sample of 5 transactions (or all if fewer than 5) to validate existence of transaction and accuracy of recording by agreeing to underlying invoices and receipts.

    Results: No exceptions noted.

42. Recalculate totals of equipment, uniforms and supplies expense based on the detailed listing provided by the institution.

    Results: No exceptions noted.

Game Expenses

43. Obtain general ledger detail and compare to the total expenses reported. Select a haphazard sample of 5 transactions (or all if fewer than 5) to validate existence of transaction and accuracy of recording by agreeing to underlying invoices, receipts and agreements.

    Results: No exceptions noted.

44. Recalculate totals of grant expenses based on the detailed listing provided by the institution.

    Results: No exceptions noted.

Fund Raising, Marketing and Promotion

45. Obtain general ledger detail and compare to the total expenses reported. Select a haphazard sample of 5 transactions (or all if fewer than 5) to validate existence of transaction and accuracy of recording by agreeing to underlying invoices, receipts, agreements and journal entries.

    Results: No exceptions noted.

46. Recalculate totals of fund raising, marketing and promotion expenses based on the detailed listing provided by the institution.

    Results: No exceptions noted.

Sports Camp Expenses

47. Obtain general ledger detail and compare to the total expenses reported. Select a haphazard sample of 5 transactions (or all if fewer than 5) to validate existence of transaction and accuracy of recording by agreeing to underlying invoices and receipts.

    Results: No exceptions noted.

48. Recalculate totals of sports camp expenses based on the detailed listing provided by the institution.

    Results: No exceptions noted.

Spirit Groups

49. Obtain general ledger detail and compare to the total expenses reported. Select a haphazard sample of 5 transactions (or all if fewer than 5) to validate existence of transaction and accuracy of recording by agreeing to underlying invoices.

    Results: The balance reported for Spirit Groups expense within the Schedule is less than .5% of the total expenses, therefore the procedures are not deemed applicable.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

50. Recalculate totals of spirit group expenses based on the detailed listing provided by the institution.

    Results: The balance reported for Spirit Groups expense within the Schedule is less than .5% of the total expenses, therefore the procedures are not deemed applicable.

Athletic Facilities Debt Service, Leases and Rental Fees

51. Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of 5 facility payments including the top two highest facility payments and an additional 3 haphazardly selected payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements).

    Results: No exceptions noted.

52. Compare amounts recorded to amounts listed in the general ledger detail.

    Results: No exceptions noted.

53. Recalculate totals of athletic, facility debt service, leases and rental fees expenses based on the detailed listing provided by the institution.

    Results: No exceptions noted.

Direct Overhead and Administrative Expenses

54. Obtain general ledger detail and compare to the total expenses reported. Select a haphazard sample of 5 transactions (or all if less than 5) to validate existence of transaction and accuracy of recording by agreeing to related calculations/agreements, invoices and receipts.

    Results: No exceptions noted.

55. Recalculate totals of direct overhead and administrative expenses based on the detailed listing provided by the institution.

    Results: No exceptions noted.

Medical Expenses and Medical Insurance

56. Obtain general ledger detail and compare to the total expenses reported. Select a haphazard sample of 5 transactions (or all if fewer than 5) to validate existence of transaction and accuracy of recording by agreeing to underlying invoices.

    Results: No exceptions noted.

57. Recalculate totals of medical expenses and medical insurance based on the detailed listing provided by the institution.

    Results: No exceptions noted.

Memberships and Dues

58. Obtain general ledger detail and compare to the total expenses reported. Select a haphazard sample of 5 transactions (or all if fewer than 5) to validate existence of transaction and accuracy of recording by agreeing to underlying invoices.

    Results: The balance reported for Memberships and Dues expense within the Schedule is less than .5% of the total expenses, therefore the procedures are not deemed applicable.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

59. Recalculate totals of memberships and dues expenses based on the detailed listing provided by the institution.

    Results: The balance reported for Memberships and Dues expense within the Schedule is less than .5% of the total expenses, therefore the procedures are not deemed applicable.

Other Operating Expenses

60. Obtain general ledger detail and compare to the total expenses reported. Select a haphazard sample of 5 transactions (or all if fewer than 5) to validate existence of transaction and accuracy of recording by agreeing to underlying invoices, agreements/contracts and receipts.

    Results: No exceptions noted.

61. Recalculate totals of other operating expenses and transfers to the institution based on the detailed listing provided by the institution.

    Results: Other operating expenses includes capital expenditures in which contributions were received and expended in the current year in the amount of $380,428. These items are reported as capital assets on the University financial statements, but have been reflected as expense in this Schedule to match revenues received.

* * * * *

Additional Minimum Agreed Upon Procedures

1. Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the institution. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the squad lists, inquire about the discrepancy and report the reason for the discrepancy in the AUP report.

   Results: We noted a discrepancy between the NCAA Membership Financial Reporting System and the squad lists due the squad lists reported in the Compliance Assistance system being reported for only Fall and Spring, whereas the NCAA Membership Financial Reporting system includes summer aid. A reconciliation was performed and maintained by management for this difference.

* * * * *

Minimum Agreed Upon Procedures for Affiliated and Outside Organizations

1. The institution shall identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period**.** Once the institution has made these statements available, the independent accountant shall agree the amounts reported in the statement to the organization's general ledger or, alternatively, confirm revenues and expenses directly with a responsible official of the organization. In addition, the institution shall prepare a summary of revenues and expenses for or on behalf of intercollegiate athletics programs affiliated and outside organizations to be included with the agreed-upon procedures report.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues or expenses, the procedure is not deemed to be applicable for that specific category.

Results: We obtained the list of outside programs and related financial activities for the year ended June 30, 2015, which is included within Attachment D on page 25 of this report. Management represented that the Penguin Club was the only "outside organization" which had expenses for or on behalf of the University's Intercollegiate Athletics Program.

2. The independent accountant shall obtain and review the audited financial statements of the organization and any additional reports regarding internal control matters if the organization is audited independent of the agreed-upon procedures required by NCAA legislation. The institution's independent accountant shall also inquire of institutional and organizational management as to corrective action taken in response to comments concerning internal control structure (if any).

   Results: We received the reviewed financial statements of the Penguin Club for the year ended June 30, 2015, which reflected that no material modifications to the financial statements were required. There were no comments noted concerning internal control structure.

   The amounts included within Attachments C and D on pages 24 and 25 of this report are not included in the Schedule, except for the contribution made by the Penguin Club to the University's Intercollegiate Athletics Program reported within the Contributions line on the Schedule.

3. Compare and agree a sample of operating revenues and expense categories reported in the organization's schedule during the reporting period to supporting schedules provided by the confirmation.

   Results: We agreed the Penguin Club's revenues and expenses included within Attachment C and D on pages 24 and 25 to a confirmation obtained directly from the Penguin Club, noting no exceptions.

* * * * *

Procedures Related to the Internal Accounting Controls

1. We obtained an understanding of the University's procedures for gathering information on the nature and extent of the affiliated and outside organization's activities for or on behalf of the University's intercollegiate athletic programs. We noted that the University receives a review report from an external accountant that expresses limited assurance that there was no material modification that should be made to the annual financial statements of the Penguin Club for them to be in conformity with accounting principles generally accepted in the United States of America.

   Results: No exceptions noted.

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues and expenses, the procedure is not deemed to be applicable for that category.

	June 30, 2015 Total	June 30, 2014 Total	Year of Year Variations Totals	
Revenue:				
Ticket Sales	$ 499,244	$ 544,405	$ (45,161)	-8%
Direct Institutional Support	11,312,298	10,703,463	608,835	6%
Less - Transfers to Institution	(63,815)	-	(63,815)	N/A
Indirect Institutional Support	36,667	-	36,667	N/A
Guarantees	750,000	870,000	(120,000)	-14%
Contributions	1,244,270	695,716	548,554	79%
Media Rights	5,806	54,976	(49,170)	-89%
NCAA Distributions	884,704	993,520	(108,816)	-11%
Program Sales, Concessions, Novelty Sales and Parking	112,265	42,205	70,060	166%
Royalties, Licensing, Advertisement and Sponsorships	479,292	760,713	(281,421)	-37%
Sports Camp Revenues	288,600	211,194	77,406	37%
Athletics Restricted Endowment and Investment Income	1,710	7,089	(5,379)	-76%
Other Operating Revenue	370,366	354,280	16,086	5%
Total Revenue	$ 15,921,407	$ 15,237,560	$ 683,847	4%

There are 2 revenue line items on the Schedule of Revenues and Expenses that are greater than $1 million or 10% of the total revenues identified above: Contributions and Direct Institutional Support. Below are management's explanations of significant variances for these line items:

- Contributions on the Schedule is greater than $1 million. The variance between the current year and prior year is due to fluctuation of contributions received by the University for Athletic purposes. Additionally, upon management's review of revenue detail by line previously reported in the prior year to the refined definitions published by NCAA in the current year, it was determined that certain revenues previously recorded in Royalties, Licensing, Advertisements and Sponsorships met the definition of Contributions. Amounts have been updated in the current year to reflect changes identified, however the prior year presentation has not been modified. Additionally, management does not budget for contributions, therefore no comparison to budget was performed.
- Direct Institutional Support revenue line item on the Schedule over 10% of the total revenues, however the variance between the current year and prior year and budget to actual is within the thresholds defined above, and therefore no further inquiry performed.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues and expenses, the procedure is not deemed to be applicable for that category.

	June 30, 2015 Total	June 30, 2014 Total	Year of Year Variations Totals	
Expenses:				
Athletic Student Aid	$ 4,388,978	$ 4,518,661	$ (129,683)	-3%
Guarantees	270,500	243,000	27,500	11%
Coaching Salaries, Benefits, and Bonuses Paid by the University	3,247,611	3,360,538	(112,927)	-3%
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University	2,605,869	2,335,999	269,870	12%
Recruiting	316,514	311,072	5,442	2%
Team Travel	1,366,515	1,240,521	125,994	10%
Equipment, Uniforms and Supplies	445,655	944,856	(499,201)	-53%
Game Expenses	406,890	291,447	115,443	40%
Fund Raising, Marketing and Promotion	285,725	228,200	57,525	25%
Sports Camp Expenses	155,657	245,679	(90,022)	-37%
Spirit Groups	64,176	37,993	26,183	69%
Athletic Facilities Debt Service, Leases and Rental Fees	376,860	404,230	(27,370)	-7%
Direct Overhead and Administrative Expenses	451,594	-	451,594	N/A
Medical Expenses and Medical Insurance	165,791	106,376	59,415	56%
Membership and Dues	23,316	27,337	(4,021)	-15%
Other Operating Expenses	1,264,930	489,699	775,231	158%
Total Expenses	$ 15,836,581	$ 14,785,608	$1,180,656	8%

There are 5 expense line items on the Schedule of Revenues and Expenses that are greater than $1 million or 10% of the total expenses identified above: Athletic Student Aid, Coaching Salaries, Benefits, and Bonuses Paid by the University, Supporting Salaries Benefits and Bonuses Paid by the University, Team Travel and Other Operating Expense. Below are management's explanations of significant variances in these lines:

- Athletic Student Aid on the Schedule was greater than $1 million and 10% of total expenses, however the variance between the current year and prior year and budget to actual was within the thresholds defined above, and therefore no further inquiry performed.
- Coaching Salaries, Benefits and Bonuses Paid by the University on the Schedule was greater than $1 million and 10% of total expenses, however the variance between the current year and prior year and budget to actual was within the thresholds defined above, and therefore no further inquiry performed.
- Supporting Salaries, Benefits and Bonuses Paid by the University on the Schedule was greater than $1 million and 10% of total expenses. The variance between the current year and prior year was greater than 10%. Per inquiry of management, a review of positions reported under Coaching Salaries, Benefits and Bonuses Paid by the University was performed. As a result of this review, management identified certain administrative positions to be reclassified to Supporting Salaries, Benefits and Bonuses Paid by the University. Amounts have been updated in the current year to reflect changes identified, however the prior year presentation has not been modified. Budget to actual was within the thresholds defined above, and therefore no further inquiry performed.

(Continued)

If a specific reporting category is omitted from the schedule or it is less than .5% of the total revenues and expenses, the procedure is not deemed to be applicable for that category.

- Team Travel on the Schedule was greater than $1 million and the variance between the current and prior year is 10%. Per inquiry with management, there were additional air travel costs associated with certain away games held out of state that had not occurred in the prior year. The variance between actual and budget was within the thresholds defined above, therefore no further inquiry performed.
- Other Operating Expenses was greater than $1 million and the variance between the current year and prior year was greater than 10%. In the current year expense, there were approximately $380,000 of capital expenditures that have been capitalized by the University, but recorded within the Schedule to show the use of capital contributions and service concession agreements received in the current year. Additionally, approximately $295,000 was identified by management that historically had been reflected as equipment, uniforms and supplies and was reclassified to other operating expenses in the current year. The prior year presentation has not been modified. The variance between actual and budget was within the thresholds defined above, therefore no further inquiry performed.

Youngstown State University
Schedule of Intercollegiate Athletics Program
Supported by Booster Organization
For the Year Ended June 30, 2015
Attachment C

Booster Organization	Beginning Net Assets	Revenues	Expenses	Ending Net Assets
The Penguin Club, Inc.	$ 1,451,664	$ 683,369	$ 547,942	$ 1,587,091

Booster Organization

Miscellaneous Expense	$ 235,256
Century Kingbird Tickets	173,656
Fund Raising Expenses	96,192
Scholarship Recognition	17,157
Sports Banquets	12,643
Executive Director Expenses	8,491
Athletic Awards	3,084
Car Lease	784
Membership Drive Expense	679
Total	$ 547,942

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WYSU-FM

Youngstown State University Radio

FINANCIAL REPORT
AND
SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT

For the Years Ended
June 30, 2015 and 2014

WYSU-FM Youngstown State University Radio

Contents

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of WYSU-FM, Youngstown State University Radio (the "Station"), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in financial position and cash flows, of only that portion of the activities of Youngstown State University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Youngstown State University as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* were effective for the Station's fiscal year ending June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 3 to 11, the Schedules of the Station's Proportionate Share of the Net Pension Liability and the Schedules of the Station's Contributions on page 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station's basic financial statements. The supplementary information included in the Schedule of Nonfederal Financial Support on page 32 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards,* we have also issued our report dated November 30, 2015 on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
November 30, 2015

Management's Discussion and Analysis

The Management's Discussion and Analysis section of the WYSU-FM Youngstown State University Radio (WYSU-FM or the Station) Financial Report presents a discussion and analysis of the financial performance of the Station, a noncommercial public radio station operated by Youngstown State University (the University or YSU), during the fiscal year ended June 30, 2015 with comparative information for the fiscal years ended June 30, 2014 and June 30, 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

Introduction

The University operates WYSU-FM, a 50,000 watt radio station that serves the Mahoning and Shenango Valley regions with fine arts, news and information programming from its studios in Cushwa Hall. WYSU-FM functions as a department of the Division of University Relations at the University. The Station broadcasts a mix of news and classical music programs on its main analog channel, HD1 (digital) channel, and an internet stream. WYSU-FM also broadcasts all classical music on its HD2 channel and second internet stream. The Station broadcasts at 88.5 MHz in Youngstown, Ohio, 90.1 MHz in Ashtabula, Ohio, and 97.5 MHz in New Wilmington, Pennsylvania.

WYSU-FM is a non-commercial, listener-supported, community-based public radio station committed to being the region's leading source for quality programming. It provides trusted in-depth news, engaging conversation and music that stimulates the mind and spirit. As one of YSU's most visible daily representatives to the community, WYSU-FM also strives to be a valuable ambassador to the community, providing a forum to promote the artistic and intellectual activities of the University.

Since 1969, public radio WYSU 88.5 FM has been northeast Ohio's and western Pennsylvania's source for the best in news and information programming, music, and entertainment. WYSU-FM is a charter National Public Radio (NPR) affiliate station. Every week thousands of listeners tune to the Station for its eclectic and innovative non-commercial program schedule including engaging news and information, great entertainment, and superb classical, jazz, and folk music – together providing a provocative, culturally rich, and intellectually stimulating journey for WYSU-FM listeners.

Using the Financial Statements

The Station's financial report includes three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with the financial reporting format required by the Governmental Accounting Standards Board's (GASB) Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; and No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the financial condition of the Station, the results of operations, and cash flows of the Station as a whole.

During fiscal year 2015, the Station adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. These statements significantly revise accounting for pension costs and liabilities.

Prior to GASBs 68 and 71, the accounting for pension costs, was focused on a funding approach, which limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each pension plan's *net pension liability*.

Under the new standards required by GASBs 68 and 71, the net pension liability equals the Station's proportionate share of each pension plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits. Pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension. The unfunded portion of this pension promise is a present obligation, part of a bargained-for benefit to the employee, and should be reported by the Station as a liability since the benefit of the exchange was received.

However, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements. The Station is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by the state statute. A change in these caps requires action of both Houses of the General Assembly, and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *against the public employer*. State law operates to mitigate/lessen the obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the public employer. In the event that contributions, investment returns and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASBs 68 and 71, the Station's statements, prepared on an accrual basis of accounting, include an annual pension expense for the proportionate share of each pension plan's *change* in net pension liability.

As a result of implementing GASBs 68 and 71, the Station is reporting a net pension liability and deferred outflows and deferred inflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at July 1, 2014 from $1,969,961 to $1,591,159.

Key presentation elements include:

- Assets and liabilities are categorized as either current or noncurrent. Current assets and liabilities will be consumed or fulfilled within one year.

- Revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the Station's revenues, including the general appropriation from the University and membership revenue are considered nonoperating as defined by GASB Statement No. 35.

- Capital assets are reported net of accumulated depreciation.

Financial and Other Station Highlights

- Membership fundraising goals were surpassed during fiscal year 2015
- Membership count increased over 5% in fiscal year 2015
- Strong renewal rate in underwriters resulted in an increase in underwriting revenue of almost 5%

The Statements of Net Position

These statements present the financial position of the Station at the end of the fiscal year and include all assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (the difference between total assets, deferred outflows, total liabilities, and deferred inflows) of the Station. Current assets are classified as such if they are available to satisfy current liabilities, which are generally defined as being due within one year of the date of the Statement of Net Position. Deferred outflows of resources include resources where the consumption is applicable to a future reporting period, but does not require further exchange of service. Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period. Deferred outflows and deferred inflows include items relating to pensions. There were no deferred outflows or deferred inflows in fiscal years 2014 and 2013. Net position is one indicator of the financial condition of the Station, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

A summarized comparison of the Station's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2015, 2014, and 2013 was as follows:

	June 30, 2015	June 30, 2014	June 30, 2013
Assets			
Current assets	$ 2,132,802	$ 1,920,570	$ 1,761,326
Noncurrent assets			
Capital assets, net	95,076	112,628	130,181
Other assets	186,646	185,805	164,768
Total Noncurrent assets	281,722	298,433	294,949
Total Assets	2,414,524	2,219,003	2,056,275
Deferred Outflows of Resources	54,268	-	-
Liabilities			
Current liabilities	178,998	157,730	169,568
Noncurrent liabilities	523,143	91,312	100,149
Total Liabilities	702,141	249,042	269,717
Deferred Inflows of Resources	7,755	-	-
Total Net Position	$ 1,758,896	$ 1,969,961	$ 1,786,558
Net Position			
Net investment in capital assets	95,076	112,628	130,181
Restricted	715,124	663,981	565,444
Unrestricted	948,696	1,193,352	1,090,933
Total Net Position	$ 1,758,896	$ 1,969,961	$ 1,786,558

Current assets consist primarily of cash and cash equivalents, accounts receivable, and pledges receivable. Current assets increased $212,232 or 11% from fiscal year 2014 to fiscal year 2015 mainly due to an increase in cash and accounts receivable. Included in accounts receivable were $25,000 in capital gifts collected by the Youngstown State University Foundation (YSUF or the Foundation) during June 2015, as part of the new development services agreement, that were disbursed to the University in July 2015. During fiscal year 2015, the University entered into a development services agreement with the Foundation, wherein the Foundation raises and maintains donations on behalf of the University. The Foundation remits all related funds, which have been received, on a monthly basis. Current assets increased $159,244 or 9% from fiscal year 2013 to fiscal year 2014 due to capital campaign pledges for the new facility for the Station and unspent receipts from membership income. Net capital assets decreased $17,552 or 16% from fiscal year 2014 to fiscal year 2015 and $17,553 or 13% from fiscal year 2013 to fiscal year 2014 due to the continued depreciation of existing assets. Other assets, which represent endowment investments, increased $841 or .5% from fiscal year 2014 to fiscal year 2015 and $21,037 or 13% from fiscal year 2013 to fiscal year 2014 as the carrying value of investments increased due to improved investment performance. Refer to Notes 2-4 for additional information about cash and cash equivalents, investments, and capital assets.

Deferred outflows of resources and deferred inflows of resources consist of items relating to pensions. Certain elements impacting the change in the net pension liability have a longer term perspective than the current year, therefore to reduce volatility these elements are amortized over a closed period of specified duration. These include differences between expected and actual experience, changes of assumptions, and net differences between projected and actual earnings of pension plan investments. These elements can be reflected as either a deferred outflow of resources or a deferred inflow of resources. Deferred inflows consist of $7,755 for the difference between projected and actual experience. Deferred outflows consist of $22,398 for the net difference between projected and actual earnings of pension plan investments. In addition, Station contributions to the pension plan subsequent to the measurement date of the pension plan are reflected as deferred outflows of resources. These contributions totaled $31,870 in fiscal year 2015. The Station adopted GASBs 68 and 71 in fiscal year 2015. The Station made no restatement for deferred outflows of resources and deferred inflows of resources for fiscal year 2014 as the information needed to generate these restatements was not available.

See Note 7 for additional information on Defined Benefit Pension Plans.

Liabilities consisting of accounts payable, unearned revenue, compensated absences, and net pension liability increased $453,099 or 182% between fiscal year 2014 and fiscal year 2015. Net pension liability and compensated absences accounted for the majority of the increase. Due to the adoption of GASBs 68 and 71, the Station recorded a net pension liability of $408,436 at July 1, 2014. The net pension liability totaled $416,913 at June 30, 2015. Spending of the annual Corporation for Public Broadcasting (CPB) grant is unearned until the subsequent fiscal year. Unearned revenue at June 30, 2015 was higher than the previous year due to an increase in the annual CPB grant awarded. Compensated absences balances increased due to personnel changes within the Station. A decrease in accounts payable, and vacation and sick leave accruals, accounted for the majority of the decrease of $20,675 or 8% between fiscal year 2013 and fiscal year 2014. Refer to Notes 5 and 6 for additional information about unearned revenue, compensated absences, and the net pension liability.

Overall the Station's net position decreased $211,065 or 11% from $1,969,961 at June 30, 2014 to $1,758,896 at June 30, 2015. The $51,143 or 8% increase in restricted net position was mainly due to $50,000 in capital gift donations to fund the Station's new facility space. The Station has dedicated $527,500 of the restricted expendable funds for renovations. The project is expected to be completed during fiscal year 2016. The $244,656 or 21% decrease in unrestricted net position includes a $378,802 decrease due to the adoption of GASBs 68 and 71 and an increase of $125,744, which was primarily due to an excess of membership and underwriting revenue over expenses. The $17,552 or 16% decrease in net investment in capital assets from fiscal year 2014 to fiscal year 2015 was due to depreciation expense.

Total net position increased $183,403 or 10% from $1,786,558 at June 30, 2013 to $1,969,961 at June 30, 2014. The $98,537 or 17% increase in restricted net position resulted from $77,500 in capital campaign pledges received and a favorable investment environment that increased the value of WYSU-FM's endowment. The $102,419 or 9% increase in unrestricted net position reflects the excess of membership and community events revenue over expenses during fiscal year 2014. The $17,553 or 13% decrease in net investment in capital assets from fiscal year 2013 to fiscal year 2014 was due to depreciation expense. .

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

These statements present the operating results and the nonoperating revenues and expenses of the Station. The revenues and expenses are reported as either operating or nonoperating. Operating revenues are generated by an annual Community Service Grant from CPB (a portion of which is restricted) and an annual grant from the Broadcast Educational Media Commission (BEMC), which is administered by the State of Ohio. In accordance with the 2014-2015 Biennial Budget Bill (HB59), the eTech Ohio Commission was reconstituted as the Broadcast Educational Media Commission, effective July 1, 2013. In addition, in-kind support is received from BEMC and includes support for transmission of Radio Reading Service Programming. Operating revenues also include contributions from area businesses (program underwriting). Operating expenses are incurred to vendors and employees for providing goods or services for the overall operations of the Station. Net nonoperating revenues include the general appropriation from the University, donated facilities and administrative support from the University, membership revenue, net revenue from fund raising, and net investment income.

A summary of the Station's revenues, expenses, and changes in net position follows:

	June 30, 2015	June 30, 2014	June 30, 2013
Total Operating Revenues	$ 372,297	$ 370,570	$ 388,826
Total Operating Expenses	1,309,130	1,269,967	1,308,063
Operating Loss	(936,833)	(899,397)	(919,237)
Net Nonoperating Revenues	1,054,570	1,005,300	996,448
Gain Before Other Revenue, Expenses, and Changes	117,737	105,903	77,211
Total Other Revenue, Expenses, and Changes	50,000	77,500	200,000
Change in Net Position	167,737	183,403	277,211
Net Position at Beginning of the Year, as originally stated	1,969,961	1,786,558	1,509,347
Cumulative effect of GASB 68 and 71 implementation	(378,802)	-	-
Net Position at Beginning of the Year, as restated	1,591,159	1,786,558	1,509,347
Net Position at End of the Year	$ 1,758,896	$ 1,969,961	$ 1,786,558

Total operating revenue increased $1,727 or .5% between fiscal year 2014 and fiscal year 2015. The revenue from the annual CPB grant that was unearned until fiscal year 2015 was $2,822 or 2% less than the revenue unearned from the fiscal year 2014 CPB grant. A strong renewal rate in underwriters resulted in an increase of $4,124 or 5% in underwriting revenue from fiscal year 2014 to fiscal year 2015.

Between fiscal year 2013 and fiscal year 2014, total operating revenues decreased $18,256 or 5%, including underwriting revenue that decreased $3,616 or 4%. In-kind contributions decreased $12,102 or 9%, mainly due to a decrease in support from the Broadcast Educational Media Commission from fiscal year 2013 to fiscal year 2014.

Due to the unavailability of information, fiscal year 2014 operating expenses were not restated for the adoption of GASBs 68 and 71. The impact of GASBs 68 and 71 on the 2015 operating expenses is an $8,402 reduction in compensation (pension expense), which is reflected in both program and support services. Total operating expenses increased $39,163 or 3% between fiscal year 2014 and fiscal year 2015. This was due to a combination of a decrease in program services of $28,405 or 4% and an increase in support services of $67,568 or 13%. In the program services category, programming and production accounted for the greatest decrease as radio programming fees were lower in fiscal year 2015 compared to fiscal year 2014. In the support services category, fund raising and membership development decreased primarily due to the Spring 2015 grand prize not being accepted as of June 30, 2015. Underwriting and clerical expenses both increased due to personnel changes and a shift in staff duties.

Between fiscal year 2013 and fiscal year 2014, total operating expenses decreased $38,096 or 3%. This was due to a decrease in program services of $8,630 or 1% coupled with a $29,466 or 5% decrease in support services. In the program services category, broadcast expense decreased due to less contractual fees and services paid in fiscal year 2014. Support services decreased mainly due to the WYSU-FM development officer leaving the Station for another department within Youngstown State University, effective January 31, 2014. A replacement for the development officer was hired in May 2014. Depreciation expense also decreased due to the aging of WYSU-FM's equipment.

Total net nonoperating revenues increased $49,270 or 5% from fiscal year 2014 to fiscal year 2015. Membership income and the general appropriation from the University increased, whereas investment income decreased. Membership income increased $49,683 or 21%, mainly due to an increase in the Station's membership base, as well as a 15% increase in the average donation per member. The general appropriation from the University increased $15,696 or 3%, as the result of an increase in compensated absences due to personnel changes. Investment income decreased $19,427 or 76%, primarily due to unrealized losses incurred in fiscal year 2015 compared to unrealized gains in fiscal year 2014.

Net nonoperating revenues increased $8,852 or 1% from fiscal year 2013 to fiscal year 2014. This was mainly due to increases in membership income, net revenues from fundraising, and net investment income, and a decrease in general appropriation from the University. The general appropriation from the University decreased $22,241 or 4% primarily due to the development officer leaving the Station during fiscal year 2014, resulting in decreases in salaries and fringes. Membership income increased $5,168 or 2% and the number of contributing members increased by 4%. Net revenues from fundraising increased $10,711 or 357% primarily due to ticket sales revenue from WYSU's new partnership in a local community event during fiscal year 2014. Net investment income increased $6,929 or 37% due to a favorable investment environment that resulted in net realized and unrealized gains.

Total other revenues, expenses, and changes decreased $27,500 or 35% from fiscal year 2014 to fiscal year 2015. This was mainly due to fewer capital gifts received in fiscal year 2015 to fund to the Station's new facility space. Between fiscal year 2013 and fiscal year 2014, total other revenue, expenses and changes decreased $122,500 due to a decrease in capital grants and gifts to move the Station to the new facility.

Economic Factors for the Future

Looking to the future, management believes that the Station is well positioned to continue its favorable financial position and level of excellence in service to its constituents. With the continued support of the University's Board of Trustees and administration, the generous loyalty of WYSU-FM's listener-members, and support of businesses, non-profit organizations, and foundations, WYSU-FM maintained stability during challenging economic times. WYSU-FM is confident that it will continue to provide all of their listeners with a direct, personal connection to the University and also provide lifelong learning and personal development opportunities through the Station's fine arts and news and information programming.

A crucial element to the Station's future will continue to be its relationship with its members and underwriters as work continues toward providing quality programming. The Station exceeded its membership fundraising goals for both its Fall 2014 and Spring 2015 fund drives. As a result, WYSU-FM expanded its membership base to 1,853 members in fiscal year 2015, an increase of over 5% from 1,758 members in fiscal year 2014. When combining membership and underwriting income, WYSU-FM's two streams of direct public support, the Station experienced an increase of 16% from fiscal year 2014 to 2015.

Fiscal year 2015 was considered a successful year in terms of fundraising events, member and community events, and marketing efforts. Through its streaming services and smart phone applications, WYSU-FM reached many other listeners and former members of the local community throughout the country and around the world. Audience ratings were strong in the Fall and Spring audience surveys conducted by Nielsen. WYSU-FM listeners are spending approximately 12.4 million hours with the Station on an annual basis. In addition, WYSU-FM saw major gains in fiscal year 2015 in website usage with a 135% increase in sessions, a 51% increase in page views, and a 186% increase in users, compared to fiscal year 2014. All of these efforts helped to raise awareness for WYSU-FM and exposed the Station to new audiences in fiscal year 2015 and potentially into the future.

Statements of Net Position at June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,049,267	$ 1,826,446
Interest receivable	389	-
Accounts receivable (net of allowance of $1,128 in 2015 and $2,033 in 2014)	35,123	9,129
Pledges receivable (net of allowance of $3,006 in 2015 and $2,685 in 2014)	48,023	84,494
Prepaid expenses	-	501
Total Current Assets	2,132,802	1,920,570
Noncurrent Assets		
Endowment investments	186,646	185,805
Capital assets, net	95,076	112,628
Total Noncurrent Assets	281,722	298,433
Total Assets	2,414,524	2,219,003
DEFERRED OUTFLOWS OF RESOURCES		
Pension OPERS	54,268	-
Total Deferred Outflows of Resources	54,268	-
LIABILITIES		
Current Liabilities		
Accounts payable	7,122	-
Unearned revenue	161,150	149,392
Compensated absences	10,726	8,338
Total Current Liabilities	178,998	157,730
Noncurrent Liabilities		
Compensated absences	106,230	91,312
Net pension liability	416,913	-
Total Noncurrent Liabilities	523,143	91,312
Total Liabilities	702,141	249,042
DEFERRED INFLOWS OF RESOURCES		
Pension OPERS	7,755	-
Total Deferred Inflows of Resources	7,755	-
NET POSITION		
Net investment in capital assets	95,076	112,628
Restricted - Nonexpendable	186,948	185,805
Restricted - Expendable	528,176	478,176
Unrestricted	948,696	1,193,352
Total Net Position	$ 1,758,896	$ 1,969,961

See accompanying notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
REVENUES		
Operating Revenues		
Corporation for Public Broadcasting grant	$ 134,443	$ 137,265
In-kind contributions	119,658	119,233
Broadcast Education Media Commission grant	23,166	23,166
Underwriting revenue	95,030	90,906
Total Operating Revenues	372,297	370,570
EXPENSES		
Operating Expenses		
Program Services		
Programming and production	439,981	462,789
Broadcasting	204,888	206,529
Program information	64,453	68,439
Traffic and continuity	6,905	6,874
Support Services		
Management and general	257,854	270,370
Fund raising and membership development	128,642	146,809
Underwriting	99,208	27,893
Clerical	89,647	62,711
Depreciation	17,552	17,553
Total Operating Expenses	1,309,130	1,269,967
Operating Loss	(936,833)	(899,397)
NONOPERATING REVENUES (EXPENSES)		
General appropriation from the University	579,141	563,445
Donated facilities and administrative support from the University	166,645	171,387
Membership revenue	286,835	237,152
Special revenues from fund raising (net of expenses of $3,370 in 2015 and $2,941 in 2014)	15,771	7,711
Investment gain, net of investment expense	6,178	25,605
Net Nonoperating Revenues	1,054,570	1,005,300
Gain Before Other Revenues, Expenses, and Changes	117,737	105,903
OTHER REVENUES, EXPENSES, AND CHANGES		
Capital grants and gifts	50,000	77,500
Total Other Revenues, Expenses, and Changes	50,000	77,500
Change in Net Position	167,737	183,403
NET POSITION		
Net Position at Beginning of the Year, originally stated	1,969,961	1,786,558
Cumulative effect of GASBs 68 and 71 implementation	(378,802)	-
Net Position at Beginning of the Year, as restated	1,591,159	1,786,558
Net Position at End of the Year	$ 1,758,896	$ 1,969,961

See accompanying notes to financial statements.

Statements of Cash Flows
for the Years Ended June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
Cash Flows from Operating Activities		
Receipts from Corporation for Public Broadcasting grant	$ 145,521	$ 134,443
Receipts from Broadcast Educational Media Commission grant	23,166	23,166
Business and underwriting support	70,217	90,676
Payments to suppliers	(345,938)	(345,544)
Payments to employees	(493,257)	(474,855)
Payments for benefits	(150,054)	(164,567)
Total Cash Flows Used in Operating Activities	(750,345)	(736,681)
Cash Flows from Noncapital Financing Activities		
General appropriation from the University	579,141	563,445
Membership receipts	323,307	162,956
Fundraising receipts	19,141	10,652
Payments for fundraising	(3,370)	(2,941)
Total Cash Flows Provided by Noncapital Financing Activities	918,219	734,112
Cash Flows from Investing Activities		
Interest on investments	4,947	4,568
Total Cash Flows Provided by Investing Activities	4,947	4,568
Cash Flows from Capital and Related Financing Activities		
Capital grants and gifts	50,000	77,500
Total Cash Flows Provided by Capital and Related Financing Activities	50,000	77,500
Change in Cash and Cash Equivalents	222,821	79,499
Cash and Cash Equivalents, Beginning of Year	1,826,446	1,746,947
Cash and Cash Equivalents, End of Year	$ 2,049,267	$ 1,826,446
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (936,833)	$ (899,397)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	17,552	17,553
Donated facilities and administrative support from the University	166,645	171,387
Changes in assets and liabilities:		
Accounts receivable, net	(25,994)	(5,048)
Prepaid expenses	501	(501)
Accounts payable, compensated absences, and unearned revenue	36,186	(20,675)
Net pension liability	38,111	-
Deferred outflows of resources	(54,268)	-
Deferred inflows of resources	7,755	-
Net Cash Flows Used in Operating Activities	$ (750,345)	$ (736,681)

See accompanying notes to financial statements.

Notes to Financial Statements
for the Years Ended June 30, 2015 and 2014

Note 1 – Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

WYSU-FM Youngstown State University Radio (WYSU-FM or the Station) is operated as a department of the Division of Student Affairs at Youngstown State University (the University or YSU) and is subject to the policies established by the University's Board of Trustees. The Station reports annually to the Corporation for Public Broadcasting (CPB).

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB).

Under the provisions of GASB Statement No. 63, resources are classified for accounting and reporting purposes into the following four net position categories:

- Net investment in capital assets - Capital assets, net of accumulated depreciation, and the outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Restricted Nonexpendable - Resources subject to externally imposed stipulations that they be maintained permanently by the Station. Such resources include the Station's permanent endowment fund.

- Restricted Expendable - Resources whose use by the Station is subject to externally imposed stipulations that can be fulfilled by actions of the Station pursuant to those stipulations or that expire by the passage of time.

- Unrestricted - Resources that are not subject to externally imposed stipulations. Unrestricted resources may be designated for specific purposes by action of management, Board of Trustees, Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted resources are designated for Station programs, initiatives, and capital projects.

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The Station reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or in part by fees charged to external parties.

Cash Equivalents - The Station considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value and excludes amounts restricted by board designation or whose use is limited.

Investments - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value based on quoted market prices. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Endowment Policy - The University Endowment Fund consists of 99 named funds, which includes the Station's endowment. Each named fund is assigned a number of shares in the University Endowment Fund based on the value of the gifts to that named fund. The University's policy is to limit annual distributions to no greater than accumulated income earned. Distributions greater than the accumulated income earned require written justification and Board of Trustees' approval. In December 2014, the Board of Trustees approved a new endowment spending policy, implemented in July 2015, where annual distributions each fiscal year will set to 5% of the twelve-quarter average of the market value for the preceding twelve calendar quarters. In calculating the twelve-quarter average, census dates of March 31, June 30, September 30 and December 31 for the previous three years shall be used. Any distribution greater than this would require written justification and Board of Trustees' approval.

Accounts Receivable - Accounts receivable consist of underwriting charges for various Station programs. Also included are amounts due from private sources in connection with reimbursement of allowable expenditures under the applicable Station grants and contracts. Accounts receivable also include gifts collected by the YSU Foundation as part of a new development services agreement. Accounts are recorded net of allowance for uncollectible accounts.

Pledges Receivable - The Station receives pledges of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of a conditional pledge, revenue is recognized when the gift is received. Pledges are recorded net of an allowance for uncollectible amounts and are discounted to net present value.

Capital Assets - Capital assets are comprised of equipment and stated at cost or fair value at date of gift. The capitalization threshold for equipment is $5,000. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The estimated useful life for equipment is 3 to 7 years. The antenna and tower are depreciated over 10 years.

When capital assets are sold, or otherwise disposed of, the carrying value of such assets and any accumulated depreciation is removed from asset accounts and net investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the capital asset's life are expensed when incurred.

Unearned Revenue - Unearned revenue includes amounts received from grants and contract sponsors that have not yet been earned.

Compensated Absences - Accumulated unpaid vacation, personal and sick leave benefits have been accrued in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The Station uses the termination method to accrue sick leave compensated absences on the Statement of Net Position.

Deferred Outflows and Inflows of Resources – Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require further exchange of goods or services. Deferred inflows of resources represent the acquisition of resources that are applicable to a future resource period. Deferred outflows of resources in the Station's financial statements consist of differences between projections and actual in the OPERS pension plan and contributions subsequent to the measurement date of the plan. Deferred inflows of resources in the Station's financial statements consist of differences between projections and the actual in the OPERS pension plan.

Pensions – For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position has been determined on the same basis as reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

General Appropriation from the University - The general appropriation represents support from the University for salaries and operating expenses not provided through other sources.

Donated Facilities and Administrative Support - Donated facilities and administrative support represent the Station's allocated amounts of institutional support and donated facilities and is recorded as nonoperating revenue and expenses in the Statement of Revenue, Expenses, and Changes in Net Position. Administrative support is based on the Station's pro-rata share of the University's total salaries, wages, and administrative expenses. Donated facilities are the Station's pro-rata share of the University's total plant expenses along with calculated occupancy costs.

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.

Measurement Focus and Financial Statement Presentation - Operating revenues and expenses result from providing programming, production, and broadcasting support for the Station. The principal operating revenues include two grants, one from the CPB and one from the Broadcast Educational Media Commission (BEMC), along with underwriting revenue from area businesses. Principal operating expenses include programming, production, broadcasting, fundraising, and management services and support. The principal nonoperating revenues are the general appropriation from the University and membership support.

Release of Restricted Funds - When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Station's policy to apply restricted resources first, then unrestricted resources as needed.

Management's Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period. Disclosure of contingent assets and liabilities at the date of the financial statements may also be affected. Actual results could differ from these estimates.

Adoption of Accounting Principle – Due to the Station's adoption of GASBs 68 and 71, net position was restated at July 1, 2014. Previously, pension expense was reported equal to the amount remitted as statutory contributions. With the adoption of GASBs 68 and 71, the Station is required to report a proportionate share of the retirement system's net pension liability (or unfunded liability) and other activity, including pension expense on the Station's financial statements and also provide disclosures in the Notes to the Financial Statements (See Note 7 Defined Benefit Pension Plans). This standard only impacts financial reporting and does not affect the amount the Station is required to fund under Ohio law. Under Ohio law, employers are not required to pay more than the current statutory contribution.

The effect of this change resulted in a net decrease in net position of the Station at July 1, 2014 of $378,802. The Station did not retroactively implement these statements as of July 1, 2013 because it was not deemed practical. The defined benefit plan in which the Station participates did not have the information readily available. Therefore, certain disclosures required under previous GASB statements are disclosed for fiscal year 2014.

Reclassification – Certain reclassifications have been made to the fiscal year 2014 amounts to conform with the fiscal year 2015 presentation. These reclassifications had no effect on the total net position or change in net position.

Note 2 – Cash and Cash Equivalents

For financial statement presentation purposes, cash in banks has been combined with the University's cash equivalents and temporary investments in repurchase agreements and certificates of deposit.

The aggregate cost of repurchase agreements, which approximates fair value, included in the University's cash and cash equivalents is $2,083,878 and $2,586,357 at June 30, 2015 and June 30, 2014, respectively.

Depository funds held in the name of the University are secured by a pool of securities with a value of at least 105% of the total value of monies on deposit at the depository bank. The University has a continuing deposit security agreement with its depository bank to ensure continuous collateralization of its deposits. All collateral, both specific and pooled, is held by the Federal Reserve Bank or by a designated trustee as agent for the public depositories used by the University.

The University's cash and cash equivalents at June 30, 2015 and June 30, 2014 consisted of the following:

	2015	2014
Carrying Amount (Cash and cash equivalents)	$ 11,472,553	$ 16,762,273
FDIC Insured	$ 5,817,914	$ 5,815,682
Uninsured but collateralized by pools of securities pledged by the depository banks	3,883,274	7,639,356
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	3,274,251	4,194,116
Bank Balance	$ 12,975,439	$ 17,649,154

The difference in carrying amount and bank balance is caused by items in transit and outstanding checks.

The Station's cash and cash equivalents are included in these totals and were $2,049,267 and $1,826,446 at June 30, 2015 and June 30, 2014, respectively.

Credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. At June 30, 2015 and June 30, 2014, all uncollateralized or uninsured deposits of the University are exposed to credit risk. The University's investment policy and asset allocation guidelines facilitate the management and monitoring of credit risk.

Note 3 - Investments

The University's investment policy authorizes the University to invest endowed University funds in compliance with provisions of the Ohio Revised Code including House Bill 524, Section 3345.05 of the Ohio Revised Code, and all other applicable laws and regulations.

In accordance with the Policies of the Board of Trustees of the University, investment types are not specifically limited but shall be made with care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Furthermore, investments shall be managed for the use and benefit of the University in a diversified portfolio that focuses, over time, on the preservation of capital, minimization of cost and risk, and maintenance of required levels of liquidity in the overall portfolio to meet cash flow requirements.

The University utilizes an investment advisor and investment managers for endowment funds. The University's endowment funds, which includes WYSU-FM's endowment fund, are managed by Huntington Trust. The Station's investments represent a portion of the University's endowment investments. University endowment investments were $8,784,183 as of June 30, 2015 and $7,877,194 as of June 30, 2014.

As of June 30, 2015, the Station had the following investments and maturities using the segmented time distribution method:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Corporate Bonds	$ 26,131	$ 6,159	$ 7,093	$ 12,879	$ -
Foreign Bonds	2,053	-	2,053	-	-
U.S. Government Bonds	11,199	-	5,973	5,226	-
Bond Mutual Funds	4,293	4,293	-	-	-
Preferred and Common Stock	125,612	125,612	-	-	-
Equity Mutual Funds	17,358	17,358	-	-	-
	$ 186,646	$ 153,422	$ 15,119	$ 18,105	$ -

All callable stocks were assumed to mature in less than one year.

As of June 30, 2014, the Station had the following investments and maturities using the segmented time distribution method:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Corporate Bonds	$ 10,219	$ -	$ 10,219	$ -	$ -
U.S. Government Bonds	12,263	-	6,503	5,760	-
Bond Mutual Funds	4,831	4,831	-	-	-
Preferred and Common Stock	146,043	146,043	-	-	-
Equity Mutual Funds	12,449	12,449	-	-	-
	$ 185,805	$ 163,323	$ 16,722	$ 5,760	$ -

All callable stocks were assumed to mature in less than one year.

As of June 30, 2015, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	$ 26,131	$ -	$ 10,703	$ 9,071	$ 6,357	$ -
Foreign Bonds	2,053	-	2,053	-	-	-
U.S. Government Bonds	11,199	-	11,199	-	-	-
Bond Mutual Funds	4,293	784	1,177	574	1,743	15
	$ 43,676	$ 784	$ 25,132	$ 9,645	$ 8,100	$ 15

As of June 30, 2014, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	$ 10,219	$ -	$ -	$ 4,498	$ 5,721	$ -
U.S. Government Bonds	12,263	-	12,263	-	-	-
Bond Mutual Funds	4,831	665	1,242	763	2,149	12
	$ 27,313	$ 665	$ 13,505	$ 5,261	$ 7,870	$ 12

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy and asset allocation guidelines facilitate the management and monitoring of its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy and asset allocation guidelines contain provisions to manage credit risk.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Investments that are both unregistered and uninsured are exposed to custodial credit risk if investments are held by the counterparty, or are held by the counterparty's trust department or agent but not in the name of the University. At June 30, 2015 and 2014, the University had no exposure to custodial credit risk. The University does not address custodial credit risk in its investment policy and asset allocation guidelines.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2015 and 2014, the University had no material exposure to foreign currency risk. The University does not address foreign currency risk in its investment policy and asset allocation guidelines.

Note 4 – Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable assets:				
Antenna and tower	$ 475,691	$ -	$ -	$ 475,691
Studio and broadcast equipment	383,210	-	-	383,210
Total cost	858,901	-	-	858,901
Less: Accumulated depreciation	746,273	17,552	-	763,825
Capital assets, net	$ 112,628	$ (17,552)	$ -	$ 95,076

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

	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable assets:				
Antenna and tower	$ 475,691	$ -	$ -	$ 475,691
Studio and broadcast equipment	383,210	-	-	383,210
Total cost	858,901	-	-	858,901
Less: Accumulated depreciation	728,720	17,553	-	746,273
Capital assets, net	$ 130,181	$ (17,553)	$ -	$ 112,628

Note 5 – Unearned Revenue

Unearned revenue at June 30, 2015 and June 30, 2014 consisted of the following:

	2015	2014
Corporation for Public Broadcasting grant	$ 145,521	$ 134,443
Underwriting agreements	15,179	14,499
Other unearned revenue	450	450
Total unearned revenue	$ 161,150	$ 149,392

Note 6 – Long-Term Liabilities

Long-term liability activity (also see Note 7) for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 99,650	$ 17,306	$ -	$ 116,956	$ 10,726
Net pension liability	-	416,913	-	416,913	-
Total long-term liabilities	$ 99,650	$434,219	$ -	$ 533,869	$ 10,726

The additions column for net pension liability includes both the beginning restatement adjustment related to the implementation of GASBs 68 and 71 and the current year expense.

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 109,318	$ -	$ 9,668	$ 99,650	$ 8,338
Total long-term liabilities	$ 109,318	$ -	$ 9,668	$ 99,650	$ 8,338

Note 7 – Defined Benefit Pension Plans

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

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

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

GASBs 68 and 71 assumes the liability is solely the obligation of the employer, because (1) the employer benefits from employee services; and (2) State statute requires all funding to come from the employer. All contributions to date have come solely from employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description

Substantially all other Station employees are provided with pensions through the OPERS, which is a statewide cost-sharing multiple employer defined benefit pension plan. Authority to establish and amend benefits for OPERS is authorized by Chapters 145 and 3307, respectively, of the Ohio Revised Code. The OPERS report can be obtained at https://www.opers.org/investments/cafr.shtml.

OPERS offers three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

OPERS Defined Benefit Plan pays service retirement benefits using a fixed formula based on age, years of service credit and final average salary (FAS). In addition to service retirement, participants are eligible for disability and survivor benefits.

OPERS Member-Directed Plan is an optional alternative retirement plan available to new members. Participants allocate both member and a portion of the employer contributions in an investment account. Portions of the employer contributions are allocated to the defined benefit unfunded liabilities. Benefits are based on the member's account value.

OPERS Combined Plan offers features of both a defined benefit plan and a member-directed or defined contribution plan. In the combined plans, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit along with disability and survivor benefits.

Benefits Provided

OPERS provides retirement, disability, annual cost-of-living adjustments, and survivor benefits for plan members and beneficiaries. The benefit provisions stated in the following paragraphs are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

OPERS Benefits

Under OPERS, retirement benefits are specific to each pension plan and members must meet the eligibility requirements based on their age and years of service credit within the plan. Retirement eligibility also varies by division and transition group. Members who were eligible to retire under law in effect prior to SB 343 before January 7, 2023 are included in transition Groups A and B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

State and Local members in transition groups A and B are eligible for retirement benefits at age 55 with 25 or more years of service credit or at age 60 with 5 years of service credit. State and Local members in transition Group C are eligible for retirement at age 57 with 25 years of service credit or at age 62 with 5 years of service credit.

Under the Traditional Plan, for Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service credit for the first 30 years of service credit and 2.5% for years of service credit in excess of 30 years. For Group C the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service credit in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Under the Combined Plan, the benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service credit. A factor of 1.25% is applied to years of service credit in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service credit and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Member-Directed participants must have attained the age of 55, have money on deposit in the Defined Contribution Plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts.

The OPERS law enforcement program consists of two separate divisions: Law Enforcement and Public Safety. Both divisions of members are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed or Combined plans. Public Safety members in transition Groups A and B may file an application for full retirement benefits at age 48 or older with 25 or more years of service credit or 52 or older with 15 or more years of service credit. Public Safety members in transition Group C are eligible for benefits at age 52 or older with 25 years of service credit or at age 56 or older with 15 years of service credit. Those members classified as Law Enforcement officers are eligible for full retirement at age 52 or older with 15 or more years of service credit for Group A. Law Enforcement Group B is eligible at age 48 or older with 25 years of service credit or at age 52 or older with 15 years of service credit. Law Enforcement Group C is eligible at age 48 or older with 25 years of service credit or at age 56 with 15 years of service credit. Annual benefits under both divisions are calculated by multiplying 2.5% of FAS by the actual years of service credit for the first 25 years of service credit, and 2.1% of FAS for each year of service credit over 25 years. These options also permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect coverage under either the original plan or the revised plan. All members who entered the System after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. Law Enforcement officers are immediately eligible for disability benefits if disabled by an on-duty illness or injury. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. Law Enforcement and Public Safety personnel are eligible for survivor benefits immediately upon employment.

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit.

Contributions

OPERS Contributions
Employer and member contribution rates are established by the OPERS Board subject to limits per Chapter 145 of the Ohio Revised Code. Under the OPERS plans, the employee contribution rate for the years ended June 30, 2015 and 2014 is 10% for all employees with the exception of law enforcement. The law enforcement contribution rate was 12.6% through December 31, 2013 and increased to 13% effective January 1, 2014. The employer contribution rate is 14% for all employees with the exception of law enforcement whose rate is 18.1%. For Member-Directed Plans, for the years ended June 30, 2014 and 2013, 13.23% was paid into the member's member-directed account and the remaining .77% was paid to OPERS, as required by state legislation, to cover unfunded liabilities.

The Station's contributions to OPERS were $64,597, $61,627, $57,629 and $61,534 for the fiscal years ended June 30, 2015, 2014, 2013 and 2012, respectively. There were no contributions made to the ARP for the fiscal year ended June 30, 2015, 2014 and 2013. Contributions made to the ARP for fiscal year ended June 30, 2012 were $5,344. Contributions were equal to the required contributions for each year as set by state statute.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

OPERS Pension Costs
At June 30, 2015, the Station reported a liability of $416,913 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Station's proportion of the net pension liability was based on the Station's share of contributions to the pension plan relative to the total employer contributions from all participating OPERS employers. At December 31, 2014, the Station's proportion was 0.00347%.

The net pension liability and asset for the Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2014, and the total pension liabilities were determined by an actuarial valuation as of that date.

For the year ended June 30, 2015, the Station recognized pension expense of $56,195. At June 30, 2015, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 7,755
Net difference between projected and actual earnings on pension plan investments	22,398	-
University contributions subsequent to the measurement date	31,870	-
Totals	$ 54,268	$ 7,755

At June 30, 2015, the Station reported $31,870 as deferred outflows of resources related to pensions resulting from Station contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to OPERS pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2016	$ 5,600	$ 3,439
2017	5,600	3,439
2018	5,599	616
2019	5,599	48
2020	-	48
Thereafter	-	165
Totals	$ 22,398	$ 7,755

OPERS Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75%
Salary increases	4.25%-10.05%, including inflation
Investment rate of return	8.00%
Cost of living adjustment	3.00% simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the five year period ended December 31, 2010.

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board as outlined in the annual investment plan. The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class Return	Target Allocation	Long-Term expected Real Rate of Return
Fixed income	23.0%	2.31%
Domestic equity	19.9%	5.84%
International equity	19.1%	7.40%
Real estate	10.0%	4.25%
Private equity	10.0%	9.25%
Other	18.0%	4.59%
Totals	100.0%	

Discount rate

The discount rate used to measure OPERS total pension liability was 8.0% as of December 31, 2014. The projection of cash flows used to determine the discount rates assumed that employee and Station contributions will be made at the statutory contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Station's proportionate share of the net pension liability to changes in the discount rate

The following presents the Station's proportionate share of the OPERS pension plans net pension liability calculated using the discount rate of 8.0%, as well as what the Station's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate.

	($ in thousands)		
	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Station's proportionate share of the net pension liability	$ 770,132	$ 416,913	$ 119,993

Pension plan fiduciary net position

Detailed information about OPERS fiduciary net position is available in the separately issued financial reports. Financial reports, which may be obtained at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642.

<u>Note 8 - Related Party</u>

Youngstown State University Foundation (YSUF) is a legally separate nonprofit organization exempt from federal income tax and classified as a public charity. YSUF is devoted to the support, expansion, and development of educational programs at the University that are useful and beneficial to the students and the community.

<u>Note 9 – Risk Management</u>

WYSU-FM is included in the University's insurance programs. The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University has joined with other state-assisted universities in Ohio to form an insurance pool for the acquisition of commercial property and casualty insurance. The University pays annual premiums to the pool for its property and casualty insurance coverage based on its percentage of the total insurance value to the pool. Future contributions will be adjusted based upon each University's loss history. The University had no significant reductions in coverage from the prior year. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

Schedule of the Station's Proportionate Share of the Net Pension Liability

OPERS

		2015
Station's proportion of the collective net pension liability (asset)		0.00347%
Station's proportionate share of the collective net pension liability (asset)	$	416,913
Station's covered-employee payroll	$	478,895
Station's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll		87.06%
Plan fiduciary net position as a percentage of the total pension liability		84.00%

NOTE: Years prior to 2015 are not available.

Schedule of the Station's Contributions

OPERS

		2015
Statutorily required contribution	$	64,597
Contributions in relation to the Statutorily required contribution	$	64,597
Annual contribution deficiency	$	-
Station's covered-employee payroll	$	461,406
Contributions recognized by the pension plan in relation to the the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll		14.00%

Supplementary Information

Schedule of Nonfederal Financial Support for the Year Ended June 30, 2015

Direct Income	$	1,054,978
Indirect Administrative Support		166,645
In-Kind Contributions of Services and Other Assets		112,900
Total Nonfederal Financial Support	$	1,334,523

Crowe Horwath LLP
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WYSU-FM, Youngstown State University Radio (the "Station"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated November 30, 2015.

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in financial position and cash flows, of only that portion of the activities of Youngstown State University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Youngstown State University as of June 30, 2015, and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
November 30, 2015

Youngstown State University

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Dave Yost • Auditor of State

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 9, 2016

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