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.

STRS Ohio Benefits

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

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%	

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

Principal Administrators

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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

Crowe Horwath.

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 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

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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.