



**YOUNGSTOWN
STATE
UNIVERSITY**

**MAHONING COUNTY
SINGLE AUDIT REPORT**

For the Years Ended June 30, 2021 and 2020



YOUNGSTOWN STATE UNIVERSITY

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YOUNGSTOWN STATE UNIVERSITY

MESSAGE FROM PRESIDENT TRESSEL

October 14, 2021

It is safe to say that the past several months have been like no other in Youngstown State University's history—plenty of uncertainty, unimagined challenges, and the constant looming presence of COVID-19. But in the midst of all of that, we overcame, moved ahead, found success, and mapped out a plan for what we see as a bright post-pandemic future.

As we maneuvered through the past year, we asked for plenty of patience, and we saw plenty of perseverance. Our patience and perseverance has paid off in many successes, including dozens of regional and national student achievements, the historic \$126 million “We See Tomorrow” fundraising campaign, the opening of the new Excellence Training Center, and the completion of the Fifth Avenue improvement project.

While patience and perseverance has been vital to the institution's pandemic response, equally important has been our work to position ourselves to emerge from the pandemic stronger than ever. Over the course of the last several months, we've worked with faculty and others across campus to plant seeds that we believe will sustain Youngstown State University in the post pandemic future—significant increases in online graduate programs, triple the number of endowed faculty chairs and professorships, creation of the new Division of Strategic Workforce Education and Innovation, the new Office of the Dean of Students, and a comprehensive review of all academic programs.

To make the progress we have, in the midst of a pandemic that has caused its share of disruptions, is a credit to the hard work and dedication of students, faculty, staff, administration, our Board of Trustees, alumni, donors and the greater Youngstown State University community. As we said at the celebration to conclude our fundraising campaign—we saw tomorrow, and now, tomorrow is here.

Sincerely yours,



James P. Tressel

Independent Auditor's Report

To the Board of Trustees
Youngstown State University

Report on the Financial Statements

We have audited the accompanying financial statements of Youngstown State University (the "University"), a component unit of the State of Ohio, and its discretely presented component unit as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Youngstown State University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of Youngstown State University and its discretely presented component unit as of June 30, 2021 and 2020 and the changes in their financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Youngstown State University

Required Supplemental Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Youngstown State University's basic financial statements. The message from President Tressel, board of trustees, and executive officers, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021 on our consideration of Youngstown State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Youngstown State University's internal control over financial reporting and compliance.



October 14, 2021

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of Youngstown State University's (the University or YSU) Financial Report presents a discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2021 with comparative information for the fiscal years ended June 30, 2020 and June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

Introduction

An Institution of Opportunity: YSU inspires individuals, enhances futures, and enriches lives.

As a student-centered university, Youngstown State University's mission is to provide innovative lifelong learning opportunities that will inspire individuals, enhance futures, and enrich lives. YSU inspires individuals by cultivating a curiosity for life-long learning; enhances the futures of our students by empowering them to discover, disseminate, and apply their knowledge; and enriches the region by fostering collaboration and the advancement of civic, scientific, and technological development. YSU's culture of enrichment flourishes in our diverse, accessible, and quality education.

Youngstown State University is where students thrive in their educational and career pursuits, where scholarship creates innovative solutions, and where community engagement is a cornerstone of collaboration that collectively contribute to the sustainable prosperity of the region and beyond.

We - the faculty, staff, administrators, and students of Youngstown State University - hold the following values essential to achieving the University's mission:

- Centrality of Students – We put students first, fostering their holistic and lifelong success.
- Excellence and Innovation – We bring academic excellence and innovation to learning and life for all stakeholders.
- Integrity and Human Dignity – We root all behaviors, decisions and actions in the achievement of integrity, mutual respect, collegiality, equity and inclusion.
- Collaboration and Public Engagement – We embrace collaboration and create innovative partnerships to foster sustainability and enrich our university, our culture, and region.

The University started out as a single commercial law course offered by the local YMCA. Over a century later, it serves the Youngstown area with the same passion, and consists of the College of Graduate Studies and five undergraduate colleges: the Beeghly College of Liberal Arts, Social Sciences, and Education; the Bitonte College of Health and Human Services; the Cliffe College of Creative Arts; the College of Science, Technology, Engineering, and Mathematics; and the Williamson College of Business Administration. The University offers degrees at the undergraduate, graduate, and doctoral levels.

The University is located on a 145-acre campus near downtown Youngstown, Ohio and is equidistant (approximately 60 miles) from both Pittsburgh and Cleveland. Fall 2021 enrollment was 11,298.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and “shelter-at-home” guidelines for individuals. As a result, the global economy has been negatively affected, and the University’s operations were also impacted. Due to the “shelter-at-home” guidelines during April and May 2020, the University shifted to a remote online learning environment and sent students home. The University issued room and board adjustments, resulting in refunds to students. The University also had many events cancelled or temporarily postponed until the “shelter-at-home” guidelines were reduced or removed, which resulted in lost revenues for the University for the years ended June 30, 2021 and June 30, 2020. In response, the University instituted measures to reduce personnel expenses, including temporary layoffs, permanent layoffs, furloughs, and pay reductions. In addition, operating expenses were reduced by closing some operations, suspending travel, and renegotiating vendor contracts. To offset the financial impact to students, the losses incurred by the University due to the disruption caused by COVID-19 and to defray COVID-19 expenses, the University received grants and other relief primarily authorized through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Relief & Recovery Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act of 2021.

Using the Financial Statements

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

During fiscal year 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* and during fiscal year 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. These statements significantly revised accounting for pension/OPEB costs and assets/liabilities.

Prior to GASBs 68 and 75, the accounting for pension/OPEB costs, was focused on a funding approach, which limited pension/OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each pension plan’s net pension/OPEB asset/liability.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

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

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

In accordance with GASBs 68 and 75, the University's statements, prepared on an accrual basis of accounting, include an annual pension/OPEB expense for the proportionate share of each pension plan's *change* in net pension/OPEB asset/liability.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Overall key presentation elements of the financial statements include:

- Assets and liabilities are categorized as either current or noncurrent. Current assets and liabilities will be consumed or fulfilled within one year.
- Revenues and expenses are categorized as either operating or non-operating. Significant recurring sources of the University's revenues, including State of Ohio (State) appropriations, certain grants, gifts and investment income are considered non-operating, as defined by GASB Statement No. 35.
- University scholarships that represent reduced tuition (i.e., are applied to student accounts rather than refunded to students) are shown as a reduction of tuition, fees and other student charges, while payments made directly to students are presented as scholarship expense. Third party scholarships are treated as though the students made the payments themselves.
- Capital assets are reported net of accumulated depreciation.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, The Youngstown State University Foundation (YSUF or Foundation) is treated as a component unit of the University. The Foundation is discretely presented in this report by presentation of the individual financial statements immediately following the University's respective GASB financial statements. Additional information on this component unit is contained in Note 15. Management's Discussion and Analysis focuses on the University and does not include the component unit.

The Statement of Net Position

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

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

A summarized comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2021, 2020, and 2019 follows:

	June 30, 2021	June 30, 2020	June 30, 2019
Assets			
Current assets	\$ 94,074,484	\$ 61,921,355	\$ 72,959,245
Noncurrent assets			
Capital assets, net	224,731,687	219,966,440	216,581,791
Other assets	<u>38,723,748</u>	<u>31,826,862</u>	<u>31,097,061</u>
Total noncurrent assets	<u>263,455,435</u>	<u>251,793,302</u>	<u>247,678,852</u>
Total Assets	<u>357,529,919</u>	<u>313,714,657</u>	<u>320,638,097</u>
Deferred Outflows of Resources	19,957,699	27,832,781	43,471,234
Liabilities			
Current liabilities	26,922,245	26,164,070	26,222,716
Noncurrent liabilities	<u>180,800,802</u>	<u>231,807,101</u>	<u>258,084,632</u>
Total Liabilities	<u>207,723,047</u>	<u>257,971,171</u>	<u>284,307,348</u>
Deferred Inflows of Resources	<u>43,242,835</u>	<u>32,373,740</u>	<u>21,335,124</u>
Total Net Position	<u>\$ 126,521,736</u>	<u>\$ 51,202,527</u>	<u>\$ 58,466,859</u>
Net Position			
Net investment in capital assets	\$ 156,189,269	\$ 147,352,730	\$ 140,074,416
Restricted	28,284,607	29,338,685	32,333,899
Unrestricted	<u>(57,952,140)</u>	<u>(125,488,888)</u>	<u>(113,941,456)</u>
Total Net Position	<u>\$ 126,521,736</u>	<u>\$ 51,202,527</u>	<u>\$ 58,466,859</u>

Current assets include unrestricted and restricted cash and cash equivalents, investments that mature within one year, receivables, inventories, and other short-term assets. Noncurrent assets include unrestricted investments that mature in more than one year and investments that are restricted by donors or external parties as to their use. Also included are receivables deemed to be collectible in more than one year, capital assets, and net OPEB assets. Current assets increased \$32.2 million from fiscal year 2020 to fiscal year 2021 and decreased \$11 million from fiscal year 2019 to fiscal year 2020. Noncurrent assets increased \$11.7 million from fiscal year 2020 to fiscal year 2021 and increased \$4.1 million from fiscal year 2019 to fiscal year 2020.

Deferred outflows of resources include resources where the consumption is applicable to a future reporting period, but does not require further exchange of service. Deferred outflows which include items relating to pensions/OPEB decreased \$7.9 million from fiscal year 2020 to fiscal year 2021 and decreased \$15.6 million from fiscal year 2019 to fiscal year 2020.

Current liabilities include all liabilities that are payable within the next fiscal year. Unearned revenues, principally from summer programs, are also presented as current liabilities. Liabilities that are due to be paid beyond the next fiscal year are reported as noncurrent liabilities and include debt, compensated absences, and net pension/OPEB asset/liabilities. Current liabilities increased \$0.8 million from fiscal year 2020 to fiscal year 2021 and remained flat from fiscal year 2019 to fiscal year 2020. Noncurrent liabilities decreased \$51 million from fiscal year 2020 to fiscal year 2021 and decreased \$26.3 million from fiscal year 2019 to fiscal year 2020.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period. Deferred inflows of resources which include unamortized concession arrangements and items relating to pensions/OPEB increased \$10.9 million from fiscal year 2020 to fiscal year 2021 and increased \$11 million from fiscal year 2019 to fiscal year 2020.

Assets

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

	June 30, 2021	June 30, 2020	June 30, 2019
Cash and cash equivalents	\$ 26,292,042	\$ 5,791,497	\$ 17,124,401
Investments	76,697,768	68,470,267	67,727,713
Accounts, loans, and pledges receivable, net	18,574,813	12,615,556	12,287,432
Net OPEB asset	9,486,443	5,446,000	5,237,852
Capital assets, net	224,731,687	219,966,440	216,581,791
Other	1,747,166	1,424,897	1,678,908
Total Assets	<u>\$ 357,529,919</u>	<u>\$ 313,714,657</u>	<u>\$ 320,638,097</u>

Cash and cash equivalents increased \$20.5 million or 354% from fiscal year 2020 to fiscal year 2021. This increase was partially due to unbudgeted reimbursements from COVID-19 relief funds for lost revenues and expenses including defraying payroll costs, recovering indirect costs, and restored state appropriations not budgeted, along with unspent grant revenue received in advance of expenses.

Investments increased \$8.2 million or 12% from fiscal year 2020 to fiscal year 2021. This increase was primarily due to unrealized gains resulting from a favorable market environment.

Overall accounts, loans, and pledges receivable, net increased \$6 million or 47.2% from fiscal year 2020 to fiscal year 2021. This increase was primarily due to an increase in net accounts receivable. Net accounts receivable increased \$6.3 million from \$11.7 million at June 30, 2020 to \$18 million at June 30, 2021. Student accounts, net increased \$1.7 million largely due to the impact of a student reengagement initiative utilizing \$2.7 million of Higher Education Emergency Relief Fund (HEERF) funds in fiscal year 2022 to discharge student debt, which resulted in a decrease in the allowance for doubtful accounts at June 30, 2021. Grants and contracts receivables, net increased \$7 million due to \$4 million increase in year end capital grant activity relating to the construction of the Excellence Training Center, and \$2.6 million in unreimbursed uses of HEERF funds awarded. State capital appropriation receivables decreased \$1.4 million due to decreased year end activity on capital projects funded from state capital appropriations, and other receivables decreased \$1 million.

Net OPEB assets increased \$4 million or 74% from fiscal year 2020 to fiscal year 2021.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Cash and cash equivalents decreased \$11.3 million or 66% from fiscal year 2019 to fiscal year 2020. This decrease was primarily due to an increase in capital project activity and the overall impact of the COVID-19 pandemic, including the timing of reimbursements of COVID-19 related expenses and adjustments to student accounts, as well as loss of revenue from cancelled events and a reduction in state appropriations.

Investments increased \$0.7 million or 1% from fiscal year 2019 to fiscal year 2020. Although total investments remained flat, there was a slight shift in amounts invested in bond mutual funds and a slight increase in amounts in equity funds. Bond mutual funds decreased \$1 million or 7% whereas equity mutual funds increased \$1.4 million or 8% at June 30, 2020 as compared to June 30, 2019.

Overall accounts, net loans and pledges receivable, net increased \$0.3 million or 2.7% from fiscal year 2019 to fiscal year 2020. This increase was primarily due to an increase in net accounts receivable. Net accounts receivable increased \$0.8 million from \$10.9 million at June 30, 2019 to \$11.7 million at June 30, 2020 primarily due to increased year end activity on capital projects funded from grants and state capital appropriations as well as unreimbursed uses of funds awarded under the Coronavirus, Aid, Relief, and Economic Security (CARES) Act.

Net OPEB assets increased \$0.2 million or 4% from fiscal year 2019 to fiscal year 2020.

Refer to Note 3 for additional information on cash and cash equivalents, Note 4 for details on investments, Note 5 for information on accounts and loans receivable, and Note 6 for information on pledges receivable.

At June 30, 2021, the University had \$225 million in capital assets, net of accumulated depreciation. Depreciation totaled \$14.1 million, \$14.1 million, and \$13.4 million in fiscal years 2021, 2020, and 2019 respectively.

Details of net capital assets are shown below.

	June 30, 2021	June 30, 2020	June 30, 2019
Land	\$ 17,810,443	\$ 17,789,943	\$ 17,637,005
Buildings, net	96,922,214	101,561,380	102,319,696
Improvements to buildings, net	81,347,110	67,462,490	62,955,911
Improvements other than buildings, net	20,994,408	22,284,712	19,794,706
Construction in progress	1,515,662	4,290,786	5,280,515
Moveable equipment and furniture, net	4,857,512	5,249,533	7,169,577
Vehicles, net	218,327	299,330	355,610
Historical treasures	1,021,538	943,288	943,288
Capital leases, net	44,473	84,978	125,483
Total Capital Assets, net	<u>\$ 224,731,687</u>	<u>\$ 219,966,440</u>	<u>\$ 216,581,791</u>

Major capital activity during fiscal year 2021 included the completion of the Excellence Training Center located in Kohli Hall as well as renovations to Fedor Hall and the two pedestrian bridges on campus. The second phase of renovations to the Physical Therapy department in Cushwa Hall

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

was completed as well as renovations in Maag Library and the Natatorium in the Beeghly Center. In addition, restrooms in Sweeney Hall and Cushwa Hall were updated, the roofs on Fok Hall and Ward Beecher Hall were replaced, and structural improvements were made to Ward Beecher Hall. Also, renovations took place in Stambaugh Stadium to create office and locker room space for swimming and lacrosse, and the Beede Field artificial turf was replaced. Parking improvements included repairs and renovations to the M30 and M60 parking decks and the resurfacing of the M70 parking lot. Construction in progress includes Campus Development which will upgrade and replace various walkways, entrances, retaining walls and other exterior elements, repairs and renovations to the M30 and M60 parking decks, the second phase of renovations to Fedor Hall, the third phase of renovations to the Physical Therapy Department in Cushwa Hall, and the replacement of the Kilcawley House chiller.

Major capital activity during fiscal year 2020 included completion of the multimedia center on the east side of Stambaugh Stadium and the North Central Parking Lot adjacent to the multimedia center. Also, an athletic field on the north side of campus was completed as well as an indoor tennis facility. The first phase of renovations were completed in the Cushwa Hall physical therapy department, and the second phase of renovations were completed in Meshel Hall. Additionally, the Bliss Hall entranceway was renovated as well as upgrades to the utility distribution system and roof repairs to the Cafaro House and Lyden House dormitories. Construction in progress includes the Excellence Training Center which is part of the Mahoning Valley Innovation & Commercialization Consortium, Ward Beecher Science Hall structural improvements, replacement of the Fok Hall roof and sections of the Ward Beecher roof, and renovations to the two pedestrian bridges on campus.

Major capital activity during fiscal year 2019 included completion of renovations to Ward Beecher Hall and the Natatorium as well as renovations to the dean's office in Bliss Hall and Beeghly Center South Plaza. Additionally, Jones Hall received facility upgrades and the Lincoln Building received upgrades to its instructional spaces. Utility distribution upgrades were made to various buildings across campus, and the Wick Avenue and Fifth Avenue parking decks were renovated. Construction in progress includes a multimedia center, renovations to Meshel Hall, Cushwa Hall Physical Therapy renovations, construction of the North Central Parking Lot, an athletic field, the Excellence Training Center, and an indoor tennis facility. During fiscal year 2019, the University was gifted several parcels of land totaling \$1.2 million for the purpose of constructing an athletic field, parking lots and for future expansion of the University.

See Note 7 for additional information on capital assets.

Other assets remained flat from fiscal year 2020 to fiscal year 2021, and from fiscal year 2019 to fiscal year 2020.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Deferred Outflows/Inflows of Resources

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

Deferred Outflows of Resources	June 30, 2021	June 30, 2020	June 30, 2019
Related to pension	\$ 15,805,606	\$ 20,224,223	\$ 38,407,114
Related to OPEB	2,597,825	5,929,505	3,260,281
Bond refunding	1,554,268	1,679,053	1,803,839
Total Deferred Outflows of Resources	<u>\$ 19,957,699</u>	<u>\$ 27,832,781</u>	<u>\$ 43,471,234</u>

Deferred Inflows of Resources	June 30, 2021	June 30, 2020	June 30, 2019
Service concession agreements	\$ 220,000	\$ 307,500	\$ 395,000
Related to pension	22,329,129	19,543,642	12,652,335
Related to OPEB	20,693,706	12,522,598	8,287,789
Total Deferred Inflows of Resources	<u>\$ 43,242,835</u>	<u>\$ 32,373,740</u>	<u>\$ 21,335,124</u>

Included in deferred outflows of resources and deferred inflows of resources are items relating to pensions, OPEB, bond refunding, and service concession agreements. Certain elements impacting the changes in the net pension/OPEB asset/liabilities have a longer term perspective than the current year, therefore to reduce volatility these elements are amortized over a closed period of specified duration. These include differences between expected and actual experience, changes of assumptions, net differences between projected and actual earnings of investments, and changes in the proportionate share of contributions. These elements can be reflected as either a deferred outflow of resources or a deferred inflow of resources.

Deferred outflows of resources decreased \$7.9 million or 28% from fiscal year 2020 to fiscal year 2021. Deferred outflows of resources related to pension decreased \$4.4 million or 21.85% primarily due to a combination of a \$7.1 million decrease in changes in assumptions, including \$2.6 million decrease related to the OPERS plan and \$4.5 million decrease related to the STRS Ohio plan and a \$3.7 million increase in the net difference between projected and actual earnings on pension plan investments related to the STRS Ohio plan. Deferred outflows of resources related to OPEB decreased \$3.3 million or 56.2% primarily due to a \$3.4 million decrease in the net difference between projected and actual earnings on pension plan investments related to the OPERS plan.

Deferred inflows of resources increased \$11 million or 34% from fiscal year 2020 to fiscal year 2021. Deferred inflows of resources related to pension increased \$2.8 million or 14.25% primarily due to a \$2 million increase in change in proportionate share of contribution, including \$1.6 million increase related to the OPERS plan, and \$0.4 million increase related to the STRS Ohio plan. Although the net difference between projected and actual earning on pension plan investments decreased \$0.2 million, this included an increase of \$3.4 million related to the OPERS plan and a decrease of \$3.6 million related to the STRS Ohio plan. Deferred inflows of resources related to OPEB increased \$8.2 million or 65.25% primarily due to a combination of a \$5.7 million increase

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

in change in assumptions, including a \$6.4 million increase relating to the OPERS plan and \$0.7 million decrease relating to the STRS Ohio plan; a \$1.3 million increase in the difference between expected and actual experience, including \$0.5 million increase relating to the OPERS plan and \$0.8 million increase relating to the STRS Ohio plan; and a \$1.1 million increase in the change in proportionate share of contribution relating to the OPERS plan.

Deferred outflows of resources decreased \$15.6 million or 36% from fiscal year 2019 to fiscal year 2020. Deferred outflows of resources related to pension decreased \$18.2 million or 47.3% primarily due to a combination of a \$9.7 million decrease in the net difference between projected and actual earnings on pension plan investments related to the OPERS plan; a \$7.7 million decrease in a change in assumptions, including \$3.5 million decrease related to the OPERS plan, and \$4.2 million increase related to the STRS Ohio plan; and a \$1.1 million decrease in differences between expected and actual experience in the STRS Ohio plan. Deferred outflows of resources related to OPEB increased \$2.7 million or 81.9% primarily due to a combination of a \$4.2 million increase in change in assumptions in the OPERS plan and a \$1.5 million decrease in the difference between projected and actual earnings on OPEB plan investments in the OPERS plan.

Deferred inflows of resources increased \$11 million or 51.7% from fiscal year 2019 to fiscal year 2020. Deferred inflows of resources related to pension increased \$6.9 million or 54.5% primarily due to a combination of a \$8.9 million increase in the net difference between projected and actual earnings on pension plan investments, including \$9.7 million increase related to the OPERS plan and \$.8 million decrease related to the STRS Ohio plan; and a \$1.6 million decrease in the proportionate share of contribution, including \$3.3 million decrease related to the STRS Ohio plan and \$1.7 million increase related to the OPERS plan. Deferred inflows of resources related to OPEB increased \$4.2 million or 51.1% primarily due to a combination of a \$2.9 million increase in the difference between expected and actual experience in the OPERS plan; a \$1.1 million decrease in a change in assumptions in the STRS Ohio plan; a \$1.4 million decrease in the net difference between projected and actual earnings on OPEB plan investments, including \$1.7 million increase related to the OPERS plan and \$.3 million decrease related to the STRS Ohio plan; and a \$1 million increase in the proportionate share of contribution in the OPERS plan.

See Note 13 for additional information on employee benefit plans.

During fiscal year 2014, the University entered into a ten year agreements with a food service company for the exclusive right to provide and manage the University's food service program including catering services. The University received initial support funds in the amount of \$425,000 which are contingent upon the University utilizing the services of the food service company over the ten year period. During fiscal year 2015, the University entered into a ten year agreement with a beverage company for exclusive pouring rights and sponsorship program. The University received initial support funds in the amount of \$450,000 which are contingent upon the University utilizing the services of the beverage company over a ten year period. The unamortized amounts are reflected as Deferred Inflows of Resources in the Statement of Net Position.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Liabilities

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

	June 30, 2021	June 30, 2020	June 30, 2019
Accounts and construction payable	\$ 5,277,472	\$ 4,877,936	\$ 4,672,442
Payroll liabilities	8,418,693	8,150,854	8,732,941
Notes payable	13,059,956	13,919,024	14,692,269
Bonds payable, net	56,985,643	60,278,073	63,482,710
Unearned revenue	7,155,847	6,384,286	6,830,914
Compensated absences	6,595,243	6,996,865	7,529,370
Refundable advance	670,781	1,288,875	1,374,718
Other	1,052,562	2,053,012	1,452,859
Net pension liability	108,506,850	120,551,697	142,148,557
Net OPEB liability	-	33,470,549	33,390,568
Total Liabilities	<u>\$ 207,723,047</u>	<u>\$ 257,971,171</u>	<u>\$ 284,307,348</u>

Total liabilities decreased \$50.2 million or 19% from fiscal year 2020 to fiscal year 2021. Bonds payable decreased \$3.3 million due to scheduled debt service payments. The net pension liability decreased \$12 million. The OPERS net pension liability decreased \$15.5 million, whereas the STRS Ohio net pension liability increased \$3.5 million. The OPERS and STRS Ohio net pension liability balances were \$33.4 million and \$76.1 million at June 30, 2021 compared to \$47.8 million and \$72.7 million at June 30, 2020, respectively. The net OPERS OPEB liability/(asset) was (\$4) million at June 30, 2021 compared to \$33.5 million at June 30, 2020.

Total liabilities decreased \$26.3 million or 9.3% from fiscal year 2019 to fiscal year 2020. Bonds payable decreased \$3.2 million due to scheduled debt service payments. The net pension liability decreased \$21.6 million. The OPERS net pension liability decreased \$22.6 million, whereas the STRS Ohio net pension liability increased \$1 million. The OPERS and STRS Ohio net pension liability balances were \$47.8 million and \$72.7 million at June 30, 2020 compared to \$70.4 million and \$71.7 million at June 30, 2019, respectively. The net OPERS OPEB liability remained flat at \$34.5 million at June 30, 2020 compared to \$33.4 at June 30, 2019.

See Note 8 for a further breakout of payroll and other liabilities, Notes 9 and 10 for detailed information about the University's debt, Note 12 for information on long-term liabilities, and Note 13 for information on employee benefit plans.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Net Position

Net position represents the residual interest in the University's assets after deferred outflows of resources are added, and liabilities and deferred inflows of resources are deducted. The reconciliation below presents the University's total net position removing the impact of the deferred inflows and outflows relating to pensions/OPEB as presented in the Statement of Net Position.

	June 30, 2021	June 30, 2020	June 30, 2019
Total Net Position	\$ 126,521,736	\$ 51,202,527	\$ 58,466,859
Add			
Deferred inflows of resources related to pension/OPEB	43,022,835	32,066,240	20,940,124
Net pension/OPEB liability	108,506,850	154,022,246	175,539,125
Subtract			
Deferred outflows of resources related to pension/OPEB	(18,403,431)	(26,153,728)	(41,667,395)
Net OPEB asset	(9,486,443)	(5,446,000)	(5,237,852)
Total Net Position without GASBs 68 and 75	<u>\$ 250,161,547</u>	<u>\$ 205,691,285</u>	<u>\$ 208,040,861</u>

The following tables summarize the categories of net position including segregation of the unrestricted net position relating to the impact of GASBs 68 and 75.

	June 30, 2021	June 30, 2020	June 30, 2019
Net investment in capital assets, net of related debt	\$ 156,189,269	\$ 147,352,730	\$ 140,074,416
Restricted, nonexpendable - endowments	5,674,506	5,534,526	5,470,553
Restricted, expendable - gifts, grants, and student loans	22,610,101	23,804,159	26,863,346
Unrestricted (without GASBs 68 and 75)	65,687,671	28,999,870	35,632,546
GASBs 68 and 75	(123,639,811)	(154,488,758)	(149,574,002)
Total Net Position	<u>\$ 126,521,736</u>	<u>\$ 51,202,527</u>	<u>\$ 58,466,859</u>

Overall, the University's total net position increased \$75.3 million or 147.1% from \$51.2 million at June 30, 2020 to \$126.5 million at June 30, 2021. This resulted from an excess of revenues over expenses and includes a \$8.8 million increase in the net amount invested in capital assets, a \$1 million decrease in restricted net position, a \$36.7 million increase in unrestricted net position excluding the impact of GASBs 68 and 75, and a \$30.8 million increase in unrestricted net position attributed to the impact of GASBs 68 and 75.

Overall, the University's total net position decreased \$7.2 million or 12.4% from \$58.4 million at June 30, 2019 to \$51.2 million at June 30, 2020. This resulted from an excess of expenses over revenues and includes a \$7.3 million increase in the net amount invested in capital assets, a \$3 million decrease in restricted net position, a \$6.6 million decrease in unrestricted net position excluding the impact of GASBs 68 and 75, and a \$4.9 million decrease in unrestricted net position attributed to the impact of GASBs 68 and 75.

The net investment in capital assets consists of capital assets net of accumulated depreciation and deferred outflows of resources relating to bond refunding reduced by the outstanding balance of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The increase of \$8.8 million from fiscal year 2020 to fiscal year

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

2021 was due to net capital additions of \$19.1 million, a \$4.2 million decrease in outstanding debt and current year depreciation and amortization of \$14.1 million. Outstanding debt was \$70.1 million at June 30, 2021 compared to \$74.3 million at June 30, 2020.

The increase of \$7.3 million from fiscal year 2019 to fiscal year 2020 was due to net capital additions of \$17.5 million, a \$4 million decrease in outstanding debt and current year depreciation and amortization of \$14.2 million. Outstanding debt was \$74.3 million at June 30, 2020 compared to \$78.3 million at June 30, 2019.

Restricted, non-expendable net position consists primarily of endowment funds held by the University. Changes in this category are driven by additions or deductions to corpus.

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

	June 30, 2021	June 30, 2020	June 30, 2019
Gifts, grants, and contracts	\$ 26,854,723	\$ 18,406,182	\$ 17,641,265
COVID-19 relief funds	(9,104,861)	(1,079,230)	-
Plant funds	4,714,765	6,685,905	9,022,458
Other	145,474	(208,698)	199,623
Total Net Position	<u>\$ 22,610,101</u>	<u>\$ 23,804,159</u>	<u>\$ 26,863,346</u>

Gifts, grants and contracts include grants and sponsored programs, scholarship donations and program support, and undistributed and distributed but unspent investment earnings on University endowment funds. COVID-19 relief funds include funds authorized through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Relief & Recovery Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act of 2021. Plant funds primarily include donations for construction or renovation projects. Other includes non-endowed restricted gifts designated by management to function similar to an endowment fund and gifts established for loan programs for students.

Total restricted expendable net position was \$22.6 million at June 30, 2021 compared to \$23.8 million at June 30, 2020, an overall decrease of \$1.2 million or 5%. Gifts, grants and contracts increased \$8.4 million primarily due to \$4.1 million in unspent funds received for workforce development and energy storage training, \$2.9 million increase in undistributed investment earnings on University endowments due to a favorable investment environment, and \$0.6 million in undistributed emergency COVID-19 funds received from YSUF during fiscal year 2021.

COVID-19 Relief funds decreased \$8 million primarily due to timing differences between the recognition of revenue and expenses. A decrease of \$9.3 million was attributed to HEERF III institutional portion allowable uses that were not reimbursable until fiscal year 2022 when the HEERF III Financial Aid funds were disbursed combined with an increase of \$1.1 million due to fiscal year 2020 expenses that were not reimbursable until July 2020 when the Ohio Department of Higher Education granted emergency relief in the form of Coronavirus Relief Fund (CRF) in fiscal year 2021.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Plant funds increased \$2 million primarily due to a \$1.1 million decrease in capital gifts internally set aside for debt service and a \$0.5 million capital gift transferred to YSUF at the request of the donor.

Total restricted expendable net position was \$23.8 million at June 30, 2020 compared to \$26.9 million at June 30, 2019, an overall decrease of \$3.1 million or 11.4%. This decrease was primarily due to a \$1.1 million in COVID-19 related expenses that were not reimbursable until July 2020 when the Ohio Department of Higher Education granted emergency relief in the form of Coronavirus Relief Funds (CRF), a \$1.5 million net decrease in capital gifts designated for capital projects, including an athletic field, indoor tennis facility and a multimedia center; and a \$1.5 million decrease in capital gifts internally set aside for debt service. Non-capital funds totaled \$17.1 million at June 30, 2020 compared to \$17.9 million at June 30, 2019 whereas capital gift and grant funds totaled \$6.7 million at June 30, 2020 compared to \$9 million at June 30, 2019.

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

	June 30, 2021	June 30, 2020	June 30, 2019
Operating and designated funds	\$ 44,129,811	\$ 8,618,056	\$ 6,238,645
Operating reserves	8,837,982	7,786,754	7,786,754
Plant funds	12,697,359	12,572,675	21,584,741
Loan funds	22,519	22,385	22,406
Total without GASBs 68 and 75	65,687,671	28,999,870	35,632,546
GASBs 68 (Pension fund)	(115,030,373)	(119,871,116)	(116,393,778)
GASB 75 (OPEB fund)	(8,609,438)	(34,617,642)	(33,180,224)
Total Unrestricted Net Position	\$ (57,952,140)	\$ (125,488,888)	\$ (113,941,456)

Total unrestricted net position was (\$57.9) million at June 30, 2021 compared to (\$125.4) million at June 30, 2020. The increase of \$67.5 million from fiscal year 2020 to fiscal year 2021 reflects an excess of revenues over expenses during fiscal year 2021 from noncapital activity. Total unrestricted net position without funds relating to pension/OPEB increased \$36.7 million whereas the funds relating to pension/OPEB increased \$30.6 million.

The overall increase of \$36.7 million unrestricted net position excluding GASBs 68 and 75 was due to a combination of the impact of strategic utilization of the COVID-19 relief funds, conservative operating budgets to control spending in an uncertain environment, and a favorable investment environment.

The fiscal year end operating fund balances increased \$11.1 million due to the utilization of \$7.8 million of COVID-19 relief funds, including defraying \$3.4 million in payroll expenses with COVID-19 relief funds, recovery of \$1.0 million of indirect costs, \$1.8 million resulting from the impact of student balances discharged in fiscal year 2022 (bad debt credit), and \$0.7 million reimbursement for lost revenue due to student account adjustments, as well as \$3.3 million in restored state share of instruction funding.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Also, \$10.1 million of COVID-19 relief funds were used to reimburse the University for \$2.8 million in lost revenues and eligible expenses incurred during fiscal year 2020 and \$7.3 million for fiscal year 2021 lost revenue. These funds were designated to be used for COVID-19 projects and to fulfill the fiscal year 2022 operating budget plan.

Other increases include \$8.3 million increase in the fund designated to record unrealized investment income which is not spendable according to board policy, \$2.5 million increase in the sick leave conversion fund to fund the sick leave liability, \$1.9 million increase in funds set aside for open purchase orders, and \$1 million increase in the long term operating reserve fund.

The GASB 68 (Pension) fund increased \$4.6 million from (\$119.9) million at June 30, 2020 to (\$115.3) million at June 30, 2021, whereas the GASB 75 (OPEB) fund increased \$26 million from (\$34.6) million at June 30, 2020 to (\$8.6) million at June 30, 2021.

Total unrestricted net position was (\$125.4) million at June 30, 2020 compared to (\$113.9) million at June 30, 2019. The decrease of \$11.5 million from fiscal year 2019 to fiscal year 2020 reflects an excess of expenses over revenues during fiscal year 2020 from noncapital activity. Total unrestricted net position without funds relating to pension/OPEB decreased \$6.6 million whereas the funds relating to pension/OPEB decreased \$4.9 million.

Operating and designated funds increased \$2.4 million from \$6.2 million at June 2019 to \$8.6 million at June 30, 2020; whereas plant funds decreased \$9 million from \$21.6 million to \$12.6 million. The \$9 million decrease in plant funds was due to a combination of a \$7.5 million decrease due to activity on capital projects, including an athletic field, indoor tennis facility, multimedia center and parking lot, as well as a \$1.5 million decrease in funds designated for future debt service.

The GASB 68 (Pension) fund decreased \$3.5 million from (\$116.4) million at June 30, 2019 to (\$119.9) million at June 30, 2020; whereas the GASB 75 (OPEB) fund decreased \$1.4 million from (\$33.2) million at June 30, 2019 to (\$34.6) million.

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

These statements present the operating results and the non-operating revenues and expenses of the University. Annual State appropriations, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles. Pell grants dispersed to students and scholarships supported by restricted gifts are considered operating expenses; whereas the revenues supporting the expenses are considered nonoperating.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

	June 30, 2021	June 30, 2020	June 30, 2019
Operating Revenues			
Net tuition, fees and other student charges	\$ 82,277,583	\$ 81,330,058	\$ 79,930,380
Auxiliary enterprises	13,261,789	17,060,256	19,786,312
Grants and contracts	15,942,273	12,296,168	11,202,469
Other	3,766,968	2,963,247	3,058,609
Total Operating Revenues	<u>115,248,613</u>	<u>113,649,729</u>	<u>113,977,770</u>
Operating Expenses	<u>165,297,531</u>	<u>208,208,708</u>	<u>201,356,820</u>
Operating Loss	(50,048,918)	(94,558,979)	(87,379,050)
Nonoperating Revenues (Expenses)			
State appropriations	43,927,035	42,089,994	42,914,559
Federal appropriations	24,976,068	6,063,592	-
Gifts, grants, and contracts	29,868,317	31,513,479	32,177,910
Investment income	13,779,629	2,555,860	4,825,184
Other	(2,396,430)	(3,461,407)	(3,189,825)
Net Nonoperating Revenues	<u>110,154,619</u>	<u>78,761,518</u>	<u>76,727,828</u>
Gain/(Loss) Before Other Revenues, Expenses, and Changes	60,105,701	(15,797,461)	(10,651,222)
Other Revenues, Expenses, and Changes			
State capital appropriations	9,345,533	5,186,305	6,089,375
Capital grants and gifts	6,387,877	3,274,660	5,426,487
Other	(519,902)	72,164	(31,614)
Total Other Revenues, Expenses, and Changes	<u>15,213,508</u>	<u>8,533,129</u>	<u>11,484,248</u>
Change in Net Position	75,319,209	(7,264,332)	833,026
Net Position at Beginning of the Year, originally stated	<u>51,202,527</u>	<u>58,466,859</u>	<u>57,633,833</u>
Net Position at End of the Year	<u>\$ 126,521,736</u>	<u>\$ 51,202,527</u>	<u>\$ 58,466,859</u>

Revenues

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

	June 30, 2021	June 30, 2020	June 30, 2019
Net tuition, fees, and other student charges	\$ 82,277,583	\$ 81,330,058	\$ 79,930,380
Gifts, grants and contracts	52,198,467	47,084,307	48,806,866
State appropriations	43,927,035	42,089,994	42,914,559
Federal appropriations	24,976,068	6,063,592	-
Investment income	13,779,629	2,555,860	4,825,184
Auxiliary enterprises	13,261,789	17,060,256	19,786,312
State capital appropriations	9,345,533	5,186,305	6,089,375
Other revenue	4,420,799	3,422,390	3,651,548
Total Revenues	<u>\$ 244,186,903</u>	<u>\$ 204,792,762</u>	<u>\$ 206,004,224</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Overall, the University's total revenues increased \$39.4 million between fiscal year 2020 and fiscal year 2021 from \$204.8 million to \$244.2 million or 19.2%.

Net tuition, fees and other student charges increased \$1 million or 1.2% from fiscal year 2020 to fiscal year 2021. This was due to a combination of a \$1.9 million decrease in gross tuition, the result of increased tuition and fees and decreased enrollment; and a \$2.9 million decrease in the scholarship allowance. Gross tuition and fees were \$109 million in fiscal year 2021 compared to \$110.9 million in fiscal year 2020, whereas scholarship allowance was \$26.7 million and \$29.6 million, respectively. Gifts, grants, and contracts increased \$5.1 million or 10.9% from fiscal year 2020 to fiscal year 2021 primarily due to a combination of an increase in private grants activity, including \$4.3 million received from General Motors, LLC for workforce development and energy storage training, \$4.2 million in federal capital grant funding from the Economic Development Agency for a portion of the construction of the Excellence Training Center, and a decrease in Pell grants due to decreased enrollment. State appropriations increased \$1.8 million or 4.4% from fiscal year 2020 to fiscal year 2021 due to fiscal year 2020 reflecting a reduction of \$1.7 million in State support due to the impact of COVID-19. Federal appropriations increased \$18.9 million or 311.9% from fiscal year 2020 to fiscal year 2021 due to the continuance of the COVID-19 pandemic declared on March 11, 2020 through fiscal year 2021 and the timing of COVID-19 relief funds awarded and expended. Federal appropriations in fiscal year 2021 totaled \$25 million, including \$19.1 million of Higher Education Emergency Relief Funds (HEERF), \$5.7 million of Coronavirus Relief Funds (CRF), and \$0.2 million in other grant revenue for the University's radio station. Investment income increased \$11.2 million or 439.1% from fiscal year 2020 to fiscal year 2021 due to significant realized gains resulting from a favorable environment, and State capital appropriations increased \$4.2 million or 80.2% primarily due to increased activity on capital projects funds with state capital dollars, primarily the Excellence Training Center.

Overall, the University's total revenues decreased \$1.2 million between fiscal year 2019 and fiscal year 2020. The majority of the University's revenue, 60% in fiscal year 2020 and fiscal year 2019, is attributed to State appropriations, and net tuition and fees. Combined, these two revenue streams were \$123.4 million in fiscal year 2020 compared to \$122.8 million in fiscal year 2019.

Net tuition, fees and other student charges increased \$1.4 million or 1.8% from fiscal year 2019 to fiscal year 2020. Gross tuition and fees remained flat during fiscal year 2020 at \$110.9 million compared to \$110.8 million during fiscal year 2019, reflecting a combination of a 3.6% decrease in FTE enrollment, an increase in undergraduate tuition rates, and a \$1.1 million decrease for student adjustments due to COVID-19. Scholarship allowance was \$29.6 million in fiscal year 2020 compared to \$30.9 million in fiscal year 2019, a decrease of \$1.3 million. Gifts, grants, and contracts decreased \$1.7 million or 3.5% from fiscal year 2019 to fiscal year 2020 due to a \$.6 million increase in grants and contracts, a \$1.2 million decrease in gifts and a \$1 million decrease in Pell grants due to the decrease in enrollment. State appropriations decreased slightly from fiscal year 2019 to fiscal year 2020. Fiscal year 2020 reflects a reduction of \$1.7 million in State support due to the impact of COVID-19. Auxiliary enterprises revenues decreased \$2.7 million or 13.9%, from fiscal year 2019 to fiscal year 2020 primarily due to the impact of COVID-19, including \$1.8 million decrease for housing, meal plan and parking fee adjustments. In addition, there was a \$.4 million decrease in football guarantees and a \$.5 million decrease in transportation fee due to the fact that the transportation fee was folded into the Penguin Tuition Promise in fiscal year 2019.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Federal Appropriations in fiscal year 2020 totaled \$6.1 million, including \$6 million of Higher Education Emergency Relief Funds (HEERF) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other grant revenue for the University's radio station. Investment income decreased \$2.2 million or 47% from fiscal year 2019 to fiscal year 2020 primarily due to significant unrealized losses resulting from market volatility due to the COVID-19 pandemic and State capital appropriations decreased \$.9 million or 14.8% due to less activity on capital projects funds with state capital dollars.

See Note 16 for more information about the COVID-19 Pandemic.

Expenses

Operating expenses can be displayed by either functional classification or natural classification. The functional classification can be found on the Statements of Revenues, Expenses, and Changes in Net Position. The University has no control over the pension/OPEB expenses attributed to the implementations of GASBs 68 and 75; therefore, these expenses are segregated for presentation purposes.

Following is a recap of total operating expenses by natural classification.

	June 30, 2021	June 30, 2020	June 30, 2019
Compensation	\$ 110,767,229	\$ 120,288,141	\$ 119,481,839
Operations	43,431,298	43,637,982	47,736,039
Scholarships	27,842,419	25,269,042	20,854,114
Depreciation and amortization	14,105,532	14,098,787	13,452,543
Operating expenses without GASBs 68 and 75 accruals	196,146,478	203,293,952	201,524,535
GASB 68 pension expense accruals	(4,840,743)	3,477,338	8,196,479
GASB 75 OPEB expense accrual	(26,008,204)	1,437,418	(8,364,194)
Total operating expenses	<u>\$ 165,297,531</u>	<u>\$ 208,208,708</u>	<u>\$ 201,356,820</u>

Following is a recap of total operating expenses by functional classification excluding the impact of GASBs 68, and 75.

	June 30, 2021	June 30, 2020	June 30, 2019
Instruction	\$ 61,991,169	\$ 65,507,499	\$ 65,918,879
Research	2,798,779	4,160,244	4,182,821
Public service	4,994,104	5,544,742	5,932,044
Academic support	14,762,463	17,336,886	16,004,260
Student services	11,226,734	11,964,339	11,255,563
Institutional support	19,982,616	19,324,042	22,531,265
Operation and maintenance of plant	17,803,456	15,465,790	16,133,509
Scholarships	27,886,962	25,295,390	16,111,355
Auxiliary enterprises	20,594,663	24,596,233	30,002,336
Depreciation and amortization	14,105,532	14,098,787	13,452,543
Total operating expenses	<u>\$ 196,146,478</u>	<u>\$ 203,293,952</u>	<u>\$ 201,524,575</u>

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Excluding the impact of the pension and OPEB accruals, total operating expenses decreased \$7.2 million or 3.5% from \$203.3 million during fiscal year 2020 to \$196.1 million during fiscal year 2021. This net decrease was due to decreases of \$9.5 million in compensation, \$0.2 million in operations, offset by a \$2.5 million increase in scholarships.

Overall compensation decreased \$9.5 million or 7.9% from \$120.3 million in fiscal year 2020 to \$110.8 million in fiscal year 2021. Salaries and wages decreased \$7.5 million or 8.4% from \$89 million in fiscal year 2020 to \$81.5 million in fiscal year 2021; whereas fringe benefits decreased \$2 million from \$31.3 in fiscal year 2020 to \$29.3 million in fiscal year 2021. Overall fringe benefits as a percentage of salaries and wages was 35.9% in fiscal year 2021 compared to 35.1% in fiscal year 2020. The overall decrease was the result of planned actions due to COVID-19, including temporary and permanent layoffs, pay reductions, furloughs, academic reorganization, elimination of an administrative division, and a hiring freeze during fiscal year 2021.

Operations remained relatively flat at \$43.4 million in fiscal year 2021 compared to \$43.6 million in fiscal year 2020. This was due to the combination of strategic and across the board reductions to operating budgets campus wide, and utilization of COVID-19 relief funds. Approximately \$11.3 million in COVID-19 relief funds were utilized for operations in fiscal year 2021 including expenses for campus safety, equipment and software to enable distance learning and remote working, campus wide Wi-Fi upgrades, modifications of classrooms, and expenses associated with quarantined students. This compares to \$0.6 million of COVID-19 relief funds utilized in fiscal year 2020.

A large portion of aid is classified as scholarship allowance on the Statement of Revenues, Expenses and Changes in Net Position. Overall, the amount of aid disbursed to students by the University remained flat at \$54.5 million in fiscal year 2021 compared to \$54.8 million in fiscal year 2020. This was due to a combination of a \$2 million decrease in federal Pell grants, a decrease of \$2.7 million in institutional funds, and a \$4 million increase in federal aid to students from HEERF funds.

Pension expense attributed to GASB 68 decreased \$8.3 million from \$3.5 million in fiscal year 2020 to (\$4.8) million in fiscal year 2021; whereas OPEB expense attributed to GASB 75 decreased \$27.7 million from \$1.4 million in fiscal year 2020 to (\$26) million in fiscal year 2021. The \$8.3 million decrease in pension expense was attributed to a combination of an \$8.8 million decrease in the OPERS plan offset by \$0.5 million increase in the STRS Ohio plan. The \$27.4 million decrease in OPEB expense was attributed to a combination of a \$28.8 million decrease in the OPERS plan offset by a \$1.4 million increase in the STRS Ohio plan. These expenses are the result of changes in the deferred outflows/inflows and liabilities related to pension/OPEB. The University has no control over the factors affecting these changes.

Excluding the impact of the pension and OPEB accruals, total operating expenses increased \$1.8 million or 0.9% from \$201.5 million during fiscal year 2019 to \$203.3 million during fiscal year 2020. This net increase was due to increases of \$0.8 million in compensation, \$4.4 million in scholarships, and \$0.6 million in depreciation and amortization offset by a \$4.1 million decrease in operations.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Salaries and wages decreased \$1.2 million or 1.3% from \$90.2 million in fiscal year 2019 to \$89 million in fiscal year 2020; whereas fringe benefits increased \$2 million or 6.9% from \$29.3 million to \$31.3 million, respectively. Combined, student and non-faculty salaries and wages decreased \$1.3 million; whereas faculty salaries increased \$.1 million. Overall fringe benefits as a percentage of salaries and wages was 35.1% in fiscal year 2020 compared to 32.4% in fiscal year 2019. Depreciation and amortization increased \$.6 million or 4.8 % from \$13.5 million in fiscal year 2019 to \$14.1 million in fiscal year 2020, due to increases in capital asset additions.

A large portion of all aid is classified as scholarship allowance on the Statement of Revenues, Expenses and Changes in Net Position. Overall, the University disbursed \$54.8 million to students in fiscal year 2020 compared to \$51.7 million in fiscal year 2019, an increase of \$3.1 million. This net increase was primarily due to \$3.2 million in federal aid to students from the Higher Education Emergency Relief Fund (HEERF) because of COVID-19, an increase of \$.7 million in external support, and a decrease of \$1.1 million in federal Pell grants.

Operations decreased \$4.1 million or 8.5% from \$47.7 million in fiscal year 2020 to \$43.6 million in fiscal year 2019. The net decrease partially reflects the impact of COVID-19 and includes a \$1.5 million decrease in supplies, a \$1.1 million decrease in maintenance and repair activity, a \$1 million decrease in travel and business related expenses, a \$.5 million decrease in utilities, and a \$.5 million decrease in food service for residents, offset by \$.5 million increase in instructional computers. Note that for fiscal year 2020, the \$4.5 million athletic scholarships were reported as scholarship allowance and reduced auxiliary enterprises expenses; whereas in prior years, the athletic scholarships were reported as scholarship allowance and reduced functional classification of scholarship expense.

Pension expense attributed to GASB 68 decreased \$4.7 million from \$8.2 million in fiscal year 2019 to \$3.5 million in fiscal year 2020; whereas OPEB expense attributed to GASB 75 increased \$9.8 million from (\$8.4) million in fiscal year 2019 to \$1.4 million in fiscal year 2020, respectively. These expenses are the result of changes in the deferred outflow/inflows and liabilities related to pension/OPEB. The University has no control over the factors affecting these changes.

See Note 13 for additional information on pension plans and other post-employment benefits (OPEB) and Note 16 for more information about the COVID-19 pandemic.

Total operating and non-operating expenses for the University were \$168,867,694, \$212,057,094, and \$205,171,198 in fiscal years 2021, 2020 and 2019, respectively.

YOUNGSTOWN STATE UNIVERSITY

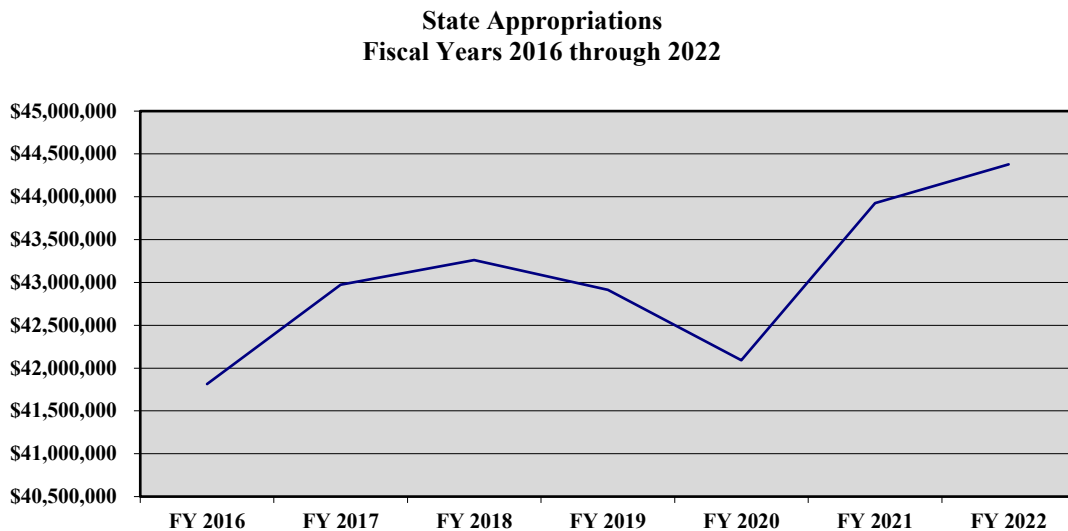
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Economic Factors for the Future

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

Based on the most recent estimate provided by the Ohio Department of Higher Education, State Share of Instruction (SSI) funding for the University for fiscal year 2022 is expected to be 1% greater than during fiscal year 2021. This increase is largely attributable to a 1% increase in the total statewide SSI appropriation that was enacted in the state of Ohio's operating budget legislation for the fiscal year 2022-fiscal year 2023 biennium. SSI funding for fiscal years 2023 is also projected to increase by approximately 1%. SSI formula allocations continue to be tied to student success, with degrees awarded and course completions serving as the primary drivers of SSI funding. Datasets used in the formula are based on a three-year rolling average and are weighted to take into account various at-risk student characteristics. The SSI formula continues to factor in discipline and program costs and enrollment levels.

The following graph reflects six years actual data for State Appropriations plus the budgeted amount for fiscal year 2022.

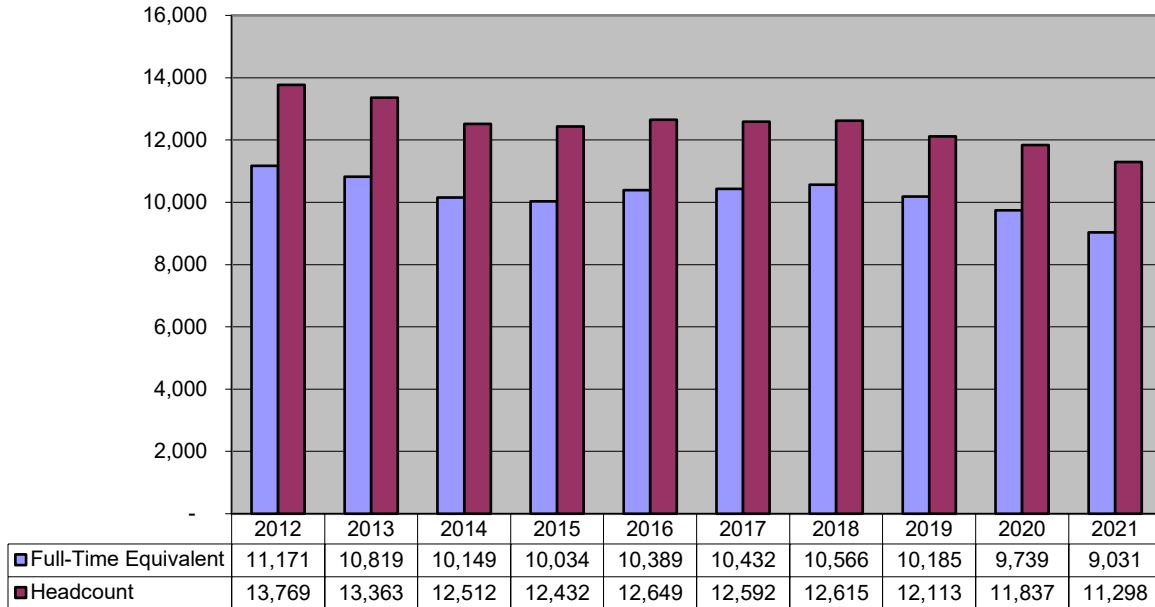


YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)

Fall Semester Enrollment Trends 2012 through 2021

The following graph reflects nine years of actual data for Fall enrollment trends plus the 14th day preliminary enrollment for Fall 2021.



Fall 2021 enrollments are 7.27% lower than the prior Fall semester on a full-time equivalency (FTE) basis. Following a five-year decline in FTE enrollments between Fall 2011 and 2015, YSU achieved three years of enrollment stability between Fall 2016 and Fall 2018 before these three consecutive setbacks. While the strong academic quality of the University’s new incoming student enrollments for Fall 2021 exceeded Fall 2020 and represents sustained progress, another decline during the worldwide COVID-19 Pandemic required dramatically different recruitment and enrollment strategies with adjustment to messaging about what YSU offers in terms of a high quality education at an affordable price.

The number of new Honors College freshmen for Fall 2021 was 299, which represents a decrease of 11.28% compared to Fall 2020, but the Honors College freshmen still credibly attributed to YSU’s growth in the academic quality of our student body. The University experienced increases in new freshman for four consecutive years between Fall 2015 and Fall 2018, a 31% increase in that time, before dropping 10.59% in Fall 2021, 9.35% in Fall 2020 and 15.65% during Fall 2019.

Freshman GPA averages were the highest in University history for the seventh straight year at 3.52 in spite of YSU’s shift to a test optional policy for undergraduate admission last year. Nearly 60% (58.26%) of our new freshmen had a high school GPA of 3.5 or better. Efforts to widen the University’s appeal beyond its traditional footprint advanced for Fall 2021 with financial investment into more marketing and a reduction in out of state tuition. Multicultural freshman decreased along with the number of Ohio counties represented in the freshman class to 42 counties from 44 counties from last Fall. The University’s first year to second year retention rate decreased slightly to 74.09% from 75.17% last year.

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF NET POSITION AT JUNE 30, 2021 AND 2020

	June 30, 2021	June 30, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 26,292,042	\$ 5,791,497
Investments	46,804,862	41,965,248
Restricted investments	825,349	510,584
Interest receivable	103,684	111,273
Accounts receivable, net	18,039,267	11,712,016
Pledges receivable, net	167,117	170,203
Loans receivable, net	335,284	476,298
Inventories	60,855	89,880
Prepaid expenses and unearned charges	1,446,024	1,094,356
Total Current Assets	94,074,484	61,921,355
Noncurrent Assets		
Investments	15,496,697	15,581,112
Endowments and other restricted investments	13,570,860	10,413,323
Pledges receivable, net	-	154,267
Loans receivable, net	33,145	102,772
Other noncurrent assets	136,603	129,388
Net OPEB asset	9,486,443	5,446,000
Nondepreciable capital assets	20,347,643	23,024,017
Depreciable capital assets, net	204,384,044	196,942,423
Total Noncurrent Assets	263,455,435	251,793,302
Total Assets	357,529,919	313,714,657
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	15,805,606	20,224,223
Deferred outflows related to OPEB	2,597,825	5,929,505
Bond refunding	1,554,268	1,679,053
Total Deferred Outflows of Resources	19,957,699	27,832,781
LIABILITIES		
Current Liabilities		
Accounts payable	4,638,278	2,331,553
Construction payable	639,194	2,546,383
Payroll liabilities	8,418,693	8,150,854
Bonds payable	3,230,000	3,095,000
Notes payable	950,444	859,068
Capital lease payable	30,344	44,579
Compensated absences	857,970	795,001
Unearned revenue	7,155,847	6,384,286
Other liabilities	1,001,475	1,957,346
Total Current Liabilities	26,922,245	26,164,070
Noncurrent Liabilities		
Bonds payable, net	53,755,643	57,183,073
Notes payable	12,109,512	13,059,956
Capital lease payable	20,743	51,087
Compensated absences	5,737,273	6,201,864
Refundable advance	670,781	1,288,875
Net pension liability	108,506,850	120,551,697
Net OPEB liability	-	33,470,549
Total Noncurrent Liabilities	180,800,802	231,807,101
Total Liabilities	207,723,047	257,971,171
DEFERRED INFLOWS OF RESOURCES		
Service concession agreements	220,000	307,500
Deferred inflows related to pension	22,329,129	19,543,642
Deferred inflows related to OPEB	20,693,706	12,522,598
Total Deferred Inflows of Resources	43,242,835	32,373,740
NET POSITION		
Net investment in capital assets	156,189,269	147,352,730
Restricted, nonexpendable - endowments	5,674,506	5,534,526
Restricted, expendable - gifts, grants, and student loans	22,610,101	23,804,159
Unrestricted	(57,952,140)	(125,488,888)
Total Net Position	\$ 126,521,736	\$ 51,202,527

See accompanying notes to financial statements.

THE YOUNGSTOWN STATE UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION AT JUNE 30, 2021 AND 2020

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,031,736	\$ 2,092,541
Investments	325,195,829	254,739,015
Pledges receivable, net	6,604,115	5,294,797
Pledges receivable for Youngstown State University, net	3,118,955	3,940,277
Prepaid expenses and other assets	872,106	957,443
Property and equipment, net	234,011	192,445
TOTAL ASSETS	<u>\$ 337,056,752</u>	<u>\$ 267,216,518</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 508,407	\$ 956,418
Grant commitments to Youngstown State University	9,328,575	9,987,574
Accrued liabilities and other	81,571	281,758
TOTAL LIABILITIES	<u>9,918,553</u>	<u>11,225,750</u>
NET ASSETS		
Without donor restrictions	179,416,076	143,733,963
With donor restrictions	147,722,123	112,256,805
TOTAL NET ASSETS	<u>327,138,199</u>	<u>255,990,768</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 337,056,752</u>	<u>\$ 267,216,518</u>

See accompanying notes to financial statements.

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	June 30, 2021	June 30, 2020
OPERATING REVENUES		
Tuition, fees, and other student charges (net of scholarship allowance of \$26,673,403 in 2021 and 29,581,588 in 2020)	\$ 82,277,583	\$ 81,330,058
Federal grants and contracts	4,656,571	5,115,766
State grants and contracts	6,093,136	6,128,576
Local grants and contracts	360,386	396,177
Private grants and contracts	4,832,180	655,649
Sales and services	240,227	458,986
Auxiliary enterprises	13,261,789	17,060,256
Other operating revenues	3,526,741	2,504,261
Total Operating Revenues	115,248,613	113,649,729
OPERATING EXPENSES		
Instruction	61,345,003	68,758,212
Research	2,452,821	4,183,300
Public service	2,729,059	5,666,888
Academic support	8,492,792	17,676,610
Student services	6,200,552	12,233,145
Institutional support	13,353,931	19,687,607
Operation and maintenance of plant	13,420,234	15,703,812
Scholarships	27,886,962	25,295,390
Auxiliary enterprises	15,310,645	24,904,957
Depreciation and amortization	14,105,532	14,098,787
Total Operating Expenses	165,297,531	208,208,708
Operating Loss	(50,048,918)	(94,558,979)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	43,927,035	42,089,994
Federal appropriations	24,976,068	6,063,592
Federal grants	17,483,152	19,655,799
Private gifts	12,385,165	11,857,680
Unrestricted investment income, net of investment expense	10,308,245	1,833,071
Restricted investment income, net of investment expense	3,471,384	722,789
Interest on capital asset-related debt	(3,351,535)	(3,495,938)
Other nonoperating revenues, net	955,105	34,531
Net Nonoperating Revenues	110,154,619	78,761,518
Loss Before Other Revenues, Expenses, and Changes	60,105,701	(15,797,461)
OTHER REVENUES, EXPENSES, AND CHANGES		
State capital appropriations	9,345,533	5,186,305
Capital grants and gifts	6,387,877	3,274,660
Other revenue (expense), net	(519,902)	72,164
Total Other Revenues, Expenses, and Changes	15,213,508	8,533,129
Change In Net Position	75,319,209	(7,264,332)
NET POSITION		
Net Position at Beginning of the Year	51,202,527	58,466,859
Net Position at End of the Year	\$ 126,521,736	\$ 51,202,527

See accompanying notes to financial statements.

THE YOUNGSTOWN STATE UNIVERSITY FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	June 30, 2021		
	Without Donor	With Donor	Total
	Restrictions	Restrictions	
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 2,512,954	\$ 9,530,708	\$ 12,043,662
Investment earnings	3,331,057	2,379,515	5,710,572
Net realized gain on sale of investments	11,517,403	7,750,431	19,267,834
Net unrealized change in long-term investments	29,334,594	19,997,031	49,331,625
Net assets released from restrictions	4,192,367	(4,192,367)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	50,888,375	35,465,318	86,353,693
EXPENSES			
Distribution to Youngstown State University for scholarships and other programs	13,080,958	-	13,080,958
Administrative expenditures	2,125,304	-	2,125,304
TOTAL EXPENSES	15,206,262	-	15,206,262
INCREASE IN NET ASSETS	35,682,113	35,465,318	71,147,431
Net Assets - Beginning of Year	143,733,963	112,256,805	255,990,768
Net Assets - End of Year	<u>\$ 179,416,076</u>	<u>\$ 147,722,123</u>	<u>\$ 327,138,199</u>
	June 30, 2020		
	Without Donor	With Donor	Total
	Restrictions	Restrictions	
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 3,446,644	\$ 8,002,384	\$ 11,449,028
Investment earnings	1,837,174	910,358	2,747,532
Net realized gain on sale of investments	1,025,614	1,401,011	2,426,625
Net unrealized change in long-term investments	(3,203,185)	(3,469,196)	(6,672,381)
Net assets released from restrictions	5,165,648	(5,165,648)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	8,271,895	1,678,909	9,950,804
EXPENSES			
Distribution to Youngstown State University for scholarships and other programs	15,787,388	-	15,787,388
Administrative expenditures	1,720,770	-	1,720,770
TOTAL EXPENSES	17,508,158	-	17,508,158
INCREASE (DECREASE) IN NET ASSETS	(9,236,263)	1,678,909	(7,557,354)
Net Assets - Beginning of Year	152,970,226	110,577,896	263,548,122
Net Assets - End of Year	<u>\$ 143,733,963</u>	<u>\$ 112,256,805</u>	<u>\$ 255,990,768</u>

See accompanying notes to financial statements.

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	June 30, 2021	June 30, 2020
Cash Flows from Operating Activities		
Student tuition and fees	\$ 82,541,704	\$ 81,855,274
Federal, state, and local grants and contracts	8,110,314	12,128,093
Private grants and contracts	4,823,170	691,292
Sales and services of educational and other departmental activities	14,258,760	16,537,842
Payments to suppliers	(44,106,705)	(43,315,573)
Payments to employees	(81,259,902)	(89,597,671)
Payments for benefits	(29,799,492)	(31,912,154)
Payments for scholarships	(27,821,838)	(24,932,145)
Other receipts, net	3,448,007	2,417,282
Total Cash Flows Used In Operating Activities	(69,805,982)	(76,127,760)
Cash Flows from Noncapital Financing Activities		
Federal grants	16,710,007	19,649,217
Federal educational appropriations	25,725,512	5,661,552
State educational appropriations	43,927,035	42,089,994
Direct lending receipts	50,679,162	52,916,027
Direct lending disbursements	(50,686,373)	(52,924,489)
Private gifts	12,946,388	12,003,365
Other nonoperating expenses	319,005	(17,127)
Student loans issued	550	-
Student loans collected	194,749	255,117
Student loan interest and fees collected	44,040	113,682
Total Cash Flows Provided by Noncapital Financing Activities	99,860,075	79,747,338
Cash Flows from Investing Activities		
Proceeds from sale of investments	10,769,589	20,699,468
Purchase of investments	(18,997,090)	(21,442,022)
Interest on investments	13,787,218	2,600,476
Total Cash Flows Provided by Investing Activities	5,559,717	1,857,922
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	10,699,490	4,528,598
Private capital gifts and grants	2,150,743	2,947,663
Purchase of capital assets	(20,507,886)	(16,867,264)
Principal payments on capital debt	(3,998,647)	(3,793,812)
Interest payments on capital debt	(3,456,965)	(3,625,589)
Total Cash Flows Used In Capital and Related Financing Activities	(15,113,265)	(16,810,404)
Change in Cash and Cash Equivalents	20,500,545	(11,332,904)
Cash and Cash Equivalents, Beginning of Year	5,791,497	17,124,401
Cash and Cash Equivalents, End of Year	\$ 26,292,042	\$ 5,791,497

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF CASH FLOWS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Operating loss	\$ (50,048,918)	\$ (94,558,979)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	14,105,532	14,098,787
Provision for bad debts	(1,875,681)	(6,722)
Changes in assets and liabilities:		
Accounts receivable, net	(2,804,527)	422,873
Inventories	29,025	21,902
Prepaid expenses and unearned charges	(351,668)	195,614
Net OPEB assets	(4,040,443)	(208,148)
Accounts payable	2,306,725	(404,103)
Accrued and other liabilities	(655,247)	163,063
Unearned revenue	739,346	(442,446)
Compensated absences	(401,622)	(532,505)
Net pension/OPEB liability	(45,515,396)	(21,516,879)
Deferred outflows-pensions and OPEB	7,750,297	15,513,667
Deferred inflows-pensions and OPEB	10,956,595	11,126,116
Net Cash Flows Used In Operating Activities	<u><u>\$ (69,805,982)</u></u>	<u><u>\$ (76,127,760)</u></u>

See accompanying notes to financial statements.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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*, 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 15 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.

As required by the GASB, 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, reduced by 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 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.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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 required by the GASB. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

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 – 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. Restricted investments are comprised of endowment corpus and related spending funds.

Endowment Policy – Under Ohio law set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio in 2009, the Board acts in a fiduciary capacity as trustee of its endowment funds. UPMIFA requires that the Board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the University and the purposes of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds. The University Endowment Fund consists of 92 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 endowment spending policy states that annual distributions each fiscal year are 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. Distributions greater than the calculated amount require written justification and Board of Trustees' approval.

Accounts Receivable – Accounts receivable consist of transactions relating to tuition and fees, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of allowance for uncollectible amounts.

Pledges Receivable – The University has a development services agreement with the Foundation. As part of the agreement, new pledges are recorded by the Foundation and payments on University pledges are collected by the Foundation and remitted to the University on a monthly basis. Prior to the agreement, the University received pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a gift 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.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Inventories – Inventories are stated at the lower of cost or fair value.

Capital Assets – Capital assets are stated at cost or acquisition 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:

<u>Classification</u>	<u>Estimated Life</u>
Buildings	50 years
Improvements to buildings	10 to 50 years
Improvements other than buildings	15 years
Moveable equipment, furniture and vehicles	3 to 20 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 and sick leave benefits are recorded as required by the GASB. The University uses the termination method to accrue sick leave compensated absences on the Statement of Net Position. University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at death, retirement, or termination. Unused hours exceeding these limitations are forfeited.

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. Congress did not renew the program after September 30, 2017 and no disbursements were permitted after June 30, 2018.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Deferred Outflows of Resources – In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until then. The University reports deferred outflows of resources for refunding of bonds and certain pension-related and OPEB-related amounts, including changes in expected and actual experience, changes in assumptions, change in proportionate share of contribution and certain contributions made to the plan subsequent to the measurement date. See Note 13 for more detailed information on the pension-related and OPEB-related amounts.

Deferred Inflow of Resources – In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The University reports deferred inflows of resources for service concession arrangements and certain pension-related and OPEB-related amounts, including changes in expected and actual experience, changes in assumptions, and the difference between projected and actual earnings of the plan's investments. See Note 13 for more detailed information on the pension-related and OPEB-related amounts.

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

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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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 – The accompanying financial statements have been prepared using the economic resource measurement focus, 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 and Federal appropriations are reported as non-operating 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 amounts reported in the financial statements and disclosures in the notes to financial statements. Actual results could differ from these estimates.

Adoption of New Accounting Pronouncements – In fiscal year 2021, the provisions of the following GASB Statements became effective:

- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017. As a result of the adoption of GASB Statement No. 95, the requirements of this Statement are now effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

- GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, issued August 2018. As a result of the adoption of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020. As a result of the adoption of GASB Statement No. 95, certain requirements of this Statement are now effective for reporting periods beginning after June 15, 2021. Some governments have entered into agreements in which variable payments made or received depend on an interbank offer rate. As a result of global reference rate reform, some rates are expected to cease to exist prompting governments to amend or replace financial instruments.

Adoption of the above standards had no impact on net position.

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

- GASB Statement No. 87, *Leases*, issued June 2017. As a result of the adoption of GASB Statement No. 95, the requirements of this Statement are now effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018. As a result of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.
- GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019. As a result of the adoption of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

- GASB Statement No. 92, *Omnibus 2020*, issued January 2020. As a result of the adoption of GASB Statement No. 95, the requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued June 2020. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component units; mitigate costs associated with the reporting of certain defined contribution pension plans; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans.

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

Note 2 – State and Federal Support

The University receives support from the State in the form of State appropriations and capital appropriations. As required by the GASB, these are reflected as non-operating revenues on the Statement of Revenues, Expenses, and Changes in Net Position.

State appropriations totaled \$43,927,035 in fiscal year 2021 compared to \$42,089,994 in fiscal year 2020. The State Share of Instruction (SSI) is determined annually by the Ohio Department of Higher Education.

Capital appropriations from the State totaled \$9,345,533 in fiscal year 2021 compared to \$5,186,305 in fiscal year 2020, and included funding for equipment and the construction/major renovations of plant facilities.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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.

See Note 16 for additional information on funding received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act due to the COVID-19 pandemic.

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.

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. 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, 2021 and June 30, 2020 consist of the following:

	2021	2020
Carrying Amount	<u>\$ 26,292,042</u>	<u>\$ 5,791,497</u>
FDIC Insured	\$ 678,410	\$ 804,129
Uninsured but collateralized by pools of securities pledged by the depository banks	821,090	2,701,909
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	<u>26,609,707</u>	<u>3,093,179</u>
Bank Balance	<u>\$ 28,109,207</u>	<u>\$ 6,599,217</u>

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 \$17,930 at June 30, 2021 and \$17,929 at June 30, 2020, 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. The University's

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Star Plus account deposits are federally insured and totaled \$0 at June 30, 2021 and \$54,129 at June 30, 2020.

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, 2021 and June 30, 2020, 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 investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Assets classified in Level 1 of the fair value hierarchy are valued directly from a primary external pricing vendor. Level 2 inputs are valued using a matrix pricing model.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

As of June 30, 2021, the University had the following investments measured at fair value:

Investment Type	Fair Value Measurement			Total
	Level 1	Level 2	Level 3	
U.S. Government Obligations	\$ -	\$ 6,605,684	\$ -	\$ 6,605,684
Corporate Bonds	-	8,173,981	-	8,173,981
U.S. Government Bonds	-	2,405,457	-	2,405,457
Bond Mutual Funds	14,508,180	-	-	14,508,180
Preferred Stock	-	114,900	-	114,900
Common Stock	10,134,324	-	-	10,134,324
Equity Mutual Funds	34,755,242	-	-	34,755,242
Totals	\$ 59,397,746	\$ 17,300,022	\$ -	\$ 76,697,768

As of June 30, 2020, the University had the following investments measured at fair value:

Investment Type	Fair Value Measurement			Total
	Level 1	Level 2	Level 3	
U.S. Government Obligations	\$ -	\$ 5,777,611	\$ -	\$ 5,777,611
Corporate Bonds	-	9,067,834	-	9,067,834
U.S. Government Bonds	-	2,910,161	-	2,910,161
Bond Mutual Funds	13,040,417	-	-	13,040,417
Preferred Stock	-	204,511	-	204,511
Common Stock	7,179,059	-	-	7,179,059
Equity Mutual Funds	30,290,674	-	-	30,290,674
Totals	\$ 50,510,150	\$ 17,960,117	\$ -	\$ 68,470,267

As of June 30, 2021, the University had the following investments and maturities using the segmented time distribution method:

Investment Type	Fair Value	Investment maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	\$ 6,605,684	\$ 303,344	\$ 5,994,269	\$ 308,071	\$ -
Corporate Bonds	8,173,981	810,142	6,348,099	974,557	41,183
U.S. Government Bonds	2,405,457	151,278	50,171	1,493,372	710,636
Bond Mutual Funds	14,508,180	14,508,180	-	-	-
Preferred Stock	114,900	114,900	-	-	-
Common Stock	10,134,324	10,134,324	-	-	-
Equity Mutual Funds	34,755,242	34,755,242	-	-	-
Totals	\$ 76,697,768	\$ 60,777,410	\$ 12,392,539	\$ 2,776,000	\$ 751,819

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

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

As of June 30, 2020, the University had the following investments and maturities using the segmented time distribution method:

Investment Type	Fair Value	Investment maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	\$ 5,777,611	\$ -	\$ 4,898,660	\$ 878,951	\$ -
Corporate Bonds	9,067,834	971,704	7,163,568	851,817	80,745
U.S. Government Bonds	2,910,161	-	104,605	1,538,877	1,266,679
Bond Mutual Funds	13,040,417	13,040,417	-	-	-
Preferred Stock	204,511	204,511	-	-	-
Common Stock	7,179,059	7,179,059	-	-	-
Equity Mutual Funds	30,290,674	30,290,674	-	-	-
Totals	<u>\$ 68,470,267</u>	<u>\$ 51,686,365</u>	<u>\$ 12,166,833</u>	<u>\$ 3,269,645</u>	<u>\$ 1,347,424</u>

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

As of June 30, 2021, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	\$ 8,173,981	\$ 1,302,931	\$ 258,323	\$ 3,079,178	\$ 2,792,358	\$ 741,191
U.S. Government Bonds	2,405,457	2,254,178	151,279	-	-	-
Bond Mutual Funds	14,508,180	5,823,227	985,329	1,273,849	5,689,938	735,837
Totals	<u>\$25,087,618</u>	<u>\$ 9,380,336</u>	<u>\$ 1,394,931</u>	<u>\$ 4,353,027</u>	<u>\$ 8,482,296</u>	<u>\$ 1,477,028</u>

As of June 30, 2020, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	\$ 9,067,834	\$ 1,776,133	\$ 711,537	\$ 3,685,771	\$ 2,435,432	\$ 458,961
U.S. Government Bonds	2,910,161	2,708,345	201,816	-	-	-
Bond Mutual Funds	13,040,417	5,042,571	1,532,712	1,244,029	4,540,909	680,196
Totals	<u>\$25,018,412</u>	<u>\$ 9,527,049</u>	<u>\$ 2,446,065</u>	<u>\$ 4,929,800</u>	<u>\$ 6,976,341</u>	<u>\$ 1,139,157</u>

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. Credit quality, as commonly expressed in terms of credit ratings issued by nationally recognized statistical rating organizations such as Moody’s Investors Services, Standard & Poor’s or Fitch rating provides a current depiction of potential variable cash flows and credit risk. 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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 and 2020, 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.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. As of June 30, 2021, \$5,647,949 or 7% of the University's portfolio was held in an intermediate bond fund compared to \$5,577,910 or 8% at June 30, 2020.

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, 2021 and 2020, 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, 2021 and June 30, 2020 consist of the following:

	2021	2020
Accounts receivable, net:		
Student accounts, net of allowance for doubtful accounts of \$1,073,988 in 2021 and \$2,937,779 in 2020	\$ 5,364,301	\$ 3,691,495
Grants and contracts, net of allowance for doubtful accounts of \$331 in 2021 and \$2,426 in 2020	9,425,445	2,467,655
State capital appropriations	295,920	1,649,876
Other receivables, net of allowance for doubtful accounts of \$28,459 in 2021 and \$169,534 in 2020	2,953,601	3,902,990
Accounts receivable, net	<u>\$ 18,039,267</u>	<u>\$ 11,712,016</u>
Loans receivable - student notes, net of allowance for doubtful accounts of \$35,826 in 2021 and \$117,326 in 2020	368,429	579,070
Less: current portion	335,284	476,298
Loans receivable, noncurrent portion	<u>\$ 33,145</u>	<u>\$ 102,772</u>

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 6 – Pledges Receivable

Unconditional promises to give to the University recorded as pledges receivable at June 30, 2021 and June 30, 2020 were as follows:

	2021	2020
Pledges receivable, net of allowance for doubtful accounts of \$7,950 in 2021 and \$15,900 in 2020, and present value discount of \$1,407 in 2021 and \$1,377 in 2020	\$ 167,117	\$ 324,470
Less: current portion	<u>167,117</u>	<u>170,203</u>
Pledges receivable, noncurrent portion	<u>\$ -</u>	<u>\$ 154,267</u>

Pledges have been discounted to net present value using June 30, 2021 and June 30, 2020 U.S. Treasury Note rates of 0.893% (5-year) in fiscal year 2021 and 0.29% (5-year) in fiscal year 2020.

Note 7 – Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions/ Transfers	Reductions	Ending Balance
Nondepreciable assets:				
Land	\$ 17,789,943	\$ 20,500	\$ -	\$ 17,810,443
Construction in progress	4,290,786	(2,775,124)	-	1,515,662
Historical treasures	943,288	78,250	-	1,021,538
Depreciable assets:				
Buildings	289,394,727	149,245	372,693	289,171,279
Improvements to buildings	95,068,939	17,669,858	-	112,738,797
Improvements other than buildings	47,364,302	1,498,352	415,503	48,447,151
Moveable equipment and furniture	41,563,384	2,433,606	2,446,252	41,550,738
Vehicles	1,493,582	47,858	21,468	1,519,972
Capital leases	<u>208,813</u>	<u>-</u>	<u>-</u>	<u>208,813</u>
Total cost	498,117,764	19,122,545	3,255,916	513,984,393
Less accumulated depreciation:				
Buildings	187,833,347	4,787,788	372,070	\$ 192,249,065
Improvements to buildings	27,606,449	3,785,238	-	31,391,687
Improvements other than buildings	25,079,590	2,624,763	251,610	27,452,743
Moveable equipment and furniture	36,313,851	2,740,400	2,361,025	36,693,226
Vehicles	1,194,252	126,838	19,445	1,301,645
Capital leases	<u>123,835</u>	<u>40,505</u>	<u>-</u>	<u>164,340</u>
Total accumulated depreciation	<u>278,151,324</u>	<u>14,105,532</u>	<u>3,004,150</u>	<u>289,252,706</u>
Capital assets, net	<u>\$ 219,966,440</u>	<u>\$ 5,017,013</u>	<u>\$ 251,766</u>	<u>\$ 224,731,687</u>

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Capital assets activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions/ Transfers	Reductions	Ending Balance
Nondepreciable assets:				
Land	\$ 17,637,005	\$ 152,938	\$ -	\$ 17,789,943
Construction in progress	5,280,515	(989,729)	-	4,290,786
Historical treasures	943,288	-	-	943,288
Depreciable assets:				
Buildings	285,344,703	4,050,024	-	289,394,727
Improvements to buildings	87,057,527	8,011,412	-	95,068,939
Improvements other than buildings	42,354,204	5,010,098	-	47,364,302
Moveable equipment and furniture	40,437,937	1,165,608	40,161	41,563,384
Vehicles	1,410,497	83,085	-	1,493,582
Capital leases	208,813	-	-	208,813
Total cost	480,674,489	17,483,436	40,161	498,117,764
Less accumulated depreciation:				
Buildings	183,025,007	4,808,340	-	\$ 187,833,347
Improvements to buildings	24,101,616	3,504,833	-	27,606,449
Improvements other than buildings	22,559,498	2,520,092	-	25,079,590
Moveable equipment and furniture	33,268,360	3,085,652	40,161	36,313,851
Vehicles	1,054,887	139,365	-	1,194,252
Capital leases	83,330	40,505	-	123,835
Total accumulated depreciation	264,092,698	14,098,787	40,161	278,151,324
Capital assets, net	\$ 216,581,791	\$ 3,384,649	\$ -	\$ 219,966,440

Note 8 – Payroll and Other Liabilities

Payroll and other liabilities at June 30, 2021 and 2020 consist of the following:

	2021	2020
Payroll liabilities		
Accrued compensation	\$ 4,940,753	\$ 4,683,125
Accrued benefits	123,527	286,385
Accrued health care benefits and insurance payable	1,814,760	2,342,604
Retirement system contribution payable	1,539,653	838,740
Totals	<u>\$ 8,418,693</u>	<u>\$ 8,150,854</u>
Other liabilities		
Deposits held in custody	\$ 230,120	\$ 351,893
Interest payable	527,130	559,914
Other liabilities	244,225	1,045,539
Totals	<u>\$ 1,001,475</u>	<u>\$ 1,957,346</u>

Estimated expenses ultimately to result, if unperformed commitments in process at June 30, 2021 are completed, totaled \$9.4 million compared to \$15.6 million at June 30, 2020. These amounts do not constitute expense incurred or liabilities.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 9 – Bonds

In January 2017, the University issued \$25,525,000 in Series 2016 General Receipts bonds. The proceeds from the bond sale were used for a partial advanced refunding of the Series 2009 General Receipts bonds and to construct a bookstore. As a result, \$19,930,000 of the 2009 bonds advanced refunded were considered to be defeased and the liability was removed from the University's long-term obligations. In addition, a deferred outflow of resources was recorded and will be amortized over the remaining life of the new debt. As of June 30, 2021 and 2020, the amount recorded as a deferred outflow was \$1,554,268 and \$1,679,053, respectively.

Details of the bonds payable for the General Receipts Bonds, Series 2016 as of June 30, 2021 follow:

Bond Component	Rate	Yield	Maturity Through	Original Principal
Serial Bond	5.000%	2.34%	2022	\$ 1,255,000
Serial Bond	5.000%	2.53%	2023	1,320,000
Serial Bond	5.000%	2.76%	2024	1,380,000
Serial Bond	5.000%	2.93%	2025	1,455,000
Serial Bond	5.000%	3.09%	2026	1,525,000
Serial Bond	5.000%	3.23%	2027	1,600,000
Serial Bond	3.000%	3.32%	2028	1,665,000
Serial Bond	3.250%	3.49%	2029	1,710,000
Serial Bond	5.000%	3.44%	2030	1,780,000
Serial Bond	5.000%	3.50%	2031	1,870,000
Serial Bond	3.500%	3.74%	2032	1,945,000
Serial Bond	3.625%	3.86%	2033	2,010,000
Serial Bond	3.625%	3.92%	2034	2,085,000
Term Bond	4.000%	4.12%	2035	310,000
Term Bond	4.000%	4.12%	2036	320,000
Term Bond	4.000%	4.12%	2037	335,000
Term Bond	4.000%	4.12%	2038	350,000
Total				<u>\$ 22,915,000</u>

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.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Details of the bonds payable for the General Receipts Bonds, Series 2011 as of June 30, 2021 follow:

Bond Component	Rate	Yield	Maturity Through	Original Principal
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				\$ 13,185,000

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, construct 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, 2021 follow:

Bond Component	Rate/Yield *	Maturity Through	Original Principal
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			\$ 20,305,000

* Does not reflect impact of federal subsidies

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

In March 2009, the University issued \$31,255,000 of General Receipts Bonds, Series 2009 to acquire, construct and equip the new Williamson College of Business Administration 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. In January 2017, \$19,930,000 of the bonds were advanced refunded with the issuance of the Series 2016 General Receipts bonds. The balance of the amount defeased and put in escrow was \$18,040,000 at June 30, 2021 and \$19,005,000 at June 30, 2020.

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, Series 2011 Bonds, and Series 2016 Bonds are also bound by the First Supplemental Trust Indenture dated as of February 2010; and in addition, the Series 2011 Bonds and Series 2016 Bonds are also bound by the Second Supplemental Trust Indenture dated as of July 1, 2011, and the Series 2016 Bonds are also bound by the Third Supplemental Trust Indenture dated December 1, 2010. 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 was guaranteed under a municipal bond insurance policy.

Maturities of all bonds payable and debt service for fiscal years subsequent to June 30, 2021 follow (also see Note 12):

Fiscal Year	General Receipts Bonds		
	Principal	Interest	Total
2022	\$ 3,230,000	\$ 2,835,360	\$ 6,065,360
2023	3,365,000	2,671,779	6,036,779
2024	3,505,000	2,493,445	5,998,445
2025	3,670,000	2,299,265	5,969,265
2026	3,840,000	2,096,128	5,936,128
2027-2031	21,900,000	7,207,013	29,107,013
2032-2036	16,210,000	1,437,815	17,647,815
2037-2038	685,000	27,700	712,700
Totals	<u>\$ 56,405,000</u>	<u>\$ 21,068,505</u>	<u>\$ 77,473,505</u>

NOTE: Expected future federal subsidies for the BABs is \$3,098,963

Federal subsidies received by the University were \$433,843 in fiscal year 2021 and \$452,580 in fiscal year 2020. These are reported as non-operating federal grant revenue. Interest expense on indebtedness was \$2,909,963 in fiscal year 2021 and \$3,025,687 in fiscal year 2020.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

The University's Trust Agreement governing all outstanding general receipts bonds contains a provision that in an event of default, the Trustee shall, within five business days after having knowledge of that event of default, give written notice to the University. The trustee shall also give the original purchasers of each series of Bonds then outstanding, and to the bondholders and any other paying agents notice of each event of default within 90 days after having knowledge of the occurrence thereof. The Trust Agreement also contains a provision, that in the case an event of default has occurred, the Trustee may, upon written request of the holders of at least 25% in aggregate principal amount of the bonds then outstanding, declare the principal of all bonds outstanding and the interest accrued to be due and payable immediately.

The following constitutes an event of default under the Trust Agreement:

- a. Failure to pay any interest on any Bond, when it becomes due and payable;
- b. Failure to pay the principal of or any redemption premium on any Bond, when it becomes due and payable, whether at maturity or by acceleration or call for redemption;
- c. Failure to perform or observe any other covenant, condition or agreement contained in the Bonds or the Trust Agreement and to be performed by the University, which failure shall have continued for a period of 30 days after written notice of it to the University given by the Trustee or the holders of at least 25% in aggregate principal amount of the bonds then outstanding.

In July 2021, the University issued \$28,065,000 in Series 2021 General Receipts bonds. The proceeds from the bond sale were used for the current refunding of the Series 2010 General Receipts bonds and Series 2011 General Receipts bonds. As a result, \$20,305,000 of the 2010 bonds and \$13,185,000 of the 2011 bonds refunded are considered to be defeased and the liability was removed from the University's long-term obligation in fiscal year 2022.

Note 10 – Notes Payable

During fiscal year 2016, the University entered into a 14 year performance contract with Johnson Controls for campus energy savings measures. The contract amount of \$16 million includes an assured performance providing for an annual measured cost savings of not less than \$2 million per year and was financed through PNC Equipment Finance over 14 years at an interest rate of 3.366% and requires annual installment payments. In September 2020, PNC Equipment Finance sold, assigned, and transferred the note payable to Huntington Public Capital Corporation. Title to the assets will vest to the University on July 28, 2029. Security of the debt is limited to the revenues appropriated for such purpose.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Details of the revised installment schedule follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 950,444	\$ 439,355	\$ 1,389,799
2023	1,078,673	407,381	1,486,054
2024	1,203,118	371,093	1,574,211
2025	1,324,774	330,618	1,655,392
2026	1,438,677	286,051	1,724,728
2027	1,549,702	237,652	1,787,354
2028	1,712,894	185,518	1,898,412
2029	1,869,393	127,894	1,997,287
2030	1,932,281	65,005	1,997,286
Totals	<u>\$ 13,059,956</u>	<u>\$ 2,450,567</u>	<u>\$ 15,510,523</u>

Interest expense on indebtedness was \$441,572 in fiscal year 2021 and \$470,251 in fiscal year 2020.

Note 11 – Capital Leases

The University leases equipment for its mailroom under a capital lease agreement which bears interest of 9.9%. In addition, the University also leases equipment for its print shop under two capital lease agreements which bear imputed interest of 10.08% and 6.51%. The net book value of capital leased assets included in net capital assets in the Statement of Net Position at June 30, 2021 and June 30, 2020 was \$44,473 and \$84,978, respectively.

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

Year Ending June 30,	Mailroom Equipment	Print Shop Equipment	Print Shop Equipment	Total
2022	\$ 1,626	\$ 23,400	\$ 8,340	\$ 33,366
2023	-	5,850	8,340	14,190
2024	-	-	7,645	7,645
Total future minimum lease payments	1,626	29,250	24,325	55,201
Less amount representing interest	13	1,876	2,225	4,114
Total obligations under capital lease	<u>\$ 1,613</u>	<u>\$ 27,374</u>	<u>\$ 22,100</u>	<u>\$ 51,087</u>

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 12 – Long-Term Liabilities (excluding net pension/OPEB assets/liabilities)

Long-term liability activity (also see Notes 9, 10, and 11) for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable					
General receipts bonds principal	\$ 59,500,000	\$ -	\$ 3,095,000	\$ 56,405,000	\$ 3,230,000
Unamortized premium/discount	778,073	-	197,430	580,643	-
Bonds payable, net	60,278,073	-	3,292,430	56,985,643	3,230,000
Note payable	13,919,024	-	859,068	13,059,956	950,444
Capital leases	95,666	-	44,579	51,087	30,344
Compensated absences	6,996,865	-	401,622	6,595,243	857,970
Refundable advance	1,288,875	-	618,094	670,781	-
Total long-term liabilities	<u>\$ 82,578,503</u>	<u>\$ -</u>	<u>\$ 5,215,793</u>	<u>\$ 77,362,710</u>	<u>\$ 5,068,758</u>

Long-term liability activity (also see Notes 9, 10, and 11) for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable					
General receipts bonds principal	\$ 62,480,000	\$ -	\$ 2,980,000	\$ 59,500,000	\$ 3,095,000
Unamortized premium/discount	1,002,710	-	224,637	778,073	-
Bonds payable, net	63,482,710	-	3,204,637	60,278,073	3,095,000
Note payable	14,692,269	-	773,245	13,919,024	859,068
Capital leases	136,233	-	40,567	95,666	44,579
Compensated absences	7,529,370	137,495	670,000	6,996,865	795,001
Refundable advance	1,374,718	199,501	285,344	1,288,875	-
Total long-term liabilities	<u>\$ 87,215,300</u>	<u>\$ 336,996</u>	<u>\$ 4,973,793</u>	<u>\$ 82,578,503</u>	<u>\$ 4,793,648</u>

Note 13 – Employee Benefit Plans

Plan Descriptions

The University participates in the State Teachers Retirement System of Ohio (STRS Ohio) and the Ohio Public Employees Retirement System (OPERS), statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that covers substantially all employees of the University. Each system has multiple retirement plan options available to its members, with three options in STRS Ohio and OPERS. Each system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The systems also each provide post-employment health care benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. The reports may be obtained by contacting:

State Teachers Retirement System of Ohio
275 E. Broad Street
Columbus, Ohio 43215
(888) 227-7877
www.strsoh.org

Ohio Public Employees Retirement System
277 East Town Street
Columbus, Ohio 43215
(800) 222-7377
www.opers.org

Contributions

State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the Ohio Revised Code (ORC) limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each University's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are set at the maximums authorized by the ORC. The plans' 2021 and 2020 employer and member contribution rates on covered payroll to each system are:

	Employer Contribution Rate					Member Contribution Rate
	Pension	Post-Retirement Healthcare	Death Benefits	Medicare B	Total	Total
		0.0%	0.0%	0.0%		
STRS Ohio	14.0%	0.0%	0.0%	0.0%	14.0%	14.0%
OPERS-State/Local	14.0%	0.0%	0.0%	0.0%	14.0%	10.0%
OPERS-Law Enforcement	18.1%	0.0%	0.0%	0.0%	18.1%	13.0%

The required and actual contributions to the plans are:

	2021		2020	
	Pension	OPEB	Pension	OPEB
STRS	\$ 4,865,815	\$ -	\$ 5,318,458	\$ -
OPERS	4,816,380	-	5,171,188	-
	<u>\$ 9,682,195</u>	<u>\$ -</u>	<u>\$ 10,489,646</u>	<u>\$ -</u>

Benefits Provided

STRS Ohio

Plan benefits are established under Chapter 3307 of the ORC, as amended by Substitute Senate Bill 342 in 2012, gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the COLA as the need or opportunity arises, depending on the retirement system's funding progress.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Effective August 1, 2017-July 1, 2019, any member may retire who has (1) five years of service credit and attained age 60; (2) 27 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019-July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years) and multiplying by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

A defined benefit plan or combined plan member with five 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 receive a disability benefit. Additionally, 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.

A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage up to \$2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

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

OPERS

Plan benefits are established under Chapter 145 of the ORC, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depends on years of service (5 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years' service credit receive a percentage reduction in benefit, except for public safety and law enforcement participants. Member retirement benefits are calculated on a formula that considers years of service (5-30 years), age (48-62 years) and final average salary, using a factor ranging from 1 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of \$500 - \$2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent, or an amount based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2021 and 2020, the University reported a liability for its proportionate share of the net pension liability of STRS Ohio/OPERS. For June 30, 2021, the net pension liability was measured as of June 30, 2020 for STRS Ohio and December 31, 2020 for the OPERS plan. For June 30, 2020, the net pension liability was measured as of June 30, 2019 for STRS Ohio and December 31, 2019 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Percent Change	Percent Change
		2021	2020	2021	2020	2020-21	2019-20
STRS Ohio	June 30	\$ 76,130,559	\$ 72,710,830	0.314635%	0.328794%	-0.014159%	0.002834%
OPERS	December 31	32,376,291	47,840,867	0.223270%	0.244668%	-0.021398%	-0.013737%
		<u>\$ 108,506,850</u>	<u>\$ 120,551,697</u>				

For the years ended June 30, 2021 and 2020, the University recognized pension expense of \$4,841,452 and \$13,966,984 respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 184,252	\$ 2,040,309	\$ 609,692	\$ 1,069,345
Changes of assumptions	4,141,044	-	11,192,367	-
Net difference between projected and actual earnings on pension plan investments	3,702,238	13,092,513	-	13,298,716
Changes in proportion and differences between University contributions and proportionate share of contributions	342,956	7,196,307	449,501	5,175,581
University contributions subsequent to the measurement date	7,435,116	-	7,972,663	-
Totals	<u>\$ 15,805,606</u>	<u>\$ 22,329,129</u>	<u>\$ 20,224,223</u>	<u>\$ 19,543,642</u>

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Amounts reported as deferred outflows of resources/(deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2022	\$ (7,233,320)
2023	(2,253,753)
2024	(3,731,941)
2025	(700,657)
2026	(16,063)
Thereafter	<u>(22,905)</u>
Totals	<u>\$ (13,958,639)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

Net OPEB Liability/(Asset), Deferrals, and OPEB Expense

At June 30, 2021, the University reported an (asset) for its proportionate share of the net OPEB (asset) of STRS Ohio/OPERS. For June 30, 2021, the net OPEB (asset) was measured as of June 30, 2020 for STRS Ohio and December 31, 2020 for the OPERS plan. For June 30, 2020, the net OPEB liability/(asset) was measured as of June 30, 2019 for STRS Ohio and December 31, 2019 for the OPERS plan. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of those dates, except OPERS which used an actuarial valuation dated December 31, 2019 and 2018, respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans.

Typically, the University's proportion of the net OPEB liability/(asset) would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below. For plan years ending June 30, 2020 and 2019, STRS Ohio did not allocate employer contributions to the OPEB plan. Therefore, STRS Ohio's calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

For plan years ending December 31, 2020 and 2019, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS's calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

Plan	Measurement Date	Net OPEB Liability (Asset)		Proportionate Share		Percent Change	Percent Change
		2021	2020	2021	2020	2020-21	2019-20
STRS Ohio	June 30	\$ (5,530,000)	\$ (5,446,000)	0.314652%	0.327941%	-0.013289%	0.001981%
OPERS	December 31	<u>(3,956,443)</u>	<u>33,470,549</u>	0.222075%	0.242319%	-0.020244%	-0.013790%
		<u>\$ (9,486,443)</u>	<u>\$ 28,024,549</u>				

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

For the years ended June 30, 2021 and 2020, the University recognized OPEB (revenue)/expense of (\$26,008,204) and \$1,437,418, respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 354,000	\$ 4,671,668	\$ 494,898	\$ 3,338,036
Changes of assumptions	2,036,033	11,662,624	5,412,032	5,970,000
Net difference between projected and actual earnings on OPEB investments	194,000	2,107,256	-	2,046,311
Changes in proportion and differences between University contributions and proportionate share of contributions	13,792	2,252,158	22,575	1,168,251
University contributions subsequent to the measurement date	-	-	-	-
Totals	\$ 2,597,825	\$ 20,693,706	\$ 5,929,505	\$ 12,522,598

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

Year Ended June 30	Amount
2022	\$ (8,218,455)
2023	(5,667,822)
2024	(2,191,261)
2025	(1,495,389)
2026	(252,790)
Thereafter	(270,164)
Totals	\$ (18,095,881)

In addition, if applicable, the contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the next year.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Actuarial Assumptions

The total pension liability and OPEB liability/(asset) is based on the results of an actuarial valuation and were determined using the following actuarial assumptions for the University's current year.

	STRS Ohio	OPERS
Valuation date - Pension	June 30, 2020	December 31, 2020
Valuation date - OPEB	June 30, 2020	December 31, 2019
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	.50% - 3.00%
Salary increases, including inflation	2.50% - 12.50%	3.25% - 10.75%
Inflation	2.50%	3.25%
Investment rate of return - Pension	7.45%, net of investment expense including inflation	7.20%, net of investment expense, including inflation
Investment rate of return - OPEB	7.45%, net of investment expense including inflation	6.00%, net of investment expense, including inflation
Health care cost trend rates	6.69% to 11.87% initial, 4% ultimate	8.50% initial, 3.50% ultimate in 2035
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016.	RP-2014 Healthy Annuitant Mortality Table

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

The following are actuarial assumptions for the University's prior year:

	STRS Ohio	OPERS
Valuation date - Pension	June 30, 2019	December 31, 2019
Valuation date - OPEB	June 30, 2019	December 31, 2018
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	1.40% - 3.00%
Salary increases, including inflation	2.50% - 12.50%	3.25% - 10.75%
Inflation	2.50%	3.25%
Investment rate of return - Pension	7.45%, net of investment expense including inflation	7.20%, net of investment expense, including inflation
Investment rate of return - OPEB	7.45%, net of investment expense including inflation	6.00%, net of investment expense, including inflation
Health care cost trend rates	4.93% to 9.62% initial, 4% ultimate	10.5% initial, 3.50% ultimate in 2030
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016.	RP-2014 Healthy Annuitant Mortality Table

Pension Discount Rate

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rates used to measure the total pension liabilities for STRS Ohio were 7.45 percent for the plan years ended June 30, 2020 and 2019. The discount rates used to measure the total pension liability for OPERS were 7.20 percent for the plan years ended December 31, 2020 and 2019, respectively.

OPEB Discount Rate

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Plans that project fiduciary net position to be insufficient to make all projected future benefit payments for current active and inactive employees used a blended discount rate between the long-term expected rate of return on plan investments and a 20-year municipal bond rate applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

STRS Ohio OPEB Discount Rate - The discount rate used to measure the total OPEB liabilities/(assets) was 7.45 percent for the plan years ended June 30, 2020 and 2019. At June 30, 2020 and 2019, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

OPERS OPEB Discount Rate - The discount rates used to measure the total OPEB liabilities/(assets) were 6.00 percent and 3.16 percent for the plan years ended December 31, 2020 and 2019, respectively. At December 31, 2020 the fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

At December 31, 2019, the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments for the funded benefit payments of 6.00 percent and the Fidelity 20-year Municipal General Obligation AA Index rate of 2.75 percent at December 31, 2019. The long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) 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 and by adding expected inflation. OPERS has two different portfolios of investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic (geometric for STRS Ohio) real rates of return for each major asset class are summarized in the following table as of the dates listed below:

STRS Ohio as of 7/1/20			OPERS as of 12/31/20				
Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Investment Category	Pension Portfolio		Health Care Portfolio	
				Target Allocation	Long-Term expected Real Rate of Return	Target Allocation	Long-Term expected Real Rate of Return
Domestic Equity	28.0%	7.35%	Fixed Income	25.0%	1.32%	34.0%	1.07%
International Equity	23.0%	7.55%	Domestic Equities	21.0%	5.64%	25.0%	5.64%
Alternatives	17.0%	7.09%	Real Estate	10.0%	5.39%	0.0%	0.00%
Fixed Income	21.0%	3.00%	Private Equity	12.0%	10.42%	0.0%	0.00%
Real Estate	10.0%	6.00%	International Equity	23.0%	7.36%	25.0%	7.36%
Liquidity Reserves	1.0%	2.25%	REITs	0.0%	0.00%	7.0%	6.48%
			Other Investments	9.0%	4.75%	9.0%	4.02%
Totals	<u>100.0%</u>			<u>100.0%</u>		<u>100.0%</u>	

STRS Ohio as of 7/1/19			OPERS as of 12/31/19				
Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Investment Category	Pension Portfolio		Health Care Portfolio	
				Target Allocation	Long-Term expected Real Rate of Return	Target Allocation	Long-Term expected Real Rate of Return
Domestic Equity	28.0%	7.35%	Fixed Income	25.0%	1.83%	36.0%	1.53%
International Equity	23.0%	7.55%	Domestic Equities	19.0%	5.75%	21.0%	5.75%
Alternatives	17.0%	7.09%	Real Estate	10.0%	5.20%	0.0%	0.00%
Fixed Income	21.0%	3.00%	Private Equity	12.0%	10.70%	0.0%	0.00%
Real Estate	10.0%	6.00%	International Equity	21.0%	7.66%	23.0%	7.66%
Liquidity Reserves	1.0%	2.25%	REITs	0.0%	0.00%	6.0%	5.69%
			Other Investments	13.0%	4.98%	14.0%	4.90%
Totals	<u>100.0%</u>			<u>100.0%</u>		<u>100.0%</u>	

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the University calculated using the discount rate listed below, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate.

Plan	1% Decrease		2021 (\$ in thousands)		1% Increase	
			Current Discount Rate			
STRS Ohio	6.45%	\$ 108,397	7.45%	\$ 76,131	8.45%	\$ 48,788
OPERS	6.20%	62,820	7.20%	32,376	8.20%	7,085
		<u>\$ 171,217</u>		<u>\$ 108,507</u>		<u>\$ 55,873</u>

Plan	1% Decrease		2020 (\$ in thousands)		1% Increase	
			Current Discount Rate			
STRS Ohio	6.45%	\$ 106,259	7.45%	\$ 72,711	8.45%	\$ 44,311
OPERS	6.20%	79,543	7.20%	47,841	8.20%	19,384
		<u>\$ 185,802</u>		<u>\$ 120,552</u>		<u>\$ 63,695</u>

Sensitivity of the net OPEB liability/(asset) to changes in the discount rate

The following presents the net OPEB liability/(asset) of the University, calculated using the discount rate listed below, as well as what the University's net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1% Decrease		2021 (\$ in thousands)		1% Increase	
			Current Discount Rate			
STRS Ohio	6.45%	\$ (4,811)	7.45%	\$ (5,530)	8.45%	\$ (6,139)
OPERS	2.16%	(984)	3.16%	(3,956)	4.16%	(6,400)
		<u>\$ (5,795)</u>		<u>\$ (9,486)</u>		<u>\$ (12,539)</u>

Plan	1% Decrease		2020 (\$ in thousands)		1% Increase	
			Current Discount Rate			
STRS Ohio	6.45%	\$ (4,647)	7.45%	\$ (5,446)	8.45%	\$ (6,117)
OPERS	2.16%	43,802	3.16%	33,471	4.16%	25,199
		<u>\$ 39,155</u>		<u>\$ 28,025</u>		<u>\$ 19,082</u>

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Sensitivity of the net OPEB liability/(asset) to changes in the health care cost trend rate

The following presents the net OPEB liability/(asset) of the University, calculated using the healthcare cost trend rate listed below, as well as what the University's net OPEB liability/(asset) would be if it were calculated using a health care cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	2021 (\$ in thousands)		
	1% Decrease	Current Trend Rate	1% Increase
STRS Ohio	\$ (6,101)	\$ (5,530)	\$ (4,833)
OPERS	(4,053)	(3,956)	(3,849)
	<u>\$ (10,154)</u>	<u>\$ (9,486)</u>	<u>\$ (8,682)</u>

Plan	2020 (\$ in thousands)		
	1% Decrease	Current Trend Rate	1% Increase
STRS Ohio	\$ (6,175)	\$ (5,446)	\$ (4,552)
OPERS	32,483	33,471	34,446
	<u>\$ 26,308</u>	<u>\$ 28,025</u>	<u>\$ 29,894</u>

Pension plan and OPEB plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS Ohio/OPERS financial report.

Benefit changes

There were no significant benefit terms changes for the pension or OPEB plan(s) since the prior two measurement dates for STRS Ohio. Effective in 2022, OPERS will replace the current self-insured group plan with a marketplace concept for pre-Medicare retirees.

Assumption changes

During the measurement periods ended June 30, 2020 and December 31, 2020, respectively, certain assumption changes were made by the plans. The STRS Ohio OPEB discount rate increased significantly from 4.13 percent to 7.45 percent due to the cash flow analysis and there was a reduction in the health care cost trend rates, which impacted the annual actuarial valuation for OPEB prepared as of June 30, 2020. The OPERS OPEB discount rate was increased from 3.16 percent to 6.00 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2020. The OPERS OPEB discount rate was reduced from 3.96 percent to 3.16 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2019.

Payable to the Pension Plans and OPEB Plans

The University reported a payable of \$1,434,065 and \$792,469 for the outstanding amount of contributions to the STRS Ohio and OPERS pension plans required for the years ended June 30, 2021 and June 30, 2020, respectively

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Defined Contribution Pension Plan

The Alternative Retirement Plan (ARP) is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1997, for public institutions of higher education. The University's Board of Trustees adopted the University's plan on December 11, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS Ohio or OPERS, from the list of nine providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS Ohio and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of nine private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Department of Higher Education. That amount is 4.7 percent for STRS Ohio and 2.44 percent for OPERS for the years ended June 30, 2021 and 2020. If the employee was hired on or after August 2005, the employer contributes 6.00 percent. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting. The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options. STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. For the year ended June 30, 2021 and 2020, employee contributions totaled \$1,279,040 and \$1,358,569, and the University recognized pension expense of \$378,411 and \$401,784, respectively.

Note 14 – Contingencies and Risk Management

During fiscal year 2018, the University formed a 19-member Risk Council that established a Risk Management Program that provides a forum and process to strategically identify risks that are of utmost importance and develops coordinated and holistic mitigation plans that appropriately addresses those risks. The implementation of Enterprise Risk Management provides the framework to proactively and continuously manage risks in a manner consistent with the University's mission, goals, and culture.

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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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 is self-insured for all medical and drug employee health care benefits and 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 were as follows:

	2021	2020	2019
Liability at beginning of fiscal year	\$ 2,323,017	\$ 1,426,480	\$ 1,203,340
Current year claims including changes in estimates	15,913,843	19,748,612	16,324,274
Claim payments	<u>(16,450,193)</u>	<u>(18,852,075)</u>	<u>(16,101,134)</u>
Liability at end of fiscal year	<u>\$ 1,786,667</u>	<u>\$ 2,323,017</u>	<u>\$ 1,426,480</u>

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 Statements 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.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 15 – Component Unit

Youngstown State University Foundation (YSUF or Foundation) 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 to the student and beneficial to the University community. 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 following tables present information about the Foundation's assets measure at fair value on a recurring basis at June 30, 2021 and 2020 and the valuation techniques used by the Foundation to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021				Balance at June 30, 2021
	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments					
Cash and cash equivalents	\$ 372,904	\$ -	\$ -		\$ 372,904
Common stock - U.S. stocks	67,505,292	-	-		67,505,292
Mutual funds:					
Exchange traded	48,789,765	-	-		48,789,765
Money market	5,318,725	-	-		5,318,725
Fixed income	25,185,168	20,714,887	-		45,900,055
Equity	66,847,346	-	-		66,847,346
Total mutual funds	146,141,004	20,714,887	-		166,855,891
Alternative investments:					
Private equity	-	-	33,524,159		33,524,159
Commodities hedge funds	-	-	1,322,067		1,322,067
Total alternative investments	-	-	34,846,226		34,846,226
Total	<u>\$ 214,019,200</u>	<u>\$ 20,714,887</u>	<u>\$ 34,846,226</u>		269,580,313
Investments measured at NAV -					
Hedge funds					55,615,516
Total assets					<u>\$ 325,195,829</u>

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			Balance at June 30, 2020
	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments				
Cash and cash equivalents	\$ 11,224	\$ -	\$ -	\$ 11,224
Common stock - U.S. stocks	64,315,835	-	-	64,315,835
Mutual funds:				
Exchange traded	47,578,204	-	-	47,578,204
Money market	6,028,448	-	-	6,028,448
Fixed income	14,093,896	10,642,583	-	24,736,479
Equity	41,965,195	3,601,671	-	45,566,866
Total mutual funds	109,665,743	14,244,254	-	123,909,997
Alternative investments:				
Private equity	-	-	21,939,481	21,939,481
Commodities hedge funds	-	-	1,393,298	1,393,298
Total alternative investments	-	-	23,332,779	23,332,779
Total	<u>\$ 173,992,802</u>	<u>\$ 14,244,254</u>	<u>\$ 23,332,779</u>	211,569,835
Investments measured at NAV -				
Hedge funds				43,169,180
Total assets				<u>\$ 254,739,015</u>

Net assets without donor restrictions at June 30, 2021 and 2020 consist of the following:

	2021	2020
Current operations	\$ 173,564,001	\$ 137,760,870
Funds held for deferred compensation agreement	-	200,468
Amounts committed to the University to be disbursed	5,852,075	5,772,625
Total net assets without donor restrictions	<u>\$ 179,416,076</u>	<u>\$ 143,733,963</u>

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2021	2020
Subject to the Foundation's spending policy and appropriation -		
Investments in perpetuity (including original gift amount of \$106,026,544 and \$97,257,973, as of June 30, 2021 and 2020, respectively), which, once appropriated, is expendable to support various activities	\$ 135,944,628	\$ 100,812,995
Subject to appropriation and expenditures when a specified event occurs:		
Funds available to assist the University's Department of Philosophy and Religious Studies in the scholarly study of religion, history, and culture	1,713,235	1,254,918
Funds available to assist the University in land acquisitions	511,996	569,609
Land received in kind	41,524	-
Other	(391,320)	162,108
Subtotal	1,875,435	1,986,635
Subject to the passage of time - Pledges receivable for the benefit of the University for scholarships and other programs or endowments	9,902,060	9,457,175
Net assets with donor restrictions	\$ 147,722,123	\$ 112,256,805

Financial support from YSUF was \$9,987,574 for the fiscal year ended June 30, 2021 and \$8,878,607 for the fiscal year ended June 30, 2020. Financial support from YSUF has been committed for fiscal year 2022 in the amount of \$9,328,575.

Complete financial statements for the Youngstown State University Foundation can be requested from The Youngstown State University Foundation.

Note 16 – COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and “shelter-at-home” guidelines for individuals. As a result, the global economy has been negatively affected, and the University’s operations were also impacted. Due to the “shelter-at-home” guidelines during April and May 2020, the University shifted to a remote online learning environment and sent students home. The University issued room and board adjustments, resulting in refunds to students. The University also had many events cancelled or temporarily postponed until the “shelter-at-home” guidelines were reduced or removed, which resulted in lost revenues for the University for the years ended June 30, 2021 and June 30, 2020. In response, the University instituted measures to reduce personnel expenses, including temporary layoffs, permanent layoffs, furloughs, and pay reductions. In addition, operating expenses were reduced by closing some operations, suspending travel, and renegotiating vendor contracts.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

To offset the financial impact to students, the losses incurred by the University due to the disruption caused by COVID-19 and to defray COVID-19 expenses, the University received grants and other relief primarily authorized through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Relief & Recovery Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act of 2021. The total amount awarded as of June 30, 2021 was \$64.6 million detailed as follows:

Funding Agency/Fund	Award
Department of Education - Education Stabilization Fund	
COVID-19 Higher Education Emergency Relief Fund - Student Aid	\$ 25,718,908
COVID-19 Higher Education Emergency Relief Fund - Institutional Portion	32,478,036
United States Department of Treasury	
Coronavirus Relief Fund (through the Ohio Dept. of Higher Education)	6,221,960
Corporation For Public Broadcasting	
Emergency Stabilization Fund	223,564
Total Awards	<u>\$ 64,642,468</u>

Revenue, reflected as federal appropriations in the Statements of Revenues, Expenses and Changes in Net Position, totaled \$24,976,068 in fiscal year 2021 compared to \$6,063,592 in fiscal year 2020.

Expenses totaled \$22,094,262 in fiscal year 2021 compared to \$4,298,543 in fiscal year 2020 and included \$7,176,462 and \$3,200,000 in student aid, respectfully.

Transfers to unrestricted funds during fiscal year 2021 totaled \$10,852,640 and included \$2,820,743 to reimburse the University for lost revenues and eligible expenses incurred during fiscal year 2020 and \$8,031,897 for lost revenues during fiscal year 2021 compared to \$2,844,279 in fiscal year 2020. These funds were designated for COVID-19 projects and to fulfill the fiscal year 2022 Operating Budget plan.

The severity of the continued impact due to COVID-19 on the University's financial condition, results of operations or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the University's community, all of which are uncertain and cannot be predicted.

YOUNGSTOWN STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of the University's Proportionate Share of the Net Pension Liability Plan Years Ended 2014 to 2020

Plan Year	University's proportion of the net pension liability (asset)	University's proportionate share of the net pension liability (asset)	University's covered payroll	University's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	Plan fiduciary net position as a percentage of the total pension liability
State Teachers Retirement System (STRS Ohio)					
2020	0.314635%	\$ 76,130,559	\$ 42,404,403	179.53%	75.50%
2019	0.328794%	\$ 72,710,830	\$ 43,128,083	168.59%	77.40%
2018	0.325960%	\$ 71,671,389	\$ 41,735,926	171.73%	77.31%
2017	0.330156%	\$ 78,429,268	\$ 41,199,747	190.36%	75.30%
2016	0.348370%	\$116,609,806	\$ 41,521,217	280.84%	66.80%
2015	0.361214%	\$ 99,828,954	\$ 42,774,459	233.38%	72.10%
2014	0.384452%	\$ 93,512,061	\$ 44,313,510	211.02%	74.70%
Ohio Public Employees Retirement System (OPERS)					
2020	0.223270%	\$ 32,376,291	\$ 38,248,636	84.65%	87.21%
2019	0.244668%	\$ 47,840,867	\$ 40,601,178	117.83%	82.44%
2018	0.258405%	\$ 70,477,168	\$ 41,119,217	171.40%	78.00%
2017	0.259492%	\$ 40,346,952	\$ 40,446,282	99.75%	79.00%
2016	0.259332%	\$ 58,744,558	\$ 39,595,195	148.36%	80.00%
2015	0.269315%	\$ 46,516,739	\$ 39,715,198	117.13%	80.00%
2014	0.284240%	\$ 34,173,082	\$ 40,769,505	83.82%	84.00%

The plan year ends on June 30 for STRS Ohio and December 31 for OPERS.

YOUNGSTOWN STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION (CONT.)

Schedules of the University's Pension Contributions

Fiscal Year	Statutorily required contribution	Contributions in relation to the statutorily required contributions	Annual contribution deficiency	University's covered payroll	Contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll
State Teachers Retirement System (STRS Ohio)					
2021	\$4,865,815	\$4,865,815	\$ -	\$ 38,933,561	12.50%
2020	\$5,318,458	\$5,318,458	\$ -	\$ 42,404,403	12.54%
2019	\$5,404,211	\$5,404,211	\$ -	\$ 43,128,053	12.53%
2018	\$5,195,369	\$5,195,369	\$ -	\$ 41,735,926	12.45%
2017	\$5,107,383	\$5,107,383	\$ -	\$ 41,199,747	12.40%
2016	\$5,153,427	\$5,153,427	\$ -	\$ 41,521,217	12.41%
2015	\$5,318,436	\$5,315,436	\$ -	\$ 42,774,459	12.43%
Ohio Public Employees Retirement System (OPERS)					
2021	\$4,816,380	\$4,816,380	\$ -	\$ 37,506,171	12.84%
2020	\$5,171,188	\$5,171,188	\$ -	\$ 40,296,691	12.83%
2019	\$5,189,816	\$5,189,816	\$ -	\$ 40,481,204	12.82%
2018	\$5,104,871	\$5,104,871	\$ -	\$ 41,095,514	12.42%
2017	\$5,043,147	\$5,043,147	\$ -	\$ 39,901,665	12.64%
2016	\$4,994,138	\$4,994,138	\$ -	\$ 39,458,926	12.66%
2015	\$5,095,976	\$5,095,976	\$ -	\$ 40,264,007	12.66%

Changes of benefit terms

There were no changes in benefit terms affecting the STRS Ohio and OPERS plans.

Changes of assumptions

STRS Ohio – During the plan year ended June 30, 2017, there were changes to several assumptions for STRS Ohio. The cost-of-living adjustment dropped from 2.00% to 0.00%. The wage inflation dropped from 2.75% to 2.50%. The investment rate of return decreased from 7.75% to 7.45%. The mortality tables used changed from RP-2000 to RP-2014.

OPERS – During the plan year ended December 31, 2018, the discount rate was reduced from 7.5% to 7.2%. During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75% to 3.25%. The projected salary increase range changed from 4.25%-10.05% to 3.25%-10.75%. The mortality tables used changed from RP-2000 to RP-2014.

YOUNGSTOWN STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION (CONT.)

Schedules of the University's Proportionate Share of the Net OPEB Liability (Asset) Plan Years Ended 2017 to 2020

Plan Year	University's proportion of the net OPEB liability (asset)	University's proportionate share of the net OPEB liability (asset)	University's covered payroll	University's proportionate share of the collective net OPEB liability as a percentage of the employer's covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
State Teachers Retirement System (STRS Ohio)					
2020	0.314652%	\$ (5,530,000)	\$ 42,404,403	-13.04%	174.70%
2019	0.327941%	\$ (5,446,000)	\$ 43,128,083	-12.63%	174.70%
2018	0.325960%	\$ (5,237,852)	\$ 41,735,926	-12.55%	176.00%
2017	0.330156%	\$ 12,881,469	\$ 41,199,747	30.86%	47.10%
Ohio Public Employees Retirement System (OPERS)					
2020	0.222075%	\$ (3,956,443)	\$ 38,248,636	-10.34%	174.70%
2019	0.242319%	\$ 33,470,549	\$ 40,601,178	82.44%	47.80%
2018	0.256109%	\$ 33,390,568	\$ 41,119,217	81.20%	65.40%
2017	0.255940%	\$ 27,793,199	\$ 40,446,282	68.72%	60.70%

The plan year ends on June 30 for STRS Ohio and December 31 for OPERS.

YOUNGSTOWN STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION (CONT.)

Schedules of the University's OPEB Contributions

Fiscal Year	Statutorily required contribution	Contributions in relation to the statutorily required contributions	Annual contribution deficiency	University's covered payroll	Contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll
State Teachers Retirement System (STRS Ohio)					
2021	\$ -	\$ -	\$ -	\$ 38,933,561	0.00%
2020	\$ -	\$ -	\$ -	\$ 42,404,403	0.00%
2019	\$ -	\$ -	\$ -	\$ 43,128,053	0.00%
2018	\$ -	\$ -	\$ -	\$ 41,735,926	0.00%
Ohio Public Employees Retirement System (OPERS)					
2021	\$ -	\$ -	\$ -	\$ 30,506,171	0.00%
2020	\$ -	\$ -	\$ -	\$ 40,296,691	0.00%
2019	\$ -	\$ -	\$ -	\$ 40,481,204	0.00%
2018	\$ 190,221	\$ 190,221	\$ -	\$ 41,095,514	0.46%

Changes of benefit terms

There were no significant changes in benefit terms affecting the STRS Ohio and OPERS plans for the plan years ended June 30, 2020 and December 31, 2020, respectively.

Changes of assumptions

STRS Ohio - During the plan year ended June 30, 2018, there were changes to several assumptions for STRS Ohio. The health care cost trend rates decreased from 6.00% to 11.00% initial and 4.5% ultimate for plan year ended June 30, 2017, to (5.23%) to 9.62% initial and 4% ultimate for plan year ended June 30, 2018. The discount rate increased from a blended rate between the long-term expected rate of return and a 20-year municipal bond rate of 4.13 % to the investment rate of return of 7.45% based on the cash flow analysis.

OPERS - During the plan year ended December 31, 2020, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.5% initial and 3.5% ultimate to 8.5% initial and 3.5% ultimate. The discount rate was increased from 3.16% to 6.00%.

YOUNGSTOWN STATE UNIVERSITY

OTHER INFORMATION

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YOUNGSTOWN STATE UNIVERSITY

OTHER INFORMATION (CONT.)

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Youngstown State University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Youngstown State University (the "University"), a component unit of the State of Ohio, and its discretely presented component unit as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 14, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To Management and the Board of Trustees
Youngstown State University

Purpose of This Report

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

Plante & Moran, PLLC

October 14, 2021

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Youngstown State University

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 U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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 the major federal programs for the year ended June 30, 2021.

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 the Uniform Guidance, 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.

To the Board of Trustees
Youngstown State University

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

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

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

Plante & Moran, PLLC

October 14, 2021

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster				
U.S. Department of Education - Direct Programs:				
Federal Supplemental Educational Opportunity Grants	84.007	Not Applicable	\$ -	\$ 568,513
Federal Work-Study Program	84.033	Not Applicable	-	418,943
Federal Perkins Loan Program	84.038	Not Applicable	-	672,829
Federal Pell Grant Program	84.063	Not Applicable	-	17,049,310
Federal Direct Student Loans	84.268	Not Applicable	-	50,686,373
Total Student Financial Assistance Cluster			-	69,395,968
Research and Development Cluster				
U.S. Department of Commerce:				
Direct Program - Investments for Public Works and Economic Development Facilities	11.300	Not Applicable	-	302,821
Pass-through Program - National Oceanic & Atmospheric Administration - The Ohio State University - Sea Grant Support	11.417	60074491	-	2,469
Total U.S. Department of Commerce			-	305,290
U.S. Department of Defense:				
Direct Program - Basic and Applied Scientific Research	12.300	Not Applicable	-	1,493
Pass-through Programs:				
University of Akron - Air Force Defense Research Sciences Program	12.800	YSU-03989	-	41,376
National Center for Defense Manufacturing and Machining (NCDMM) - Air Force Defense Research Sciences Program	12.800	Not Available	180,798	16,333
National Center for Defense Manufacturing and Machining (NCDMM) - Air Force Defense Research Sciences Program	12.800	Not Available	253,056	290,040
Air Force Research Lab - Wright State University Research and Technology Development	12.910	671100-1	15,778	863,863
Total U.S. Department of Defense			449,632	1,213,105
National Aeronautics and Space Administration:				
Direct Program - Science	43.001	Not Applicable	-	3,577
Pass-through Programs:				
Ohio Space Grant Consortium - Science	43.001	Not Available	-	5,264
Space Telescope Science Institute - Science	43.001	HST-GO-15258.005-A	-	3,890
Space Telescope Science Institute - Science	43.001	Not Available	-	4,967
Total National Aeronautics and Space Administration			-	17,698
National Science Foundation:				
Direct Programs:				
Engineering	47.041	Not Applicable	-	12,902
Mathematical and Physical Sciences	47.049	Not Applicable	-	215,033
Education and Human Resources	47.076	Not Applicable	-	64,511
Pass-through Program - Case Western Reserve University - Mathematical and Physical Sciences				
	47.049	RES511941	-	24,309
Total National Science Foundation			-	316,755
Environmental Protection Agency - Direct Program - Regional Wetland Program Development Grants				
	66.461	Not Applicable	15,229	11,017
U.S. Department of Education - Pass-through Programs:				
Ohio Department of Education - The University of Cincinnati:				
Special Education Grants to States	84.027	012966-022	-	162,625
Special Education Grants to States	84.027A	012969-022	-	27,790
School Improvement Grants	84.377	013279-002	-	12,156
School Improvement Grants	84.377	012498-002	-	3,409
The Ohio State University - Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407A	60051504	-	25,718
Total U.S. Department of Education			-	231,748
U.S. Department of Health and Human Services:				
Direct Programs:				
Nurse Anesthetist Traineeships	93.124	Not Applicable	-	20,169
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Not Applicable	-	49,015
Pass-through Programs - University of Pittsburgh:				
Aging Research	93.866	CNVA00048408 (127381-1)	-	15,823
Aging Research	93.866	AWD00003998 (136085-1)	-	16,999
Total U.S. Department of Health and Human Services			-	102,006
Total Research and Development Cluster			464,861	2,197,619

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters (Continued)				
TRIO Cluster				
U.S. Department of Education - Direct Program - TRIO_Upward Bound	84.047A	Not Applicable	\$ -	\$ 277,981
Economic Development Cluster				
Economic Development Agency - Direct Program - Economic Adjustment Assistance	11.307	Not Applicable	-	4,183,672
Child Nutrition Cluster				
U.S. Department of Agriculture - Pass-through Program - State of Ohio Department of Education - Summer Food Service Program for Children	10.559	02428971	-	156
Total clusters			464,861	76,055,396
Other Programs				
U.S. Department of Commerce - Pass-through Program - Consortium for Ocean Leadership - NOAA Mission-Related Education Awards	11.008	Not Available	-	9,000
U.S. Department of Defense - Pass-through Programs:				
State of Ohio, Development Services Agency - Procurement Technical Assistance for Business Firms	12.002	PTAG20200527	-	6,021
State of Ohio, Development Services Agency - Procurement Technical Assistance for Business Firms	12.002	PTAG20210527	-	14,000
Total U.S. Department of Defense			-	20,021
Department of State - Direct Program - Public Diplomacy Programs	19.040	Not Applicable	-	3,930
U.S. Department of the Treasury - Pass-through Programs:				
COVID-19 - State of Ohio Department of Higher Education - Coronavirus Relief Fund	21.019	Not Available	-	3,496,828
COVID-19 - State of Ohio Department of Higher Education - Coronavirus Relief Fund	21.019	Not Available	-	124,202
COVID-19 - State of Ohio Department of Higher Education - Coronavirus Relief Fund	21.019	Not Available	-	1,962,244
COVID-19 - Prevention Action Alliance - Coronavirus Relief Fund	21.019	Not Available	-	31,426
COVID-19 - Ohio Department of Health - Ohio State University - Coronavirus Relief Fund	21.019	Not Available	-	50,924
Total U.S. Department of the Treasury			-	5,665,624
National Aeronautics and Space Administration - Direct Program - Science	43.001	Not Applicable	-	9,500
Small Business Administration - Pass-through Programs:				
State of Ohio, Development Services Agency - Small Business Development Centers	59.037	OSBG-20-326	-	98,776
State of Ohio, Development Services Agency - Small Business Development Centers	59.037	OSBG-19-332	-	80,843
State of Ohio, Development Services Agency - Small Business Development Centers	59.037	OSBG-20-350	-	177,171
State of Ohio, Development Services Agency - Small Business Development Centers	59.037	OSBG-21-326	-	124,669
Total Small Business Administration			-	481,459
U.S. Department of Education:				
Direct Program - Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Not Applicable	-	9,775
Direct Programs:				
COVID-19 - Education Stabilization Fund	84.425E	Not Applicable	-	1,988,231
COVID-19 - Education Stabilization Fund	84.425F	Not Applicable	-	2,224,800
COVID-19 - Education Stabilization Fund	84.425E	Not Applicable	-	5,188,231
COVID-19 - Education Stabilization Fund	84.425F	Not Applicable	-	9,715,604
COVID-19 - Education Stabilization Fund	84.425F	Not Applicable	-	9,306,590
Pass-through Program - COVID-19 - State of Ohio Department of Higher Education - Education Stabilization Fund	84.425C	GEER-ODHE	-	71,023
Total Education Stabilization Fund			-	28,494,479

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Other Programs (Continued)				
U.S. Department of Education (Continued):				
Pass-through Programs:				
State of Ohio Department of Education - Twenty-First Century Community Learning Centers	84.287	12107	\$ -	\$ 875
State of Ohio Department of Education - Twenty-First Century Community Learning Centers	84.287	10936	-	994
State of Ohio Department of Education - Twenty-First Century Community Learning Centers	84.287	10864	-	875
State of Ohio Department of Education - Twenty-First Century Community Learning Centers	84.287	12107	-	160,198
State of Ohio Department of Education - Twenty-First Century Community Learning Centers	84.287	10936	-	141,653
State of Ohio Department of Education - Twenty-First Century Community Learning Centers	84.287	10864	-	146,576
Total State of Ohio Department of Education - Twenty-First Century Community Learning Centers			-	451,171
DC Department of Higher Education - College Access Challenge Grant Program	84.378A	Not Available	-	8,500
Total U.S. Department of Education			-	28,963,925
U.S. Department of Health and Human Services:				
Direct Program Nurse Corps Scholarship	93.303	Not Applicable	-	9,021
Pass-through Programs:				
Council on Social Work Education - Substance Abuse and Mental Health Services_Protocols of Regional and National Significance	93.243	Not Available	-	2,000
State of Ohio Department of Jobs and Family Services - Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2021-06-0247	-	6,110
State of Ohio Department of Jobs and Family Services - Foster Care_Title-IV-E	93.658	G-1819-06-0337	-	5,000
State of Ohio Department of Jobs and Family Services - Foster Care_Title-IV-E	93.658	G-2021-06-0247	-	81,240
Total U.S. Department of Health and Human Services			-	103,371
U.S. Department of Homeland Security - Pass-through Program - United States Coast Guard - Ohio Department of Natural Resources - Boating Safety Financial Assistance				
	97.012	Not Available	-	12,360
Total Other Programs			-	35,269,190
Total Expenditures of Federal Awards			\$ 464,861	\$ 111,324,586

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Youngstown State University (the "University") under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, except for expenditures related to CFDA 21.019, Coronavirus Relief Fund (CRF). CRF does not apply the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, but rather applies the U.S. Department of Treasury's guidance. Pass-through entity identifying numbers are presented where available.

The University has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance, and instead uses indirect cost rates ranging from 8 percent to 26.3 percent per the respective grant agreements or current federally negotiated indirect cost rate.

Note 3 - Loan Balances

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 (FDL). The amount presented on the schedule of expenditures of federal awards represents the value of new FDL processed by the University for the year ended June 30, 2021.

Federal Perkins Loan Program

The amount presented on the schedule of expenditures of federal awards for the Federal Perkins Loan Program (84.038) represents the value of new loans made or received during the audit period, plus the beginning of the audit period balance of loans from previous years for which the federal government imposes continuing compliance requirements. The amount outstanding for the Federal Perkins Loan Program at June 30, 2021 is \$396,581. Total new loans disbursed under the Federal Perkins Loan Program for the fiscal year ended June 30, 2021 were \$0.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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 deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
11.307	Economic Development Cluster	Unmodified
84.425	Education Stabilization Fund	Unmodified
21.019	Coronavirus Relief Fund	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None



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UNIVERSITY**