

YOUNGSTOWN STATE UNIVERSITY
STATEMENTS OF NET POSITION AT JUNE 30, 2016 AND 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,893,972	\$ 11,472,553
Investments	36,906,441	39,133,843
Restricted investments	638,165	866,522
Interest receivable	98,121	94,242
Accounts receivable, net	13,033,177	10,735,452
Pledges receivable, net	893,284	1,140,910
Loans receivable, net	422,496	404,434
Inventories	84,831	1,186,416
Prepaid expenses and unearned charges	1,050,643	1,385,085
Total Current Assets	<u>69,021,130</u>	<u>66,419,457</u>
Noncurrent Assets		
Investments	17,198,170	14,723,869
Endowments and other restricted investments	8,579,269	8,333,945
Pledges receivable, net	827,958	1,526,422
Loans receivable, net	1,455,935	1,771,897
Other noncurrent assets	171,180	187,782
Cash surrender value of life insurance	321,224	311,993
Nondepreciable capital assets	35,608,290	22,858,918
Depreciable capital assets, net	178,857,955	175,893,857
Total Noncurrent Assets	<u>243,019,981</u>	<u>225,608,683</u>
Total Assets	<u>312,041,111</u>	<u>292,028,140</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension OPERS	16,422,322	4,448,632
Pension STRS	9,704,367	6,162,539
Total Deferred Outflows of Resources	<u>26,126,689</u>	<u>10,611,171</u>
LIABILITIES		
Current Liabilities		
Accounts payable	3,653,797	2,963,665
Construction payable	3,041,732	1,931,359
Payroll liabilities	7,041,919	7,543,616
Bonds payable	2,455,000	1,865,000
Notes payable	-	1,139,444
Compensated absences	604,117	736,034
Unearned revenue	5,824,756	5,294,416
Other liabilities	1,421,973	810,173
Total Current Liabilities	<u>24,043,294</u>	<u>22,283,707</u>
Noncurrent Liabilities		
Bonds payable, net	62,301,416	64,793,996
Notes payable	16,000,000	-
Compensated absences	8,412,313	9,107,728
Refundable advance	2,527,796	2,581,299
Net pension liability	146,345,693	127,685,143
Total Noncurrent Liabilities	<u>235,587,218</u>	<u>204,168,166</u>
Total Liabilities	<u>259,630,512</u>	<u>226,451,873</u>
DEFERRED INFLOWS OF RESOURCES		
Service concession agreements	657,500	745,000
Pension OPERS	2,214,446	635,671
Pension STRS	12,494,441	17,300,086
Total Deferred Resources of Inflows	<u>15,366,387</u>	<u>18,680,757</u>
NET POSITION		
Net investment in capital assets	134,289,273	132,793,340
Restricted - Nonexpendable	5,178,994	5,062,070
Restricted - Expendable	24,604,440	24,983,739
Unrestricted	(100,901,806)	(105,332,468)
Total Net Position	<u>\$ 63,170,901</u>	<u>\$ 57,506,681</u>

See accompanying notes to financial statements.

THE YOUNGSTOWN STATE UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION AT JUNE 30, 2016 AND 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
Cash and cash equivalents	\$ 4,739,753	\$ 4,341,923
Investments	206,643,636	218,740,363
Accounts receivable	9,295	-
Property acquired for resale to Youngstown State University	109,520	-
Investments held for others	-	3,474,650
Pledges receivable, net	2,057,504	731,033
Pledges receivable for Youngstown State University, net	3,182,716	1,346,918
Prepaid expenses and other assets	1,031,078	20,098
Property and equipment, net	59,229	22,344
Beneficial interest in remainder trusts	399,582	441,661
TOTAL ASSETS	<u>\$ 218,232,313</u>	<u>\$ 229,118,990</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 860,489	\$ 522,776
Grant commitments to Youngstown State University for scholarship awards	8,067,599	7,722,375
Funds held for others	-	3,474,650
Accrued liabilities and other	55,063	-
TOTAL LIABILITIES	<u>8,983,151</u>	<u>11,719,801</u>
 NET ASSETS		
Unrestricted	136,086,960	152,937,194
Temporarily restricted	8,068,816	6,799,238
Permanently restricted	65,093,386	57,662,757
TOTAL NET ASSETS	<u>209,249,162</u>	<u>217,399,189</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 218,232,313</u>	 <u>\$ 229,118,990</u>

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	June 30, 2016	June 30, 2015
OPERATING REVENUES		
Tuition, fees, and other student charges (net of scholarship allowance of \$22,136,886 in 2016 and 22,051,829 in 2015)	\$ 83,532,926	\$ 84,357,825
Federal grants and contracts	3,848,977	4,113,501
State grants and contracts	5,123,960	4,675,489
Local grants and contracts	169,703	153,686
Private grants and contracts	401,324	398,156
Sales and services	431,584	508,200
Auxiliary enterprises	23,930,810	22,098,719
Other operating revenues	1,950,333	1,961,489
Total Operating Revenues	119,389,617	118,267,065
OPERATING EXPENSES		
Instruction	64,295,468	66,393,543
Research	1,859,303	2,721,990
Public service	5,497,073	4,768,094
Academic support	14,270,655	14,053,028
Student services	10,300,999	9,625,128
Institutional support	22,745,633	22,612,180
Operation and maintenance of plant	16,511,923	16,526,726
Scholarships	15,218,376	16,358,672
Auxiliary enterprises	30,804,003	30,310,825
Depreciation and amortization	11,075,611	11,472,394
Total Operating Expenses	192,579,044	194,842,580
Operating Loss	(73,189,427)	(76,575,515)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	41,813,887	38,930,258
Federal grants	20,658,870	22,747,643
Private gifts	10,112,463	10,967,220
Unrestricted investment income, net of investment expense	289,877	1,288,186
Restricted investment income, net of investment expense	504,084	277,849
Interest on capital asset-related debt	(3,939,548)	(3,454,055)
Other nonoperating expenses, net	(1,292,400)	(1,879,076)
Net Nonoperating Revenues	68,147,233	68,878,025
Loss Before Other Revenues, Expenses, and Changes	(5,042,194)	(7,697,490)
OTHER REVENUES, EXPENSES, AND CHANGES		
State capital appropriations	8,539,064	6,174,875
Capital grants and gifts	2,081,270	1,069,282
Other	86,080	65,572
Total Other Revenues, Expenses, and Changes	10,706,414	7,309,729
Change In Net Position	5,664,220	(387,761)
NET POSITION		
Net Position at Beginning of the Year	57,506,681	57,894,442
Net Position at End of the Year	\$ 63,170,901	\$ 57,506,681

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, 2016 AND 2015

	June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	\$ 4,562,193	\$ 2,360,160	\$ 7,472,708	\$ 14,395,061
In-kind donations	-	-	-	-
Investment earnings	1,813,472	765,181	-	2,578,653
Net realized gain on sale of investments	2,002,727	827,742	-	2,830,469
Net unrealized change in long-term investments	(13,579,678)	1,224,733	-	(12,354,945)
Change in beneficial interest in remainder trusts	-	-	(42,079)	(42,079)
Net assets released from restrictions	3,908,238	(3,908,238)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	(1,293,048)	1,269,578	7,430,629	7,407,159
EXPENSES				
Distribution to Youngstown State University for scholarships and other programs	-	-	-	-
Administrative expenditures	12,982,554	-	-	12,982,554
Benefits for retired Youngstown University faculty	2,573,532	-	-	2,573,532
	1,100	-	-	1,100
TOTAL EXPENSES	15,557,186	-	-	15,557,186
DONOR RECLASSIFICATIONS	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	(16,850,234)	1,269,578	7,430,629	(8,150,027)
Net Assets - Beginning of Year	152,937,194	6,799,238	57,662,757	217,399,189
Net Assets - End of Year	\$ 136,086,960	\$ 8,068,816	\$ 65,093,386	\$ 209,249,162

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

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	June 30, 2016	June 30, 2015
Cash Flows from Operating Activities		
Student tuition and fees	\$ 82,559,873	\$ 83,469,446
Federal, state, and local grants and contracts	7,794,915	9,252,531
Private grants and contracts	424,144	446,764
Sales and services of educational and other departmental activities	23,356,831	21,849,847
Payments to suppliers	(46,161,692)	(47,075,352)
Payments to employees	(89,007,809)	(90,341,601)
Payments for benefits	(29,236,967)	(30,522,935)
Payments for scholarships	(15,270,134)	(16,316,513)
Student loans issued	(130,430)	(146,195)
Student loans collected	453,813	477,591
Student loan interest and fees collected	98,538	159,717
Other receipts, net	2,913,327	1,816,723
Total Cash Flows Used In Operating Activities	(62,205,591)	(66,929,977)
Cash Flows from Noncapital Financing Activities		
Federal grants	20,619,477	22,723,447
State educational appropriations	41,813,887	38,930,258
Direct lending receipts	63,121,701	67,086,876
Direct lending disbursements	(63,047,691)	(68,491,854)
Private gifts	10,059,584	10,861,294
Other	86,080	65,572
Other nonoperating expenses	(1,376,750)	(1,489,452)
Total Cash Flows Provided by Noncapital Financing Activities	71,276,288	69,686,141
Cash Flows from Investing Activities		
Proceeds from sale of investments	21,538,965	23,051,150
Purchase of investments	(21,802,831)	(25,383,740)
Interest on investments	790,082	1,573,877
Total Cash Flows Used In Investing Activities	526,216	(758,713)
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	8,087,946	5,811,369
Private capital gifts and grants	2,694,968	2,221,092
Purchase of capital assets	(25,450,146)	(8,902,727)
Principal payments on capital debt	(3,004,444)	(2,890,593)
Notes payable proceeds	16,000,000	-
Interest payments on capital debt	(3,503,818)	(3,526,312)
Total Cash Flows Used In Capital and Related Financing Activities	(5,175,494)	(7,287,171)
Change in Cash and Cash Equivalents	4,421,419	(5,289,720)
Cash and Cash Equivalents, Beginning of Year	11,472,553	16,762,273
Cash and Cash Equivalents, End of Year	\$ 15,893,972	\$ 11,472,553

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF CASH FLOWS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Operating loss	\$ (73,189,427)	\$ (76,575,515)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	11,075,611	11,472,394
Provision for bad debts	854,147	1,097,692
Gifts in kind	113,113	30,978
Changes in assets and liabilities:		
Accounts receivable, net	(2,612,917)	(1,085,805)
Loans receivable, net	307,328	316,347
Inventories	1,101,585	471,213
Prepaid expenses and unearned charges	334,442	241,915
Accounts payable	690,132	(305,519)
Accrued and other liabilities	(357,418)	(637,391)
Unearned revenue	386,983	(170,594)
Compensated absences	(827,332)	(52,694)
Net pension liability	18,660,550	(9,057,584)
Deferred outflows of resources	(15,515,518)	(10,611,171)
Deferred inflow of resources	(3,226,870)	17,935,757
Net Cash Flows Used In Operating Activities	<u>\$ (62,205,591)</u>	<u>\$ (66,929,977)</u>

See accompanying notes to financial statements.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Note 1 – Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

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

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

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

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

- Net investment in capital assets – Capital assets, net of accumulated depreciation, outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted Nonexpendable – Resources subject to externally imposed stipulations that they be maintained permanently by the University. Such resources include the University's permanent endowment funds.
- Restricted Expendable – Resources whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

- 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.

Summary of Significant Accounting Policies

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

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

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

Endowment Policy – The University Endowment Fund consists of 99 named funds. Each named fund is assigned a number of shares in the University Endowment Fund based on the value of the gifts to that named fund. Prior to July 2015, the University's policy was to limit annual distributions to no greater than accumulated income earned. Distributions greater than the accumulated income earned require written justification and Board of Trustees' approval. Effective July 2015 a new endowment spending policy was implemented where 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 tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Also included are amounts due from federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenses under the applicable University grants and contracts. Accounts are recorded net of allowance for uncollectible amounts.

Pledges Receivable – The University receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a 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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

recorded net of an allowance for uncollectible amounts and are discounted to net present value. During fiscal year 2015, the University entered into 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.

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

Capital Assets – Capital assets are stated at cost or 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 10 years

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

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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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

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

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

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

Income Taxes – The Internal Revenue Service has ruled that the University's income is generally exempt from Federal income taxes under Section 115 of the Internal Revenue Code. The University is subject to tax on unrelated business income.

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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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

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

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

Adoption of New Accounting Pronouncements – In fiscal year 2016, the provisions of the following GASB Statements became effective:

- GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, issued June 2015. The requirements of this Statement are effective for fiscal years beginning after June 15, 2015 except those provisions that address employers and governmental nonemployer contribution entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. This objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement did not have any impact on the financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued June 2015. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement did not have any impact on the financial statements.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement did not have any impact on the financial statements.

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

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued June 2015. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).
- GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015. The requirements of this Statement are effective for reporting periods beginning after December 31, 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. hierarchy of generally accepted accounting principles (GAAP).
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, issued December 2015. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, issued January 2016. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.
- GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*, issued March 2016. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

Reclassification – Certain reclassifications have been made to the fiscal year 2015 amounts to conform with the fiscal year 2016 presentation. These reclassifications had no effect on the total net position or change in net position.

Note 2 – State Support

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

State appropriations totaled \$41,813,887 in fiscal year 2016 compared to \$38,930,258 in fiscal year 2015. The State Share of Instruction (SSI) is determined annually by the Ohio Department of Higher Education.

Capital appropriations from the State totaled \$8,539,064 in fiscal year 2016 compared to \$6,174,875 in fiscal year 2015 and included funding for equipment and the construction/major renovations of plant facilities.

Funding for the construction of major plant facilities on the University campus is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn is used for the construction and subsequent lease of the facilities by the Ohio Department of Higher Education.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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

Outstanding debt issued by OPFC is not included on the University's Statement of Net Position. In addition, the appropriations by the General Assembly to the Ohio Department of Higher Education for payment of debt service are not reflected as appropriation revenue received by the University, and the related debt service payments are not recorded in the University's accounts.

Note 3 – Cash and Cash Equivalents

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

The aggregate cost of repurchase agreements, which approximates fair value, included in cash and cash equivalents is \$357,738 and \$2,083,878 at June 30, 2016 and 2015, respectively.

Depository funds held in the name of the University are secured by a pool of securities with a value of at least 105% of the total value of monies on deposit at the depository bank. 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, 2016 and June 30, 2015 consist of the following:

	2016	2015
Carrying Amount	<u>\$ 15,893,972</u>	<u>\$ 11,472,553</u>
FDIC Insured	\$ 5,769,116	\$ 5,817,914
Uninsured but collateralized by pools of securities pledged by the depository banks	4,927,221	3,883,274
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	<u>5,882,625</u>	<u>3,274,251</u>
Bank Balance	<u>\$ 16,578,962</u>	<u>\$ 12,975,439</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 \$3,746,878 at June 30, 2016 and \$1,671,240 at June 30, 2015, 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 Star Ohio Plus account deposits are federally insured and totaled \$5,021,068 at June 30, 2016 and \$5,008,195 at June 30, 2015.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and June 30, 2015, 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.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

As of June 30, 2016, the University had the following investments measured at fair value:

	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
U.S. Government Obligations	\$ 7,557,213	\$ -	\$ -	\$ 7,557,213
Corporate Bonds	9,921,463	-	-	9,921,463
Foreign Bonds	115,597	-	-	115,597
U.S. Government Bonds	1,828,911	-	-	1,828,911
Bond Mutual Funds	9,813,823	-	-	9,813,823
Preferred and Common Stock	6,255,968	-	-	6,255,968
Equity Mutual Funds	27,829,070	-	-	27,829,070
Totals	\$63,322,045	\$ -	\$ -	\$ 63,322,045

As of June 30, 2015, the University had the following investments measured at fair value:

	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
U.S. Government Obligations	\$ 7,427,958	\$ -	\$ -	\$ 7,427,958
Corporate Bonds	9,845,758	-	-	9,845,758
Foreign Bonds	100,406	-	-	100,406
U.S. Government Bonds	1,618,225	-	-	1,618,225
Bond Mutual Funds	11,211,109	-	-	11,211,109
Preferred and Common Stock	5,987,195	-	-	5,987,195
Equity Mutual Funds	26,867,528	-	-	26,867,528
Totals	\$63,058,179	\$ -	\$ -	\$ 63,058,179

As of June 30, 2016, 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	\$ 7,557,213	\$ -	\$ 6,751,994	\$ 805,219	\$ -
Corporate Bonds	9,921,463	623,316	8,065,572	1,222,429	10,146
Foreign Bonds	115,597	100,154	-	15,443	-
U.S. Government Bonds	1,828,911	117	719,061	399,044	710,689
Bond Mutual Funds	9,813,823	9,813,823	-	-	-
Preferred and Common Stock	6,255,968	6,255,968	-	-	-
Equity Mutual Funds	27,829,070	27,829,070	-	-	-
Totals	\$63,322,045	\$44,622,448	\$ 15,536,627	\$ 2,442,135	\$ 720,835

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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

As of June 30, 2015, 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	\$ 7,427,958	\$ 1,531,665	\$ 5,568,903	\$ 323,820	\$ 3,570
Corporate Bonds	9,845,758	1,170,620	6,338,186	2,296,806	40,146
Foreign Bonds	100,406	-	100,406	-	-
U.S. Government Bonds	1,618,225	1,037	436,488	636,761	543,939
Bond Mutual Funds	11,211,109	11,211,109	-	-	-
Preferred and Common Stock	5,987,195	5,987,195	-	-	-
Equity Mutual Funds	26,867,528	26,867,528	-	-	-
Totals	<u>\$ 63,058,179</u>	<u>\$ 46,769,154</u>	<u>\$ 12,443,983</u>	<u>\$ 3,257,387</u>	<u>\$ 587,655</u>

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

As of June 30, 2016, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	\$ 9,921,463	\$ 2,376,851	\$ 1,162,736	\$ 2,298,069	\$ 2,842,439	\$ 1,241,368
Foreign Bonds	115,597	-	115,597	-	-	-
U.S. Government Bonds	1,828,911	1,196,000	632,911	-	-	-
Bond Mutual Funds	\$ 9,813,823	6,144,635	1,725,631	753,301	872,147	318,109
Totals	<u>\$ 21,679,794</u>	<u>\$ 9,717,486</u>	<u>\$ 3,636,875</u>	<u>\$ 3,051,370</u>	<u>\$ 3,714,586</u>	<u>\$ 1,559,477</u>

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

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	\$ 9,845,758	\$ 2,377,138	\$ 1,054,576	\$ 2,600,761	\$ 3,158,288	\$ 654,995
Foreign Bonds	100,406	-	100,406	-	-	-
U.S. Government Bonds	1,618,225	1,093,212	525,013	-	-	-
Bond Mutual Funds	\$ 11,211,109	7,484,001	1,444,326	992,086	960,770	329,926
Totals	<u>\$ 22,775,498</u>	<u>\$ 10,954,351</u>	<u>\$ 3,124,321</u>	<u>\$ 3,592,847</u>	<u>\$ 4,119,058</u>	<u>\$ 984,921</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. As of June 30, 2016, \$5,444,128 or 9% of the University’s portfolio was held in an intermediate bond fund and \$1,271,495 or 2% was held in a short term bond fund. As of June 30, 2015, \$5,140,428 or 8% of the University’s portfolio was held in an intermediate term bond fund and \$3,214,825 or 5% was held in a short-term bond fund. The University’s investment policy and asset allocation guidelines contain provisions to manage credit risk.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Investments that are both unregistered and uninsured are exposed to custodial credit risk if investments are held by the counterparty, or are held by the counterparty’s trust department or agent but not in the name of the University. At June 30, 2016 and 2015, the University had no exposure to custodial credit risk. The University does not address custodial credit risk in its investment policy and asset allocation guidelines.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2016 and 2015, 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, 2016 and June 30, 2015 consist of the following:

	2016	2015
Accounts receivable		
Student accounts	\$ 9,938,609	\$ 10,641,281
Grants and contracts	2,135,367	1,304,892
State appropriations	1,853,200	1,402,082
Other receivables	4,226,260	3,133,608
Total Accounts receivable	18,153,436	16,481,863
Less: Allowance for doubtful accounts	5,120,259	5,746,411
Accounts receivable, net	\$ 13,033,177	\$ 10,735,452
Loans receivable - student notes	\$ 2,520,738	\$ 2,830,696
Less: Allowance for doubtful accounts	642,307	654,365
Loans receivable, net	1,878,431	2,176,331
Less: current portion	422,496	404,434
Loans receivable, noncurrent portion	\$ 1,455,935	\$ 1,771,897

Note 6 – Pledges Receivable

Unconditional promises to give to the University recorded as pledges receivable at June 30, 2016 and June 30, 2015 were as follows:

	2016	2015
Pledges receivable	\$ 1,853,249	\$ 2,903,613
Less: Allowance for doubtful accounts	85,183	127,797
Present value discount	46,824	108,484
Pledges receivable, net	1,721,242	2,667,332
Less: current portion	893,284	1,140,910
Pledges receivable, noncurrent portion	\$ 827,958	\$ 1,526,422

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Pledges have been discounted to net present value using June 30, 2016 and June 30, 2015 U.S. Treasury Note rates of 1.12% (5-year) and 1.379 (7-year) in fiscal year 2016 and 1.62% (5-year) and 2.12% (7-year) in fiscal year 2015.

Note 7 – Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Nondepreciable assets:					
Land	\$ 16,093,678	\$ 52,659	\$ -	\$ 3,063	\$ 16,149,400
Construction in progress	6,129,774	17,211,492	-	(4,717,842)	18,623,424
Historical treasures	635,466	200,000	-	-	835,466
Depreciable assets:					
Buildings	280,566,952	14,867	577,982	-	280,003,837
Improvements to buildings	50,692,906	5,955,294	67,723	2,993,870	59,574,347
Improvements other than buildings	35,015,971	2,485,094	1,000,000	883,937	37,385,002
Moveable equipment and furniture	33,042,335	925,200	1,130,697	836,972	33,673,810
Vehicles	1,222,268	181,356	66,992	-	1,336,632
Total cost	423,399,350	27,025,962	2,843,394	-	447,581,918
Less accumulated depreciation:					
Buildings	164,316,559	4,937,846	379,631	-	168,874,774
Improvements to buildings	13,383,106	2,048,751	27,617	-	15,404,240
Improvements other than buildings	18,093,828	1,860,955	1,000,000	-	18,954,783
Moveable equipment and furniture	27,830,142	2,125,804	1,115,671	-	28,840,275
Vehicles	1,022,940	85,653	66,992	-	1,041,601
Total accumulated depreciation	224,646,575	11,059,009	2,589,911	-	233,115,673
Capital assets, net	<u>\$ 198,752,775</u>	<u>\$ 15,966,953</u>	<u>\$ 253,483</u>	<u>\$ -</u>	<u>\$ 214,466,245</u>

Projects completed and transferred from construction in progress during fiscal year 2016 included the Melnick Hall renovation, restroom renovations, and roof and elevator renovations to several building across campus.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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

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

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

Note 8 – Payroll and Other Liabilities

Payroll and other liabilities at June 30, 2016 and 2015 consist of the following:

	2016	2015
Payroll liabilities:		
Accrued compensation	\$ 5,058,132	\$ 5,004,530
Accrued benefits	105,791	166,851
Accrued health care benefits and insurance payable	1,030,270	1,234,509
Retirement system contribution payable	847,726	1,137,726
Totals	<u>\$ 7,041,919</u>	<u>\$ 7,543,616</u>
Other liabilities:		
Deposits held in custody	\$ 476,606	\$ 453,194
Interest payable	642,702	169,392
Other liabilities	302,665	187,587
Totals	<u>\$ 1,421,973</u>	<u>\$ 810,173</u>

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Encumbrances representing estimated amounts of expenses ultimately to result, if unperformed contracts in process at June 30, 2016 are completed, totaled \$9.2 million compared to \$8 million at June 30, 2015. These amounts do not constitute expenses incurred or liabilities.

Note 9 – Bonds

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

Details of the bonds payable for the General Receipts Bonds, Series 2011 as of June 30, 2016 follow:

Bond Component	Rate	Yield	Maturity Through	Original Principal
Serial Bond	4.00%	2.45%	2017	\$ 595,000
Serial Bond	5.00%	2.90%	2018	625,000
Serial Bond	5.00%	3.28%	2019	655,000
Serial Bond	5.00%	3.58%	2020	690,000
Serial Bond	3.50%	3.82%	2021	720,000
Serial Bond	3.75%	3.98%	2022	450,000
Serial Bond	5.00%	3.98%	2022	300,000
Serial Bond	4.00%	4.14%	2023	780,000
Term Bond	5.00%	4.55%	2026	2,570,000
Term Bond	5.00%	5.08%	2034	9,085,000
Total				<u>\$ 16,470,000</u>

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.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 follow:

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

* Does not reflect impact of federal subsidies

In March 2009, the University issued \$31,255,000 of General Receipts Bonds, Series 2009 to acquire, construct and equip the new 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.

Details of the bonds payable for the General Receipts Bonds, Series 2009 as of June 30, 2016 follow:

Bond Component	Rate	Yield	Maturity Through	Original Principal
Serial Bond	4.000%	4.000%	2017	\$ 1,335,000
Serial Bond	4.125%	4.200%	2018	860,000
Serial Bond	4.375%	4.400%	2019	885,000
Serial Bond	4.500%	4.600%	2020	925,000
Serial Bond	4.625%	4.750%	2021	965,000
Serial Bond	4.750%	4.900%	2022	1,010,000
Term Bond	5.000%	5.080%	2024	2,170,000
Serial Bond	5.125%	5.180%	2025	1,170,000
Term Bond	5.250%	5.340%	2030	6,815,000
Term Bond	5.500%	5.540%	2034	6,875,000
Total				<u>\$ 23,010,000</u>

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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

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

Maturities of all bonds payable and debt service for fiscal years subsequent to June 30, 2016 follow (also see Note 12):

Fiscal Year	General Receipts Bonds		
	Principal	Interest	Total
2017	\$ 2,455,000	\$ 3,441,348	\$ 5,896,348
2018	2,550,000	3,334,196	5,884,196
2019	2,650,000	3,213,390	5,863,390
2020	2,760,000	3,082,822	5,842,822
2021	2,870,000	2,949,731	5,819,731
2022-2026	16,255,000	12,409,014	28,664,014
2027-2031	20,445,000	7,327,539	27,772,539
2032-2034	14,830,000	1,314,405	16,144,405
Totals	<u>\$ 64,815,000</u>	<u>\$ 37,072,445</u>	<u>\$ 101,887,445</u>

NOTE: Expected future federal subsidies for the BABs is \$5,761,414

Federal subsidies received by the University were \$499,551 in fiscal year 2016 and \$496,871 in fiscal year 2015. These are reported as non operating federal grant revenue. Interest expense on indebtedness was \$3,939,548 in fiscal year 2016 and \$3,454,055 in fiscal year 2015. On construction-related debt, net interest cost of \$64,656 was capitalized in fiscal year 2016, and \$149,795 in fiscal year 2015.

In September 2016, the Board of Trustees of Youngstown State University authorized through a Board resolution the issuance of General Receipts Bonds, Series 2016 in an amount not to exceed \$28,500,000 to advance refund all or a portion of the prior bonds at an anticipated cost not to exceed \$23,000,000 and to acquire, construct, equip, furnish, reconstruct, alter, enlarge, remodel, renovate, rehabilitate or improve certain University facilities including but not limited to a bookstore at an anticipated cost not to exceed \$5,500,000.