Youngstown
STATE UNIVERSITY

BOARD OF TRUSTEES
AUDIT SUBCOMMITTEE

Wednesday, December 6, 2017
1:00 p.m.

Tod Hall
Board Meeting Room

AGENDA

A. Disposition of Minutes for Meeting Held September 6, 2017

B. Old Business

C. Committee Items

1. Action Item

Tab C.1.a. **a. Resolution to Renew and Amend the Internal Audit Charter**
Sarah Gampo, Director of Internal Audit, will report.

2. Discussion Items

Tab C.2.a. **a. Enterprise Risk Management Update**
Sue Viglione, Risk Management Officer, will report.

Tab C.2.b. **b. Audit Matrix Open Audit Recommendations Update**
This matrix tracks the progress of the implementation of recommendations for improvement or correction made by internal and external auditors.
Sarah Gampo, Director of Internal Audit, will report.

Tab C.2.c. **c. FY18 First Quarter Internal Audit Plan Update**
Sarah Gampo, Director of Internal Audit, will report.

Tab C.2.d. **d. Anonymous Reporting Hotline Stats Update**
Sarah Gampo, Director of Internal Audit, will report.

Tab C.2.e. **e. Required Communication with the Board of Trustees**
Crowe Horwath, LLP, will report.

Tab C.2.f. **f. Financial Report for the Years Ended June 30, 2017 and 2016**
Neal P. McNally, Vice President for Finance and Business Operations, will report.

Tab C.2.g. **g. Strategic Plan Cornerstone Dashboard Update**
A report on the Accountability and Sustainability Cornerstone will be given by Neal P. McNally, Vice President for Finance and Business Operations, and Katrena Davidson, Controller.

D. New Business

E. Adjournment

Youngstown
STATE UNIVERSITY

RESOLUTION TO RENEW AND AMEND THE INTERNAL AUDIT CHARTER

WHEREAS, the Internal Audit Charter (the Charter) defines the internal audit activity's purpose, authority, and responsibility; and

WHEREAS, the Charter establishes the internal audit activity's functional reporting relationship with the audit subcommittee, authorizes access to records, personnel, and physical properties relevant to the performance of engagements, and defines the scope of internal audit activities; and

WHEREAS, the Charter has been revised and modified; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of Youngstown State University does hereby renew and amend the Internal Audit Charter, as shown in Exhibit __ and made part hereof.

Board of Trustees Meeting
December 7, 2017
YR 2018-

Youngstown State University
Internal Audit Charter

Introduction:
Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Youngstown State University ("the University"). It assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the University's governance, risk management, and internal control.

Role:
The internal audit activity is established by the Board of Trustees ("Board") and its responsibilities are defined by the Audit Subcommittee ("Subcommittee") of the Board as part of its oversight role.

Professionalism:
The internal audit activity will govern itself by adherence to the Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards).* This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.
The Institute of Internal Auditors' Practice Advisories, Implementation Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the University relevant policies and procedures.

Authority:
The internal audit activity, with strict accountability and confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of the University's records, physical properties, and personnel pertinent to carrying out any audit engagement. All employees are expected to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Subcommittee and the Board.

Organization:

The Director of Internal Audit ~~& Risk Management~~ ("Director") will report functionally to the Subcommittee and administratively (i.e. day to day operations) to the Vice President for Finance & Business Operations.

The Subcommittee will:

- Approve the internal audit charter.
- Approve the risk based internal audit plan
- Approve the internal audit budget and resource plan
- Receive communication from the Director on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director.
- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.

Independence and Objectivity:

The internal audit activity will remain free from interference by any element in the University, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary, independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair an internal auditor's judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Director will confirm to the Subcommittee, at least annually, the organizational independence of the internal audit activity.

Responsibility:

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the University's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the University's stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of the University's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the University.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the University's risk management processes.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the University.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Subcommittee.
- Evaluating specific operations at the request of the Subcommittee or management, as appropriate.

Internal Audit Plan:

At least annually, the Director will submit to senior management and the Subcommittee an internal audit plan for review and approval by the Subcommittee. The internal audit plan will consist of a summary work schedule as well as budget and resource requirements for the next fiscal year. The Director will communicate the impact of resource limitations and significant interim changes to senior management and the Subcommittee. The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Subcommittee. The Director will review and adjust the plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Subcommittee.

Reporting and Monitoring:
A written report will be prepared and issued by the Director or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Audit Subcommittee. The internal audit report will include management's response and corrective action plan in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented. The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

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Internal Audit Activity Charter

Approved this ~~30th day of November, 2016~~ 6th day of December, 2017.

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Director, Internal Audit ~~& Risk Management~~

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Chair of Audit Subcommittee

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Vice President of Finance & Business Operations

Youngstown State University
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Internal Audit Activity Charter

Approved this 6th day of December, 2017.

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Director, Internal Audit

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Chair of Audit Subcommittee

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Vice President of Finance & Business Operations

Enterprise Risk Management

Enterprise Risk Management (ERM) is a process applied strategically across an organization to identify potential events (risks) that may adversely affect the entity and to proactively and continuously manage those risks in a manner consistent with its mission and goals.

The objective is to promote and create a risk aware culture, and by doing so improve the capability to collaboratively identify, quantify, and manage risks associated with opportunity.

Traditional Risk Management vs.	**Enterprise Risk Management**
Fragmented	Integrated
Negative	Positive
Reactive	Proactive
Ad hoc	Continuous
Historical-looking	Forward-looking
Cost-based	Value-based
Narrowly-focused	Broadly-focused
Risk Silos	Systematic
Functionally- driven	Process- driven

Risk Categories: Strategic, Compliance, Operational, Technological, Financial, Reputational

ERM Process

Identify: Risk Assessment (What keeps you up at night?).

Analyze and Prioritize: Evaluate and systematically rank each risk. Identify the management controls in place. Risk is assessed on two dimensions: Probability and Severity.

Mitigate: Risk owner/Risk Leader is identified and controls are put in place.

Monitor: Controls are reviewed, accepted or suggestions made, and the risk is monitored. An element of monitoring is evaluating risk control effectiveness: Internal Audit.

Role of Internal Audit, in regard to risk management, is to evaluate the effectiveness of control policies and procedures related to specific risks. Provide advice and challenge or support management's decision making.

Communicate: Transparency

Risk Aware Culture + Addressing Risk Holistically = Organized Uncertainty.

Benefits of Enterprise Risk Management

Create Risk Aware Culture

Better informed decision making

Create better financial stability

Protect resources

Prioritize Risks

More efficient allocation of resources

Active participation with and assist risk owners

Provide guidelines and tools to risk owners

Reduce chance of Loss

Address new and emerging risks

Documentation and Accountability

Opportunity to better understand Mission, Vision and Strategy

Focus on Collaboration – Sharing ideas and suggestions

Platform for Team Building – Trust, Transparency, Inclusiveness

What ERM is NOT

A one-time project

A silver bullet to prevent risks from occurring

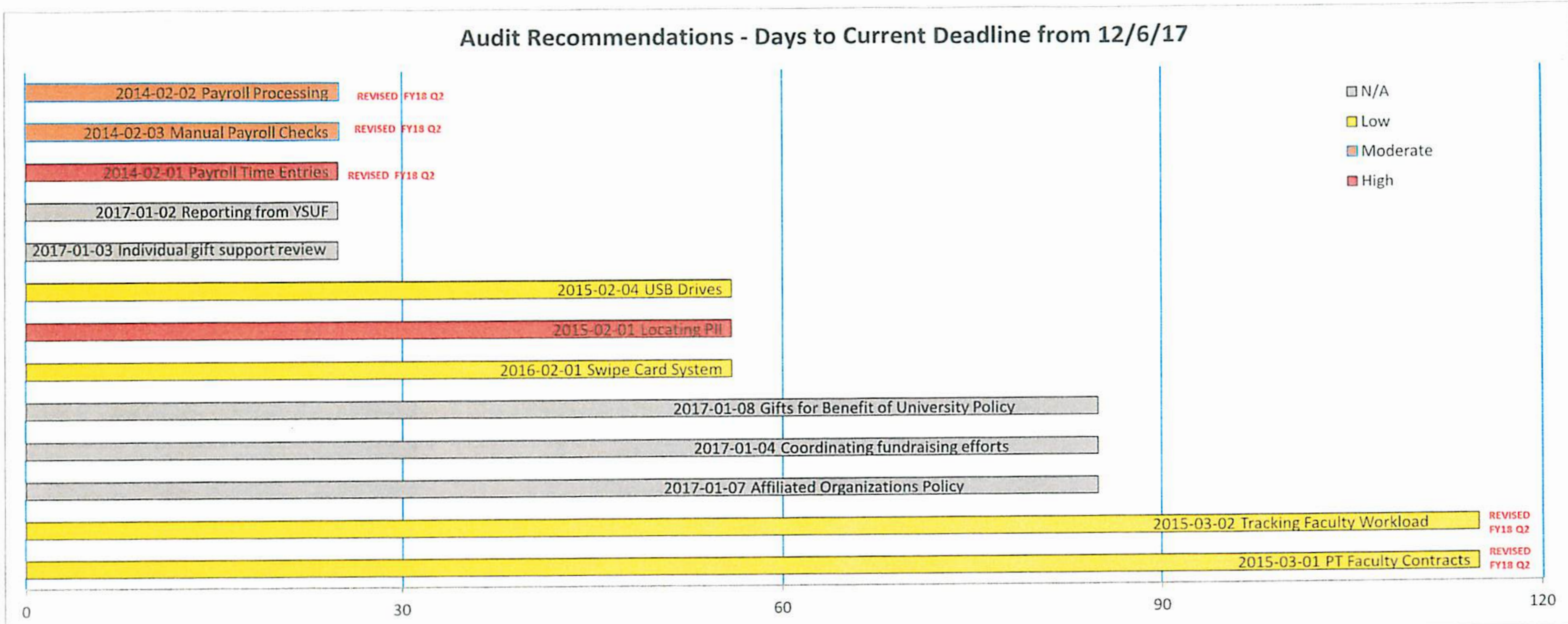
A substitute for traditional risk management

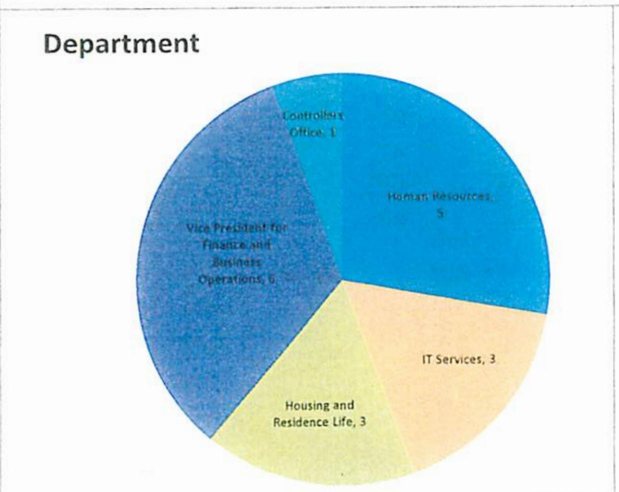
A methodology or a checklist that needs to be completed that guarantees results

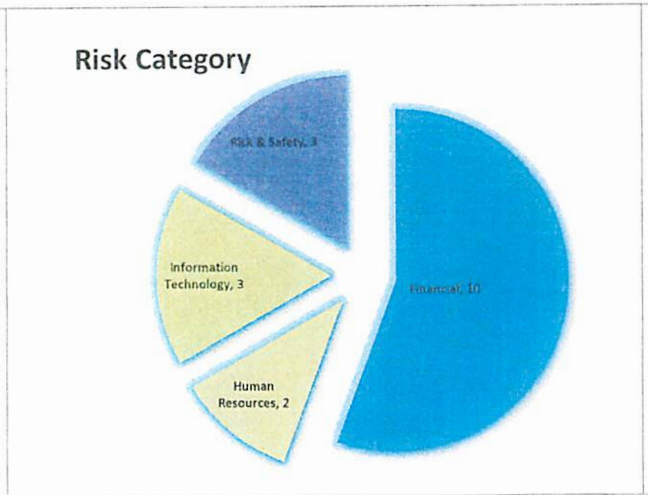
ERM Objective

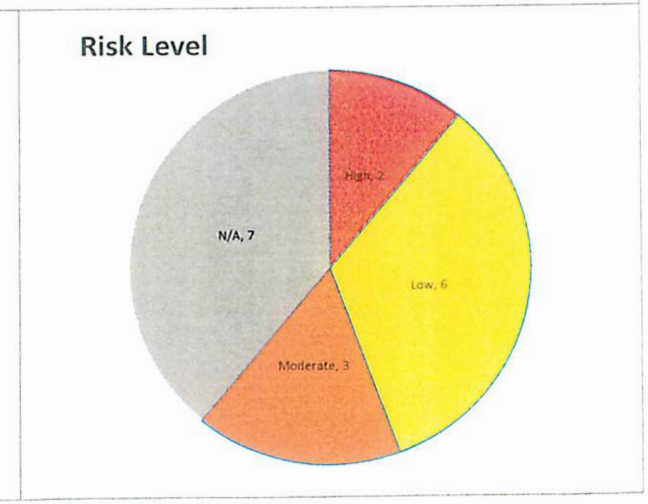
NOT to eliminate risk but to identify, quantify and MANAGE it

AUDIT RECOMMENDATIONS DASHBOARD
2nd QUARTER FISCAL YEAR 2018

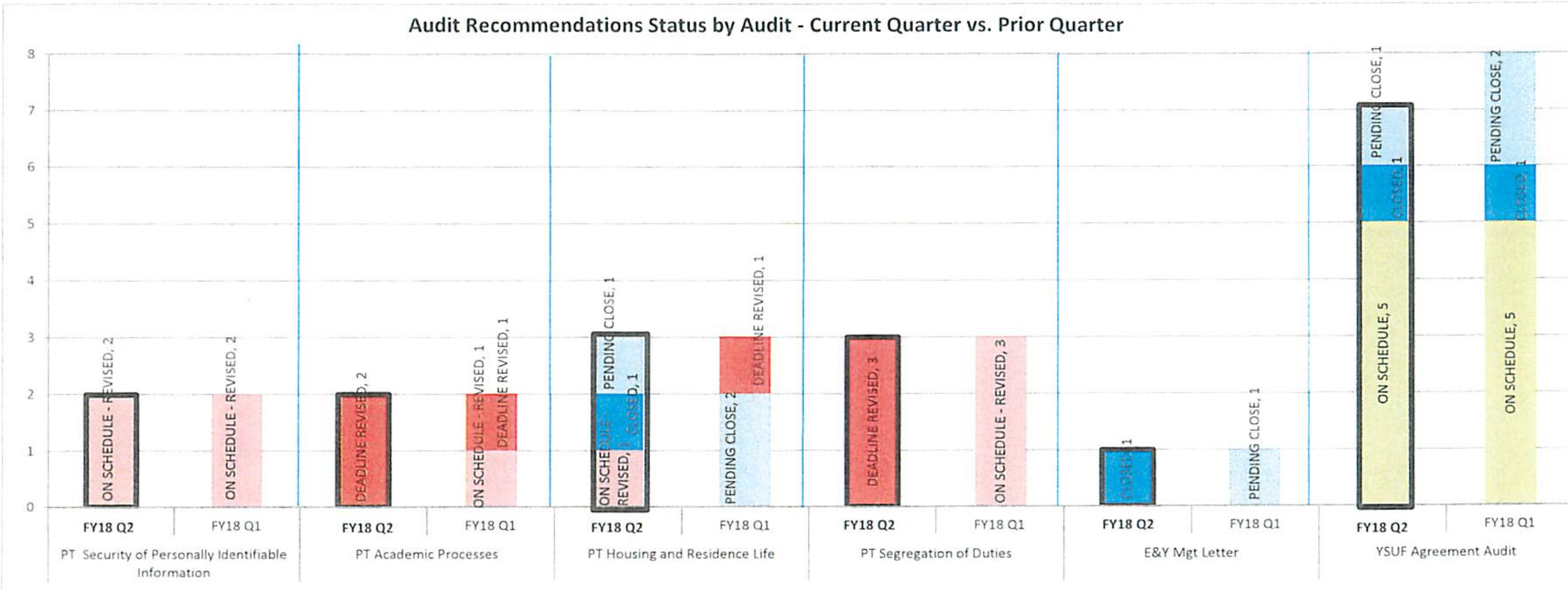


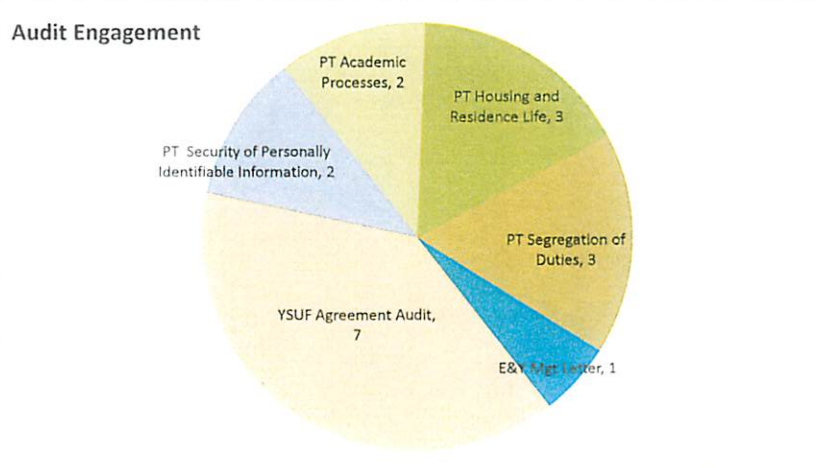


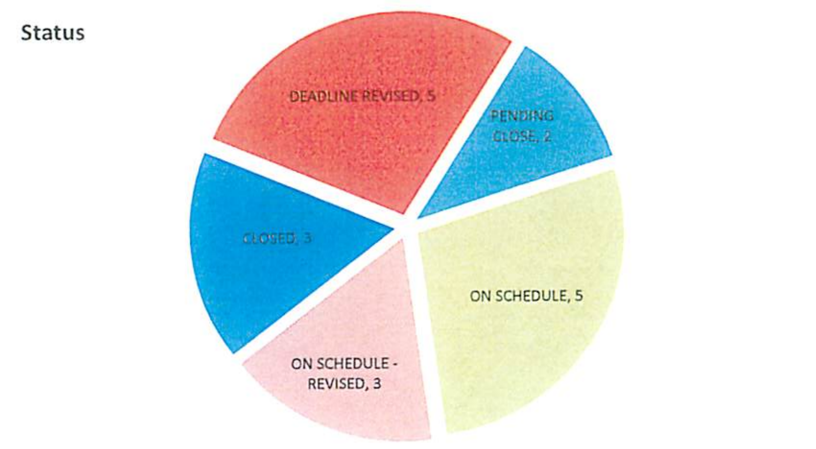




prepared by: Sarah Gampo, Internal Audit
11/7/2017


Audit Recommendations Status by Audit - Current Quarter vs. Prior Quarter
ON SCHEDULE - REVISED, 2
ON SCHEDULE - REVISED, 2
DEADLINE REVISED, 2
ON SCHEDULE - REVISED, 1
DEADLINE REVISED, 1
PENDING CLOSE, 1
CLOSED, 1
PENDING CLOSE, 2
DEADLINE REVISED, 1
DEADLINE REVISED, 3
ON SCHEDULE - REVISED, 3
PENDING CLOSE, 1
PENDING CLOSE, 1
CLOSED, 1
ON SCHEDULE, 5
PENDING CLOSE, 2
ON SCHEDULE, 5
FY18 Q2
FY18 Q1
PT Security of Personally Identifiable Information
PT Academic Processes
PT Housing and Residence Life
PT Segregation of Duties
E&Y Mgt Letter
YSUF Agreement Audit


Audit Engagement
PT Academic Processes, 2
PT Housing and Residence Life, 3
PT Security of Personally Identifiable Information, 2
PT Segregation of Duties, 3
YSUF Agreement Audit, 7
E&Y Mgt Letter, 1


Status
DEADLINE REVISED, 5
PENDING CLOSE, 2
CLOSED, 3
ON SCHEDULE, 5
ON SCHEDULE - REVISED, 3

AUDIT RECOMMENDATIONS STATUS - FY2018 Q2

Audit Recommendation Number / Name Audit Date Issued Risk Category Risk Level Division Original Deadline / Revised Deadline Current Status	Summary of Recommendation	Summary of Response	Current Status Comment	Prior Status Comment
2007-01-01 DR Plan E&Y Mgt Letter Oct. 2007 Information Technology Moderate Finance and Business Operations 9/30/2016 6/30/2017 CLOSED	The University should review the draft DRP plan to ensure it meets requirements in the event of a disaster. It should be tested to ensure that it functions as intended, includes a continuity strategy based on University priorities, and encompasses all key processes. A Business Impact Analysis (BIA) should be performed to determine the functions that are considered essential to the University's core business operations and the timeframe that these need to be recovered. Annually and when major changes occur to the technology environment, the plan should be reviewed, revised, and tested. [This recommendation was made in prior years.]	Several steps have been taken to address this repeated language to prepare the campus to move forward with the disaster recovery initiative. It is estimated that a complete and verifiable Banner-specific disaster recovery strategy will be delivered within 6-12 months following the implementation of the SCT Banner systems. In preparation for the Banner specific disaster recovery initiative, a service level agreement with Ohio State University to serve as YSU's disaster recovery site has been completed. Hardware was purchased to establish connectivity with Ohio State University. YSU personnel traveled to Columbus to install the hardware and have begun testing connectivity to YSU	IT continues to finalize and document the disaster recovery plan. Internal Audit is closing this audit recommendation due substantial progress on development and implementation of DRP. Internal Audit will obtain updates on the DRP at least as part of Internal Audit's annual and ongoing risk assessment.	The high availability data center is in place; a detailed DR plan for Banner ERP system to be documented.
2014-02-01 Payroll Time Entries PT Segregation of Duties Apr. 2014 Financial High Finance and Business Operations, Legal 1/31/2016 12/31/2017 DEADLINE REVISED	There is a lack of segregation of duties for manual payroll time entries. There are employees who have the ability to enter manual time entries without additional approval or verification. This lack of segregation of duties increases the risk that incorrect or fraudulent paychecks may be issued. Manual time entries should be tracked and an individual should be assigned to confirm the validity of all manual time entries. This individual should not have access to create a manual time entry.	The Payroll Department, based on approved source documentation, is responsible to enter hours/time for the minority of hourly timesheets that were not electronically processed through self-service Banner. As a compensating control, a report will be developed to identify any hours manually entered. This report will be compared to the source documents by a different individual than the individual entering from the source document. Also, the Banner HR/Payroll security role classes were reviewed and the number of individuals with both duties has been reduced and segregated.	Implementation pushed back due to Banner 9 upgrade.	On schedule as planned; no significant changes noted
2014-02-02 Payroll Processing PT Segregation of Duties Apr. 2014 Financial Moderate Finance and Business Operations, Legal 12/31/2015 12/31/2017 DEADLINE REVISED	There are 4 individuals with the ability to process/calculate payroll. Of these individuals, they all have ability to generate paychecks and add/approve hours, and 3 have access to record payroll in the general ledger and the ability to make general ledger entries. This lack of segregation within the process of generating the payroll creates and increases risk of error or fraud within a paycheck or payroll. We recommend a review of the workflow steps from running (calculating) the payroll through the financial recording of the payroll and reassign rights in the system to maximize segregation of duties.	Security access has been redesigned to limit the ability to perform the above workflow to only the Associate Controller. These functions are necessary for the Associate Controller in order to supervise the Payroll Department as well as the general accounting functions in the Controller's Office. However, any manual entry of hours by the Associate Controller will be reviewed in the audit report mentioned in Management's Response to Audit Finding & Recommendation #2. The security access for all of the other individuals mentioned has been segregated between entering, processing payroll, generating checks, and posting to the ledger.	Implementation pushed back due to Banner 9 upgrade.	On schedule as planned; no significant changes noted

Audit Recommendation Number / Name Audit Date Issued Risk Category Risk Level Division Original Deadline Revised Deadline Current Status	Summary of Recommendation	Summary of Response	Current Status Comment	Prior Status Comment
2014-02-03 Manual Payroll Checks PT Segregation of Duties Apr. 2014 Human Resources Moderate Finance and Business Operations, Legal 12/31/2015 ***12/31/2017*** DEADLINE REVISED	There is a lack of segregation of duties with the manual (off-cycle) check process. There are individuals who can print manual checks and who have access to the check stock. An individual who has the ability to generate a manual (off-cycle) check should not have access to the check stock.	In order to segregate duties, the individuals who had access to the blank check stock no longer have the ability to initiate a manual check except for one person. As a compensating control, any manual entry of hours by that person will be reviewed in the audit report mentioned in Management's Response to Audit Finding & Recommendation #2.	Implementation pushed back due to Banner 9 upgrade.	On schedule as planned; no significant changes noted
2015-02-01 Locating PII PT Security of Personally Identifiable Information Nov. 2014 Information Technology High Finance and Business Operations 3/31/2016 ***1/31/2018*** ON SCHEDULE - REVISED	As part of the risk assessment process, the data classification policy in the University's "Sensitive Information Policy should be implemented. Highly sensitive PII data should be located in the processes and data system and evaluated for additional cybersecurity protection measures.	Network and Data security is in the process of evaluating areas known to utilize PII as well as the storage and accessibility of such data on a department by department basis.	On schedule as planned; no sigificant changes noted	On schedule as planned; no sigificant changes noted
2015-02-04 USB Drives PT Security of Personally Identifiable Information Nov. 2014 Information Technology Low Finance and Business Operations 3/31/2016 ***1/31/2018*** ON SCHEDULE - REVISED	The University could configure the system to prohibit the copying of sensitive data onto USB drives, once the highly sensitive data has been identified in the system. In the event that there is a legitimate business need to use a USB drive, the University could configure the system to encrypt sensitive data when copied, or supply selected employees with hardware encrypted USB flash drives for use when copying PII.	The University will review its policies & procedures with regard to extracting PII to any mobile media or local storage in light of improved access restrictions being implemented. This review will include consideration of scanning local storage for PII as we believe PII stored locally poses a more significant security threat than mobile storage.	On schedule as planned; no sigificant changes noted	On schedule as planned; no sigificant changes noted
2015-03-01 PT Faculty Contracts PT Academic Processes Feb. 2015 Human Resources Low Academic Affairs, Legal 7/31/2016 ***3/31/2018*** DEADLINE REVISED	We recommend that part time faculty contracts be electronically generated through the Human Resource system, and the contract routed electronically to the applicable people for electronic signature.	Human resources personnel are working to implement PeopleAdmin for generating part-time faculty contracts. This process is not simple as it requires the integration of two separate tracking systems; on to pull data from the personnel system and the other to integrate with the student registration system.	Implementation pushed back due to Banner 9 upgrade.	The implementation of part-time faculty contracts in PeopleAdmin is still in progress. Implementation is anticipated by 12/31/17.

Audit Recommendation Number / Name Audit Date Issued Risk Category Risk Level Division Original Deadline / Revised Deadline Current Status	Summary of Recommendation	Summary of Response	Current Status Comment	Prior Status Comment
2015-03-02 Tracking Faculty Workload PT Academic Processes Feb. 2015 Financial Low Academic Affairs, Legal 12/31/2016 3/31/2018 DEADLINE REVISED	We recommend that further research be done to determine if the Banner System has the capability to calculate and track teaching hours, non-teaching time, and total faculty workload, and if the system does, then the use of the system should be implemented.	Banner has the ability to monitor faculty workload, and there is faculty workload non-teaching capability. A more detailed analysis of Banner system capabilities should be completed. The academic division is currently working with the Registrar's office to implement a full year scheduling and registration system; this system will make much of the data available at an earlier time and improve tracking and reporting processes.	Implementation pushed back due to Banner 9 upgrade.	On schedule as planned; no significant changes noted
2016-02-01 Swipe Card System PT Housing and Residence Life Oct. 2015 Risk & Safety Low Student Experience 6/30/2016 1/31/2018 ON SCHEDULE - REVISED	We recommend management consider a swipe card system, similar to that utilized by the University Courtyard apartments, for each of the student housing complexes.	Housing & Residence Life has already identified this as a need and has begun research on products and received preliminary quotes to determine approximate cost of the project. Plans are to move forward by the end of fiscal year 2016.	Swipe card system is anticipated to at least be in place for testing in January but may not be fully implemented until Fall 2018.	The contract is in place for the residence hall swipe card system; however, there was not enough time to install and test the system prior to the start of Fall 2017 semester; the system will be in place in January 2018 for the Spring 2018 semester.
2016-02-02 Background Checks PT Housing and Residence Life Oct. 2015 Risk & Safety Low Student Experience 5/31/2016 5/31/2017 CLOSED	We recommend that criminal background checks be performed on all applicants for student housing. Furthermore, management should consider incorporating an application fee to the process to assist in offsetting such cost.	Housing & Residence Life will consider this recommendation. We will research potential vendors and costs associated with enough time to make a final decision for academic year 2016-2017 before the start of fall semester recruitment which begins on February 1, 2016.	Background checks were performed on all Fall housing applicants. Recommendation is closed.	Background screening is in process for Fall 2017 and will be completed prior to the start of the semester; the background check system risk rates each report as "green" for passed; "yellow" for further review; "red" for failed. Procedures are in place to escalate yellow and red reports to a review committee of YSUPD, Admissions, and Counseling after initial review by the Director of Housing and YSUPD.
2016-02-03 Non-University Housing Options PT Housing and Residence Life Oct. 2015 Risk & Safety Low Student Experience 4/30/2016 12/1/2017 PENDING CLOSE	There are a number of housing options listed on the University website which appear to be endorsed by the University, yet not owned or managed by the University. We recommend management consider the feasibility of an affiliation, or referral agreement with the housing options not owned or managed by the Office of Housing and Residence Life.	We agree this could be a potential issue and will move forward with pursuing more formal affiliations with student housing facilities near and adjacent to campus.	Agreement template has been finalized and presented to non-university housing affiliates for signature. One affiliate has signed an agreement. Meetings are planned with remaining three housing affiliates to facilitate execution of the agreements.	Affiliation agreements have been finalized and are with the parties for signature.

Audit Recommendation Number / Name Audit Date Issued Risk Category Risk Level Division Original Deadline *Revised Deadline* Current Status	Summary of Recommendation	Summary of Response	Current Status Comment	Prior Status Comment
2017-01-01 YSUF Agreement oversight YSUF Agreement Audit May 2017 Financial N/A Finance and Business Operations 6/30/2017 CLOSED	The University does not have a formal process in place for monitoring and oversight of the agreement. • Assign primary responsibility for the administration of the agreement • Monitor compliance with the agreement (see #2) • Ensure information is obtained to assess reliance on the Foundation system of internal controls	An executive oversight committee that will meet on a regular, periodic basis will be established and will have primary responsibility for administering and monitoring compliance with the agreement.	The oversight committee consisting of Executive Officers is incorporated into the VP's regular recurring monthly meetings. Recommendation closed.	The oversight committee consists of Executive Officers: N. McNally, Vice President for Finance and Administration, H. Jacobs, Vice President and General Counsel, and M. Abraham, Provost and Vice President for Academic Affairs; committee meeting will be incorporated into the VP's regular recurring monthly meetings.
2017-01-02 Reporting from YSUF YSUF Agreement Audit May 2017 Financial N/A Finance and Business Operations 12/31/2017 ON SCHEDULE	Quarterly reports from Foundation are not consistent with reporting obligations in the agreement and do not include information necessary to project cash flows for longterm financial planning. • Monitor Foundation reporting for compliance with agreement • Evaluate the need for supplemental reporting • Periodically evaluate the adequacy of reporting from Foundation	The Foundation's reporting requirements in the agreement are presently under review. Management agrees that procedures should be developed that more clearly define reporting requirements.	Management action noted in summary response is on schedule to be completed by the original deadline.	Management action noted in summary response is on schedule to be completed by the original deadline.
2017-01-03 Individual gift support review YSUF Agreement Audit May 2017 Financial N/A Finance and Business Operations 12/31/2017 ON SCHEDULE	Individual gifts paid in multiple increments that in total exceed $100,000 may not be identified to ensure supporting documentation is obtained; in addition, this threshold is not reviewed for appropriateness on a periodic basis. • Periodically evaluate criteria for obtaining and reviewing supporting documentation for significant gifts • Ensure sufficient information is obtained from the Foundation to identify gifts meeting above criteria	Criteria will be developed to facilitate additional support detail regarding monthly gift transfers from the Foundation. Executive oversight committee will collaborate with Foundation staff to develop a reporting template(s) as a means of improving gift documentation.	Management action noted in summary response is on schedule to be completed by the original deadline.	Management action noted in summary response is on schedule to be completed by the original deadline.
2017-01-04 Coordinating fundraising efforts YSUF Agreement Audit May 2017 Financial N/A Finance and Business Operations 3/1/2018 ON SCHEDULE	Procedures for coordinating fundraising efforts between the Foundation and division/college/department are not in place. Reporting from the Foundation to individual University units is not in the agreement and does not appear to be in place. Enhance coordination of division/college/department level fundraising efforts with the Foundation with institutional procedures. Ensure procedures include periodic reporting from the Foundation and reporting obligations are documented in the agreement	Management agrees and will develop and implement institutional procedures to enhance and align fundraising activities with the Foundation.	Management action noted in summary response is on schedule to be completed by the original deadline.	Management action noted in summary response is on schedule to be completed by the original deadline.

Audit Recommendation Number / Name Audit Date Issued Risk Category Risk Level Division Original Deadline Revised Deadline Current Status	Summary of Recommendation	Summary of Response	Current Status Comment	Prior Status Comment
2017-01-06 Fund balancing process YSUF Agreement Audit May 2017 Financial N/A Finance and Business Operations 6/30/2017 PENDING CLOSE	Fund balancing process is not documented. Fund balancings were not completed on a regular periodic basis and do not include review by an individual separate from the preparer. Documented procedures for periodic fund balancings including the frequency and timing of performance and separate supervisory review.	Management agrees and will develop documented procedures for fund balancing that will specify appropriate frequency and timing. In addition, a report is being developed that will enable efficient supervisory review.	Pending Internal Audit verification of implementation.	Procedures for fund balancing have been developed and documented. Internal Audit to validate implementation of supervisory review.
2017-01-07 Affiliated Organizations Policy YSUF Agreement Audit May 2017 Financial N/A Finance and Business Operations 3/1/2018 ON SCHEDULE	University's Affiliated Organizations Policy requires the University have representation on the Foundation's Board; however, this requirement is not in the agreement and the University cannot ensure compliance. Review University Affiliated Organizations Policy and ensure it aligns with the relationship between the Foundation and the University and the fundraising service agreement.	Management agrees and will submit a revised policy to the Board of Trustees for review and consideration.	Management action noted in summary response is on schedule to be completed by the original deadline.	Management action noted in summary response is on schedule to be completed by the original deadline.
2017-01-08 Gifts for Benefit of University Policy YSUF Agreement Audit May 2017 Financial N/A Finance and Business Operations 3/1/2018 ON SCHEDULE	Gifts for the Benefit of the University Policy authorizes the University to refuse gifts but does not identify who within the University has this authority. Enhance Gifts for the Benefit of the University Policy by identifying who within the University is authorized to refuse a gift to the University.	Management agrees and will submit a revised policy to the Board of Trustees for review and consideration.	Management action noted in summary response is on schedule to be completed by the original deadline.	Management action noted in summary response is on schedule to be completed by the original deadline.

Youngstown State University
Office of Internal Audit
Audit Plan Quarterly Update
Fiscal Year 2018
July 1, 2017 - September 30, 2017

	July 2017 - December 2017				Oct - Dec	
	July - Sept	FY18 to date as of Sept. 30			Quarter 2	
	Quarter 1	Total	*Budget*	Difference	*Budget*	Comment
Audit and Assurance:						
Audit Engagements:						
Purchasing	230	230	***185***	-45	*150*	scope larger than anticipated with inclusion of eCube system access and administration; additional time budgeted in Q2 (150 hours) to ensure coverage of related audit objectives
Grants/Research - Pre-award	-	-	-	-	*130*	preliminary planning and scoping meeting has been held; Q2 budget reduced to accommodate additional 150 in Q2 for Purchasing audit (as noted above)
Grants/Research - Post-award	-	-	-	-	-	
Student Organizations	-	-	-	-	-	
Continuous Auditing/Analytics	99	99	***150***	51	*102*	FY17 Q4 analytics performed by the Fall 2017 Internal Audit Intern; intern also to perform FY18Q1 analytics in Q2
Open Audit Recommendation Follow-up	20	20	***35***	16	*37*	
Hotline Monitoring	2	2	***15***	13	*15*	
	351	351	***385***	35	***434***	
Administrative & Planning:						
Administrative	87	87	***50***	-37	*63*	hiring and training Fall 2017 Internal Audit Intern; office move
Audit Risk Assessment, Annual Planning, Audit Subcommittee Prep and Meetings	71	71	***50***	-21	*63*	
Enterprise Risk Management assistance	-	-	***20***	20	*20*	
Professional Development & Training	4	4	***10***	6	*10*	
Holiday, Vacation/Sick	*84*	*84*	***80***	-4	*80*	
	246	246	***210***	-36	***236***	
Total Hours	596	596	***595***	-1 *	***670***	

Internal Audit Department staffing resources:
Internal Audit Director
Internal Audit Intern (15-20 hours per week Aug. - Dec.)

** difference in total hours from budget is due to variability in intern hours*

YSU Anonymous Reporting Hotline
Aggregated Statistics
Fiscal Year 2018 Quarter 2
As of 11/6/17

Hotline Activity	Quarter 1	Quarter 2	Fiscal Year To Date Total	Prior Fiscal Year Total
Open from previous quarter	-	1		
Reports received	1	-	1	5
Closed				
Unsubstantiated/insufficient information	-	1	1	4
Process enhancements noted	-	-	-	1
Formal investigation	-	-	-	-
Total Closed	-	1	1	5
Under review at quarter end	1	-		

Reporting Method	Quarter 1	Quarter 2	Fiscal Year To Date Total	Prior Fiscal Year Total
Ethicspoint Phone	-	-	-	3
Ethicspoint Website	1	-	1	2
Total:	1	-	1	5

Reporter Anonymity	Quarter 1	Quarter 2	Fiscal Year To Date Total	Prior Fiscal Year Total
Anonymous	1	-	1	5
Not anonymous	-	-	-	-
Total:	1	-	1	5

Crowe Horwath.

YOUNGSTOWN STATE UNIVERSITY
REQUIRED COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE
DECEMBER 6, 2017

I Auditor's Responsibility Under Auditing Standards Generally Accepted in The United States Of America and Under Government Auditing Standards

II Planned Scope and Timing of the Audit

III Significant Accounting Policies and Management Judgments and Accounting Estimates
  a. Significant Accounting Policies – See Note 1 of the financial statements
    - GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
    - GASB Statement No. 77, *Tax Abatement Disclosures*
    - GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
    - GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*
    - GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*
  b. Management's Judgments and Accounting Estimates
    - Allowance for doubtful accounts and bad debt expense
    - Pledges receivable and allowance
    - Fair values of investment securities and other financial instruments
    - Useful life of capital assets
    - Compensated absences
    - Pension and Postretirement Obligations
    - Self-insurance liability

IV Auditor's Judgments About Qualitative Aspects of Significant Accounting Practices

V Corrected and Uncorrected Misstatements – None noted in the current year

VI Other Communications
  a. Other Information in Documents Containing Audited Financial Statements – Management's Discussion and Analysis and other items
  b. Significant Difficulties Encountered During the Audit - None
  c. Disagreements with Management - None
  d. Consultations with Other Accountants – None known
  e. Representations The Auditor Is Requesting from Management – See separate management representations letter
  f. Significant Issues Discussed, Or Subject to Correspondence, With Management - None
  g. Other Findings or Issues We Find Relevant or Significant - None

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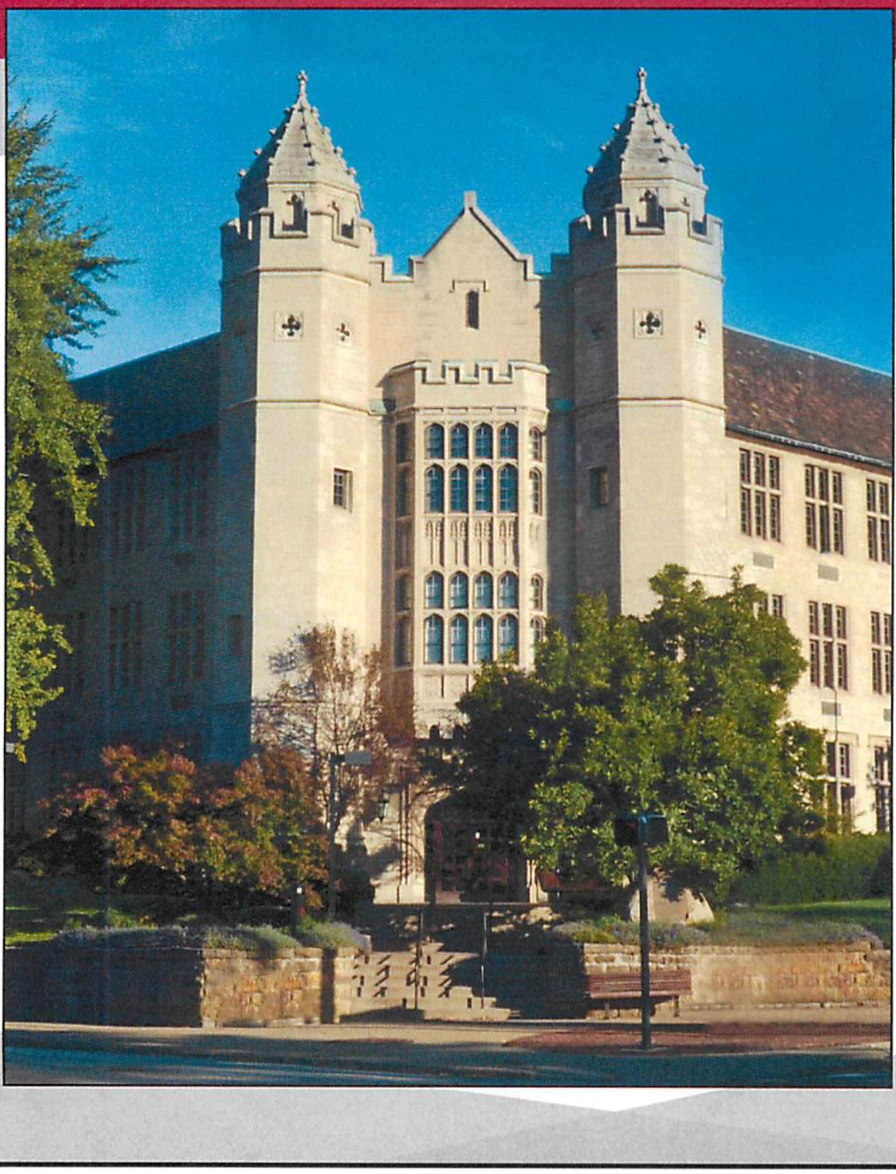
We were pleased to serve the University as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this information or any matters further, should you desire. This information is intended solely for the information and use of Those Charged with Governance and, if appropriate, management and is not intended to be and should not be used by anyone other than these specified parties

YOUNGSTOWN STATE UNIVERSITY

FINANCIAL REPORT

For the Years Ended June 30, 2017 and 2016



This report is subject to review and acceptance by the Auditor of State's office, and the requirements of Ohio Revised Code Section 117.25 are not met until the Auditor of State certifies this report. This process will be completed by the Auditor of State in a reasonable timeframe and reports are subject to change if the Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards or Uniform Guidance.

YOUNGSTOWN STATE UNIVERSITY

Contents

YOUNGSTOWN STATE UNIVERSITY

Message from President Tressel

October 12, 2017

Enrollment took a swing upward, the general fund budget remained in the black, several construction projects dot campus and students achieved at the highest national levels as Youngstown State University continued to press for increased excellence in fiscal year 2017.

Highlights of the past fiscal year:

- Fall enrollment went up for the first time in six years
- For the second consecutive year, the general fund balance ended in the black
- Standard and Poor's upgraded our bond rating to A+, citing increased enrollment demand, a strong financial profile and solid management policies
- Our capital fund-raising campaign with the YSU Foundation neared the $50 million mark
- Freshmen ACT and high school GPAs hit all-time highs
- 2,387 students earned degrees, the second most in our 100-plus year history
- Faculty and staff earned nearly $9 million in research grants
- A new Barnes & Noble student bookstore, featuring a Starbucks café, opened on Fifth Avenue
- All University residence halls reached capacity, as did the first and second phase of the private University Edge student apartments
- Construction underway for more private student apartments and retail development on Wick Avenue
- Our Ethics Bowl, Steel Bridge and Moot Court teams were nationally-ranked
- Our scholar athletes won six Horizon League titles, and the football team went to the national championship game
- We were nationally recognized for our recycling efforts, were again named a Tree Campus USA by the Arbor Foundation, and, for the ninth consecutive year, we were designated a Military Friendly university

The many achievements of fiscal year 2017 provide a springboard for even more opportunities in fiscal year 2018. We look forward to the visit of the higher Learning commission to re-affirm our accreditation and provide us with guidance on how to pursue excellence at even higher levels. We kick off the public phase of our $100 million capital campaign to fund a variety of projects aimed at enhancing services to ensure the continued success of our students. And we re-commit ourselves to serve as a hub of innovation, leadership and inspiration for our community, the state and beyond.

Sincerely yours,

James P. Tressel

James P. Tressel
President

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Youngstown State University (the "University"), a component unit of the State of Ohio, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 4 to 21, the Schedules of the University's Proportionate Share of the Net Pension Liability on page 64, and the Schedules of the University's Contributions on page 65, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Message from President Tressel on page 1, Board of Trustees on page 66, and Executive Officers on page 67 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 12, 2017

The Management's Discussion and Analysis section of Youngstown State University's (YSU or University) Financial Report presents a discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2017 with comparative information for the fiscal years ended June 30, 2016 and June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

Introduction

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

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

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

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

The University is located on a 145-acre campus near downtown Youngstown, Ohio and is equidistant (approximately 60 miles) from both Pittsburgh and Cleveland. Fall 2017 enrollment was 12,644.

Using the Financial Statements

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

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

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

Under the standards required by GASBs 68 and 71, the net pension liability equals the University's proportionate share of each pension plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits. Pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension. The unfunded portion of this pension promise is a present obligation, part of a bargained-for benefit to the employee, and is reported by the University as a liability 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 this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by the State statute. A change in these caps requires action 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/lessen the obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

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 16. Management's Discussion and Analysis focuses on the University and does not include the component unit.

The Statements of Net Position

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

A summarized comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2017, 2016, and 2015 follows:

	June 30, 2017	June 30, 2016	June 30, 2015
Assets			
Current assets	$ 77,364,228	$ 69,021,130	$ 66,419,457
Noncurrent assets			
Capital assets, net	218,861,982	214,466,245	198,752,775
Other assets	26,721,064	28,553,736	26,855,908
Total noncurrent assets	245,583,046	243,019,981	225,608,683
Total Assets	322,947,274	312,041,111	292,028,140
Deferred Outflows of Resources	42,454,242	26,126,689	10,611,171
Liabilities			
Current liabilities	26,543,505	24,043,294	22,283,707
Noncurrent liabilities	267,534,628	235,587,218	204,168,166
Total Liabilities	294,078,133	259,630,512	226,451,873
Deferred Inflows of Resources	9,366,129	15,366,387	18,680,757
Total Net Position	$ 61,957,254	$ 63,170,901	$ 57,506,681
Net Position			
Net investment in capital assets	$ 135,402,713	$ 134,289,273	$ 132,793,340
Restricted	31,380,692	29,783,434	30,045,809
Unrestricted	(104,826,151)	(100,901,806)	(105,332,468)
Total Net Position	$ 61,957,254	$ 63,170,901	$ 57,506,681

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 and capital assets. Current assets increased $8.3 million from fiscal year 2016 to fiscal year 2017 and increased $2.6 million from fiscal year 2015 to fiscal year 2016. Noncurrent assets increased $2.6 million from fiscal year 2016 to fiscal year 2017 and increased $17.4 million from fiscal year 2015 to fiscal year 2016.

Deferred outflows of resources include resources where the consumption is applicable to a future reporting period, but does not require further exchange of service. Deferred outflows include items relating to pensions and increased $16.3 million from fiscal year 2016 to fiscal year 2017 and increased $15.5 million from fiscal year 2015 to fiscal year 2016.

Current liabilities include all liabilities that are payable within the next fiscal year. Unearned revenues, principally from summer programs, are also presented as current liabilities. Liabilities that are due to be paid beyond the next fiscal year are reported as noncurrent liabilities and include debt, compensated absences, and net pension liability. Current liabilities increased $2.5 million from fiscal year 2016 to fiscal year 2017 and increased $1.8 million from fiscal year 2015 to fiscal year 2016. Noncurrent liabilities increased $31.9 million from fiscal year 2016 to fiscal year 2017 and increased $31.4 million from fiscal year 2015 to fiscal year 2016.

Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period. Deferred inflows of resources include unamortized concession arrangements and items relating to pensions. Deferred inflows of resources decreased $6 million from fiscal year 2016 to fiscal year 2017 and decreased $3.3 million from fiscal year 2015 to fiscal year 2016.

Assets

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

	June 30, 2017	June 30, 2016	June 30, 2015
Cash and cash equivalents	$ 20,347,943	$ 15,893,972	$ 11,472,553
Investments	68,312,361	63,322,045	63,058,179
Accounts, loans and pledges receivable, net	13,766,885	16,632,850	15,579,115
Capital assets, net	218,861,982	214,466,245	198,752,775
Other	1,658,103	1,725,999	3,165,518
Total Assets	$ 322,947,274	$ 312,041,111	$ 292,028,140

Cash and cash equivalents increased $4.5 million or 28% from fiscal year 2016 to fiscal year 2017. The increase was primarily due to an overall net decrease in cash used in operating activities combined with the expectation of future cash needs for operations. Deposits held by Trustee totaled $2.4 million at June 30, 2017 compared to $3.7 million at June 30, 2016. Investments increased $5 million or 8% from fiscal year 2016 to fiscal year 2017. This was primarily due to net unrealized gains resulting from a favorable market environment. Unrealized investments from non-endowments are non-spendable in accordance with the University's non-endowment investment policy. Refer to Notes 3 and 4 for additional information on cash and cash equivalents, and investments.

Overall, net accounts, loans and pledges receivable decreased $2.9 million from $16.6 million at June 30, 2016 to $13.7 million at June 30, 2017. Net accounts receivable decreased $1.6 million or 12% from $13 million to $11.4 million. The decrease was due to increases in year end activity on grant subawards, new grants and several capital projects, combined with decreases in student receivables due to more emphasis on student financial awareness, bookstore receivables due to outsourcing the operations of the bookstore and gifts raised by YSUF on behalf of YSU in the month of June over the prior year. Net loans decreased $0.4 million due to an increase in Perkins loans collected in fiscal year 2017 compared to fiscal year 2016. Net pledges decreased $0.2 million or 30% due to collection of pledged gifts. New pledges are recorded by the Foundation in accordance with a fundraising agreement between YSU and YSUF. See Notes 5 and 6 for additional information.

Cash and cash equivalents increased $4.4 million or 38.5% from fiscal year 2015 to fiscal year 2016. The increase was primarily due to unspent note proceeds of $3.3 million for an energy conservation project financed during fiscal year 2016 and an overall net decrease in cash used in operating activities. Deposits held by Trustee totaled $3.7 million at June 30, 2016 compared to $1.7 million at June 30, 2015. Investments remained flat from fiscal year 2015 to fiscal year 2016. Endowment principal and operating reserves are included in noncurrent assets and are invested in long term maturities.

Overall, net accounts, loans and pledges receivable increased $1 million from $15.6 million at June 30, 2015 to $16.6 million at June 30, 2016. Net accounts increased $2.3 million or 21%. The increase was due to several factors including increased year end activity on a new state grant and several capital projects, an increase in funds raised by YSUF on behalf of YSU in the month of June over the prior year, as well as the timing of receipt of gifts used to support future capital projects. An increase was also noted due to the implementation of the College Credit Plus program in the Fall of 2015. Net loans decreased $0.3 million due to a decrease in the number of Perkins loans disbursed in fiscal year 2016 compared to prior years. Net pledges decreased $0.9 million or 35% primarily due to payments on pledges for the Williamson College of Business Administration (WCBA).

At June 30, 2017, the University had $218,861,982 in capital assets, net of accumulated depreciation. Depreciation totaled $11,974,632, $11,059,009, and $11,455,171 in fiscal years 2017, 2016, and 2015 respectively. Details of net capital assets are shown below.

	June 30, 2017	June 30, 2016	June 30, 2015
Land	$ 16,274,150	$ 16,149,400	$ 16,093,678
Buildings, net	106,222,258	111,129,063	116,250,393
Improvements to buildings, net	58,334,707	44,170,107	37,309,800
Improvements other than buildings, net	20,597,910	18,430,219	16,922,143
Construction in progress	7,626,467	18,623,424	6,129,774
Moveable equipment and furniture, net	8,533,399	4,833,535	5,212,193
Vehicles, net	374,963	295,031	199,328
Historical treasures	835,466	835,466	635,466
Capital lease asset	62,662	-	-
Total Capital Assets, net	$ 218,861,982	$ 214,466,245	$ 198,752,775

Major capital activity during fiscal year 2017 included completion of a steam plant, that enabled YSU to produce its own steam heat, exterior repairs to Stambaugh Stadium and Moser Hall, and safety updates to the Wick Parking deck. In addition, instructional space upgrades were made to Cushwa, DeBartolo, and Ward Beecher Halls and five buildings received system upgrades. Construction in progress includes the construction of a new Barnes & Noble bookstore, renovations to Meshel Hall, and the replacement of the Jones Hall roof.

Major capital activity during fiscal year 2016 included completion of the Melnick Hall renovation, electrical substation refurbishment and expansion, stadium lighting upgrade, and Stambaugh Stadium scoreboard system. In addition, three campus buildings received new roofs, restroom renovations were completed in three buildings, and elevator repairs were completed in two buildings. Construction in progress includes construction of a steam plant as well as building exterior repairs and updates to the Wick Parking Deck.

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

See Note 7 for additional information on capital assets.

Other assets remained flat from fiscal year 2016 to fiscal year 2017.

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, 2017	June 30, 2016	June 30, 2015
Pension OPERS	$ 20,900,096	$ 16,422,322	$ 4,448,632
Pension STRS	19,500,737	9,704,367	6,162,539
Bond refunding	2,053,409	-	-
Total Deferred Outflows of Resources	$ 42,454,242	$ 26,126,689	$ 10,611,171

Deferred Inflows of Resources	June 30, 2017	June 30, 2016	June 30, 2015
Service concession agreements	$ 570,000	$ 657,500	$ 745,000
Pension OPERS	1,895,450	2,214,446	635,671
Pension STRS	6,900,679	12,494,441	17,300,086
Total Deferred Inflows of Resources	$ 9,366,129	$ 15,366,387	$ 18,680,757

Included in deferred outflows of resources and deferred inflows of resources are items relating to pensions and service concession agreements. Certain elements impacting the change in the net pension liability have a longer term perspective than the current year, therefore to reduce volatility these elements are amortized over a closed period of specified duration. These include differences between expected and actual experience, changes of assumptions, net differences between projected and actual earnings of pension plan 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 increased $16.3 million or 62.5% from fiscal year 2016 to fiscal year 2017. The increase was largely due to a $9.4 million increase in the amount attributed to changes in assumptions in the OPERS pension plan and a $4.7 million increase in the amount attributed to the net difference between projected and actual earning on pension plan investments, including a $9.7 million increase attributed to the STRS Ohio pension plan and a $5 million decrease attributed to the OPERS pension plan. In addition, $2 million was recorded as a deferred outflow due to advance refunding a portion of the 2009 bond series in fiscal year 2017.

Deferred inflows of resources decreased $6 million or 39.1% from fiscal year 2016 to fiscal year 2017. The decrease was primarily due to a $7.2 million decrease in the net difference between projected and actual earnings on STRS Ohio pension plan investments and a $1.6 million increase due to a change in the STRS Ohio proportionate share of contributions.

Deferred outflows of resources increased $15.5 million or 146.2% from fiscal year 2015 to fiscal year 2016. The increase was largely due to a $12 million increase in the amount attributed to the net difference between projected and actual earnings on OPERS pension plan investments and a $3.6 million increase in the amount attributed to the differences between expected and actual experience for the STRS Ohio pension plan. Deferred inflows of resources decreased $3.3 million or 17.7% from fiscal year 2015 to fiscal year 2016. The net decrease was primarily due to a combination of a $10.1 million decrease in the net difference between projected and actual earnings on STRS Ohio pension plan investments and a $5.3 million increase due to a change in the STRS Ohio proportionate share of contributions.

Included in deferred inflows at June 30, 2015 is $17.3 million for the net difference between projected and actual earnings of pension plan investments for STRS Ohio. In addition, $7.9 million of University contributions to the pension plans subsequent to the measurement date of the pension plans were also reflected as deferred outflows of resources.

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

During fiscal year 2015, the University entered into a ten year agreement with Pepsi-Cola for exclusive pouring rights and sponsorship program. The University received initial support funds in the amount of $450,000 which are contingent upon the University utilizing the services of the beverage company over a ten year period. The unamortized amounts are reflected as Deferred Inflows of Resources in the Statement of Net Position.

Liabilities

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

	June 30, 2017	June 30, 2016	June 30, 2015
Accounts and construction payable	$ 6,445,554	$ 6,695,529	$ 4,895,024
Payroll liabilites	7,761,247	7,041,919	7,543,616
Notes payable	16,000,000	16,000,000	1,139,444
Bonds payable, net	69,451,237	64,756,416	66,658,996
Unearned revenue	6,590,316	5,824,756	5,294,416
Compensated absences	8,798,062	9,016,430	9,843,762
Refundable advance	2,089,646	2,527,796	2,581,299
Other	1,587,617	1,421,973	810,173
Net pension liability	175,354,454	146,345,693	127,685,143
Total Liabilities	$ 294,078,133	$ 259,630,512	$ 226,451,873

Total liabilities increased $34.4 million or 13.3% from fiscal year 2016 to fiscal year 2017. Bonds payable increased $4.7 million largely due to a combination of the issuance of the 2016 bond series which included the advance refunding of a portion of the 2009 bond series with additional funds to construct a new bookstore and scheduled debt service payments. The net pension liability increased $29 million or 19.8% from fiscal year 2016 to fiscal year 2017. The OPERS pension liability increased $12.2 million or 26%; whereas the STRS Ohio liability increased $16.8 million or 17%. The OPERS and STRS Ohio net pension liability balances were $58.7 million and $116.6 million at June 30, 2016 compared to $46.5 million and $99.8 million at June 30, 2016, respectively.

Total liabilities increased $33.2 million or 14.7% from fiscal year 2015 to fiscal year 2016. Accounts and construction payables increased largely due to increased year end activity on construction projects. Notes payable increased $14.9 million primarily due to the financing of a $16 million energy conservation project during fiscal year 2016. Bonds payable decreased $1.9 million due to scheduled debt service payments. The net pension liability increased $18.6 million or 14.6 % from fiscal year 2015 to fiscal year 2016. The OPERS pension liability increased $12.3 million or 36%; whereas the STRS Ohio liability increased $6.3 million or 6.8%. The OPERS and STRS Ohio net pension liability balances were $46.5 million and $99.8 million at June 30, 2016 compared to $34.2 million and $93.5 million at June 30, 2015, respectively.

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 pension plans.

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 as presented in the Statement of Net Position.

	June 30, 2017	June 30, 2016	June 30, 2015
Total Net Position	$ 61,957,254	$ 63,170,901	$ 57,506,681
Add			
Deferred inflows of resources related to pension	8,796,129	14,708,887	17,935,757
Net pension liability	175,354,454	146,345,693	127,685,143
Subtract			
Deferred outflows of resources related to pension	(40,400,833)	(26,126,689)	(10,611,171)
Total Net Position without GASBs 68 and 71	$ 205,707,004	$ 198,098,792	$ 192,516,410

The following tables summarize the categories of net position including segregation of the unrestricted net position relating to the impact of GASBs 68 and 71.

	June 30, 2017	June 30, 2016	June 30, 2015
Net investment in capital assets	$ 135,402,713	$ 134,289,273	$ 132,793,340
Restricted-nonexpendable	5,202,624	5,178,994	5,062,070
Restricted-expendable	26,178,068	24,604,440	24,983,739
Unrestricted	(104,826,151)	(100,901,806)	(105,332,468)
Total Net Position	$ 61,957,254	$ 63,170,901	$ 57,506,681
Unrestricted (without GASBs 68 and 71)	$ 38,923,599	$ 34,026,085	$ 29,677,261
Unrestricted (GASBs 68 and 71)	(143,749,750)	(134,927,891)	(135,009,729)
Total Unrestricted Net Position	$ (104,826,151)	$ (100,901,806)	$ (105,332,468)

Overall, the University's total net position decreased $1.2 million or 1.9% from $63.2 million at June 30, 2016 to $62 million at June 30, 2017. This resulted from excess expenses over revenue and includes a $1.1 million increase in the net amount invested in capital assets, a $1.6 million increase in restricted net position, and a $3.9 million decrease in unrestricted net position. Excluding the impact of GASBs 68 and 71 which is included in unrestricted net position, total net position increased $7.6 million and unrestricted net position increased $4.9 million.

The net investment in capital assets consists of capital assets net of accumulated depreciation and deferred outflows relating to bond refunding reduced by outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The increase of $1.1 million from fiscal year 2016 to fiscal year 2017 was due to net capital additions of $16.4 million, current year depreciation of $12 million, $2.1 million in deferred outflows relating to bond refunding and $4.8 million addition in outstanding debt.

Overall, the University's total net position increased $5.7 million or 9.8% from $57.5 million at June 30, 2015 to $63.2 million at June 30, 2016. This resulted from excess revenue over expenses and includes a $1.5 million increase in the net amount invested in capital assets, a

$300,000 decrease in restricted net position, and a $4.4 million increase in unrestricted net position. Excluding the impact of GASBs 68 and 71, total net position increased $5.6 million and unrestricted net position increased $0.3 million.

The overall $1.5 million increase in investment in capital assets from fiscal year 2015 to fiscal year 2016 was due to spending $1.2 million for capital projects financed with bond proceeds, $13 million addition in outstanding debt, net capital additions of $26.8 million and current year depreciation of $11.1 million. Outstanding debt was $80,756,416 at June 30, 2016 compared to $67,798,440 at June 30, 2015.

Restricted non-expendable net position consists primarily of endowment funds held by the University. Changes in this category are driven primarily by investment performance, which was positive in both fiscal years 2016 and 2015.

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, 2017	June 30, 2016	June 30, 2015
Current funds	$ 15,451,718	$ 13,942,390	$ 13,139,967
Plant funds	10,500,894	10,442,672	11,636,581
Quasi-Endowments	166,066	159,886	148,201
Loan funds	59,390	59,492	58,990
Total Restricted Expendable Net Position	$ 26,178,068	$ 24,604,440	$ 24,983,739

Current restricted funds include grants and sponsored programs, gifts which includes scholarship donations and program support, and undistributed investment earnings on endowment funds. Plant funds primarily include donations for construction or renovation projects. Quasi endowments consist of non-endowed restricted gifts designated by management to function similar to an endowment fund. Loan funds consist of gifts established for loan programs to students.

Total restricted expendable net position was $26.2 million at June 30, 2017 compared to $24.6 million at June 30, 2016, an increase on $1.6 million. Current restricted funds increased $1.5 million from $13.9 million at June 30, 2016 to $15.4 million at June 30, 2017. Approximately $0.4 million of the increase was due to investment income on University endowments exceeding the actual distributions allowable based on the University's spending policy. Undistributed investment earnings totaled $3.8 million at June 30, 2017 compared to $3.4 million at June 30, 2016. Approximately $6.3 million of the $10.5 million plant fund balance at June 30, 2017 related to gifts, which have been internally designated for future debt service attributed to those projects.

Total restricted expendable net position was $24.6 million at June 30, 2016 compared to $25 million at June 30, 2015. Current restricted funds increased $0.8 million from $13.1 million at June 30, 2015 to $13.9 million at June 30, 2016. Approximately $7.6 million of the $10.4

million plant fund balance at June 30, 2016 related to gifts which have been internally designated for future debt service attributed to those projects.

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

	June 30, 2017	June 30, 2016	June 30, 2015
Current funds	$ 17,392,283	$ 10,966,922	$ 7,817,248
Operating reserves	7,738,864	7,714,609	7,714,609
Plant funds	13,770,241	15,322,658	14,124,645
Loan funds	22,211	21,896	20,759
Total without GASBs 68 and 71	38,923,599	34,026,085	29,677,261
GASBs 68 and 71	(143,749,750)	(134,927,891)	(135,009,729)
Total Unrestricted Net Position	$ (104,826,151)	$ (100,901,806)	$ (105,332,468)

Total unrestricted net position was ($104.8) million at June 30, 2017 compared to ($100.9) million at June 30, 2016. The decrease of $3.9 million from fiscal year 2016 to fiscal year 2017 reflects an excess of expenses over revenues during fiscal year 2017 from noncapital activity. Excluding the impact of GASBs 68 and 71, total unrestricted net position increased $4.9 million from $34 million at June 30, 2016 to $38.9 million at June 30, 2017. Approximately $2.9 million of the increase was primarily due to unrealized gains in equity investments in the University's non-endowed investments from June 30, 2016 to June 30, 2017. Unrealized gains and losses on investments from non-endowments are non-spendable in accordance with the University's non-endowment investment policy and totaled $7.6 million at June 30, 2017 compared to $4.8 million at June 30, 2016.

Total unrestricted net position was ($100.9) million at June 30, 2016 compared to ($105.3) million at June 30, 2015. The increase of $4.4 million from fiscal year 2015 to fiscal year 2016 reflects an excess of revenues over expenses during fiscal year 2016 from noncapital activity including a $1.6 million decrease due to unrealized losses in the University's non-endowed investments from June 30, 2015 to June 30, 2016. Unrealized gains and losses on investments from non-endowments are non-spendable in accordance with the University's non-endowment investment policy and totaled $4.8 million at June 30, 2017 compared to $6.4 million at June 30, 2016.

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.

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

	June 30, 2017	June 30, 2016	June 30, 2015
Operating Revenues			
Net tuition, fees and other student charges	$ 80,777,230	$ 83,532,926	$ 84,357,825
Auxiliary enterprises	20,049,797	23,930,810	22,098,719
Grants and contracts	11,682,160	9,543,964	9,340,832
Other	3,749,859	2,381,917	2,469,689
Total Operating Revenues	116,259,046	119,389,617	118,267,065
Operating Expenses	198,614,931	192,579,044	194,842,580
Operating Loss	(82,355,885)	(73,189,427)	(76,575,515)
Nonoperating Revenues (Expenses)			
State appropriations	42,973,090	41,813,887	38,930,258
Gifts, grants, and contracts	30,197,521	30,771,333	33,714,863
Investment income	5,513,140	793,961	1,566,035
Other	(5,743,642)	(5,231,948)	(5,333,131)
Net Nonoperating Revenues	72,940,109	68,147,233	68,878,025
Loss Before Other Revenues, Expenses, and Changes	(9,415,776)	(5,042,194)	(7,697,490)
Other Revenues, Expenses, and Changes			
State capital appropriations	5,643,430	8,539,064	6,174,875
Capital grants and gifts	2,446,917	2,081,270	1,069,282
Other	111,782	86,080	65,572
Total Other Revenues, Expenses, and Changes	8,202,129	10,706,414	7,309,729
Change in Net Position	(1,213,647)	5,664,220	(387,761)
Net Position at Beginning of the Year, restated	63,170,901	57,506,681	57,894,442
Net Position at End of the Year	$ 61,957,254	$ 63,170,901	$ 57,506,681

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, 2017	June 30, 2016	June 30, 2015
Net tuition, fees, and other student charges	$ 80,777,230	$ 83,532,926	$ 84,357,825
Gifts, grants and contracts	44,326,598	42,396,567	44,124,977
State appropriations	42,973,090	41,813,887	38,930,258
Auxiliary enterprises	20,049,797	23,930,810	22,098,719
Investment income	5,513,140	793,961	1,566,035
State capital appropriations	5,643,430	8,539,064	6,174,875
Other revenue	4,223,889	3,265,243	2,942,894
Total Revenues	$ 203,507,174	$ 204,272,458	$ 200,195,583

Overall, the University's total revenues decreased $0.8 million or 0.4% between fiscal year 2017 and fiscal year 2016. The majority of the University's revenue, 61% in both fiscal years 2017 and 2016, is attributed to State appropriations, and net tuition and fees. Combined, these two revenue streams decreased $1.6 million or 1.3% from fiscal year 2016 to fiscal year 2017.

Net tuition, fees and other student charges decreased $2.7 million or 3.3% from fiscal year 2016 to fiscal year 2017 due to increases in the scholarship allowance resulting from an increase in academic based scholarships, reflecting a higher proportion of academically prepared students. Gifts, grants, and contracts increased $1.9 million or 4.5% from fiscal year 2016 to fiscal year 2017 primarily due to a combination of a $0.8 million decrease in Pell grants due to a slight decrease in the number of students receiving Pell grants and a $1.8 million increase in federal grant activity. State appropriation increased $1.2 million or 2.8%. Auxiliary enterprises revenue decreased $3.8 million or 16.2% from fiscal year 2016 to fiscal year 2017 mainly due to the outsourcing of the bookstore. Investment income increased $4.7 million or 594% primarily due to unrealized gains in non-endowed equity investments resulting from a more favorable market environment during fiscal year 2017. State capital appropriations decreased $2.9 million or 33.9% from fiscal year 2016 to fiscal year 2017 primarily due to the completion of projects such as a steam plant, building renovations, and roof repairs.

Overall, the University's total revenues increased $4.1 million or 2.0% between fiscal year 2016 and fiscal year 2015. The majority of the University's revenue, 61% in fiscal year 2016 and 62% in fiscal year 2015, is attributed to State Appropriations and net tuition and fees. Combined, these two revenue streams increased $2.1 million or 1.7% from fiscal year 2015 to fiscal year 2016.

Net tuition, fees and other student charges decreased slightly over the prior year primarily due to a minor decrease in enrollment. Gifts grants and contracts decreased $1.7 million or 4% due to combination of a $2.1 million decrease in Pell grants due to decreased enrollment and an increase of $1 million in capital grants and gifts, including increased activity on state funded projects for additive manufacturing grants and gifts for future capital projects including a manufacturing innovation & commercialization center, a student success center and a multimedia center. State appropriations increased $2.9 million or 7.4% from $38.9 million in fiscal year 2015 to $41.8 million in fiscal year 2016. This increase was largely due to the State Legislature increasing operating appropriations for higher education in exchange for prohibiting universities from raising undergraduate tuition. Auxiliary enterprises revenue increased $1.8 million or 8%, primarily due to a $1.3 million increase in housing revenue, resulting from increased room and board fees and an increase in the number of students residing on campus. Investment income decreased approximately $700,000 or 49%. This was due to net unrealized losses in non-endowed investments resulting from a less favorable market environment during fiscal year 2016. State capital appropriations increased $2.4 million or 38% due to continued efforts on the part of management to more aggressively use state capital dollars to address deferred maintenance needs.

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. Following is a recap of total operating expenses by natural classification, with the impact of the GASBs 68 and 71 pension expense accruals segregated.

	June 30, 2017	June 30, 2016	June 30, 2015
Compensation	$ 115,235,986	$ 116,932,285	$ 120,755,194
Operations	42,674,313	45,128,168	43,982,094
Scholarships	19,897,530	19,524,818	20,365,896
Depreciation and Amortization	11,985,243	11,075,611	11,472,394
Operating Expenses without GASBs 68 and 71 accruals)	189,793,072	192,660,882	196,575,578
GASBs 68 and 71 pension expense accruals	8,821,859	(81,838)	(1,732,998)
Total Operating Expenses	$ 198,614,931	$ 192,579,044	$ 194,842,580

Excluding the impact of GASBs 68 and 71 pension expense accruals, total operating expenses decreased $2.9 million or 1.5% from fiscal year 2016 to fiscal year 2017, largely due to a $1.7 million decrease in compensation and a $2.5 million decrease in operations.

Salary and wages decreased $0.6 million or 0.6% from $88.5 million in fiscal year 2016 to $87.9 million in fiscal year 2017 remaining relatively flat and included a $0.8 million decrease due to outsourcing the Bookstore; whereas fringe benefits decreased $1.1 million or 4% from $28.4 million to $27.3 million, respectively. The decrease in fringe benefits was due to a combination of a slight increase of $.05 million in health care costs and a $2.6 million decrease in tuition remission largely due to restructuring the graduate assistantship program from being fringe benefit based to scholarship based. Overall fringe benefits as a percentage of salaries and wages was 31.1% in fiscal year 2017 compared to 32.1% in fiscal year 2016.

Operations decreased $2.4 million or 5.4% from $45.1 million in fiscal year 2016 to $42.7 million in fiscal year 2017. The net decrease was largely due to the outsourcing of the bookstore, a decrease in utility costs as a result of the University building its own steam plant combined with an increase in federal grant activity, primarily subawards, and the University investing in a service agreement to ensure energy savings.

A large portion of all aid is classified as scholarship allowance on the Statement of Revenues, Expenses and Changes in Net Position. Therefore, the $0.4 increase in scholarship expense is a partial reflection of a $0.8 million decrease in federal financial aid for Pell grant recipients and a $0.4 million increase in external support. Overall, the University disbursed $45.9 million to students in fiscal year 2017 compared to $41.6 million in fiscal year 2016, including $19.3 million and $20.1 million in federal Pell grants, respectively.

Excluding the impact of GASBs 68 and 71, total operating expenses decreased $3.9 million or 2% from fiscal year 2015 to fiscal year 2016, largely due to a $3.8 million decrease in compensation and a $1.1 million increase in operations.

Salary and wages decreased $1.8 million or 2% from $90.3 million in fiscal year 2015 to $88.5 million in fiscal year 2016; whereas fringe benefits decreased $2 million or 6.6% from $30.4 million to $28.4 million, respectively. Strategic efforts to control personnel costs continued thought the elimination of position vacancies and the implementation of the new OEA faculty agreement, which included a 1% base salary adjustment, rank based bonus payments, retirement incentive payments, and reduced cost for summer and extended teaching service. The $2 million decrease in fringe benefits was primarily due to $1.1 million decrease in health care expense primarily due to a decrease in health care claims.

Operations increased $1.1 million or 2.6% from $43.9 million in fiscal year 2015 to $45.1 million in fiscal year 2016. The net increase resulted from various factors including a combination of investment in new software for graduate school recruiting and upgrades to existing software, an increase in cost of goods sold for the bookstore operations due to the elimination of inventory in preparation of a private vendor taking over the operations in June 2016, combined with decreases in utility usage and a continued decrease in bad debt expense resulting from the impact of higher admission standards and continued emphasis on financial literacy counseling to students.

A large portion of all aid is classified as scholarship allowance on the Statement of Revenues, Expenses and Changes in Net Position. Therefore, the $800,000 decrease in scholarship expense is a partial reflection of a $2.1 million decrease in federal financial aid for Pell grant recipients and a $900,000 increase in external support. Overall, the University disbursed $41.7 million to students in fiscal year 2016 compared to $42.4 million in fiscal year 2015, including $20.1 million and $22.2 million in federal Pell grants, respectively.

Pension expense attributed to GASB 68 and 71 is allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position and increased $13.1 million from fiscal year 2015 to fiscal year 2016. The increase was primarily due to differences between projected and actual pension plan investment earnings and the University's proportionate share of contributions. The University has no control over these accruals.

Total operating and non-operating expenses for the University were $204,720,822, $198,608,238, and $200,583,344 in fiscal years 2017, 2016 and 2015, respectively.

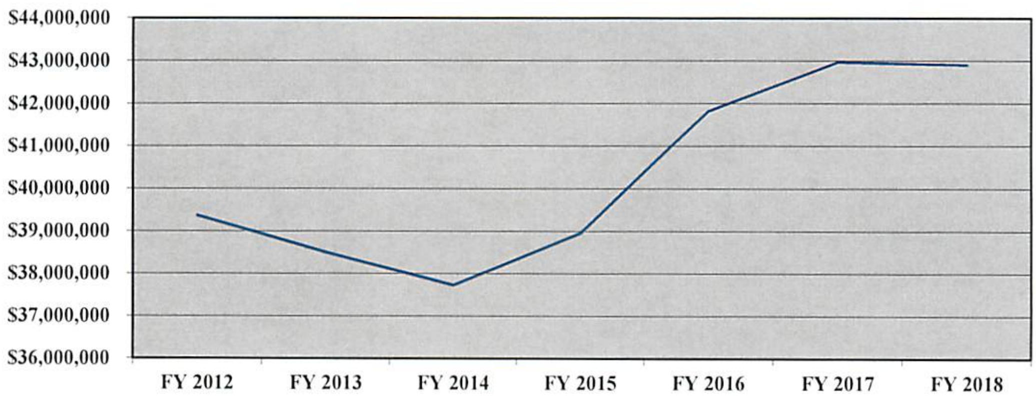
Economic Factors for the Future

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

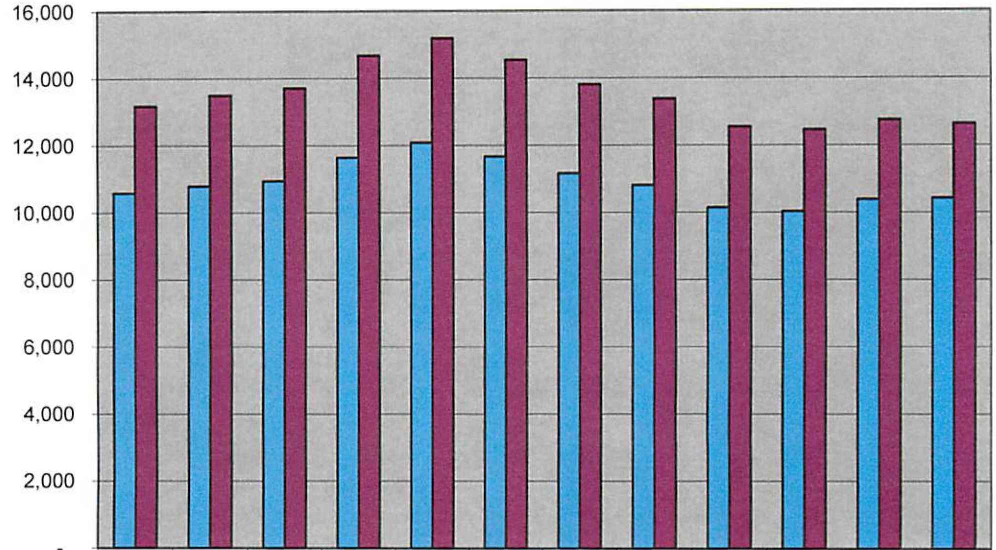
Based on the most recent estimate provided by the Ohio Department of Higher Education, State Share of Instruction (SSI) funding for the University is expected to remain stable over the next two-year biennium. This is consistent with the statewide SSI appropriation, which is also expected to remain stable for the next two-year period. The University's state funding levels are also tied to strategic decisions YSU has made to better position itself in the performance based SSI formula, in which degrees awarded and course completions continue to be primary drivers of SSI funding. Datasets used in the formula are based on a three-year rolling average, and are weighted to take into account various at-risk student characteristics. The SSI formula continues to factor in discipline and program costs, and enrollment levels.

The following graph reflects six years actual data for State Appropriations plus the budgeted amount for fiscal year 2018.

State Appropriations
Fiscal Years 2012 through 2018



Fall Semester Enrollment Trends
2006 through 2017



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Full-Time Equivalent	10,590	10,796	10,953	11,649	12,093	11,677	11,171	10,819	10,149	10,034	10,389	10,432
Headcount	13,183	13,497	13,712	14,682	15,194	14,541	13,813	13,381	12,551	12,471	12,756	12,644

As expected, Fall 2017 enrollments are 0.4% higher than the prior Fall semester on a full-time equivalency (FTE) basis. Having achieved enrollment stability over the past two years represents a sharp turnaround in the University's enrollment trend, following a five-year decline in FTE enrollments between Fall 2011 and 2015. The results of the University's new incoming student enrollments, coupled with the academic quality of those students, provide significant cause for continued optimism for Spring 2018 and beyond.

For Fall 2017, the University experienced increases in new freshman, international and transfer students, and new students enrolled in the Honors College.

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

The University's freshmen to sophomore retention rate again increased from 72.24% to 74.85% from Fall 2016 to Fall 2017 representing further evidence that the University has stabilized and reversed its enrollment trend. Finally, early results for Fall 2018 are even more positive than expected, running far ahead of Fall 2017 at this same time.

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF NET POSITION AT JUNE 30, 2017 AND 2016

	June 30, 2017	June 30, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 20,347,943	$ 15,893,972
Investments	42,885,491	36,906,441
Restricted investments	693,494	638,165
Interest receivable	125,659	98,121
Accounts receivable, net	11,437,865	13,033,177
Pledges receivable, net	225,435	893,284
Loans receivable, net	449,341	422,496
Inventories	133,742	84,831
Prepaid expenses and unearned charges	1,065,258	1,050,643
Total Current Assets	77,364,228	69,021,130
Noncurrent Assets		
Investments	15,638,099	17,198,170
Endowments and other restricted investments	9,095,277	8,579,269
Pledges receivable, net	584,448	827,958
Loans receivable, net	1,069,796	1,455,935
Other noncurrent assets	3,899	171,180
Cash surrender value of life insurance	329,545	321,224
Nondepreciable capital assets	24,736,083	35,608,290
Depreciable capital assets, net	194,125,899	178,857,955
Total Noncurrent Assets	245,583,046	243,019,981
Total Assets	322,947,274	312,041,111
DEFERRED OUTFLOWS OF RESOURCES		
Pension OPERS	20,900,096	16,422,322
Pension STRS	19,500,737	9,704,367
Bond refunding	2,053,409	-
Total Deferred Outflows of Resources	42,454,242	26,126,689
LIABILITIES		
Current Liabilities		
Accounts payable	3,441,896	3,653,797
Construction payable	3,003,658	3,041,732
Payroll liabilities	7,761,247	7,041,919
Bonds payable	2,610,000	2,455,000
Notes payable	616,894	-
Capital lease payable	13,657	-
Compensated absences	983,560	604,117
Unearned revenue	6,590,316	5,824,756
Other liabilities	1,522,277	1,421,973
Total Current Liabilities	26,543,505	24,043,294
Noncurrent Liabilities		
Bonds payable, net	66,841,237	62,301,416
Notes payable	15,383,106	16,000,000
Capital lease payable	51,683	-
Compensated absences	7,814,502	8,412,313
Refundable advance	2,089,646	2,527,796
Net pension liability	175,354,454	146,345,693
Total Noncurrent Liabilities	267,534,628	235,587,218
Total Liabilities	294,078,133	259,630,512
DEFERRED INFLOWS OF RESOURCES		
Service concession agreements	570,000	657,500
Pension OPERS	1,895,450	2,214,446
Pension STRS	6,900,679	12,494,441
Total Deferred Resources of Inflows	9,366,129	15,366,387
NET POSITION		
Net investment in capital assets	135,402,713	134,289,273
Restricted - Nonexpendable	5,202,624	5,178,994
Restricted - Expendable	26,178,068	24,604,440
Unrestricted	(104,826,151)	(100,901,806)
Total Net Position	$ 61,957,254	$ 63,170,901

See accompanying notes to financial statements.

THE YOUNGSTOWN STATE UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION AT JUNE 30, 2017 AND 2016

	June 30, 2017	June 30, 2016
ASSETS		
Cash and cash equivalents	$ 1,707,990	$ 4,739,753
Investments	228,395,689	206,643,636
Property acquired for resale to Youngstown State University	-	109,520
Pledges receivable, net	4,033,499	2,057,504
Pledges receivable for Youngstown State University, net	5,548,252	3,182,716
Prepaid expenses and other assets	986,450	1,040,373
Property and equipment, net	50,590	59,229
Beneficial interest in remainder trusts	416,938	399,582
TOTAL ASSETS	$ 241,139,408	$ 218,232,313
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 489,963	$ 860,489
Grant commitments to Youngstown State University	8,161,200	8,067,599
Accrued liabilities and other	80,217	55,063
TOTAL LIABILITIES	8,731,380	8,983,151
NET ASSETS		
Unrestricted	147,197,446	136,086,960
Temporarily restricted	13,018,654	8,068,816
Permanently restricted	72,191,928	65,093,386
TOTAL NET ASSETS	232,408,028	209,249,162
TOTAL LIABILITIES AND NET ASSETS	$ 241,139,408	$ 218,232,313

See accompanying notes to financial statements.

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	June 30, 2017	June 30, 2016
OPERATING REVENUES		
Tuition, fees, and other student charges (net of scholarship allowance of $26,026,072 in 2017 and 22,136,886 in 2016)	$ 80,777,230	$ 83,532,926
Federal grants and contracts	5,728,561	3,848,977
State grants and contracts	5,059,050	5,123,960
Local grants and contracts	340,687	169,703
Private grants and contracts	553,862	401,324
Sales and services	565,764	431,584
Auxiliary enterprises	20,049,797	23,930,810
Other operating revenues	3,184,095	1,950,333
Total Operating Revenues	116,259,046	119,389,617
OPERATING EXPENSES		
Instruction	66,003,147	64,295,468
Research	4,036,527	1,859,303
Public service	6,556,145	5,497,073
Academic support	16,081,601	14,270,655
Student services	11,177,058	10,300,999
Institutional support	23,547,742	22,745,633
Operation and maintenance of plant	15,533,550	16,511,923
Scholarships	15,630,861	15,218,376
Auxiliary enterprises	28,063,057	30,804,003
Depreciation and amortization	11,985,243	11,075,611
Total Operating Expenses	198,614,931	192,579,044
Operating Loss	(82,355,885)	(73,189,427)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	42,973,090	41,813,887
Federal grants	19,790,347	20,658,870
Private gifts	10,407,174	10,112,463
Unrestricted investment income, net of investment expense	4,598,736	289,877
Restricted investment income, net of investment expense	914,404	504,084
Interest on capital asset-related debt	(3,844,329)	(3,939,548)
Other nonoperating expenses, net	(1,899,313)	(1,292,400)
Net Nonoperating Revenues	72,940,109	68,147,233
Loss Before Other Revenues, Expenses, and Changes	(9,415,776)	(5,042,194)
OTHER REVENUES, EXPENSES, AND CHANGES		
State capital appropriations	5,643,430	8,539,064
Capital grants and gifts	2,446,917	2,081,270
Other	111,782	86,080
Total Other Revenues, Expenses, and Changes	8,202,129	10,706,414
Change In Net Position	(1,213,647)	5,664,220
NET POSITION		
Net Position at Beginning of the Year	63,170,901	57,506,681
Net Position at End of the Year	$ 61,957,254	$ 63,170,901

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, 2017 AND 2016

	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	$ 2,836,642	$ 3,772,845	$ 7,081,186	$ 13,690,673
In-kind donations	4,854	-	-	4,854
Investment earnings	1,806,580	806,708	-	2,613,288
Net realized gain on sale of investments	3,887,635	1,733,243	-	5,620,878
Net unrealized change in long-term investments	13,921,388	2,352,408	-	16,273,796
Change in beneficial interest in remainder trusts	-	-	17,356	17,356
Net assets released from restrictions	3,715,366	(3,715,366)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	26,172,465	4,949,838	7,098,542	38,220,845
EXPENSES				
Distribution to Youngstown State University for scholarships and other programs	12,208,543			12,208,543
Administrative expenditures	2,852,536	-	-	2,852,536
Benefits for retired Youngstown University faculty	900	-	-	900
TOTAL EXPENSES	15,061,979	-	-	15,061,979
DONOR RECLASSIFICATIONS	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	11,110,486	4,949,838	7,098,542	23,158,866
Net Assets - Beginning of Year	136,086,960	8,068,816	65,093,386	209,249,162
Net Assets - End of Year	$ 147,197,446	$ 13,018,654	$ 72,191,928	$ 232,408,028

	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 (loss) gain on 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	12,982,554			12,982,554
Administrative expenditures	2,573,532	-	-	2,573,532
Benefits for retired Youngstown University faculty	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

See accompanying notes to financial statements.

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	June 30, 2017	June 30, 2016
Cash Flows from Operating Activities		
Student tuition and fees	$ 79,975,455	$ 82,559,873
Federal, state, and local grants and contracts	11,089,855	7,794,915
Private grants and contracts	735,853	424,144
Sales and services of educational and other departmental activities	21,783,811	23,356,831
Payments to suppliers	(46,553,208)	(46,161,692)
Payments to employees	(87,215,677)	(89,007,809)
Payments for benefits	(27,383,844)	(29,236,967)
Payments for scholarships	(15,717,567)	(15,270,134)
Student loans issued	(155,218)	(130,430)
Student loans collected	527,506	453,813
Student loan interest and fees collected	134,911	98,538
Other receipts, net	2,944,508	2,913,327
Total Cash Flows Used In Operating Activities	(59,833,615)	(62,205,591)
Cash Flows from Noncapital Financing Activities		
Federal grants	19,338,860	20,619,477
State educational appropriations	42,973,090	41,813,887
Direct lending receipts	60,549,455	63,121,701
Direct lending disbursements	(59,206,331)	(63,047,691)
Private gifts	10,910,904	10,059,584
Other	111,782	86,080
Other nonoperating expenses	(1,986,613)	(1,376,750)
Total Cash Flows Provided by Noncapital Financing Activities	72,691,147	71,276,288
Cash Flows from Investing Activities		
Proceeds from sale of investments	14,462,125	21,538,965
Purchase of investments	(19,452,441)	(21,802,831)
Interest on investments	5,485,602	790,082
Total Cash Flows Used In Investing Activities	495,286	526,216
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	5,336,842	8,087,946
Private capital gifts and grants	3,035,594	2,694,968
Purchase of capital assets	(16,211,965)	(25,450,146)
Principal payments on capital debt	(2,466,389)	(3,004,444)
Bonds payable proceeds	5,248,151	-
Notes payable proceeds	-	16,000,000
Interest payments on capital debt	(3,841,080)	(3,503,818)
Total Cash Flows Used In Capital and Related Financing Activities	(8,898,847)	(5,175,494)
Change in Cash and Cash Equivalents	4,453,971	4,421,419
Cash and Cash Equivalents, Beginning of Year	15,893,972	11,472,553
Cash and Cash Equivalents, End of Year	$ 20,347,943	$ 15,893,972

STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	June 30, 2017	June 30, 2016
Operating loss	$ (82,355,885)	$ (73,189,427)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	11,985,243	11,075,611
Provision for bad debts	569,407	854,147
Gifts in kind	39,517	113,113
Changes in assets and liabilities:		
Accounts receivable, net	(408,498)	(2,612,917)
Loans receivable, net	384,875	307,328
Inventories	(48,911)	1,101,585
Prepaid expenses and unearned charges	(14,615)	334,442
Accounts payable	(211,901)	690,132
Accrued and other liabilities	821,314	(357,418)
Unearned revenue	802,348	386,983
Compensated absences	(218,368)	(827,332)
Net pension liability	29,008,761	18,660,550
Deferred outflows of resources	(14,274,144)	(15,515,518)
Deferred inflow of resources	(5,912,758)	(3,226,870)
Net Cash Flows Used In Operating Activities	$ (59,833,615)	$ (62,205,591)

Noncash Investing and Financing Transactions

Additional Capital Leases	$ 76,729	$ -

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 advance refunding of the Series 2009 General Receipts bonds, resulting in a retirement of these bonds of $19,930,000. See Note 9 for further discussion on this non-cash transaction.

See accompanying notes to financial statements.

Note 1 – Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

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

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

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

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

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

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

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

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

Summary of Significant Accounting Policies

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

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

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

Endowment Policy – The University Endowment Fund consists of 99 named funds. Each named fund is assigned a number of shares in the University Endowment Fund based on the value of the gifts to that named fund. The University's 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 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 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. 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.

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:

Classification	Estimated Life
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 and sick leave benefits are in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The University uses the termination method to accrue sick leave compensated absences on the Statement of Net Position.

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

Deferred Outflows and Inflows of Resources – Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require further exchange of goods or services. Deferred inflows of resources represent the acquisition of resources that are applicable to a future resource period. Deferred outflows of resources in the University's financial statements consist of bond refunding, differences between projections and actual in the Ohio Public Employees Retirement System (OPERS) and State Teachers Retirement System of Ohio (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 OPERS and 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 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 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 2017, the provisions of the following GASB Statements became effective:

- 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. 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.

- 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.

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

- 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. 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. 83, *Certain Asset Retirement Obligations*, issued November 2016. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations.

- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. 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.

- GASB Statement No. 85, *Omnibus 2017*, issued March 2017. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements.

- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt.

- GASB Statement No. 87, *Leases*, issued June 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. 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.

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 2016 amounts to conform with the fiscal year 2017 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 $42,973,090 in fiscal year 2017 compared to $41,813,887 in fiscal year 2016. The State Share of Instruction (SSI) is determined annually by the Ohio Department of Higher Education.

Capital appropriations from the State totaled $5,643,430 in fiscal year 2017 compared to $8,539,064 in fiscal year 2016 and included funding for equipment and the construction/major renovations of plant facilities.

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

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

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

Education for payment of debt service are not reflected as appropriation revenue received by the University, and the related debt service payments are not recorded in the University's accounts.

Note 3 – Cash and Cash Equivalents

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

The aggregate cost of repurchase agreements, which approximates fair value, included in cash and cash equivalents is $0 and $357,738 at June 30, 2017 and 2016, 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, 2017 and June 30, 2016 consist of the following:

	2017	2016
Carrying Amount	$ 20,347,943	$ 15,893,972
FDIC Insured	$ 5,792,147	$ 5,769,116
Uninsured but collateralized by pools of securities pledged by the depository banks	4,059,773	4,927,221
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	11,784,788	5,882,625
Bank Balance	$ 21,636,708	$ 16,578,962

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 $2,392,415 at June 30, 2017 and $3,746,878 at June 30, 2016, 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 $5,042,147 at June 30, 2017 and $5,021,068 at June 30, 2016.

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, 2017 and June 30, 2016, 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.

As of June 30, 2017, the University had the following investments measured at fair value:

	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ -	$ 5,571,562	$ -	$ 5,571,562
Corporate Bonds	-	9,999,400	-	9,999,400
Foreign Bonds	-	29,639	-	29,639
U.S. Government Bonds	-	2,254,001	-	2,254,001
Bond Mutual Funds	11,096,293	-	-	11,096,293
Preferred Stock	-	575,569	-	575,569
Common Stock	6,171,416	-	-	6,171,416
Equity Mutual Funds	32,614,481	-	-	32,614,481
Totals	$49,882,190	$18,430,171	$ -	$ 68,312,361

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 Stock	-	590,448	-	590,448
Common Stock	5,665,520	-	-	5,665,520
Equity Mutual Funds	27,829,070	-	-	27,829,070
Totals	$43,308,413	$20,013,632	$ -	$ 63,322,045

As of June 30, 2017, the University had the following investments and maturities using the segmented time distribution method:

		Investment maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	$ 5,571,562	$ -	$ 5,126,082	$ 445,480	$ -
Corporate Bonds	9,999,400	917,986	7,766,730	1,304,284	10,400
Foreign Bonds	29,639	-	29,639	-	-
U.S. Government Bonds	2,254,001	5,536	693,227	529,348	1,025,890
Bond Mutual Funds	11,096,293	11,096,293	-	-	-
Preferred and Common Stock	6,746,985	6,746,985	-	-	-
Equity Mutual Funds	32,614,481	32,614,481	-	-	-
Totals	$68,312,361	$51,381,281	$ 13,615,678	$ 2,279,112	$ 1,036,290

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

As of June 30, 2016, the University had the following investments and maturities using the segmented time distribution method:

		Investment maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	$ 7,557,213	$ -	$ 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.

As of June 30, 2017, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	$ 9,999,400	$ 2,263,325	$ 948,546	$ 2,516,540	$ 3,346,098	$ 929,891
Foreign Bonds	29,639	29,639	-	-	-	-
U.S. Government Bonds	2,254,001	1,624,992	629,009	-	-	-
Bond Mutual Funds	11,096,293	5,102,185	1,566,469	815,961	3,361,938	249,740
Totals	$ 23,379,333	$ 9,020,141	$ 3,144,024	$ 3,332,501	$ 6,708,036	$ 1,179,631

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	$ 21,679,794	$ 9,717,486	$ 3,636,875	$ 3,051,370	$ 3,714,586	$ 1,559,477

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, 2017, $4,156,099 or 6% of the University's portfolio was held in an intermediate bond fund and $1,272,010 or 2% was held in a short term bond fund. As of June 30, 2016, $5,444,128 or 9% of the University's portfolio was held in an intermediate term bond fund and $1,271,495 or 2% was held in a short-term bond fund. The University's investment policy and asset allocation guidelines contain provisions to manage credit risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Investments that are both unregistered and uninsured are exposed to custodial credit risk if investments are held by the counterparty, or are held by the counterparty's trust department or agent but not in the name of the University. At June 30, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and June 30, 2016 consist of the following:

	2017	2016
Accounts receivable		
Student accounts	$ 7,680,039	$ 9,938,609
Grants and contracts	2,389,961	2,135,367
State appropriations	2,159,788	1,853,200
Other receivables	3,362,455	4,226,260
Total Accounts receivable	15,592,243	18,153,436
Less: Allowance for doubtful accounts	4,154,378	5,120,259
Accounts receivable, net	$ 11,437,865	$ 13,033,177
Loans receivable - student notes	$ 2,133,318	$ 2,520,738
Less: Allowance for doubtful accounts	614,181	642,307
Loans receivable, net	1,519,137	1,878,431
Less: current portion	449,341	422,496
Loans receivable, noncurrent portion	$ 1,069,796	$ 1,455,935

Note 6 – Pledges Receivable

Unconditional promises to give to the University recorded as pledges receivable at June 30, 2017 and June 30, 2016 were as follows:

	2017	2016
Pledges receivable	$ 903,786	$ 1,853,249
Less: Allowance for doubtful accounts	53,812	85,183
Present value discount	40,091	46,824
Pledges receivable, net	809,883	1,721,242
Less: current portion	225,435	893,284
Pledges receivable, noncurrent portion	$ 584,448	$ 827,958

Pledges have been discounted to net present value using June 30, 2017 and June 30, 2016 U.S. Treasury Note rates of 1.75% (5-year) and 2.00% (7-year) in fiscal year 2017 and 1.120% (5-year) and 1.379% (7-year) in fiscal year 2016.

Note 7 – Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Nondepreciable assets:					
Land	$ 16,149,400	$ 124,750	$ -	$ -	$ 16,274,150
Construction in progress	18,623,424	6,523,695	8,728	(17,511,924)	7,626,467
Historical treasures	835,466	-	-	-	835,466
Depreciable assets:					
Buildings	280,003,837	-	238,447	-	279,765,390
Improvements to buildings	59,574,347	2,516,009	-	14,211,741	76,302,097
Improvements other than buildings	37,385,002	3,327,739	1,000,000	925,829	40,638,570
Moveable equipment and furniture	33,673,810	3,628,366	1,308,373	2,374,354	38,368,157
Vehicles	1,336,632	186,181	119,695	-	1,403,118
Capital lease	-	76,729	-		76,729
Total cost	447,581,918	16,383,469	2,675,243	-	461,290,144
Less accumulated depreciation:					
Buildings	168,874,774	4,902,434	234,076	-	173,543,132
Improvements to buildings	15,404,240	2,563,150	-	-	17,967,390
Improvements other than buildings	18,954,783	2,085,877	1,000,000	-	20,040,660
Moveable equipment and furniture	28,840,275	2,302,855	1,308,372	-	29,834,758
Vehicles	1,041,601	106,249	119,695	-	1,028,155
Capital lease	-	14,067	-		14,067
Total accumulated depreciation	233,115,673	11,974,632	2,662,143	-	242,428,162
Capital assets, net	$ 214,466,245	$ 4,408,837	$ 13,100	$ -	$ 218,861,982

Projects completed and transferred from construction in progress during fiscal year 2017 included the Steam Plant Project, building exterior repairs to Stambaugh Stadium and Moser Hall, Instructional Space Upgrades to Cushwa Hall and DeBartolo Hall, and Building System Upgrades to several campus buildings.

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	$ 198,752,775	$ 15,966,953	$ 253,483	$ -	$ 214,466,245

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.

Note 8 – Payroll and Other Liabilities

Payroll and other liabilities at June 30, 2017 and 2016 consist of the following:

	2017	2016
Payroll liabilities:		
Accrued compensation	$ 5,407,924	$ 5,058,132
Accrued benefits	185,401	105,791
Accrued health care benefits and insurance payable	1,003,033	1,030,270
Retirement system contribution payable	1,164,889	847,726
Totals	$ 7,761,247	$ 7,041,919
Other liabilities:		
Deposits held in custody	$ 606,039	$ 476,606
Interest payable	641,020	642,702
Other liabilities	275,218	302,665
Totals	$ 1,522,277	$ 1,421,973

Encumbrances representing estimated amounts of expenses ultimately to result, if unperformed contracts in process at June 30, 2017 are completed, totaled $9.4 million compared to $9.2 million at June 30, 2016. These amounts do not constitute expenses incurred or liabilities.

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 are considered to be defeased and the liability was removed from the University's long-term obligations. The partial advance refunding was undertaken to achieve debt service savings. This refunding transaction reduced debt service payments by $1,625,147 and resulted in an economic gain of $1,238,710. For this partial advance refunding, the reacquisition price exceed the net carrying amount of the old debt by $2,111,642. This amount was recorded as a deferred outflow of resources and will be amortized over the remaining life of the new debt. As of June 30, 2017, the amount recorded as a deferred outflow was $2,053,409. As of June 30, 2017, the outstanding principal of the 2016 General Receipts bond was $25,525,000. As a result of the partial advance refunding, the outstanding principals of the remaining 2009 General Receipts bonds as of June 30, 2017 was $1,745,000. In connection with the issuance of the Series 2016 General Receipts bonds, the University also recognized a net bond premium in the amount of $1,578,181 which will be amortized against interest expense over the life of the bond.

Details of the bonds payable for the General Receipts Bonds, Series 2016 as of June 30, 2017 follow:

Bond Component	Rate	Yield	Maturity Through	Original Principal
Serial Bond	3.000%	1.29%	2018	$ 60,000
Serial Bond	3.000%	1.56%	2019	215,000
Serial Bond	4.000%	1.86%	2020	1,145,000
Serial Bond	5.000%	2.10%	2021	1,190,000
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				$ 25,525,000

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, 2017 follow:

Bond Component	Rate	Yield	Maturity Through	Original Principal
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				$ 15,875,000

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, 2017 follow:

Bond Component	Rate/Yield *	Maturity Through		Original Principal
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			$	24,810,000

* Does not reflect impact of federal subsidies

In March 2009, the University issued $31,255,000 of General Receipts Bonds, Series 2009 to acquire, construct and equip the new 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. As of June 30, 2017, $19,930,000 was defeased and in escrow.

Details of the bonds payable for the General Receipts Bonds, Series 2009 as of June 30, 2017 follow:

Bond Component	Rate	Yield	Maturity Through		Original Principal
Serial Bond	4.125%	4.200%	2018	$	860,000
Serial Bond	4.375%	4.400%	2019		885,000
Total				$	1,745,000

The indebtedness created through all issues of the General Receipts Bonds is bound by the Amended and Restated Trust Indenture dated as of March 1, 2009. The Series 2010 Bonds, 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 is guaranteed under a municipal bond insurance policy.

Maturities of all bonds payable and debt service for fiscal years subsequent to June 30, 2017 follow (also see Note 12):

	General Receipts Bonds		
Fiscal Year	Principal	Interest	Total
2018	$ 2,610,000	$ 3,392,133	$ 6,002,133
2019	2,865,000	3,267,202	6,132,202
2020	2,980,000	3,131,322	6,111,322
2021	3,095,000	2,988,709	6,083,709
2022	3,230,000	2,835,360	6,065,360
2023-2027	18,405,000	11,440,850	29,845,850
2028-2032	22,855,000	6,038,620	28,893,620
2033-2037	11,565,000	746,675	12,311,675
2038	350,000	7,000	357,000
Totals	$ 67,955,000	$ 33,847,871	$ 101,802,871

NOTE: Expected future federal subsidies for the BABs is $5,229,266

Federal subsidies received by the University were $495,109 in fiscal year 2017 and $499,551 in fiscal year 2016. These are reported as non-operating federal grant revenue. Interest expense on indebtedness was $3,305,769 in fiscal year 2017 and $3,422,907 in fiscal year 2016. On construction-related debt, net interest cost of $85,640 was capitalized in fiscal year 2017, and $64,656 in fiscal year 2016.

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. Title to the assets vests in the University. Security of the debt is limited to the revenues appropriated for such purpose.

Details of the installment schedule follows:

Fiscal Year	Principal	Interest	Total
2018	$ 616,894	$ 538,560	$ 1,155,454
2019	692,464	517,795	1,210,259
2020	773,026	494,487	1,267,513
2021	858,856	468,467	1,327,323
2022	950,241	439,558	1,389,799
2023	1,078,481	407,573	1,486,054
2024	1,202,940	371,271	1,574,211
2025	1,324,612	330,780	1,655,392
2026	1,438,534	286,194	1,724,728
2027	1,549,581	237,773	1,787,354
2028	1,712,798	185,614	1,898,412
2029	1,869,325	127,961	1,997,286
2030	1,932,248	65,039	1,997,287
Totals	$ 16,000,000	$ 4,471,072	$ 20,471,072

During fiscal year 2006, the University entered into a ten year performance contract with Johnson Controls, which includes an assured performance providing for an annual measured cost savings of $1,296,298. The contract amount of $9,796,000 was financed with Chase Equipment Leasing, Inc. over 10 years, at an interest rate of 3.53%, and required equal annual installment payments. The final payment of $1,179,666 was due December 23, 2015 and included $40,222 in interest. Title to the assets vests in the University. The debt is secured by a pledge of all University general receipts, excluding State appropriations and receipts previously pledged or otherwise restricted.

The University has complied with all covenant requirements. Interest expense on indebtedness was $538,560 in fiscal year 2017 and $516,641 in fiscal year 2016

Note 11 – Lease Obligations

Capital Lease

The University leases mailroom equipment under a capital lease agreement which bears interest of 9.06%. The net book value of capital leased assets included in net Capital Assets in the Statement of Net Position at June 30, 2017 and June 30, 2016 was $62,662 and $0, respectively.

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

Year Ending June 30,	Equipment
2018	$ 19,520
2019	19,520
2020	19,520
2021	19,520
2022	1,626
Total future minimum lease payments	79,706
Less amount representing interest	14,366
Total obligations under capital lease	$ 65,340

Operating Lease

The University had an operating lease for the usage of mailroom equipment which ended April 30, 2016 at an interest rate of 9.904%. Lease payments totaled $18,347 in fiscal year 2016.

Note 12 – Long-Term Liabilities

Long-term liability activity (also see Notes 9, 10 and 13) for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable					
General receipts bonds principal	$ 64,815,000	$ 25,525,000	$ 22,385,000	$ 67,955,000	$2,610,000
Unamoritized premium/discount	(58,584)	1,578,181	23,360	1,496,237	-
Bonds payable, net	64,756,416	27,103,181	22,408,360	69,451,237	2,610,000
Note payable	16,000,000	-	-	16,000,000	616,894
Capital leases	-	76,729	11,389	65,340	13,657
Compensated absences	9,016,430	60,000	278,368	8,798,062	983,560
Refundable advance	2,527,796	17,375	455,525	2,089,646	-
Net pension liability					
OPERS	46,516,739	29,005,875	16,778,056	58,744,558	-
STRS	99,828,954	24,220,968	7,440,026	116,609,896	-
Net pension liability	146,345,693	53,226,843	24,218,082	175,354,454	-
Total long-term liabilities	$ 238,646,335	$ 80,484,128	$47,371,724	$ 271,758,739	$4,224,111

Long-term liability activity (also see Notes 9, 10 and 13) for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable					
General receipts bonds principal	$ 66,680,000	$ -	$ 1,865,000	$ 64,815,000	$ 2,455,000
Unamoritized premium/discount	(21,004)	-	37,580	(58,584)	-
Bonds payable, net	66,658,996	-	1,902,580	64,756,416	2,455,000
Note payable	1,139,444	16,000,000	1,139,444	16,000,000	-
Compensated absences	9,843,762		827,332	9,016,430	604,117
Refundable advance	2,581,299	19,677	73,180	2,527,796	
Net pension liability					
OPERS	34,173,082	18,486,379	6,142,722	46,516,739	-
STRS	93,512,061	21,206,222	14,889,329	99,828,954	-
Net pension liability	127,685,143	39,692,601	21,032,051	146,345,693	-
Total long-term liabilities	$ 207,908,644	$ 55,712,278	$24,974,587	$ 238,646,335	$ 3,059,117

Note 13 – Defined Benefit Pension Plans

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

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

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

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

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

Plan Descriptions

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

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

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

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

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

Benefits Provided

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

OPERS Benefits

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

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

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

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

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

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

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

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

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their benefit. The cost-of-living adjustment varies somewhat, but is generally defined as the Consumer Price Index not to exceed 3%.

STRS Ohio Benefits

Any member may retire who has (1) five years of service credit and age 60; (2) 26 years of service credit and age 55; or (3) 31 years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The annual retirement allowance is based on the average of the member's five highest years of earnings multiplied by 2.2% for each year of credited service. For July 1, 2015 and earlier, the annual allowance is determined by multiplying final average salary (average of three highest years of earnings) by 2.2% for the first 30 years of credited service. Each year over 30 years is incrementally increased by 0.1%, starting at 2.5% for the 31st year of contributing service up to a maximum allowance of 100% of final average salary.

Under the Combined Plan, member contributions are allocated among investment choices by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular Defined Benefit Plan. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The Defined Contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity.

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

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

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

Contributions

Employer and member contribution rates are established by the OPERS Board and the STRS Ohio Board subject to limits per Chapter 145 and Chapter 3307 of the Ohio Revised Code, respectively.

The employee contribution rates for the current and preceding two fiscal years follow:

Employee Contribution Rate						
Period	STRS		OPERS		OPERSLE	
	Traditional	ARP	Traditional	ARP	Traditional	ARP
7/1/16-6/30/17	14.0%	14.0%	10.0%	10.0%	13.0%	13.0%
7/1/15-6/30/16	13.0%	13.0%	10.0%	10.0%	13.0%	13.0%
7/1/14-6/30/15	12.0%	12.0%	10.0%	10.0%	13.0%	13.0%

The employer contribution rates for the current and preceding two fiscal years follow:

Employer Contributions								
Fiscal Year	STRS			OPERS			OPERSLE	
	Traditional	ARP		Traditional	ARP		Traditional	ARP
		STRS	ARP		OPERS	ARP		
7/1/14-6/30/17	14.00%	4.50%	9.50%	14.00%	0.77%	13.23%	18.10%	18.10%

University contributions equal to the required contributions for the current and two preceding years follow:

Employer Contributions								
Fiscal Year	STRS			OPERS			OPERSLE	
	Traditional	ARP		Traditional	ARP		Traditional	ARP
		STRS	ARP		OPERS	ARP		
2017	$ 4,794,476	$ 312,907	$ 653,459	$ 4,725,695	$ 35,328	$ 606,748	$ 282,124	$ -
2016	$ 4,841,012	$ 312,415	$ 658,094	$ 4,653,438	$ 34,885	$ 599,387	$ 305,815	$ -
2015	$ 4,996,652	$ 318,784	$ 668,878	$ 4,765,188	$ 35,380	$ 607,807	$ 295,408	$ -

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

At June 30, 2017 and June 30, 2016, the University reported a liability for its proportional share of the net pension liability of OPERS/STRS Ohio. The net pension liability was measured as of December 31, 2016 and December 31, 2015 for the OPERS plan and June 30, 2016 and June 30, 2015 for the STRS 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 its contributions to the pension plan relative to the contributions of all participating reporting units.

Plan	Measurement Date	Net Pension Liability 2017	Net Pension Liability 2016	Proportionate Share 2017	Proportionate Share 2016	Percent Change
OPERS	December 31	$ 58,744,558	$ 46,516,739	0.259332%	0.269315%	-0.009983%
STRS	July 1	116,609,896	99,828,954	0.348370%	0.361214%	-0.012844%
		$ 175,354,454	$ 146,345,693			

Total pension expense for the years ended June 30, 2017 and June 30, 2016, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below. Pension expense is allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

Plan	Fiscal year 2017 Total Pension Expense	Fiscal year 2016 Total Pension Expense
OPERS	$ 12,474,196	$ 6,942,880
STRS	6,498,193	3,122,847
Total	$ 18,972,389	$ 10,065,727

At June 30, 2017 and June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,804,830	$ 430,630	$ 4,554,639	$ 981,432
Net difference between projected and actual earnings on pension plan investments	18,487,233	-	13,840,716	7,179,589
Changes in assumptions	9,376,197	-	-	-
Change in proportionate share of contributions	19,699	8,365,499	13,414	6,547,866
University contributions subsequent to the measurement date	7,712,874	-	7,717,920	-
Totals	$ 40,400,833	$ 8,796,129	$ 26,126,689	$ 14,708,887

Amounts reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the University's subsequent year's financial statements. Other cumulative amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2018	$ 6,571,034
2019	7,279,236
2020	7,291,350
2021	2,752,452
2022	(2,453)
Thereafter	211
Totals	$ 23,891,830

Actuarial Assumptions

For the June 30, 2017 financial statements, the total pension liability is based on the results of actuarial valuations and determined using the following actuarial assumptions applied to all periods included in the measurement:

	OPERS as of 12/31/16	STRS as of 6/30/16
Acuarial cost method	Individual entry age	Entry age normal
Cost of living	Pre 1/7/2013 retirees: 3% simple, Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple	2% simple applied as follows: for members retiring before August 1, 2013, 2% per year; for members retiring August 1, 2013 or later, 2% COLA paid on fifth anniversary of retirement date
Salary increases, including inflation	3.25%-10.75%	12.25% at age 20 to 2.75% at age 70
Inflation	3.25%	2.75%
Investment rate of return	7.5%	7.75%, net of investment expenses, including inflation
Experience study date	Period of 5 years ended December 2015	Period of 5 years ended July 1, 2012
Mortality basis	RP-2014 mortality table projected 20 years using Projection Scale AA	RP-2000 Combined Mortality Table (Projection 2022-Scale AA)

For the June 30, 2016 financial statements, the total pension liability is based on the results of actuarial valuations and determined using the following actuarial assumptions applied to all periods included in the measurement:

	OPERS as of 12/31/15	STRS as of 6/30/15
Acuarial cost method	Individual entry age	Entry age normal
Cost of living	Pre 1/7/2013 retirees: 3% simple, Post 1/7/2013 retirees: 3% simple through 2018, then 2.8% simple	2% simple applied as follows: for members retiring before August 1, 2013, 2% per year; for members retiring August 1, 2013 or later, 2% COLA paid on fifth anniversary of retirement date
Salary increases, including inflation	4.25%-10.05%	12.25% at age 20 to 2.75% at age 70
Inflation	3.75%	2.75%
Investment rate of return	8%	7.75%, net of investment expenses, including inflation
Experience study date	Period of 5 years ended December 2010	Period of 5 years ended July 1, 2012
Mortality basis	RP-2000 mortality table projected 20 years using Projection Scale AA	RP-2000 Combined Mortality Table (Projection 2022-Scale AA)

In March 2017, the STRS Ohio Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75% to 7.45%. In April 2017, the STRS Ohio Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the University's net pension liability is expected to be significant.

Discount rate

The discount rate used to measure the total pension liability for OPERS was 7.50% and 8% as of June 30, 2017 and June 30, 2016, respectively. The discount rate used to measure the total pension liability for STRS Ohio was 7.75% as of June 30, 2017 and June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that employer contributions will be made at the 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 long term expected rate of return on OPERS defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

STRS Ohio utilizes investment consultants to determine the long-term expected rate of return by developing best estimates of expected future real rates of return for each major asset class.

The target allocation and expected real rates of return for each major asset class are summarized as follows:

OPERS as of 12/31/16		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	23.0%	2.75%
Domestic equity	20.7%	6.34%
International equity	18.3%	7.95%
Real estate	10.0%	4.75%
Private equity	10.0%	8.97%
Other	18.0%	4.92%
Totals	100.0%	

STRS Ohio as of 6/30/16		
Asset Class	Target Allocation	Long-Term expected Real Rate of Return
Domestic equity	31.0%	8.00%
International equity	26.0%	7.85%
Alternatives	14.0%	8.00%
Fixed income	18.0%	3.75%
Real estate	10.0%	6.75%
Liquidity reserves	1.0%	3.00%
Totals	100.0%	

OPERS as of 12/31/15		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	23.0%	2.31%
Domestic equity	20.7%	5.84%
International equity	18.3%	7.40%
Real estate	10.0%	4.25%
Private equity	10.0%	9.25%
Other	18.0%	4.59%
Totals	100.0%	

STRS Ohio as of 6/30/15		
Asset Class	Target Allocation	Long-Term expected Real Rate of Return
Domestic equity	31.0%	8.00%
International equity	26.0%	7.85%
Alternatives	14.0%	8.00%
Fixed income	18.0%	3.75%
Real estate	10.0%	6.75%
Liquidity reserves	1.0%	3.00%
Totals	100.0%	

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 below, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate.

	June 30, 2017 ($ in thousands)					
Plan	1% Decrease		Current Discount Rate		1% Increase	
OPERS	6.50%	$ 89,980	7.50%	$ 58,744	8.50%	$ 32,725
STRS	6.75%	154,965	7.75%	116,610	8.75%	84,255
		$ 244,945		$ 175,354		$ 116,980

	June 30, 2016 ($ in thousands)					
Plan	1% Decrease		Current Discount Rate		1% Increase	
OPERS	7.00%	$ 68,937	8.00%	$ 46,517	9.00%	$ 23,070
STRS	6.75%	138,670	7.75%	99,829	8.75%	66,983
		$ 207,607		$ 146,346		$ 90,053

Pension plan fiduciary net position

Detailed information about OPERS and STRS Ohio fiduciary net position is available in the separately issued financial reports.

Payable to the Pension Plan

The University reported a payable of $1,010,759 and $749,991 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2017 and June 30, 2016, respectively.

Note 14 – Other Post-employment Benefits (OPEB)

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

State Teachers Retirement System of Ohio (STRS Ohio)

Plan Description

STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Funding Policy

Under Ohio Law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 0% of the covered payroll was allocated to post-employment health care for the years ended June 30, 2016 and 2015 and 1% was allocated for the year ended June 30, 2014. The University's contributions allocated to post-employment health care for the years ended June 30, 2016, 2015, and 2014 were $0, $0, $374,996, respectively.

Ohio Public Employees Retirement System (OPERS)

Plan Description

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPRS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016, 2015 and 2014. The portion of the University's calendar year 2016, 2015 and 2014 contributions to OPERS used to fund post-retirement benefits was $696,094, $692,105 and $715,110, respectively.

As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

Note 15 – Contingencies and Risk Management

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

The University 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, 2017, June 30, 2016, and June 30, 2015 were as follows:

	2017	2016	2015
Liability at beginning of fiscal year	$ 1,004,491	$ 1,208,506	$ 1,092,773
Current year claims including changes in estimates	12,067,377	12,942,152	15,057,709
Claim payments	(12,097,803)	(13,146,167)	(14,941,976)
Liability at end of fiscal year	$ 974,065	$ 1,004,491	$ 1,208,506

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

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

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

Note 16 – Component Unit

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

YSUF investments consist of the following at June 30, 2017 and 2016:

	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2017
Investments					
Cash and cash equivalents	$ 1,425,565	$ -	$ -	$ -	$ 1,425,565
Common stock - U.S. stocks	38,193,906	-	-	-	38,193,906
Mutual funds:					
Exchange traded	40,601,321	-	-	-	40,601,321
Money market	4,856,994	-	-	-	4,856,994
Fixed income	19,502,023	10,494,303	-	-	29,996,326
Equity	52,445,279	1,727,834	-	-	54,173,113
Total mutual funds	117,405,617	12,222,137	-	-	129,627,754
Alternative investments:					
Private equity	-	-	16,190,876	-	16,190,876
Hedge funds	-	-	-	41,025,801	41,025,801
Commodities hedge funds	-	-	1,931,787	-	1,931,787
Total alternatives	-	-	18,122,663	41,025,801	59,148,464
Total	$ 157,025,088	$ 12,222,137	$ 18,122,663	$ 41,025,801	$ 228,395,689

	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2016
Investments					
Common stock - U.S. stocks	$ 40,056,311	$ -	$ -	$ -	$ 40,056,311
Mutual funds:					
Exchange traded	36,239,950	-	-	-	36,239,950
Money market	5,890,174	-	-	-	5,890,174
Fixed income	26,063,391	-	-	-	26,063,391
Equity	23,849,330	-	-	11,296,714	35,146,044
Total mutual funds	92,042,845	-	-	11,296,714	103,339,559
Alternative investments:					
Private equity	-	-	10,249,382	-	10,249,382
Hedge funds	-	-	-	50,668,925	50,668,925
Commodities hedge funds	-	-	2,329,459	-	2,329,459
Total alternatives	-	-	12,578,841	50,668,925	63,247,766
Total	$ 132,099,156	$ -	$ 12,578,841	$ 61,965,639	$ 206,643,636

Financial support from YSUF was $8,067,599 for the fiscal year ended June 30, 2017 and $7,722,375 for the fiscal year ended June 30, 2016. Financial support from YSUF has been committed for fiscal year 2018 in the amount of $8,161,200.

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

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

OPERS

Fiscal Year Measurement Date	2017 1/1/16-12/31/16	2016 1/1/15-12/31/15	2015 1/1/14-12/31/14
University's proportion of the net pension liability (asset)	0.259332%	0.269315%	0.284240%
University's proportionate share of the net pension liability (asset)	$ 58,744,558	$ 46,516,739	$ 34,173,082
University's covered payroll	$ 39,595,198	$ 39,715,198	$ 40,769,505
University's proportionate share of the collective net pension liability as a percentage of the employers covered payroll	148.36%	117.13%	83.82%
Plan fiduciary net position as a percentage of the total pension liability	80.00%	85.00%	84.00%

STRS Ohio

Fiscal Year Measurement Date	2017 7/1/15-6/30/16	2016 7/1/14-6/30/15	2015 7/1/13-6/30/14
University's proportion of the net pension liability (asset)	0.348370%	0.361214%	0.384452%
University's proportionate share of the net pension liability (asset)	$ 116,609,806	$ 99,828,954	$ 93,512,061
University's covered payroll	$ 41,521,217	$ 42,774,459	$ 44,313,510
University's proportionate share of the collective net pension liability as a percentage of the employers covered payroll	280.84%	233.38%	211.02%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%

NOTE: Years prior to 2015 are not available.

Schedules of the University's Contributions

OPERS

	2017	2016	2015
Statutorily required contribution	$ 5,043,147	$ 4,994,138	$ 5,095,976
Contributions in relation to the statutorily required contribution	$ 5,043,147	$ 4,994,138	$ 5,095,976
Annual contribution deficiency	$ -	$ -	$ -
University's covered payroll	$39,901,665	$39,458,926	$40,264,007
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	12.64%	12.66%	12.66%

STRS Ohio

	2017	2016	2015
Statutorily required contribution	$ 5,107,383	$ 5,153,427	$ 5,318,436
Contributions in relation to the statutorily required contribution	$ 5,107,383	$ 5,153,427	$ 5,315,436
Annual contribution deficiency	$ -	$ -	$ -
University's covered payroll	$41,199,747	$41,521,217	$42,774,459
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	12.40%	12.41%	12.43%

NOTE: Years prior to 2015 are not available.

Board of Trustees

Executive Officers

Mr. James P. Tressel, M.A.	*President*
Dr. Martin A. Abraham	*Provost and Vice President for Academic Affairs*
Neal P. McNally, M.P.A.	*Vice President for Finance & Administration*
Holly A. Jacobs, J.D.	*Vice President and General Counsel*

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YSU 2020 Strategic Plan Update: Accountability & Sustainability Cornerstone - Fiscal Health

Senate Bill 6 Ratios

The Accountability & Sustainability Cornerstone of the YSU 2020 Strategic Plan identifies the institution/Board metric for **fiscal health** as an "Index of Pertinent Financial Ratios (Senate Bill 6 Ratio)."

Enacted in 1997, Senate Bill 6 requires the Ohio Department of Higher Education to annually calculate three financial ratios on the basis each institution's audited financial statements:

**Net income ratio*: change in total net assets ÷ total revenues. = 20% of composite score

**Viability ratio*: expendable net assets ÷ plant debt. = 30% of composite score

**Primary reserve ratio*: expendable net assets ÷ total operating expenses + interest on debt. = 50% of composite score

YSU's FY 2017 ratios and scores are depicted in the table below:

Senate Bill 6 Sliding Scale						Weighted Scoring		
Primary Reserve Ratio								
0	1	2	3	4	5	Factor	Weight	Score
<-.10	-.10 to .049	.05 to .099	.10 to .249	.25 to .49 0.343	=>.50	4	50%	2.00
Viability Ratio								
0	1	2	3	4	5	Factor	Weight	Score
<0	0 to .29	.30 to.59	.60 to .99 0.775	1.0 to 2.50	>2.50	3	30%	0.90
Net Income Ratio								
0	1	2	3	4	5	Factor	Weight	Score
<-.049	-.05 to 0	0 to .009	.01 to .029	.03 to .049 0.037	=>.05	4	20%	0.80
YSU Composite S.B. 6 Score								3.70

What the ratios mean:

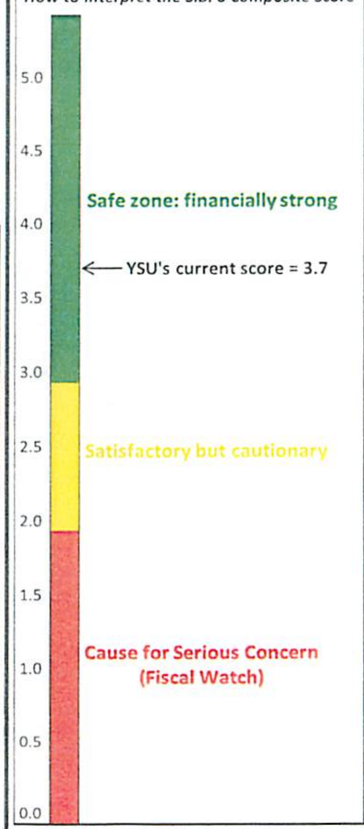
**Net income ratio*: compares expenses and revenues to determine if a campus is operating within its resources.

**Viability ratio*: measures a campus's ability to manage long-term debt obligations.

**Primary reserve ratio*: measures a campus's ability to use reserves in the absence of future revenue.

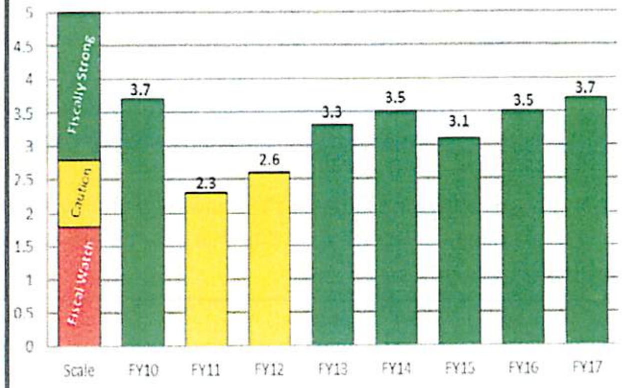
Key metric: ***Composite Score***, the sum of weighted scores from the net income, viability and primary reserve ratios.

How to interpret the S.B. 6 Composite Score



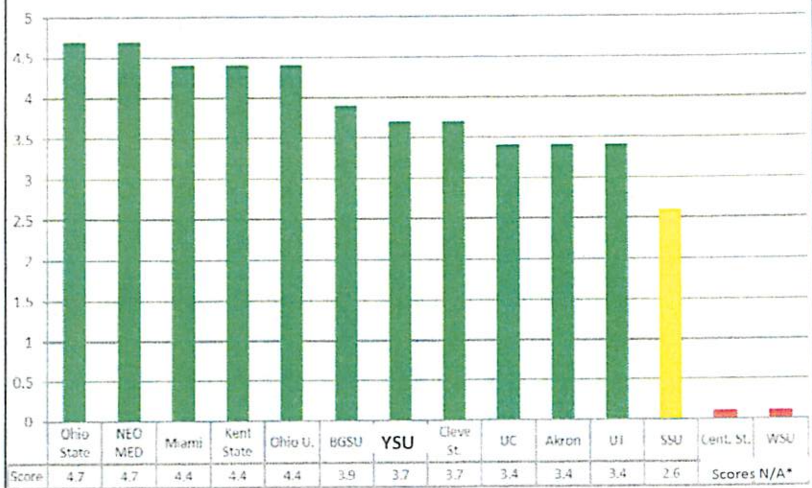
Historical Data

How YSU's S.B. 6 composite score has changed over the last 8 years:



Institutional Comparisons

The FY 2017 preliminary and unofficial S.B. 6 Composite Scores for Ohio's state universities are shown in the graph below:



*Central State and Wright State had not yet reported S.B. 6 information at the time this report was prepared.

YSU 2020 Strategic Plan Update: Accountability & Sustainability Cornerstone - Fiscal Health

Bond Ratings

The YSU 2020 Strategic Plan also cites the University's bond rating as a metric of fiscal health. Measured by independent rating agencies, this metric signifies the University's credit worthiness in the public debt market. YSU's current ratings are as follows:

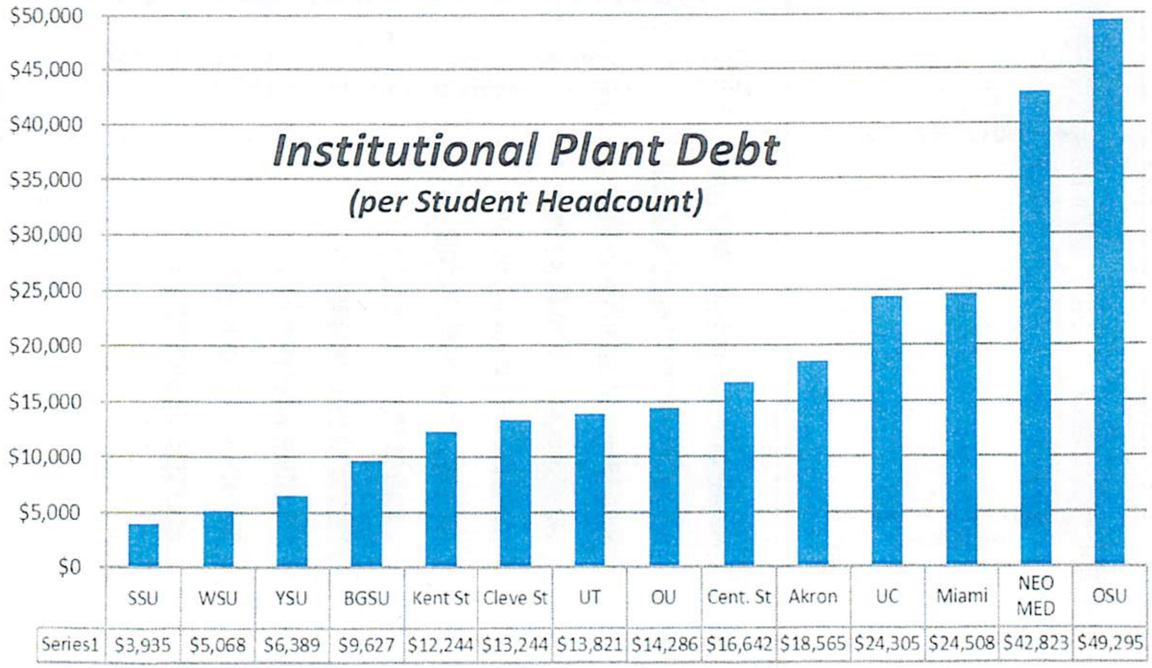
Moody's: A2, stable outlook (reaffirmed 2016)
Standard & Poor's: A+, stable outlook (upgraded 2016)

These ratings indicate that YSU is a high quality investment with only moderate risk. The table to the right summarizes the rating scales used by Moody's and S&P.

Moody's			*S & P*	*Description*
Aaa1	Aaa2	Aaa3	AAA	Best quality, little or no risk
Aa1	Aa2	Aa3	AA	High quality, low risk
A1	A2	A3	A	High quality, moderate risk
Baa1	Baa2	Baa3	BBB	Good quality, some risk
Ba1	Ba2	Ba3	BB	Medium quality, some risk
B1	B2	B3	B	Medium quality, higher risk
Caa1	Caa2	Caa3	CCC	Low quality, susceptible to default
Ca1	Ca2	Ca3	CC	Lower quality, susceptible to default
C1	C2	C3	C	Lowest quality, highly susceptible to default
-	-	-	D	In default (S&P rating only)

Institutional Plant Debt - FY 2016

As capital appropriations from the state of Ohio have declined over the past 30 years, Ohio's state-supported public universities have increasingly issued local debt to raise capital to maintain the physical plant and build new buildings. Consequently, institutional plant debt has topped $7 billion dollars at Ohio's state universities. As shown in the graph below, ***YSU's plant debt per student enrollment is 3rd lowest in the state.***



	Total Plant Debt	Student Enrollment	Plant debt per student
Bowling Green St.	$190,972,008	19,837	$9,627
Central State	$27,942,242	1,679	$16,642
Cleveland State	$223,722,201	16,892	$13,244
Kent State	$501,087,000	40,925	$12,244
Miami Univ.	$597,108,000	24,364	$24,508
NEOMED	$41,152,527	961	$42,823
Ohio State	$3,279,095,000	66,520	$49,295
Ohio University	$526,673,644	36,867	$14,286
Shawnee St.	$14,810,234	3,764	$3,935
University of Akron	$429,303,913	23,124	$18,565
University of Cincinnati	$1,077,870,000	44,348	$24,305
University of Toledo	$283,913,000	20,542	$13,821
Wright State	$88,746,614	17,512	$5,068
Youngstown State	$80,815,000	12,649	$6,389
Total	$7,363,211,383	Average:	$22,314

Source: Ohio Department of Higher Education.