



**YOUNGSTOWN
STATE
UNIVERSITY**

**MAHONING COUNTY
SINGLE AUDIT REPORT**
For the Years Ended
June 30, 2023 and 2022

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Youngstown State University
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We have reviewed the *Independent Auditor's Report* of the Youngstown State University, Mahoning County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Youngstown State University is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 05, 2023

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YOUNGSTOWN STATE UNIVERSITY

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YOUNGSTOWN STATE UNIVERSITY

MESSAGE FROM INTERIM PRESIDENT LAFFERTY

October 13, 2023

As the 2022-23 academic year began, Youngstown State University embarked on a momentous transition as President Jim Tressel, who served as our ninth president, announced that he would be stepping aside on January 31, 2023. While this marked the first change in leadership on our campus in 8.5 years, our unwavering focus on learning and service has allowed YSU to confront the evolving landscape of higher education with resilience. We remain committed to providing our students with opportunities to excel academically and professionally.

Notably, YSU students have continued to shine both inside and outside the classroom. Jason Hess, a Mechanical Engineering major and member of the Sokolov Honors College, was announced as a 2023 Truman Scholar by the Board of Trustees of the Harry S. Truman Scholarship Foundation. The Truman Scholarship is the premier graduate scholarship for aspiring public service leaders in the United States. Hess is YSU's first-ever recipient of the prestigious Truman Scholarship. Our Concrete Canoe team, for the second time in program history, placed second overall at the national American Society of Civil Engineers' annual Concrete Canoe Competition, and the Penguin Steel Bridge team's historic achievement at the national level are testaments to the dedication and talent of our students. Furthermore, YSU's faculty and staff have excelled in securing research and service grants, totaling nearly \$16 million in the past fiscal year, a record high for our institution. This remarkable achievement underscores our commitment to advancing knowledge and making a positive impact on our community and beyond. In addition to academic excellence, YSU's Division of Workforce Innovation and Education continues to play a pivotal role in bridging the skills gap and contributing to regional economic growth.

Youngstown State University remains a robust institution with great momentum. Our exceptional students, dedicated faculty and staff, and the generous support of our alumni, donors, and stakeholders continue to propel us forward as a positive force in our region. YSU's economic impact on the Youngstown community and the region as a whole is substantial. Our contributions to job creation, industry partnerships, and community development initiatives have fostered economic growth, innovation, and employment opportunities. YSU's role in preparing a skilled workforce aligned with the needs of local industries further solidifies our commitment to driving economic development and prosperity in our region. We are confident that Youngstown State University will remain a catalyst for positive change, an engine of economic growth, and a place where learning and service thrive.

Sincerely,



Helen K. Lafferty, Ph.D.
Interim President

Independent Auditor's Report

To the Board of Trustees
Youngstown State University

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Youngstown State University (the "University"), a component unit of the State of Ohio, as of and for the years ended June 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise Youngstown State University's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of Youngstown State University as of June 30, 2023 and 2022 and the respective changes in its 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2023, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Trustees
Youngstown State University

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the University's proportionate share of the net pension liability, the schedule of the University's pension contributions, the schedule of the University's proportionate share of the net OPEB liability (asset), and the schedule of the University's OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 audits 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.

To the Board of Trustees
Youngstown State University

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Youngstown State University's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 US. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Additional Information

Management is responsible for the message from President Lafferty, list of the board of trustees, and list of the executive officers, which are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Our opinion on the financial statements does not cover such information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023 on our consideration of Youngstown State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Youngstown State University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Youngstown State University's internal control over financial reporting and compliance.



October 12, 2023

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of Youngstown State University's (the University or YSU) Financial Report presents a discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2023 with comparative information for the fiscal years ended June 30, 2022 and June 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

Introduction

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

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

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

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

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

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

The University is located on a 145-acre campus near downtown Youngstown, Ohio and is equidistant (approximately 60 miles) from both Pittsburgh and Cleveland. Fall 2023 enrollment was 10,993.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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; and No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole.

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

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

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

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

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

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

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 and amortization.

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

In fiscal year 2022, the University adopted GASB Statement No. 87 *Leases* the objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. This resulted in a change in accounting principle that was reflected as of July 1, 2020.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

In fiscal year 2023, the University adopted GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (SBITAs) the objective of which is to better meet the needs of financial statement users by improving accounting and financial reporting for subscription-based information technology arrangements. This resulted in a change in accounting principle and has been reflected as of July 1, 2021. Refer to Note 1 for details.

The Statement of Net Position

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

A summarized comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2023, 2022, and 2021 follows:

| | June 30, 2023 | As Restated June 30, 2022 | June 30, 2021 |
|----------------------------------|-----------------------|------------------------------|-----------------------|
| Assets | | | |
| Current assets | \$ 79,812,952 | \$ 86,366,161 | \$ 94,074,484 |
| Noncurrent assets | | | |
| Capital assets, net | 232,127,268 | 233,704,247 | 226,308,045 |
| Other assets | 35,505,385 | 39,870,619 | 38,723,748 |
| Total noncurrent assets | <u>267,632,653</u> | <u>273,574,866</u> | <u>265,031,793</u> |
| Total Assets | <u>347,445,605</u> | <u>359,941,027</u> | <u>359,106,277</u> |
| Deferred Outflows of Resources | 47,522,270 | 25,271,598 | 19,957,699 |
| Liabilities | | | |
| Current liabilities | 31,618,258 | 30,735,060 | 27,328,028 |
| Noncurrent liabilities | 200,887,528 | 132,223,262 | 182,111,301 |
| Total Liabilities | <u>232,505,786</u> | <u>162,958,322</u> | <u>209,439,329</u> |
| Deferred Inflows of Resources | <u>20,470,496</u> | <u>79,906,614</u> | <u>43,242,835</u> |
| Net Position | | | |
| Net investment in capital assets | \$ 160,487,997 | \$ 157,722,125 | \$ 156,049,345 |
| Restricted | 37,998,645 | 37,343,505 | 28,284,607 |
| Unrestricted | (56,495,049) | (52,717,941) | (57,952,140) |
| Total Net Position | <u>\$ 141,991,593</u> | <u>\$ 142,347,689</u> | <u>\$ 126,381,812</u> |

Current assets include unrestricted and restricted cash and cash equivalents, investments that mature within one year, receivables, inventories, and other short-term assets. Noncurrent assets include unrestricted investments that mature in more than one year and investments that are restricted by donors or external parties as to their use. Also included are receivables deemed to be collectible in more than one year, capital assets, and net OPEB assets. Current assets decreased

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

\$6.6 million from fiscal year 2022 to fiscal year 2023 and decreased \$7.7 million from fiscal year 2021 to fiscal year 2022. Noncurrent assets decreased \$5.9 million from fiscal year 2022 to fiscal year 2023 and increased \$8.5 million from fiscal year 2021 to fiscal year 2022.

Deferred outflows of resources include resources where the consumption is applicable to a future reporting period, but does not require further exchange of service. Deferred outflows, which include items relating to pensions/OPEB, increased \$22.2 million from fiscal year 2022 to fiscal year 2023 and increased \$5.3 million from fiscal year 2021 to fiscal year 2022.

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, leased liabilities, compensated absences, and net pension/OPEB asset/liabilities. Current liabilities increased \$.9 million from fiscal year 2022 to fiscal year 2023 and increased \$3.4 million from fiscal year 2021 to fiscal year 2022. Noncurrent liabilities increased \$68.6 million from fiscal year 2022 to fiscal year 2023 and decreased \$49.9 million from fiscal year 2021 to fiscal year 2022.

Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period. Deferred inflows of resources which include unamortized concession arrangements and items relating to pensions/OPEB decreased \$59.4 million from fiscal year 2022 to fiscal year 2023 and increased \$36.7 million from fiscal year 2021 to fiscal year 2022.

Assets

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

| | June 30, 2023 | As Restated June 30, 2022 | June 30, 2021 |
|--|-----------------------|------------------------------|-----------------------|
| Cash and cash equivalents | \$ 20,392,242 | \$ 29,097,272 | \$ 26,292,042 |
| Investments | 76,557,949 | 70,088,007 | 76,697,768 |
| Accounts, loans, and pledges receivable, net | 9,619,205 | 11,994,668 | 18,574,813 |
| Net OPEB asset | 6,776,000 | 13,227,241 | 9,486,443 |
| Capital assets, net | 232,127,268 | 233,704,247 | 226,308,045 |
| Other | 1,972,941 | 1,829,592 | 1,747,166 |
| Total Assets | <u>\$ 347,445,605</u> | <u>\$ 359,941,027</u> | <u>\$ 359,106,277</u> |

Cash and cash equivalents decreased \$8.7 million or 30% from fiscal year 2022 to fiscal year 2023. The decrease was due to a combination of \$71.4 million used in operating activities, \$77.1 million provided by noncapital financing activities, \$.2 million used in investing activities, and \$14.2 million used in capital and related financing activities.

Investments increased \$6.4 million or 9% from fiscal year 2022 to fiscal year 2023. Unrestricted investments increased \$5.1 million whereas endowments and restricted investments increased \$1.3

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

million. The increase was primarily due to investment income and unrealized gains resulting from a favorable market environment.

Overall accounts, loans, and pledges receivable decreased \$2.4 million or 20% from fiscal year 2022 to fiscal year 2023. The decrease was primarily due to a decrease in net accounts receivable. Net accounts receivable decreased \$2.2 million from \$11.7 million at June 30, 2022 to \$9.5 million at June 30, 2023, including a \$.5 million decrease in net student accounts, a \$1.3 million decrease in grants and contracts receivable, and a \$.4 million decrease in state appropriations receivable. The decrease in grants and contracts receivables was due to the drawdown of prior year unreimbursed HEERF funds and receivables relating to the Energy Storage Report and Roadmap, and construction of the Excellence Training Center. State capital appropriation receivables decreased due to decreased year end activity on capital projects funded from state capital appropriations.

Net OPEB assets decreased \$6.5 million or 49% from fiscal year 2022 to fiscal year 2023. The decrease was primarily due to a combination of a \$7.3 million decrease in the OPERS net OPEB asset and a \$.8 increase in the STRS net OPEB asset. The STRS Ohio and OPERS net OPEB asset balances were \$6.8 million and \$0 at June 30, 2023 and \$5.9 million and \$7.3 million at June 30, 2022, respectively.

Cash and cash equivalents increased \$2.8 million or 11% from fiscal year 2021 to fiscal year 2022. This increase was due to a combination of \$97.4 million used in operating activities, \$108.7 million provided by noncapital financing activities, \$.8 million used in investing activities, and \$7.7 million used in capital and related financing activities.

Investments decreased \$6.6 million or 9% from fiscal year 2021 to fiscal year 2022. Unrestricted investments decreased \$4.5 million whereas endowments and restricted investments decreased \$2.1 million. This decrease was primarily due to unrealized losses resulting from an unfavorable market environment. Investments in equity mutual funds and common stock funds decreased \$9.2 million and \$2.7 million, respectively, whereas alternative investments increased \$5 million.

Overall accounts, loans, and pledges receivable, net decreased \$6.6 million or 35% from fiscal year 2021 to fiscal year 2022. This decrease was primarily due to a decrease in net accounts receivable. Net accounts receivable decreased \$6.3 million from \$18 million at June 30, 2021 to \$11.7 million at June 30, 2022. Student accounts, net decreased \$1.1 million, largely due to the utilization of \$2.7 million of HEERF funds to discharge student debt. Grants and contracts receivables, net decreased \$5.8 million due to the draw down of \$2.6 million in unreimbursed uses of HEERF funds and receipt of \$2.7 million in grants receivables relating to the construction of the Excellence Training Center. State capital appropriations receivables increased \$1 million due to increased year end activity on capital projects funded from state capital appropriations.

Net OPEB assets increased \$3.7 million or 39% from fiscal year 2021 to fiscal year 2022. The increase was primarily due to a \$3.3 million increase in the OPERS net OPEB asset. The STRS Ohio and OPERS net OPEB asset balances were \$5.9 million and \$7.3 million at June 30, 2022 compared to \$5.5 million and \$4 million at June 30, 2021, respectively.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

At June 30, 2023, the University had \$232.1 million in capital assets, net of accumulated depreciation and amortization. Depreciation and amortization totaled \$17.9 million, \$15.5 million, and \$14.1 million in fiscal years 2023, 2022, and 2021 respectively.

Details of net capital assets are shown below.

| | June 30, 2023 | As Restated June 30, 2022 | June 30, 2021 |
|--|-----------------------|------------------------------|-----------------------|
| Land | \$ 18,608,679 | \$ 18,538,609 | \$ 17,810,443 |
| Buildings, net | 87,670,344 | 92,196,287 | 96,922,214 |
| Improvements to buildings, net | 85,333,457 | 80,215,957 | 81,347,110 |
| Improvements other than buildings, net | 18,768,673 | 19,866,589 | 20,994,408 |
| Construction in progress | 5,410,041 | 5,553,563 | 1,515,662 |
| Moveable equipment and furniture, net | 6,364,831 | 6,016,480 | 4,857,512 |
| Vehicles, net | 361,187 | 363,254 | 218,327 |
| Historical treasures | 1,056,488 | 1,041,338 | 1,021,538 |
| Right-to-use assets - equipment, net | 992,357 | 1,212,198 | 1,620,831 |
| Right-to-use assets - SBITAs, net | 7,561,211 | 8,699,972 | - |
| Total Capital Assets, net | <u>\$ 232,127,268</u> | <u>\$ 233,704,247</u> | <u>\$ 226,308,045</u> |

Major capital activity during fiscal year 2023 included the completion of the Watson Team Center, a facility designed for the University's engineering students to prepare for competitions. Improvements to various buildings across campus were also completed to address the exterior deterioration of the building envelopes, upgrades to HVAC and air handling units and upgrades to doors to enhance campus safety. In addition, the Korandovich Sports Medicine Center located in Beeghly Center, a space to serve the health care needs of the University's student-athletes, and the DiBacco Family Leadership Center, a multi-purpose meeting and classroom located in Stambaugh Stadium, were completed. Parking improvements included the completion of several new surface lots on the west side of campus as well as repairs to the M30 parking deck. Renovations were made to the first floor and basement of Moser Hall, the first floor of Silvestri Hall, the bathrooms in the east wing of Lyden House and the elevators in Jones Hall. In addition, a portion of Kohli Hall roof was replaced, as well as the Cafaro House hot water tank and flooring in various parts of the Andrews Recreation Center. Construction in progress includes the Arlington parking lot located at the site of the previous M60 parking deck, upgrades to the utility distribution systems, repairs to the M30 parking deck, renovations to the Lyden House bathrooms in the south wing, replacement of the Cushwa Hall and E.J. Salata Complex roofs, repairs to the elevators in Silvestri Hall and Beeghly Center, renovations to the STEM science labs in Ward Beecher Hall, renovations to the auditorium and classrooms in Moser Hall and renovations to the second floor of Silvestri Hall.

Right-to-use assets additions included printer/copier equipment and various information technology software leases.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Major capital activity during fiscal year 2022 included the completion of the campus development project to upgrade and replace various walkways, entrances, retaining walls and other exterior elements. Parking improvements included repairs and renovations to the parking decks during 2021 and the resurfacing of the M63 parking lot. Building improvements included the completion of the third phase of renovations in Ward Beecher Hall as well as renovations to the greenhouse. In addition, the third phase of renovations to the Physical Therapy department in Cushwa Hall were completed as well as the second phase of renovations in Fedor Hall. Renovations were also made in the Edward J. Salata Complex, the restrooms in Kilcawley Center and the Alumni Events office in Tod Hall. The chiller in Kilcawley House was replaced and upgrades were made to the air handling unit in Bliss Hall. Multiple parcels of land were purchased including parcels on Fifth Avenue and West Commerce Street with the intent of creating additional parking areas as well as parcels on West Rayen Avenue with the intent of creating the Watson Team Center, a space to house the University's engineering and engineering technology competition teams. Construction in progress includes the Watson Team Center and renovations to various buildings across campus to address the exterior deterioration of building envelopes, upgrade HVAC and air handling units, repair and replace elevators, upgrade the utility distribution systems and upgrade doors to enhance campus safety. In addition, renovations are underway in Moser Hall and the Lyden House bathrooms as well as repairs and renovations to Kohli Hall's roof.

In addition, the impact of the July 1, 2021 implementation of GASB 96 in fiscal year 2022 was an increase of \$8.7 million in net Right-to-use assets – SBITAs, including a \$7.6 million restatement of beginning balances, current year SBITA additions of \$3.5 million and current year amortization of \$2.4 million.

Major capital activity during fiscal year 2021 included the completion of the Excellence Training Center located in Kohli Hall as well as renovations to Fedor Hall and the two pedestrian bridges on campus. The second phase of renovations to the Physical Therapy department in Cushwa Hall was completed as well as renovations in Maag Library and the Natatorium in the Beeghly Center. In addition, restrooms in Sweeney Hall and Cushwa Hall were updated, the roofs on Fok Hall and Ward Beecher Hall were replaced, and structural improvements were made to Ward Beecher Hall. Also, renovations took place in Stambaugh Stadium to create office and locker room space for swimming and lacrosse, and the Beede Field artificial turf was replaced. Parking improvements included repairs and renovations to the M30 and M60 parking decks and the resurfacing of the M70 parking lot. Construction in progress includes Campus Development which will upgrade and replace various walkways, entrances, retaining walls and other exterior elements, repairs and renovations to the M30 and M60 parking decks, the second phase of renovations to Fedor Hall, the third phase of renovations to the Physical Therapy Department in Cushwa Hall, and the replacement of the Kilcawley House chiller.

See Note 7 for additional information on capital assets and Note 11 for leased liabilities related to right-to-use assets.

Other assets remained flat from fiscal year 2022 to fiscal year 2023, and from fiscal year 2021 to fiscal year 2022.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Deferred Outflows/Inflows of Resources

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

| Deferred Outflows of Resources | June 30, 2023 | June 30, 2022 | June 30, 2021 |
|--------------------------------------|----------------------|----------------------|----------------------|
| Related to pension | \$ 41,260,805 | \$ 23,035,309 | \$ 15,805,606 |
| Related to OPEB | 4,932,333 | 780,035 | 2,597,825 |
| Bond refunding | 1,329,132 | 1,456,254 | 1,554,268 |
| Total Deferred Outflows of Resources | <u>\$ 47,522,270</u> | <u>\$ 25,271,598</u> | <u>\$ 19,957,699</u> |

| Deferred Inflows of Resources | June 30, 2023 | June 30, 2022 | June 30, 2021 |
|-------------------------------------|----------------------|----------------------|----------------------|
| Service concession agreements | \$ 45,000 | \$ 132,500 | \$ 220,000 |
| Related to pension | 14,043,127 | 65,195,303 | 22,329,129 |
| Related to OPEB | 6,382,369 | 14,578,811 | 20,693,706 |
| Total Deferred Inflows of Resources | <u>\$ 20,470,496</u> | <u>\$ 79,906,614</u> | <u>\$ 43,242,835</u> |

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

Deferred outflows of resources increased \$22.2 million or 88% from fiscal year 2022 to fiscal year 2023. Deferred outflows of resources related to pension increased \$18.2 million or 79% primarily due to a combination of a \$22.2 million increase in the net difference between projected and actual earnings on pension plan investments, including a \$20.2 million increase related to the OPERS plan and a \$2 million increase in the STRS Ohio plan; and a \$4.8 million decrease in changes in assumptions, including a \$1.8 million decrease in the OPERS plan and a \$3 million decrease in the STRS Ohio plan. Deferred outflows of resources related to OPEB increased \$4.1 million or 532% primarily due a \$3 million increase in the net difference between projected and actual earnings on OPEB plan investments, including a \$2.9 million increase in the OPERS plan and a \$0.1 million increase in the STRS Ohio plan, and a \$1.3 million increase in changes in assumptions, including a \$1.4 million increase in the OPERS plan and a \$0.1 decrease in the STRS plan.

Deferred inflows of resources decreased \$59.4 million or 74% from fiscal year 2022 to fiscal year 2023. Deferred inflows of resources related to pension decreased \$51.1 million or 78% primarily due to a combination of a \$55.7 million decrease in the net difference between projected and actual earning on pension plan investments, including a \$24.7 million decrease in the OPERS plan and a \$31 million decrease in the STRS Ohio plan; a \$5.2 million increase in changes in assumptions in

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

the STRS Ohio plan; and a \$0.5 million decrease in the differences between expected and actual experience in the OPERS plan. Deferred inflows of resources related to OPEB decreased \$8.2 million or 56% primarily due to a combination of a \$0.8 million decrease in differences between expected and actual experience in the OPERS plan; a \$1.6 million decrease in changes in assumptions, including a \$2.8 million decrease in the OPERS plan and a \$1.2 million increase in the STRS Ohio plan; a \$5.1 million decrease in the net difference between projected and actual earnings on OPEB plan investments, including a \$3.5 million decrease in the OPERS plan and a \$1.6 million decrease in the STRS Ohio plan; and a \$0.7 million decrease in changes in proportion and differences between Reporting Unit contributions and proportionate share of contributions in the OPERS plan.

Deferred outflows of resources increased \$5.3 million or 27% from fiscal year 2021 to fiscal year 2022. Deferred outflows of resources related to pension increased \$7.2 million or 46% primarily due to a combination of a \$2 million increase in the difference between expected and actual experience, including a \$1.1 million increase related to the OPERS plan and a \$0.9 million increase related to the STRS Ohio plan; an \$8.5 million increase in change in assumptions, including a \$2.6 million related to the OPERS plan and a \$5.9 million increase to the STRS Ohio plan; and a \$3.7 million decrease in the net difference between projected and actual earnings on pension plan investments related to the STRS Ohio plan. Deferred outflows of resources related to OPEB decreased \$1.8 million or 70% primarily due to a \$1.6 million decrease in the changes in assumptions, including a \$1.9 million decrease related to the OPERS plan and a \$0.3 million increase related to the STRS Ohio plan.

Deferred inflows of resources increased \$36.7 million or 85% from fiscal year 2021 to fiscal year 2022. Deferred inflows of resources related to pension increased \$42.9 million or 192% primarily due to a \$42.7 million increase in the net difference between projected and actual earnings on pension plan investments, including an \$11.6 million increase related to the OPERS plan and a \$31 million increase to the STRS Ohio plan. Deferred inflows of resources related to OPEB decreased \$6.1 million or 30% primarily due to a combination of a \$2.5 million decrease in the differences between expected and actual experience related to the OPERS plan; a \$5.2 million decrease in the changes in assumptions, including a \$3.5 million decrease related to the OPERS plan and a \$1.7 million decrease related to the STRS Ohio plan; a \$3 million increase in the net difference between projected and actual earnings on OPEB plan investments, including a \$1.4 million increase related to the OPERS plan and a \$1.6 million increase related to the STRS Ohio plan; and a \$1.5 million decrease in the changes in proportion and differences between contributions and proportionate share of contributions related to the OPERS plan.

See Note 13 for additional information on employee benefit plans.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Liabilities

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

| | June 30, 2023 | As Restated June 30, 2022 | June 30, 2021 |
|-----------------------------------|-----------------------|------------------------------|-----------------------|
| Accounts and construction payable | \$ 6,698,832 | \$ 7,006,100 | \$ 5,277,472 |
| Payroll liabilities | 8,465,249 | 8,708,877 | 8,418,693 |
| Bonds payable, net | 53,117,998 | 55,327,063 | 56,985,643 |
| Notes payable | 11,030,839 | 12,109,512 | 13,059,956 |
| Leased liabilities - equipment | 1,405,400 | 1,500,240 | 1,767,369 |
| Leased liabilities - SBITAs | 7,415,065 | 8,501,561 | - |
| Compensated absences | 6,244,572 | 6,314,388 | 6,595,243 |
| Unearned revenue | 7,414,928 | 6,618,717 | 7,155,847 |
| Refundable advance | - | 172,310 | 670,781 |
| Other | 1,605,899 | 1,232,497 | 1,001,475 |
| Net pension liability | 127,641,526 | 55,467,057 | 108,506,850 |
| Net OPEB liability | 1,465,478 | - | - |
| Total Liabilities | <u>\$ 232,505,786</u> | <u>\$ 162,958,322</u> | <u>\$ 209,439,329</u> |

Total liabilities increased \$69.5 million or 43% from fiscal year 2022 to fiscal year 2023. Bonds payable decreased \$2.2 million and notes payable decreased \$1.2 million due to scheduled debt service payments. Leased liabilities – SBITAs decreased a \$1.1 million due to a combination of current year additions of \$1.8 million and current year reductions of \$2.9 million. The net pension liability increased \$72.2 million, including a \$22.2 million increase in the STRS Ohio net pension liability and a \$50 million increase in the OPERS net pension liability. The STRS Ohio and OPERS net pension liability balances were \$58.2 million and \$69.4 million at June 30, 2023 compared to \$36 million and \$19.4 million at June 30, 2022, respectively. The OPERS net OPEB liability increased from \$0 at June 30, 2022 to \$1.5 million at June 30, 2023.

Total liabilities decreased \$46.5 million or 22% from fiscal year 2021 to fiscal year 2022. Accounts and construction payable increased \$1.7 million largely due to increased year end activity on construction projects. Bonds payable decreased \$1.7 million due to scheduled debt service payments. Leased liabilities – SBITAs increased \$8.5 million due to the implementation of GASB 96, including a \$7.6 restatement of beginning balances, current year additions of \$3.5 million and current year reductions of \$2.6 million. The net pension liability decreased \$53 million, including a \$40.1 million decrease in the STRS Ohio net pension liability and a \$12.9 million decrease in the OPERS net pension liability. The STRS Ohio and OPERS net pension liability balances were \$36 million and \$19.4 million at June 30, 2022 compared to \$76.1 million and \$32.4 million at June 30, 2021, 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 employee benefit plans.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Net Position

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

| | June 30, 2023 | As Restated June 30, 2022 | June 30, 2021 |
|--|-----------------------|------------------------------|-----------------------|
| Total Net Position | \$ 141,991,593 | \$ 142,347,689 | \$ 126,381,812 |
| Add | | | |
| Deferred inflows of resources related to pension/OPEB | 20,425,496 | 79,774,114 | 43,022,835 |
| Net pension/OPEB liability | 127,641,526 | 55,467,057 | 108,506,850 |
| Subtract | | | |
| Deferred outflows of resources related to pension/OPEB | (46,193,138) | (23,815,344) | (18,403,431) |
| Net pension/OPEB asset | (5,310,522) | (13,227,241) | (9,486,443) |
| Total Net Position without GASBs 68 and 75 | <u>\$ 238,554,955</u> | <u>\$ 240,546,275</u> | <u>\$ 250,021,623</u> |

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

| | June 30, 2023 | As Restated June 30, 2022 | June 30, 2021 |
|---|-----------------------|------------------------------|-----------------------|
| Net investment in capital assets, net of related debt | \$ 160,487,997 | \$ 157,722,125 | \$ 156,049,345 |
| Restricted, nonexpendable - endowments | 5,793,286 | 5,755,537 | 5,674,506 |
| Restricted, expendable - gifts, grants, and student loans | 32,205,359 | 31,587,968 | 22,610,101 |
| Unrestricted (without GASBs 68 and 75) | 40,068,313 | 45,480,645 | 65,687,671 |
| GASBs 68 and 75 | (96,563,362) | (98,198,586) | (123,639,811) |
| Total Net Position | <u>\$ 141,991,593</u> | <u>\$ 142,347,689</u> | <u>\$ 126,381,812</u> |

Overall, the University's total net position decreased \$.3 million or .3% from \$142.3 at June 30, 2022 to \$142 million at June 30, 2023. This resulted from an excess of expenses over revenues and includes a \$2.8 million increase in the net amount invested in capital assets, a \$.7 million increase in restricted net position, a \$5.4 decrease in unrestricted net position excluding the impact of GASBs 68 and 75 and a \$1.6 million increase in unrestricted net position attributed to the impact of GASBs 68 and 75.

Overall, the University's total net position increased \$15.9 million or 12.6% from \$126.4 million at June 30, 2021 to \$142.3 million at June 30, 2022. This resulted from an excess of revenues over expenses and includes a \$1.7 million increase in the net amount invested in capital assets, a \$9 million increase in restricted net position, a \$20.2 million decrease in unrestricted net position excluding the impact of GASBs 68 and 75, and a \$25.4 million increase in unrestricted net position attributed to the impact of GASBs 68 and 75.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

The net investment in capital assets consists of capital assets net of accumulated depreciation and amortization and deferred outflows of resources relating to bond refunding reduced by the outstanding balance of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The increase of \$2.8 million from fiscal year 2022 to fiscal year 2023 was primarily due to net capital additions of \$16.3 million, a decrease in outstanding debt of \$4.5 million and current year depreciation and amortization of \$18 million. Outstanding debt was \$72.9 million at June 30, 2023 compared to \$77.4 million at June 30, 2022.

The increase of \$1.7 million from fiscal year 2021 to fiscal year 2022 was due to net capital additions of \$24.6 million, an increase in outstanding debt of \$5.6 million and current year depreciation and amortization of \$17.3 million. The impact of the July 1, 2021 implementation of GASB 96 on net capital additions, was an increase of \$8.7 million, including a \$7.6 million restatement of beginning balances, current year SBITA additions of \$3.5 million and current year amortization of \$2.4 million. The impact of the implementation of the GASB 96 on outstanding debt was an increase of \$8.5 million including a \$7.6 restatement of beginning balances, current year additions of \$3.5 million and current year reductions of \$2.6 million. Outstanding debt was \$77.4 million at June 30, 2022 compared to \$71.8 million at June 30, 2021.

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

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

| | June 30, 2023 | June 30, 2022 | June 30, 2021 |
|------------------------------|----------------------|----------------------|----------------------|
| Gifts, grants, and contracts | \$ 27,814,231 | \$ 26,981,009 | \$ 26,854,723 |
| COVID-19 relief funds | - | 45,733 | (9,104,861) |
| Plant funds | 3,195,283 | 4,294,855 | 4,714,765 |
| Other | 1,195,845 | 266,371 | 145,474 |
| Total Net Position | <u>\$ 32,205,359</u> | <u>\$ 31,587,968</u> | <u>\$ 22,610,101</u> |

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

Total restricted expendable net position was \$32.2 million at June 30, 2023 compared to \$31.6 million at June 30, 2022, an overall increase of \$.6 million or 2%. Overall, gifts, grants, and contracts increased \$.8 million due to a combination of a \$1.8 million increase in gift fund

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

balances. a \$.7 million increase in undistributed investment earnings on University endowments resulting from a favorable investment environment and a \$1.7 decrease in grant funds. COVID-19 Relief funds were fully expended as of June 30, 2023. Plant funds decreased \$1.1 million primarily due to a combination of construction activity on projects supported with gift funds received in prior years and a large gift in the current year for a future Student Center. Other increased \$.9 million due to a large gift being internally designated as a quasi-endowment fund.

Total restricted expendable net position was \$31.6 million at June 30, 2022 compared to \$22.6 million at June 20, 2021, an overall increase of \$9 million or 11%. Overall gifts, grants, and contracts remained flat due to a combination of a \$2.4 million increase in gifts fund balances and a \$2 million decrease in undistributed investment earnings on University endowments resulting from an unfavorable investment environment. COVID-19 relief funds increased \$9.2 million primarily due to the recognition of the \$9.3 million attributed to HEERF III funds that were expensed in fiscal year 2021 but not reimbursable until fiscal year 2022. Overall plant funds remained flat.

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, 2023 | June 30, 2022 | June 30, 2021 |
|---------------------------------|------------------------|------------------------|------------------------|
| Operating and designated funds | \$ 19,868,694 | \$ 22,651,471 | \$ 44,129,811 |
| Operating reserves | 8,837,981 | 8,837,982 | 8,837,982 |
| Plant funds | 11,339,119 | 13,968,673 | 12,697,359 |
| Loan funds | 22,519 | 22,519 | 22,519 |
| Total without GASBs 68 and 75 | <u>40,068,313</u> | <u>45,480,645</u> | <u>65,687,671</u> |
| GASB 68 (Pension fund) | (100,423,848) | (97,627,051) | (115,030,373) |
| GASB 75 (OPEB fund) | 3,860,486 | (571,535) | (8,609,438) |
| Total Unrestricted Net Position | <u>\$ (56,495,049)</u> | <u>\$ (52,717,941)</u> | <u>\$ (57,952,140)</u> |

Total unrestricted net position was (\$56.5) million at June 30, 2023 compared to (\$52.7) million at June 30, 2022. The decrease of \$3.8 million from fiscal year 2022 to fiscal year 2023 reflects an excess of expenses over revenues during fiscal year 2023 from noncapital activity. Total unrestricted net position without funds relating to pension/OPEB decreased \$5.4 million whereas the funds relating to pension/OPEB increased \$1.6 million.

The overall decrease of \$5.4 million unrestricted net position excluding GASBs 68 and 75 was due to a \$2.8 million decrease in operating and designated funds and a \$2.6 million decrease in plant funds. The \$2.8 million decrease in operating and designated funds was due to an increase in the fair market value of investments at June 30, 2023 as compared to June 30, 2022 due to a favorable market environment and planned utilization of one-time funds to support the fiscal year 2023 operating budgets and designated COVID-19 related projects.

The GASB 68 (Pension) fund decreased \$2.8 million from (\$97.6) million at June 30, 2022 to (\$100.4) million at June 30, 2023, whereas the GASB 75 (OPEB) fund increased \$4.4 million from (\$.6) million at June 20, 2022 to \$3.8 million at June 30, 2023.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Total unrestricted net position was (\$52.7) million at June 30, 2022 compared to (\$57.9) million at June 30, 2021. The increase of \$5.2 million from fiscal year 2021 to fiscal year 2022 reflects an excess of revenues over expenses during fiscal year 2022 from noncapital activity. Total unrestricted net position without funds relating to pension/OPEB decreased \$20.2 million whereas the funds relating to pension /OPEB increased \$25.4 million.

The overall decrease of \$20.2 million unrestricted net position excluding GASBs 68 and 75 was due to a combination of a decrease of \$21.5 million in operating and designated funds and an increase of \$1.3 million in plant funds. The \$21.5 million decrease in operating and designated funds was primarily due to a decrease in the fair market value of investments at June 30, 2022 as compared to June 30, 2021 due to an unfavorable market environment and planned utilization of one-time funds to support the fiscal year 2022 operating budgets.

The GASB 68 (Pension) fund increased \$17.4 million from (\$115) million at June 30, 2021 to (\$97.6) million at June 30, 2022, whereas the GASB 75 (OPEB) fund increased \$8 million from (\$8.6) million at June 30, 2021 to (\$.6) million at June 30, 2022.

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

| | June 30, 2023 | As Restated June 30, 2022 | June 30, 2021 |
|---|-----------------------|------------------------------|-----------------------|
| Operating Revenues | | | |
| Net tuition, fees and other student charges | \$ 80,343,181 | \$ 79,392,052 | \$ 82,277,583 |
| Auxiliary enterprises | 17,542,203 | 15,700,492 | 13,261,789 |
| Grants and contracts | 15,603,351 | 14,202,141 | 15,942,273 |
| Other | 3,379,788 | 3,191,121 | 3,766,968 |
| Total Operating Revenues | 116,868,523 | 112,485,806 | 115,248,613 |
| Operating Expenses | 206,692,943 | 200,335,221 | 165,297,531 |
| Operating Loss | (89,824,420) | (87,849,415) | (50,048,918) |
| Nonoperating Revenues (Expenses) | | | |
| State appropriations | 46,396,314 | 44,378,444 | 43,927,035 |
| Federal appropriations | 352,430 | 33,228,720 | 24,976,068 |
| Gifts, grants, and contracts | 29,800,277 | 29,075,594 | 29,868,317 |
| Investment income | 6,373,244 | (7,367,959) | 13,779,629 |
| Other | (1,442,229) | (1,341,001) | (2,396,430) |
| Net Nonoperating Revenues | 81,480,036 | 97,973,798 | 110,154,619 |
| Gain (Loss) Before Other Revenues, Expenses, and Changes | (8,344,384) | 10,124,383 | 60,105,701 |
| Other Revenues, Expenses, and Changes | | | |
| State capital appropriations | 5,831,180 | 3,023,039 | 9,345,533 |
| Capital grants and gifts | 2,149,411 | 2,844,595 | 6,387,877 |
| Other | 7,697 | (26,140) | (519,902) |
| Total Other Revenues, Expenses, and Changes | 7,988,288 | 5,841,494 | 15,213,508 |
| Change in Net Position | (356,096) | 15,965,877 | 75,319,209 |
| Net Position at Beginning of the Year | 142,347,689 | 126,381,812 | 51,202,527 |
| Adjustment for Change in Accounting Principle | - | - | (139,924) |
| Net Position at Beginning of the Year, as restated | 142,347,689 | 126,381,812 | 51,062,603 |
| Net Position at End of the Year | \$ 141,991,593 | \$ 142,347,689 | \$ 126,381,812 |

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, 2023 | June 30, 2022 | June 30, 2021 |
|--|-----------------------|-----------------------|-----------------------|
| Net tuition, fees, and other student charges | \$ 80,343,181 | \$ 79,392,052 | \$ 82,277,583 |
| Gifts, grants and contracts | 47,553,039 | 46,122,330 | 52,198,467 |
| State appropriations | 46,396,314 | 44,378,444 | 43,927,035 |
| Auxiliary enterprises | 17,542,203 | 15,700,492 | 13,261,789 |
| Investment income | 6,373,244 | (7,367,959) | 13,779,629 |
| State capital appropriations | 5,831,180 | 3,023,039 | 9,345,533 |
| Other revenue | 3,824,934 | 3,491,536 | 4,420,799 |
| Federal appropriations | 352,430 | 33,228,720 | 24,976,068 |
| Total Revenues | \$ 208,216,525 | \$ 217,968,654 | \$ 244,186,903 |

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Overall, the University's total revenues decreased \$9.8 million or 5% between fiscal year 2022 and fiscal year 2023 from \$218 million to \$208.2 million.

Net tuition, fees and other student charges increased \$1 million or 1% from fiscal year 2022 to fiscal year 2023. This was due to a combination of a \$1.1 million decrease in gross tuition and a \$2.1 million decrease in scholarship allowance. Gross tuition and fees were \$103.7 million in fiscal year 2023 compared to \$104.8 million in fiscal year 2022; whereas scholarship allowance was \$23.3 million and \$25.4 million, respectively. Gifts, grants and contracts revenue increased \$1.4 million or 3% from fiscal year 2022 to fiscal year 2023, primarily due to a combination of a \$1.6 million increase in private gifts largely due to an increase in annual financial support from the YSUF for scholarships and other programs, a \$1.5 million increase in federal grant activity related to the Excellence Training Center, a \$.9 million decrease in private grants activity, and a \$.7 million decrease in Pell grants due to decreased enrollment. Federal appropriations decreased \$32.8 million or 99% from \$33.2 million in fiscal year 2022 to \$.4 million in fiscal year 2023. The \$.4 million in fiscal year 2023 related to the Higher Education Emergency Relief Funds (HEERF) Institutional Portion; whereas the \$33.2 million in fiscal year 2022 included \$15.3 million of HEERF Student Aid, \$17.3 million HEERF Institutional Portion and \$.6 million in Coronavirus Relief Funds (CRF). As of June 30, 2023, all COVID-19 related funds awarded have been utilized. Auxiliary enterprises revenue increased \$1.8 million or 12% primarily due to increased student housing occupancy, including a \$1.2 million increase in room rentals; and increased Intercollegiate Athletic revenue, including \$.3 million in NCAA revenue sharing. State capital appropriations increased \$2.8 million or 93% due to increased activity on capital projects funded with state capital dollars, largely related to IT infrastructure upgrades, building renovations and utility distribution upgrades. Investment income increased \$13.7 million or 186% from fiscal year 2022 to fiscal year 2023 primarily due to unrealized gains resulting from a favorable investment environment.

Overall, the University's total revenues decreased \$26.2 million or 11% between fiscal year 2021 and fiscal year 2022 from \$244.2 million to \$218 million.

Net tuition, fees and other student charges decreased \$2.9 million or 4% from fiscal year 2021 to fiscal year 2022. This was due to combination of a \$4.1 million decrease in gross tuition, the result of increased tuition and fees and decreased enrollment and a \$1.2 million decrease in scholarship allowance. Gross tuition and fees were \$104.9 million in fiscal year 2022 compared to \$109 million in fiscal year 2021; whereas scholarship allowance was \$25.5 million and \$26.7 million, respectively. Gifts, grants and contracts revenue decreased \$6.1 million or 12% from fiscal year 2021 to fiscal year 2022, primarily due to a combination of a \$.8 million increase in gifts, a \$1.9 million increase in non-capital federal grants and contracts activity, a \$3.8 million decrease in federal capital grant activity related to the construction of the Excellence Training Center, a \$3.6 million decrease in a private grants for workforce development and energy storage training and a \$1.4 million decrease in Pell grants due to decreased enrollment. State appropriations increased slightly from fiscal year 2021 to fiscal year 2022. Federal appropriations increased \$8.2 million or 33% from \$25 million in fiscal year 2021 to \$33.2 million in fiscal year 2022. The \$33.2 million in fiscal year 2022 included \$15.3 million of HEERF Student Aid, \$17.3 million HEERF Institutional Portion and \$.6 million in Coronavirus Relief Funds (CRF); whereas the \$25 million in fiscal year 2021 included \$7.2 million HEERF Student Aid, \$11.9 million Institutional Portion \$5.7 CRF and \$.2 million in other grant revenue for the University's radio station. Auxiliary

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

enterprises revenue increased \$2.4 million or 18% from fiscal year 2021 to fiscal year 2022 primarily due to increased Intercollegiate Athletic revenue including \$.7 million in football guarantees and \$.8 million in NCAA revenue sharing. State capital appropriations decreased \$6.3 million or 68% from fiscal year 2021 to fiscal year 2022 due to decreased activity on capital projects funded with state capital dollars, primarily the Excellence Training Center. Investment income decreased \$21.1 million or 153% from fiscal year 2021 to fiscal year 2022 due to significant unrealized losses resulting from an unfavorable environment.

Expenses

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

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

| | June 30, 2023 | As Restated June 30, 2022 | June 30, 2021 |
|------------------------------------|-----------------------|------------------------------|-----------------------|
| Instruction | \$ 62,897,721 | \$ 65,647,172 | \$ 61,991,169 |
| Research | 4,936,481 | 3,265,810 | 2,798,779 |
| Public service | 5,427,647 | 6,463,004 | 4,994,104 |
| Academic support | 17,952,268 | 14,986,216 | 14,762,463 |
| Student services | 13,049,607 | 12,646,989 | 11,226,734 |
| Institutional support | 18,273,525 | 24,311,866 | 19,982,616 |
| Operation and maintenance of plant | 19,292,126 | 21,357,439 | 17,803,456 |
| Scholarships | 20,977,118 | 35,103,587 | 27,886,962 |
| Auxiliary enterprises | 27,577,345 | 24,785,497 | 20,594,663 |
| Depreciation and amortization | 17,944,329 | 17,208,866 | 14,105,532 |
| Total operating expenses | <u>208,328,167</u> | <u>225,776,446</u> | <u>196,146,478</u> |
| GASB 68 pension expense accruals | 2,796,797 | (17,403,322) | (4,840,743) |
| GASB 75 OPEB expense accrual | (4,432,021) | (8,037,903) | (26,008,204) |
| Total operating expenses | <u>\$ 206,692,943</u> | <u>\$ 200,335,221</u> | <u>\$ 165,297,531</u> |

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

| | June 30, 2023 | June 30, 2022 | June 30, 2021 |
|---|-----------------------|-----------------------|-----------------------|
| Compensation | \$ 118,003,512 | \$ 120,317,543 | \$ 110,767,229 |
| Operations | 51,403,208 | 53,156,486 | 43,431,298 |
| Scholarships | 20,977,118 | 35,093,551 | 27,842,419 |
| Depreciation and amortization | 17,944,329 | 17,208,866 | 14,105,532 |
| Operating expenses without GASBs 68 and 75 accruals | 208,328,167 | 225,776,446 | 196,146,478 |
| GASB 68 pension expense accruals | 2,796,797 | (17,403,322) | (4,840,743) |
| GASB 75 OPEB expense accrual | (4,432,021) | (8,037,903) | (26,008,204) |
| Total operating expenses | <u>\$ 206,692,943</u> | <u>\$ 200,335,221</u> | <u>\$ 165,297,531</u> |

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Excluding the impact of the pension and OPEB accruals, total operating expenses decreased \$17.5 million or 8% from \$225.8 million during fiscal year 2022 to \$208.3 million during fiscal year 2023. The net decrease was due to decreases of \$2.3 million in compensation, \$1.8 million in operations, \$14.1 million in scholarships and a \$.7 million increase in depreciation and amortization.

Total expenses supported with COVID-19 relief funds decreased \$23.1 million from \$24 million in fiscal year 2022 compared to \$.9 million in fiscal year 2023, including a \$7.4 million decrease in operations, a \$.4 million decrease in compensation, and a \$15.3 million decrease in scholarships.

Overall compensation decreased \$2.3 million or 2% from \$120.3 million in fiscal year 2022 to \$118 million in fiscal year 2023. Salaries and wages remained relatively flat from \$87.3 million in fiscal year 2022 compared to \$86.7 million in fiscal year 2023; whereas fringe benefits decreased \$1.8 million or 5% from \$33 million in fiscal year 2022 to \$31.2 million in fiscal year 2023. Overall fringe benefits as a percentage of salaries and wages was 36% in fiscal year 2023 compared to 37.8% in fiscal year 2022. The overall decrease was primarily due to a \$1.7 million decrease in health care expense from fiscal year 2022 to fiscal year 2023.

Operations decreased \$1.8 million or 8% from \$53.2 million in fiscal year 2022 to \$51.4 million in fiscal year 2023. Excluding the impact of the \$7.4 million decrease related to the COVID-19 relief funds, operations increased \$5.6 million or 12%, including a \$1.4 million increase in travel and a \$.7 million increase in repairs and maintenance largely due to clean-up costs related to a fire in Ward Beecher Hall and flood damage to multiple buildings across campus during winter break.

A large portion of aid is classified as scholarship allowance on the Statement of Revenues, Expenses and Changes in Net Position. Overall, the University disbursed \$44.3 million to students in fiscal year 2023 compared to \$60.5 million in fiscal year 2022, a decrease of \$16.2 million. The net decrease was primarily due to the prior year including \$15.3 million in federal aid to students from HEERF funds. In addition, there was a decrease of \$2.2 million of scholarships supported by operating funds, an increase of \$1.4 million supported by restricted funds, a \$.8 million decrease in federal Pell grants, and a \$.7 million increase in state grants.

Depreciation and amortization increased \$.7 million or 4% from \$17.2 million in fiscal year 2022 to \$17.9 million in fiscal year 2023.

Pension expense attributed to GASB 68 increased \$20.2 million from (\$17.4) million in fiscal year 2022 to \$2.8 million in fiscal year 2023; whereas OPEB expense attributed to GASB 75 increased \$3.6 million from (\$8) million in fiscal year 2022 to (\$4.4) million in fiscal year 2023. The \$20.2 million increase in pension expense was due to a \$7.2 million increase in the STRS Ohio plan and a \$13 million increase in the OPERS plan. The \$3.6 million increase in the OPEB expense was due to an \$.8 million decrease in the STRS Ohio plan and a \$4.4 million increase in the OPERS plan. These expenses are the result of changes in the deferred outflows/inflows and liabilities related to pension/OPEB. The University has no control over the factors affecting these changes.

Excluding the impact of the pension and OPEB accruals, total operating expenses increased \$29.8 million or 15% from \$196.1 million during fiscal year 2021 to \$226 million during fiscal year

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

2022. The increase was due to increases of \$9.5 million in compensation, \$12.3 million in operations, and \$7.2 million in scholarships.

Overall compensation increased \$9.5 million or 9% from \$110.8 million in fiscal year 2021 to \$120.3 million in fiscal year 2022. Salaries and wages increased \$5.8 million or 7.1% from \$81.5 million in fiscal year 2021 to \$87.3 million in fiscal year 2022; whereas fringe benefits increased \$3.7 million or 12.8% from \$29.3 million in fiscal year 2021 to \$33 million in fiscal year 2022. Overall fringe benefits as a percentage of salaries and wages was 37.8% in fiscal year 2022 compared to 35.9% in fiscal year 2021. The overall increase reflects planned actions including the call back of temporary layoffs, restoration of pay reductions, lifting of a hiring freeze and the cessation of furloughs made during fiscal year 2021 due to COVID-19. In addition, fiscal year 2022 reflects a voluntary separation or retirement program for faculty as part of an academic reorganization plan.

Operations increased \$12.3 million or 28% from \$43.4 million in fiscal year 2021 to \$55.8 million in fiscal year 2022. The overall increase reflects planned actions as the University returns to pre COVID-19 level activity.

A large portion of aid is classified as scholarship allowance on the Statement of Revenues, Expenses and Changes in Net Position. Overall, the University disbursed \$60.5 million to students in fiscal year 2022 compared to \$54.5 million in fiscal year 2021, an increase of \$6 million. This net increase includes a \$1.4 million decrease in federal Pell grants and an \$8.1 million increase in federal aid to students from HEERF funds. HEERF fund disbursements totaled \$15.3 million in fiscal year 2022 compared to \$7.2 million in fiscal year 2021.

Depreciation and amortization increased \$3.1 million or 22% from \$14.1 million in fiscal year 2021 to \$17.2 million in fiscal year 2022. The increase was primarily due to amortization on right-to-use assets, resulting from the implementation of GASB 96.

Pension expense attributed to GASB 68 decreased \$12.6 million from (\$4.8) million in fiscal year 2021 to (\$17.4) million in fiscal year 2022; whereas OPEB expense attributed to GASB 75 increased \$18 million from (\$26) million in fiscal year 2021 to (\$8) million in fiscal year 2022. The \$12.6 million decrease in pension expense was due to a \$10.5 million decrease in the STRS Ohio plan and a \$2.1 million decrease in the OPERS plan. The \$18 million increase in OPEB expense was due to an increase in the OPERS plan. These expenses are the result of changes in the deferred outflows/inflows and liabilities related to pension/OPEB. The University has no control over the factors affecting these changes.

See Note 13 for additional information on pension plans and other post-employment benefits (OPEB).

Total operating and non-operating expenses for the University were \$208,572,621, \$202,002,777, and \$168,867,694 in fiscal years 2023, 2022 and 2021, respectively.

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)

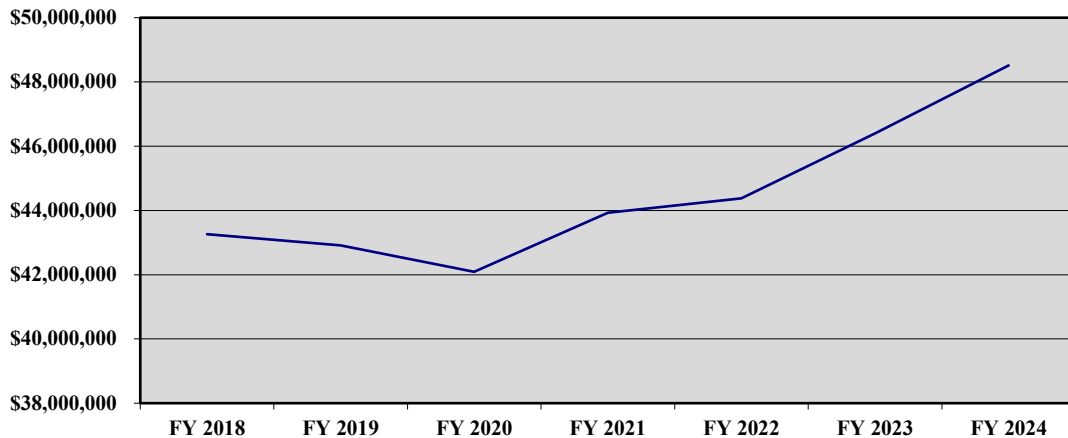
Economic Factors for the Future

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

Based on the most recent estimate provided by the Ohio Department of Higher Education, State Share of Instruction (SSI) funding for the University for fiscal year 2024 is expected to be 5.1% greater than during fiscal year 2023. This increase is partially attributable to a roughly 1% increase in the total statewide SSI appropriation that was enacted in the state of Ohio’s operating budget legislation for the fiscal year 2023-fiscal year 2024 biennium. The University’s increase in SSI funding is also driven by improved performance with respect to student success outcomes, underscored by a 14% improvement in the University’s six-year graduation rate between 2014 and 2021. SSI formula allocations continue to be tied to student success, with degrees awarded and course completions serving as the primary drivers of SSI funding. Datasets used in the formula are based on a three-year rolling average and are weighted to take into account various at-risk student characteristics. The SSI formula continues to factor in discipline and program costs and enrollment levels.

The following graph reflects six years actual data for State Appropriations plus the budgeted amount for fiscal year 2024.

**State Appropriations
Fiscal Years 2018 through 2024**

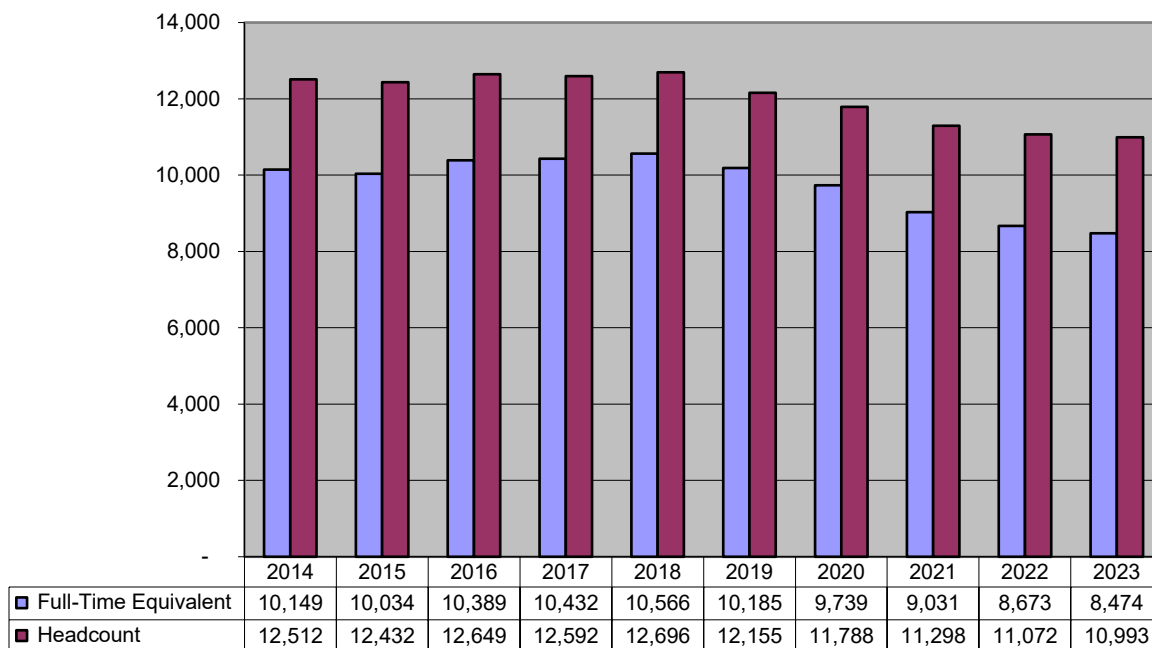


YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)

Fall Semester Enrollment Trends 2014 through 2023

The following graph reflects nine years of actual data for Fall enrollment trends plus the 14th day preliminary enrollment for Fall 2023.



Fall 2023 enrollment is 2.3% lower than the prior Fall semester on a full-time equivalency (FTE) basis, while on a head-count basis enrollment is essentially flat (-0.7%). FTE enrollment increased from 10,149 in 2014 to a peak of 10,566 in 2018 while declining to 8,474 in 2023. The number of new incoming undergraduate students for Fall 2023 was up by 1.0% compared to Fall 2022. This increase was the result of having implemented an international student enrollment plan. Even though a decline in overall enrollment has continued, efforts to target special populations has counteracted demographic declines in a more strategic way.

Freshman GPA averages were maintained at 3.51 for Fall 2023 with the highest GPA’s in University history at 3.52 during both Fall 2022 and Fall 2021 despite YSU’s shift to a test optional policy for undergraduate admission over the last three years. The number of new Honors College freshmen for Fall 2023 was 362, a 2.3% decrease from Fall 2022. Honors College freshmen continuously contributes to the stabilization in and sustainability of the academic quality of YSU’s student body. The impressive academic quality of our new students continues to be a point of pride. Nearly 60% of our new freshmen had a high school GPA of 3.5 or better. Multicultural freshman increased by 14.3%. The number of Ohio counties represented in the Fall 2023 freshman class stayed the same as Fall 2022 with 39 counties represented.

The University’s first year freshmen that were retained to the second year decreased to 75.5% from 77.5% from last year. To improve retention, two years ago a First-year Student Success Seminar was initiated. It is required of all new incoming students and provides low student to instructor

YOUNGSTOWN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

ratio for direct attention that focuses on the skills, capabilities, and capacities necessary to persist and complete a degree. In addition, the advising structures across the colleges have been redesigned with a director of advising who helps coordinate advising activities in a more proactive fashion. In addition, the University has invested heavily in technology to enhance student success including a degree-audit system (Penguin Pass) and a student advising system called CRM Advise.

Student and parent expectations are evolving and require dramatically different recruitment and enrollment strategies with targeted messaging. Accordingly, efforts are underway to widen the University's appeal beyond its traditional footprint. These efforts advanced this fall with financial investments made to YSU's marketing campaign targeting special populations. For Fall 2024 and beyond, many initiatives are underway to sustain and gain market share, including a new multifaceted brand launch, known as KnowY, which will play a significant role in the University's ongoing marketing and recruitment efforts.

YSU leadership understands the imperative need to align its academic programs with the needs of the region, in the context of emerging accountability measures, that also intersects with workforce education and innovation, to assure YSU has a strong presence in most career pathways, and as an anchor institution, is a major contributor to regional sustainable prosperity by working to ensure a bright and vibrant YSU future state.

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF NET POSITION AT JUNE 30, 2023 AND 2022

| | June 30, 2023 | As Restated June 30, 2022 |
|---|-----------------------|------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 20,392,242 | \$ 29,097,272 |
| Investments | 47,663,275 | 42,995,687 |
| Restricted investments | 403,240 | 732,941 |
| Interest receivable | 259,236 | 145,994 |
| Accounts receivable, net | 9,472,130 | 11,692,607 |
| Pledges receivable, net | 58,320 | 63,171 |
| Loans receivable, net | - | 98,137 |
| Inventories | 59,754 | 56,212 |
| Prepaid expenses and unearned charges | 1,504,755 | 1,484,140 |
| Total Current Assets | 79,812,952 | 86,366,161 |
| Noncurrent Assets | | |
| Investments | 15,274,436 | 14,805,228 |
| Endowments and other restricted investments | 13,216,998 | 11,554,151 |
| Pledges receivable, net | 88,755 | 140,753 |
| Other noncurrent assets | 149,196 | 143,246 |
| Net OPEB asset | 6,776,000 | 13,227,241 |
| Nondepreciable capital assets | 25,075,208 | 25,133,510 |
| Depreciable capital assets, net | 207,052,060 | 208,570,737 |
| Total Noncurrent Assets | 267,632,653 | 273,574,866 |
| Total Assets | 347,445,605 | 359,941,027 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pension | 41,260,805 | 23,035,309 |
| Deferred outflows related to OPEB | 4,932,333 | 780,035 |
| Bond refunding | 1,329,132 | 1,456,254 |
| Total Deferred Outflows of Resources | 47,522,270 | 25,271,598 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 4,994,677 | 4,680,963 |
| Construction payable | 1,704,155 | 2,325,137 |
| Payroll liabilities | 8,465,249 | 8,708,877 |
| Bonds payable | 2,351,056 | 2,209,065 |
| Notes payable | 1,203,118 | 1,078,673 |
| Leased liabilities - equipment | 264,734 | 247,691 |
| Leased liabilities - SBIT As | 2,755,447 | 2,683,306 |
| Compensated absences | 858,095 | 950,134 |
| Unearned revenue | 7,414,928 | 6,618,717 |
| Other liabilities | 1,606,799 | 1,232,497 |
| Total Current Liabilities | 31,618,258 | 30,735,060 |
| Noncurrent Liabilities | | |
| Bonds payable, net | 50,766,942 | 53,117,998 |
| Notes payable | 9,827,721 | 11,030,839 |
| Leased liabilities - equipment | 1,139,766 | 1,252,549 |
| Leased liabilities - SBIT As | 4,659,618 | 5,818,255 |
| Compensated absences | 5,386,477 | 5,364,254 |
| Refundable advance | - | 172,310 |
| Net pension liability | 127,641,526 | 55,467,057 |
| Net OPEB liability | 1,465,478 | - |
| Total Noncurrent Liabilities | 200,887,528 | 132,223,262 |
| Total Liabilities | 232,505,786 | 162,958,322 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Service concession agreements | 45,000 | 132,500 |
| Deferred inflows related to pension | 14,043,127 | 65,195,303 |
| Deferred inflows related to OPEB | 6,382,369 | 14,578,811 |
| Total Deferred Inflows of Resources | 20,470,496 | 79,906,614 |
| NET POSITION | | |
| Net investment in capital assets | 160,487,997 | 157,722,125 |
| Restricted, nonexpendable - endowments | 5,793,286 | 5,755,537 |
| Restricted, expendable - gifts, grants, and student loans | 32,205,359 | 31,587,968 |
| Unrestricted | (56,495,049) | (52,717,941) |
| Total Net Position | \$ 141,991,593 | \$ 142,347,689 |

See accompanying notes to financial statements.

THE YOUNGSTOWN STATE UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION AT JUNE 30, 2023 AND 2022

| | <u>June 30, 2023</u> | <u>June 30, 2022</u> |
|---|---------------------------|---------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,288,180 | \$ 1,630,642 |
| Investments | 310,743,903 | 306,116,478 |
| Investment settlement receivable | 5,000,000 | - |
| Pledges receivable, net | 3,894,936 | 5,170,262 |
| Pledges receivable for Youngstown State University, net | 8,667,495 | 3,982,190 |
| Prepaid expenses and other assets | 2,621,547 | 1,160,165 |
| Right-of-use operating lease assets | 502,777 | - |
| Property and equipment, net | 209,156 | 209,391 |
| TOTAL ASSETS | <u>\$ 333,927,994</u> | <u>\$ 318,269,128</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable | \$ 851,728 | \$ 691,352 |
| Grant commitments to Youngstown State University | 10,902,150 | 10,907,374 |
| Accrued liabilities and other | 77,590 | 75,042 |
| TOTAL LIABILITIES | <u>11,831,468</u> | <u>11,673,768</u> |
| NET ASSETS | | |
| Without donor restrictions | 163,890,047 | 159,593,219 |
| With donor restrictions | 158,206,479 | 147,002,141 |
| TOTAL NET ASSETS | <u>322,096,526</u> | <u>306,595,360</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 333,927,994</u> | <u>\$ 318,269,128</u> |

See accompanying notes to financial statements.

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

| | June 30, 2023 | As Restated June 30, 2022 |
|--|-----------------------|------------------------------|
| OPERATING REVENUES | | |
| Tuition, fees, and other student charges (net of scholarship allowance of \$23,342,167 in 2023 and \$25,458,962 in 2022) | \$ 80,343,181 | \$ 79,392,052 |
| Federal grants and contracts | 8,079,823 | 6,568,342 |
| State grants and contracts | 6,661,393 | 5,878,067 |
| Local grants and contracts | 355,290 | 355,094 |
| Private grants and contracts | 506,845 | 1,400,638 |
| Sales and services | 497,285 | 408,408 |
| Auxiliary enterprises | 17,542,203 | 15,700,492 |
| Other operating revenues | 2,882,503 | 2,782,713 |
| Total Operating Revenues | 116,868,523 | 112,485,806 |
| OPERATING EXPENSES | | |
| Instruction | 60,537,909 | 55,477,683 |
| Research | 4,951,037 | 3,104,125 |
| Public service | 5,475,200 | 5,392,882 |
| Academic support | 18,106,534 | 11,915,867 |
| Student services | 13,168,959 | 10,075,030 |
| Institutional support | 18,430,101 | 20,859,807 |
| Operation and maintenance of plant | 19,393,582 | 19,158,856 |
| Scholarships | 20,977,118 | 35,103,587 |
| Auxiliary enterprises | 27,708,174 | 22,038,518 |
| Depreciation and amortization | 17,944,329 | 17,208,866 |
| Total Operating Expenses | 206,692,943 | 200,335,221 |
| Operating Loss | (89,824,420) | (87,849,415) |
| NONOPERATING REVENUES (EXPENSES) | | |
| State appropriations | 46,396,314 | 44,378,444 |
| Federal appropriations | 352,430 | 33,228,720 |
| Federal grants | 14,899,919 | 15,653,766 |
| Private gifts | 14,900,358 | 13,421,828 |
| Unrestricted investment (loss) income, net of investment expense | 5,081,079 | (5,795,281) |
| Restricted investment (loss) income, net of investment expense | 1,292,165 | (1,572,678) |
| Interest on capital asset-related debt | (1,862,977) | (1,739,167) |
| Other nonoperating revenues, net | 420,748 | 398,166 |
| Net Nonoperating Revenues | 81,480,036 | 97,973,798 |
| Gain Before Other Revenues, Expenses, and Changes | (8,344,384) | 10,124,383 |
| OTHER REVENUES, EXPENSES, AND CHANGES | | |
| State capital appropriations | 5,831,180 | 3,023,039 |
| Capital grants and gifts | 2,149,411 | 2,844,595 |
| Other revenue (expense), net | 7,697 | (26,140) |
| Total Other Revenues, Expenses, and Changes | 7,988,288 | 5,841,494 |
| Change In Net Position | (356,096) | 15,965,877 |
| NET POSITION | | |
| Net Position at Beginning of the Year | 142,347,689 | 126,381,812 |
| Net Position at End of the Year | \$ 141,991,593 | \$ 142,347,689 |

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, 2023 AND 2022

| | June 30, 2023 | | |
|--|-----------------------|-----------------------|-----------------------|
| | Without Donor | With Donor | Total |
| | Restrictions | Restrictions | |
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Contributions of cash and other financial assets | \$ 2,221,609 | \$ 11,625,616 | \$ 13,847,225 |
| Contributions of nonfinancial assets | 53,799 | 1,936,790 | 1,990,589 |
| Investment earnings | 3,696,161 | 3,096,769 | 6,792,930 |
| Net realized gains on sale of investments | 2,932,882 | 2,455,195 | 5,388,077 |
| Net unrealized change in long-term investments | 3,654,737 | 2,400,247 | 6,054,984 |
| Net assets released from restrictions | 10,310,279 | (10,310,279) | - |
| TOTAL REVENUES, GAINS, AND OTHER SUPPORT | 22,869,467 | 11,204,338 | 34,073,805 |
| EXPENSES | | | |
| Distribution to Youngstown State University for scholarships and other programs | 16,286,222 | - | 16,286,222 |
| Administrative expenditures | 2,286,417 | - | 2,286,417 |
| TOTAL EXPENSES | 18,572,639 | - | 18,572,639 |
| INCREASE (DECREASE) IN NET ASSETS | 4,296,828 | 11,204,338 | 15,501,166 |
| Net Assets - Beginning of Year | 159,593,219 | 147,002,141 | 306,595,360 |
| Net Assets - End of Year | <u>\$ 163,890,047</u> | <u>\$ 158,206,479</u> | <u>\$ 322,096,526</u> |
| | | | |
| | June 30, 2022 | | |
| | Without Donor | With Donor | Total |
| | Restrictions | Restrictions | |
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Contributions of cash and other financial assets | \$ 2,453,374 | \$ 16,014,223 | \$ 18,467,597 |
| Contributions of nonfinancial assets | 47,343 | 358,260 | 405,603 |
| Investment earnings | 3,796,889 | 2,988,965 | 6,785,854 |
| Net realized gains on sale of investments | 6,961,368 | 5,452,482 | 12,413,850 |
| Net unrealized change in long-term investments | (22,381,356) | (17,417,457) | (39,798,813) |
| Net assets released from restrictions | 8,116,455 | (8,116,455) | - |
| TOTAL REVENUES, GAINS, AND OTHER SUPPORT | (1,005,927) | (719,982) | (1,725,909) |
| EXPENSES | | | |
| Distribution to Youngstown State University for scholarships and other programs | 16,561,532 | - | 16,561,532 |
| Administrative expenditures | 2,255,398 | - | 2,255,398 |
| TOTAL EXPENSES | 18,816,930 | - | 18,816,930 |
| INCREASE (DECREASE) IN NET ASSETS | (19,822,857) | (719,982) | (20,542,839) |
| Net Assets - Beginning of Year | 179,416,076 | 147,722,123 | 327,138,199 |
| Net Assets - End of Year | <u>\$ 159,593,219</u> | <u>\$ 147,002,141</u> | <u>\$ 306,595,360</u> |

See accompanying notes to financial statements.

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

| | June 30, 2023 | As Restated June 30, 2022 |
|--|----------------------|------------------------------|
| Cash Flows from Operating Activities | | |
| Student tuition and fees | \$ 81,171,566 | \$ 80,436,200 |
| Federal, state, and local grants and contracts | 15,322,888 | 11,899,290 |
| Private grants and contracts | 629,693 | 1,297,054 |
| Sales and services of educational and other departmental activities | 18,290,991 | 16,849,090 |
| Payments to suppliers | (50,683,797) | (52,412,524) |
| Payments to employees | (87,032,640) | (87,027,622) |
| Payments for benefits | (31,276,974) | (33,188,169) |
| Payments for scholarships | (20,949,779) | (35,333,319) |
| Direct lending receipts | 47,349,908 | 46,925,469 |
| Direct lending disbursements | (47,048,678) | (47,247,452) |
| Other receipts, net | 2,817,987 | 2,711,442 |
| Total Cash Flows Used In Operating Activities | (71,408,835) | (95,090,541) |
| Cash Flows from Noncapital Financing Activities | | |
| Federal grants | 14,721,401 | 15,199,219 |
| Federal educational appropriations | 870,544 | 35,357,833 |
| State educational appropriations | 46,396,314 | 44,378,444 |
| Private gifts | 14,791,665 | 13,503,303 |
| Other nonoperating expenses | 318,433 | 298,473 |
| Student loans collected | 4,194 | 263,918 |
| Student loan interest and fees collected | 369 | 18,567 |
| Total Cash Flows Provided by Noncapital Financing Activities | 77,102,920 | 109,019,757 |
| Cash Flows from Investing Activities | | |
| Proceeds from sale of investments | 25,752,922 | 23,841,587 |
| Purchase of investments | (29,238,889) | (29,655,107) |
| Interest on investments | 3,276,027 | 5,013,012 |
| Total Cash Flows Used In Investing Activities | (209,940) | (800,508) |
| Cash Flows from Capital and Related Financing Activities | | |
| State capital appropriations | 6,273,794 | 2,022,796 |
| Private capital gifts and grants | 2,623,019 | 6,502,334 |
| Purchase of capital assets | (14,942,258) | (11,627,896) |
| Principal payments on capital debt | (5,482,556) | (5,108,741) |
| Bonds payable proceeds | - | 286,375 |
| Interest payments on capital debt | (2,661,174) | (2,398,346) |
| Total Cash Flows Used In Capital and Related Financing Activities | (14,189,175) | (10,323,478) |
| Change in Cash and Cash Equivalents | (8,705,030) | 2,805,230 |
| Cash and Cash Equivalents, Beginning of Year | 29,097,272 | 26,292,042 |
| Cash and Cash Equivalents, End of Year | \$ 20,392,242 | \$ 29,097,272 |

YOUNGSTOWN STATE UNIVERSITY

STATEMENTS OF CASH FLOWS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

| | June 30, 2023 | June 30, 2022 |
|---|------------------------|------------------------|
| Operating loss | \$ (89,824,420) | \$ (87,849,415) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation and amortization | 17,944,329 | 17,208,866 |
| Provision for bad debts | (11,139) | 275,909 |
| Perkins adjustment-to agree to principal collected | 92,642 | - |
| Gain on sale of fixed asset | (12,232) | - |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | 860,280 | 942,296 |
| Inventories | (3,542) | 4,643 |
| Prepaid expenses and unearned charges | (20,615) | (38,116) |
| Net OPEB assets | 7,916,719 | (3,740,798) |
| Accounts payable | 313,714 | 42,685 |
| Accrued and other liabilities | 166,928 | 588,444 |
| Unearned revenue | 790,261 | (543,773) |
| Compensated absences | (69,816) | (280,855) |
| Net pension/OPEB liability | 72,174,468 | (53,039,793) |
| Deferred outflows-pensions and OPEB | (22,377,794) | (5,411,913) |
| Deferred inflows-pensions and OPEB | (59,348,618) | 36,751,279 |
| Net Cash Flows Used In Operating Activities | \$ (71,408,835) | \$ (95,090,541) |

Noncash Investing and Financing Transactions

| | | |
|--------------------------------|--------------|--------------|
| Right-to-use asset - equipment | \$ 159,498 | \$ - |
| Right-to-use asset - SBITA | \$ 1,763,560 | \$ 3,547,555 |

See accompanying notes to financial statements.

In July 2021, the University issued \$28,065,000 in Series 2021 General Receipts bonds. The proceeds from the bond sale were used for a current refunding of the Series 2010 General Receipts bonds and Series 2011 General Receipts bonds, resulting in a retirement of these bonds for \$20,305,000 and \$13,185,000 respectively. See Note 9 for further discussion on this non-cash transaction.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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 non-major discretely presented component unit, in the State of Ohio's (State) Annual Comprehensive Financial Report. In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, Youngstown State University Foundation's (YSUF or Foundation) financial statements are included, as a discretely presented component unit, in the University's financial report by presentation of the individual financial statements of the entity immediately following the University's respective GASB financial statements. See Note 15 for additional information regarding the University's component unit.

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

As required by the GASB, resources are classified for accounting and reporting purposes into the following four net position categories:

- Net investment in capital assets – Capital assets, net of accumulated depreciation and amortization, reduced by outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted, nonexpendable – Resources subject to externally imposed stipulations that they be maintained permanently by the University. Such resources include the University's permanent endowment funds.
- Restricted, expendable – Resources whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
- Unrestricted – Resources that are not subject to externally imposed stipulations. Unrestricted resources may be designated for specific purposes by action of management, Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted resources are designated for academic and research programs and initiatives, capital projects, and operating reserves.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The University reports as a business type activity, as required by the GASB. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Change in Accounting Principle – Effective for the fiscal year ended June 30, 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement establishes new requirements for accounting and financial reporting of the University’s subscription-based information technology arrangements. The adoption of GASB 96 has been reflected as of July 1, 2021.

Beginning net position as of July 1, 2021 was restated for the effects of the University’s adoption of GASB 96 as follows:

| | June 30, 2021 as Originally Reported | GASB 96 Adoption | July 1, 2021 as Restated |
|--------------------------------|--|---------------------|-----------------------------|
| Current assets | \$ 94,074,484 | \$ - | \$ 94,074,484 |
| Noncurrent assets | <u>265,031,793</u> | <u>7,590,174</u> | <u>272,621,967</u> |
| Total Assets | 359,106,277 | 7,590,174 | 366,696,451 |
| Deferred Outflows of Resources | 19,957,699 | - | 19,957,699 |
| Current liabilities | 27,159,030 | 1,636,322 | 28,795,352 |
| Noncurrent liabilities | <u>182,280,299</u> | <u>5,953,852</u> | <u>188,234,151</u> |
| Total Liabilities | <u>209,439,329</u> | <u>7,590,174</u> | <u>217,029,503</u> |
| Deferred Inflows of Resources | <u>43,242,835</u> | - | <u>43,242,835</u> |
| Net Position | <u>\$ 126,381,812</u> | <u>\$ -</u> | <u>\$ 126,381,812</u> |

The Statement of Net Position as of June 30, 2022 was restated for the effects of the University’s adoption of GASB 96 as follows:

| | June 30, 2022 as Originally Reported | GASB 96 Adoption | June 30, 2022 as Restated |
|--------------------------------|--|---------------------|------------------------------|
| Current assets | \$ 86,366,161 | \$ - | \$ 86,366,161 |
| Noncurrent assets | <u>264,874,894</u> | <u>8,699,972</u> | <u>273,574,866</u> |
| Total Assets | 351,241,055 | 8,699,972 | 359,941,027 |
| Deferred Outflows of Resources | 25,271,598 | - | 25,271,598 |
| Current liabilities | 27,162,689 | 2,683,306 | 29,845,995 |
| Noncurrent liabilities | <u>127,294,072</u> | <u>5,818,255</u> | <u>133,112,327</u> |
| Total Liabilities | <u>154,456,761</u> | <u>8,501,561</u> | <u>162,958,322</u> |
| Deferred Inflows of Resources | <u>79,906,614</u> | - | <u>79,906,614</u> |
| Net Position | <u>\$ 142,149,278</u> | <u>\$ 198,411</u> | <u>\$ 142,347,689</u> |

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

The \$198,411 is reflected as a reduction in operating expenses on the Statements of Revenues, Expenses, and Changes in Net Position.

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

Investments – Investments are reported at fair value based on quoted market prices. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. Restricted investments are comprised of endowment corpus and related spending funds. Alternative investments are generally less liquid than publicly traded securities. These alternative investments are intended to reduce market risk, credit risk and interest rate risk. The University believes the carrying amounts of these holdings (net asset values) are reasonable estimates of the fair values as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for the investment existed. Such difference could be material.

Endowment Policy – Under Ohio law set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio in 2009, the Board acts in a fiduciary capacity as trustee of its endowment funds. UPMIFA requires that the Board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the University and the purposes of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds. The University Endowment Fund consists of 90 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 ended September 30. Distributions greater than the calculated amount require written justification and Board of Trustees' approval.

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

Pledges Receivable – The University has a development services agreement with the Foundation. As part of the agreement, the majority of new pledges are recorded by the Foundation and payments on University pledges are collected by the Foundation and remitted to the University on a monthly basis. Prior to the agreement, the University received pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a gift representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of a conditional pledge, revenue is recognized when the gift is received. Pledges are recorded net of an allowance for uncollectible amounts and are discounted to net present value.

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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Capital Assets – Capital assets are stated at cost or acquisition value at date of gift. Right-to-use assets including equipment and subscription-based information technology arrangements (SBITAs) are stated at present value of the cost over the contract term. 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, improvements other than buildings, and right-to-use assets is \$100,000. Land is capitalized regardless of cost. Library purchases are excluded from capitalization and expensed as purchased.

Key estimates and judgments related to Right-to-use assets - SBITAs include how the university determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term. The University uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancelable period of the subscription. The University monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Right-to-use assets - SBITAs are reported with other capital assets, and subscription liabilities are reported as leased liabilities – SBITAs in both the current and long-term sections of debt liabilities on the statement of net position.

Depreciation (including amortization of right-to-use assets) is computed using the straight-line method over the estimated useful life or subscription term 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 or right-to-use assets are sold, or otherwise disposed of, the carrying value of such assets and any accumulated depreciation and amortization 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 right-to-use assets or materially extend the capital asset’s life are expensed when incurred. Estimated lives for right-to-use equipment assets are amortized over the lesser of the estimated useful life or the lease term using the straight-line method. Estimated lives for right-to-use SBITAs are amortized over the shorter of the subscription term or the useful life. Estimated lives are as follows:

| <u>Classification</u> | <u>Estimated Life</u> |
|--|-----------------------|
| Buildings | 50 years |
| Improvements to buildings | 10 to 50 years |
| Improvements other than buildings | 15 years |
| Moveable equipment, furniture and vehicles | 3 to 20 years |
| Right-to-use assets - equipment | 3 to 20 years |
| Right-to-use assets – SBITAs | 3 to 5 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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

included are amounts received from grants and contract sponsors that have not yet been earned and other resources received before the eligibility requirements are met.

Compensated Absences – Accumulated unpaid vacation and sick leave benefits are recorded as required by the GASB. The University uses the termination method to accrue sick leave compensated absences on the Statement of Net Position. University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at death, retirement, or termination. Unused hours exceeding these limitations are forfeited.

Refundable Advances from Government for Federal Loans – Funds provided by the United States government under the Federal Perkins Loan program are loaned to qualified students and re-loaned after collections. These funds are ultimately refundable to the government and, therefore, are recorded as a liability in the accompanying financial statements. Congress did not renew the program after September 30, 2017 and no disbursements were permitted after June 30, 2018. During fiscal year 2023, the University assigned all outstanding Perkins loans to the Department of Education and liquidated the program. This resulted in all outstanding loans and the refundable advance being removed from the University's Statement of Net Position as of June 30, 2023. See Note 5 and Note 12.

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

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

Service Concession Arrangements – Service concession arrangements consist of an agreement with a food service provider and an agreement with a beverage company for exclusive pouring rights. Funds received are contingent upon utilization of services over a specified time period and are

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

amortized over the term of the contract arrangement. Unamortized amounts are reflected as deferred inflows of resources on the Statement of Net Position.

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

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

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

Measurement Focus and Financial Statement Presentation – The accompanying financial statements have been prepared using the economic resource measurement focus, operating revenues and expenses generally result from providing educational and instructional service in connection with the University's principal ongoing operations. The principal operating revenues include student tuition, fees and other student charges. The University also recognizes as operating revenue grants classified as exchange transactions and auxiliary activities. Operating expenses include educational costs, administrative expenses and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition including State and Federal appropriations are reported as non-operating revenues and expenses.

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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

Management’s Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes to financial statements. Actual results could differ from these estimates.

Adoption of New Accounting Pronouncements – In fiscal year 2023, the provisions of the following GASB Statements became effective:

- GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019. As a result of the adoption of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.
- GASB Statement No. 99, *Omnibus 2022*, issued April 2022. The requirements of this statement are effective immediately, with the exception of requirements related to leases, PPPs and SBITAs effective June 30, 2023; and the requirements related to financial guarantees and the classification and reporting of derivative instruments effective June 30, 2024. The Statements enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature.

Except for the adoption GASB 96, the above standards had no impact on the statements as a whole. Refer to Change in Accounting Principle for details on the net position impact of GASB 96.

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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

- GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, issued June 2022. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, issued June 2022. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

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

Note 2 – State and Federal Support

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

State appropriations totaled \$46,396,314 in fiscal year 2023 compared to \$44,378,444 in fiscal year 2022. The State Share of Instruction (SSI) is determined annually by the Ohio Department of Higher Education.

Capital appropriations from the State totaled \$5,831,180 in fiscal year 2023 compared to \$3,023,039 in fiscal year 2022, 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).

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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

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

Cash and Cash Equivalents at June 30, 2023 and June 30, 2022 consist of the following:

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Carrying Amount | <u>\$ 20,392,242</u> | <u>\$ 29,097,272</u> |
| FDIC Insured | \$ 571,114 | \$ 750,000 |
| Uninsured but collateralized by pools of securities pledged by the depository banks | 1,668,881 | 1,263,509 |
| Uninsured but assets held in name of YSU not pledged as collateral elsewhere | <u>18,274,158</u> | <u>27,757,496</u> |
| Bank Balance | <u>\$ 20,514,153</u> | <u>\$ 29,771,005</u> |

The difference in carrying amount and bank balance is caused by items in transit and outstanding checks. Deposits held in safekeeping by a bank, as trustee or escrow agent, included in cash totaled \$8,808 at June 30, 2023 and \$47,230 at June 30, 2022, which approximates market. These deposits, including interest on the investments, are retained in the trust for payment of principal and interest on outstanding indebtedness.

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, 2023 and June 30, 2022, 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.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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.

Net Asset Value (NAV) – Investments valued at net asset value, therefore not subject to the hierarchy classification.

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.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

As of June 30, 2023, the University had the following investments measured at fair value:

| Investment Type | Fair Value Measurement | | | | NAV | Total |
|-----------------------------|------------------------|----------------------|-------------|-------------|---------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | | | |
| U.S. Government Obligations | \$ - | \$ 9,026,379 | \$ - | \$ - | \$ - | \$ 9,026,379 |
| Corporate Bonds | - | 9,615,662 | - | - | - | 9,615,662 |
| Foreign Bonds | - | 183,756 | - | - | - | 183,756 |
| U.S. Government Bonds | - | 1,155,392 | - | - | - | 1,155,392 |
| Bond Mutual Funds | 14,508,592 | - | - | - | - | 14,508,592 |
| Common Stock | 8,067,560 | - | - | - | - | 8,067,560 |
| Equity Mutual Funds | 27,063,210 | - | - | - | - | 27,063,210 |
| Alternative Investments | - | - | - | - | 6,937,398 | 6,937,398 |
| Totals | \$ 49,639,362 | \$ 19,981,189 | \$ - | \$ - | \$ 6,937,398 | \$ 76,557,949 |

As of June 30, 2022, the University had the following investments measured at fair value:

| Investment Type | Fair Value Measurement | | | | NAV | Total |
|-----------------------------|------------------------|----------------------|-------------|-------------|---------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | | | |
| U.S. Government Obligations | \$ - | \$ 7,718,933 | \$ - | \$ - | \$ - | \$ 7,718,933 |
| Corporate Bonds | - | 9,079,554 | - | - | - | 9,079,554 |
| Foreign bonds | - | 184,359 | - | - | - | 184,359 |
| U.S. Government Bonds | - | 1,137,368 | - | - | - | 1,137,368 |
| Bond Mutual Funds | 13,926,763 | - | - | - | - | 13,926,763 |
| Common Stock | 7,443,067 | - | - | - | - | 7,443,067 |
| Equity Mutual Funds | 25,597,963 | - | - | - | - | 25,597,963 |
| Alternative Investments | - | - | - | - | 5,000,000 | 5,000,000 |
| Totals | \$ 46,967,793 | \$ 18,120,214 | \$ - | \$ - | \$ 5,000,000 | \$ 70,088,007 |

Because alternative investments have no active market, they are valued using NAV, which is based on information such as historical and current performance of the underlying assets; cash flow projections, liquidity and credit premiums required by a market participant; and financial trend analysis with respect to the individual fund manager. Furthermore, the liquidity of these investments may be impacted by the lack of a present market of the interest in the funds, lock-up periods, redemption notice periods and limits to the frequency of redemptions.

The following table provides additional information for those investments valued using NAV:

| | Fair Value June 30 | | Redemption Frequency | Redemption Notice Period | Unfunded Commitment |
|--------------------------|---------------------|---------------------|----------------------|--------------------------|---------------------|
| | 2023 | 2022 | | | |
| Alternative investments: | | | | | |
| Hedge funds (A) | \$ 4,564,030 | \$ 5,000,000 | Quarterly | 65 days | \$ - |
| Private credit (B) | \$ 2,373,368 | - | Annual | 30 days | 266,959 |
| Totals | \$ 6,937,398 | \$ 5,000,000 | | | \$ 266,959 |

(A) This category includes hedge funds through a limited partnership interest. The underlying hedge fund managers invest primarily in marketable securities that trade in well-established

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

and liquid markets. Styles of managers include equity long-short, relative value, event driven, credit, or macro, among other sub-styles and specialties. The objective of the hedge funds is to achieve an attractive risk-adjusted return relative to other asset classes and provide diversification and long-term growth. The hedge funds are valued at fair value that are reported in the investment manager financial statements, based on net asset value of the fund at the end of the depicted time period.

(B) This category is a private credit strategy that originates loans for private companies. The fund provides senior secured loans to performing U.S. lower to middle market borrowers/companies with \$8-\$40 million in earnings before interest, taxes, depreciation and amortization (EBITDA). The fund provides customized credit solutions structured with strong downside protection characteristics to deliver consistent results through market cycles.

As of June 30, 2023, the University had the following investments and maturities using the segmented time distribution method:

| Investment Type | Fair Value | Investment maturities (in years) | | | |
|-----------------------------|----------------------|----------------------------------|----------------------|---------------------|-------------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| U.S. Government Obligations | \$ 9,026,379 | \$ 2,667,869 | \$ 5,709,069 | \$ 649,441 | \$ - |
| Corporate Bonds | 9,615,662 | 864,515 | 7,871,007 | 830,672 | 49,468 |
| Foreign Bonds | 183,756 | - | 183,756 | - | - |
| U.S. Government Bonds | 1,155,392 | - | 59,407 | 504,549 | 591,436 |
| Bond Mutual Funds | 14,508,592 | 14,508,592 | - | - | - |
| Common Stock | 8,067,560 | 8,067,560 | - | - | - |
| Equity Mutual Funds | 27,063,210 | 27,063,210 | - | - | - |
| Alternative Investments | 6,937,398 | 6,937,398 | - | - | - |
| Totals | \$ 76,557,949 | \$ 60,109,144 | \$ 13,823,239 | \$ 1,984,662 | \$ 640,904 |

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

As of June 30, 2022, the University had the following investments and maturities using the segmented time distribution method:

| Investment Type | Fair Value | Investment maturities (in years) | | | |
|-----------------------------|----------------------|----------------------------------|----------------------|---------------------|-------------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| U.S. Government Obligations | \$ 7,718,933 | \$ 982,159 | \$ 6,445,624 | \$ 123,587 | \$ 167,563 |
| Corporate Bonds | 9,079,554 | 453,276 | 7,681,346 | 903,532 | 41,400 |
| Foreign Bonds | 184,359 | - | 184,359 | - | - |
| U.S. Government Bonds | 1,137,368 | - | 70,095 | 710,770 | 356,503 |
| Bond Mutual Funds | 13,926,763 | 13,926,763 | - | - | - |
| Common Stock | 7,443,067 | 7,443,067 | - | - | - |
| Equity Mutual Funds | 25,597,963 | 25,597,963 | - | - | - |
| Alternative Investments | 5,000,000 | 5,000,000 | - | - | - |
| Totals | \$ 70,088,007 | \$ 53,403,228 | \$ 14,381,424 | \$ 1,737,889 | \$ 565,466 |

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

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

As of June 30, 2023, investments had the following quality credit ratings:

| Investment Type | Fair Value | Aaa | Aa | A | Baa | Unrated |
|-----------------------|----------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
| Corporate Bonds | \$ 9,615,662 | \$ 1,941,114 | \$ 63,478 | \$ 3,525,817 | \$ 3,059,820 | \$ 1,025,433 |
| Foreign Bonds | 183,756 | - | - | 183,756 | - | - |
| U.S. Government Bonds | 1,155,392 | 1,155,392 | - | - | - | - |
| Bond Mutual Funds | 14,508,592 | 5,670,597 | 515,661 | 1,332,472 | 6,314,646 | 675,216 |
| Totals | <u>\$ 25,463,402</u> | <u>\$ 8,767,103</u> | <u>\$ 579,139</u> | <u>\$ 5,042,045</u> | <u>\$ 9,374,466</u> | <u>\$ 1,700,649</u> |

As of June 30, 2022, investments had the following quality credit ratings:

| Investment Type | Fair Value | Aaa | Aa | A | Baa | Unrated |
|-----------------------|----------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
| Corporate Bonds | \$ 9,079,554 | \$ 1,632,484 | \$ 50,920 | \$ 3,433,958 | \$ 2,956,725 | \$ 1,005,567 |
| Foreign Bonds | 184,359 | - | - | 184,359 | - | - |
| U.S. Government Bonds | 1,137,368 | 1,137,368 | - | - | - | - |
| Bond Mutual Funds | 13,926,763 | 5,658,197 | 462,062 | 1,259,113 | 5,806,951 | 740,440 |
| Totals | <u>\$ 24,328,044</u> | <u>\$ 8,428,049</u> | <u>\$ 512,982</u> | <u>\$ 4,877,430</u> | <u>\$ 8,763,676</u> | <u>\$ 1,746,007</u> |

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

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality, as commonly expressed in terms of credit ratings issued by nationally recognized statistical rating organizations such as Moody’s Investors Services, Standard & Poor’s or Fitch rating provides a current depiction of potential variable cash flows and credit risk. The University’s investment policy and asset allocation guidelines contain provisions to manage credit risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Investments that are both 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, 2023 and 2022, the University had no exposure to custodial credit risk. The University does not address custodial credit risk in its investment policy and asset allocation guidelines.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. As of June 30, 2023, \$5,091,372 or 7% of the University’s portfolio was held in an intermediate bond fund and \$6,082,117 or 8% was held in a short-term bond fund. As of June 30, 2022, \$5,113,700 or 7% of the University’s portfolio was held in an intermediate bond fund and \$5,343,570 or 8% was held in a short-term bond fund.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and June 30, 2022 consist of the following:

| | 2023 | 2022 |
|---|---------------------|----------------------|
| Accounts receivable, net: | | |
| Student accounts, net of allowance for doubtful accounts of \$1,262,617 in 2023 and \$1,194,018 in 2022 | \$ 3,762,898 | \$ 4,279,832 |
| Grants and contracts, net of allowance for doubtful accounts of \$250 in 2023 and \$246 in 2022 | 2,294,579 | 3,639,408 |
| State capital appropriations | 853,548 | 1,296,162 |
| Other receivables, net of allowance for doubtful accounts of \$69,993 in 2023 and \$13,639 in 2022 | 2,561,105 | 2,477,205 |
| Accounts receivable, net | <u>\$ 9,472,130</u> | <u>\$ 11,692,607</u> |
| Loans receivable - student notes, net of allowance for doubtful accounts of \$0 in 2023 and \$2,701 in 2022 | - | 98,137 |
| Less: current portion | - | 98,137 |
| Loans receivable, noncurrent portion | <u>\$ -</u> | <u>\$ -</u> |

Note 6 – Pledges Receivable

Unconditional promises to give to the University recorded as pledges receivable at June 30, 2023 and June 30, 2022 were as follows:

| | 2023 | 2022 |
|---|------------------|-------------------|
| Pledges receivable, net of allowance for doubtful accounts of \$0 in 2023 and \$0 in 2022, and present value discount of \$11,245 in 2023 and \$9,247 in 2022 | \$ 147,075 | \$ 203,924 |
| Less: current portion | 58,320 | 63,171 |
| Pledges receivable, noncurrent portion | <u>\$ 88,755</u> | <u>\$ 140,753</u> |

Pledges have been discounted to net present value using June 30, 2023 and June 30, 2022 U.S. Treasury Note rates of 4% (5-year) in fiscal year 2023 and 3.25% (5-year) in fiscal year 2022.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Note 7 – Capital Assets

Capital assets activity for the year ended June 30, 2023 was as follows:

| | Beginning Balance | Additions/ Transfers | Reductions | Ending Balance |
|---|-----------------------|-------------------------|------------------|-----------------------|
| Nondepreciable assets: | | | | |
| Land | \$ 18,538,609 | \$ 70,070 | \$ - | \$ 18,608,679 |
| Construction in progress | 5,553,563 | (143,522) | - | 5,410,041 |
| Historical treasures | 1,041,338 | 15,150 | - | 1,056,488 |
| Depreciable assets: | | | | |
| Buildings | 289,233,637 | 10,830 | 9,713 | 289,234,754 |
| Improvements to buildings | 115,933,019 | 9,582,323 | - | 125,515,342 |
| Improvements other than buildings | 49,898,250 | 1,441,338 | - | 51,339,588 |
| Moveable equipment and furniture | 44,888,787 | 3,376,621 | 1,795,246 | 46,470,162 |
| Vehicles | 1,711,018 | 123,932 | - | 1,834,950 |
| Right-to-use assets - equipment | 2,048,730 | 159,498 | 105,391 | 2,102,837 |
| Right-to-use assets - SBITAs | 11,137,729 | 1,763,560 | - | 12,901,289 |
| Total cost | 539,984,680 | 16,399,800 | 1,910,350 | 554,474,130 |
| Less accumulated depreciation and amortization: | | | | |
| Buildings | 197,037,350 | 4,528,015 | 955 | 201,564,410 |
| Improvements to buildings | 35,717,062 | 4,464,823 | - | 40,181,885 |
| Improvements other than buildings | 30,031,661 | 2,539,254 | - | 32,570,915 |
| Moveable equipment and furniture | 38,872,307 | 3,013,757 | 1,780,733 | 40,105,331 |
| Vehicles | 1,347,764 | 125,999 | - | 1,473,763 |
| Right-to-use assets - equipment | 836,532 | 370,160 | 96,212 | 1,110,480 |
| Right-to-use assets - SBITAs | 2,437,757 | 2,902,321 | - | 5,340,078 |
| Total accumulated depreciation and amortization | 306,280,433 | 17,944,329 | 1,877,900 | 322,346,862 |
| Capital assets, net | <u>\$ 233,704,247</u> | <u>\$ (1,544,529)</u> | <u>\$ 32,450</u> | <u>\$ 232,127,268</u> |

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Capital assets activity for the year ended June 30, 2022 was as follows:

| | Restated Beginning Balance | Additions/ Transfers | Reductions | Restated Ending Balance |
|---|----------------------------------|-------------------------|-----------------|-------------------------------|
| Nondepreciable assets: | | | | |
| Land | \$ 17,810,443 | \$ 728,166 | \$ - | \$ 18,538,609 |
| Construction in progress | 1,515,662 | 4,037,901 | - | 5,553,563 |
| Historical treasures | 1,021,538 | 19,800 | - | 1,041,338 |
| Depreciable assets: | | | | |
| Buildings | 289,171,279 | 62,358 | - | 289,233,637 |
| Improvements to buildings | 112,738,797 | 3,194,222 | - | 115,933,019 |
| Improvements other than buildings | 48,447,151 | 1,451,099 | - | 49,898,250 |
| Moveable equipment and furniture | 41,550,738 | 3,697,586 | 359,537 | 44,888,787 |
| Vehicles | 1,519,972 | 278,515 | 87,469 | 1,711,018 |
| Right-to-use assets - equipment | 2,048,730 | - | - | 2,048,730 |
| Right-to-use assets - SBITAs | 7,590,174 | 3,547,555 | - | 11,137,729 |
| Total cost | <u>523,414,484</u> | <u>17,017,202</u> | <u>447,006</u> | <u>539,984,680</u> |
| Less accumulated depreciation and amortization: | | | | |
| Buildings | 192,249,065 | 4,788,285 | - | 197,037,350 |
| Improvements to buildings | 31,391,687 | 4,325,375 | - | 35,717,062 |
| Improvements other than buildings | 27,452,743 | 2,578,918 | - | 30,031,661 |
| Moveable equipment and furniture | 36,693,226 | 2,536,310 | 357,229 | 38,872,307 |
| Vehicles | 1,301,645 | 133,588 | 87,469 | 1,347,764 |
| Right-to-use assets - equipment | 427,899 | 408,633 | - | 836,532 |
| Right-to-use assets - SBITAs | - | 2,437,757 | - | 2,437,757 |
| Total accumulated depreciation and amortization | <u>289,516,265</u> | <u>17,208,866</u> | <u>444,698</u> | <u>306,280,433</u> |
| Capital assets, net | <u>\$ 233,898,219</u> | <u>\$ (191,664)</u> | <u>\$ 2,308</u> | <u>\$ 233,704,247</u> |

Note 8 – Payroll and Other Liabilities

Payroll and other liabilities at June 30, 2023 and 2022 consist of the following:

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Payroll liabilities | | |
| Accrued compensation | \$ 5,178,077 | \$ 5,238,373 |
| Accrued benefits | 176,145 | 232,983 |
| Accrued health care benefits and insurance payable | 1,615,137 | 1,679,381 |
| Retirement system contribution payable | 1,495,890 | 1,558,140 |
| Totals | <u>\$ 8,465,249</u> | <u>\$ 8,708,877</u> |
| Other liabilities | | |
| Deposits held in custody | \$ 837,789 | \$ 445,036 |
| Interest payable | 423,637 | 459,892 |
| Other liabilities | 345,373 | 327,569 |
| Totals | <u>\$ 1,606,799</u> | <u>\$ 1,232,497</u> |

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Estimated expenses ultimately to result, if unperformed commitments in process at June 30, 2023 are completed, totaled \$9.4 million compared to \$12.4 million at June 30, 2022. These amounts do not constitute expense incurred or liabilities.

Note 9 – Bonds

In July 2021, the University issued \$28,065,000 in Series 2021 General Receipts bonds. The proceeds from the bond sale were used for an advanced refunding of the Series 2010 General Receipts bonds and Series 2011 General Receipts bonds. As a result, \$20,305,000 of the 2010 bonds and \$13,185,000 of the 2011 bonds refunded are considered to be defeased and the liability was removed from the University's long-term obligations. For this current refunding, the reacquisition price exceeds the net carrying amount of the old debt by \$29,017. 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, 2023 and 2022, the amount recorded as a deferred outflow was \$24,434 and \$26,771, respectively. As of June 30, 2023 and 2022, the outstanding principal of the 2021 General Receipts bond was \$28,065,000. Payments made in fiscal year 2023 were bond interest payments only. In connection with the issuance of the Series 2021 General Receipts bonds, the University also recognized a net bond premium in the amount of \$5,872,342 which will be amortized against interest expense over the life of the bond.

Details of the bonds payable for the General Receipts Bonds, Series 2021 as of June 30, 2023 follow:

| Bond Component | Rate | Yield | Maturity Through | Original Principal |
|----------------|--------|-------|------------------|---------------------|
| Serial Bond | 4.000% | 0.25% | 2024 | \$ 105,000 |
| Serial Bond | 4.000% | 0.31% | 2025 | 1,945,000 |
| Serial Bond | 4.000% | 0.44% | 2026 | 2,465,000 |
| Serial Bond | 4.000% | 0.57% | 2027 | 2,560,000 |
| Serial Bond | 4.000% | 0.78% | 2028 | 2,660,000 |
| Serial Bond | 4.000% | 0.90% | 2029 | 2,770,000 |
| Serial Bond | 4.000% | 0.99% | 2030 | 2,875,000 |
| Serial Bond | 4.000% | 1.09% | 2031 | 2,990,000 |
| Serial Bond | 4.000% | 1.17% | 2032 | 3,110,000 |
| Serial Bond | 4.000% | 1.22% | 2033 | 3,240,000 |
| Serial Bond | 3.000% | 1.43% | 2034 | 3,345,000 |
| Total | | | | <u>\$28,065,000</u> |

In January 2017, the University issued \$25,525,000 in Series 2016 General Receipts bonds. The proceeds from the bond sale were used for a partial advanced refunding of the Series 2009 General Receipts bonds and to construct a bookstore. As a result, \$19,930,000 of the 2009 bonds advanced refunded were considered to be defeased and the liability was removed from the University's long-term obligations. In addition, a deferred outflow of resources was recorded and will be amortized over the remaining life of the new debt. As of June 30, 2023 and 2022, the amount recorded as a deferred outflow was \$1,304,698 and \$1,429,483, respectively.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Details of the bonds payable for the General Receipts Bonds, Series 2016 as of June 30, 2023 follow:

| Bond Component | Rate | Yield | Maturity Through | Original Principal |
|----------------|--------|-------|------------------|----------------------|
| Serial Bond | 5.000% | 2.76% | 2024 | 1,380,000 |
| Serial Bond | 5.000% | 2.93% | 2025 | 1,455,000 |
| Serial Bond | 5.000% | 3.09% | 2026 | 1,525,000 |
| Serial Bond | 5.000% | 3.23% | 2027 | 1,600,000 |
| Serial Bond | 3.000% | 3.32% | 2028 | 1,665,000 |
| Serial Bond | 3.250% | 3.49% | 2029 | 1,710,000 |
| Serial Bond | 5.000% | 3.44% | 2030 | 1,780,000 |
| Serial Bond | 5.000% | 3.50% | 2031 | 1,870,000 |
| Serial Bond | 3.500% | 3.74% | 2032 | 1,945,000 |
| Serial Bond | 3.625% | 3.86% | 2033 | 2,010,000 |
| Serial Bond | 3.625% | 3.92% | 2034 | 2,085,000 |
| Term Bond | 4.000% | 4.12% | 2035 | 310,000 |
| Term Bond | 4.000% | 4.12% | 2036 | 320,000 |
| Term Bond | 4.000% | 4.12% | 2037 | 335,000 |
| Term Bond | 4.000% | 4.12% | 2038 | 350,000 |
| Total | | | | <u>\$ 20,340,000</u> |

In June 2011, the Board of Trustees of Youngstown State University authorized through a Board resolution the issuance of General Receipts Bonds, Series 2011 in the amount of \$18,660,000. The \$19,006,093 in bond proceeds were received in July 2011. The Series 2011 Bonds were utilized to pay costs associated with acquiring the University Courtyard Apartments, any necessary related improvements thereto and to pay costs of issuing the Series 2011 Bonds. In July 2021, the remaining principal balance of \$13,185,000 was refunded with the issuance of the Series 2021 General Receipts bonds and the liability was removed from the University's long-term obligation.

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. In July 2021, the remaining principal balance of \$20,305,000 was refunded with the issuance of the Series 2021 General Receipts bonds and the liability was removed from the University's long-term obligation.

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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.

In March 2009, the University issued \$31,255,000 of General Receipts Bonds, Series 2009 to acquire, construct and equip the new Williamson College of Business Administration building, renovate and replace portions of the existing Wick Pollock Inn, refund the remaining General Receipts Bonds, Series 1997 and Series 1998, refund the General Receipts Bond Anticipation Notes, Series 2008 (BAN), and pay a portion of the costs of issuance of the bonds. In January 2017, \$19,930,000 of the bonds were advanced refunded with the issuance of the Series 2016 General Receipts bonds. The balance of the amount defeased and put in escrow was \$15,970,000 at June 30, 2023 and \$17,030,000 at June 30, 2022.

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 First Supplemental Trust Indenture dated February 2010, the Second Supplemental Trust Indenture dated July 1, 2011, the Third Supplemental Trust Indenture dated December 1, 2010, and the Series 2021 Bonds are also bound by the Fourth Supplemental Trust Indenture dated June 1, 2021. 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.

Maturities of all bonds payable and debt service for fiscal years subsequent to June 30, 2023 follow (also see Note 12):

| Fiscal Year | General Receipts Bonds | | |
|-------------|------------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2024 | \$ 1,485,000 | \$ 1,907,694 | \$ 3,392,694 |
| 2025 | 3,400,000 | 1,795,819 | 5,195,819 |
| 2026 | 3,990,000 | 1,633,119 | 5,623,119 |
| 2027 | 4,160,000 | 1,454,494 | 5,614,494 |
| 2028-2032 | 23,375,000 | 4,604,693 | 27,979,693 |
| 2032-2037 | 11,645,000 | 571,227 | 12,216,227 |
| 2038 | 350,000 | 7,000 | 357,000 |
| Totals | <u>\$ 48,405,000</u> | <u>\$ 11,974,046</u> | <u>\$ 60,379,046</u> |

Federal subsidies received by the University were \$0 in fiscal year 2023 and \$16,613 in fiscal year 2022. These are reported as non-operating federal grant revenue. Interest expense on indebtedness was \$1,212,601 in fiscal year 2023 and \$1,321,249 in fiscal year 2022.

The University's Trust Agreement governing all outstanding general receipts bonds contains a provision that in an event of default, the Trustee shall, within five business days after having knowledge of that event of default, give written notice to the University. The trustee shall also give the original purchasers of each series of Bonds then outstanding, and to the bondholders and any

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

other paying agents notice of each event of default within 90 days after having knowledge of the occurrence thereof. The Trust Agreement also contains a provision, that in the case an event of default has occurred, the Trustee may, upon written request of the holders of at least 25% in aggregate principal amount of the bonds then outstanding, declare the principal of all bonds outstanding and the interest accrued to be due and payable immediately.

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

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

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 as a direct borrowing through PNC Equipment Finance over 14 years at an interest rate of 3.366% and requires annual installment payments. In September 2020, PNC Equipment Finance sold, assigned, and transferred the note payable to Huntington Public Capital Corporation. Security of the debt is limited to the revenues appropriated for such purpose.

Details of the revised installment schedule follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2024 | \$ 1,203,118 | \$ 371,093 | \$ 1,574,211 |
| 2025 | 1,324,774 | 330,618 | 1,655,392 |
| 2026 | 1,438,677 | 286,051 | 1,724,728 |
| 2027 | 1,549,702 | 237,652 | 1,787,354 |
| 2028 | 1,712,894 | 185,518 | 1,898,412 |
| 2029 | 1,869,393 | 127,894 | 1,997,287 |
| 2030 | 1,932,281 | 65,005 | 1,997,286 |
| Totals | <u>\$ 11,030,839</u> | <u>\$ 1,603,831</u> | <u>\$ 12,634,670</u> |

Interest expense on indebtedness was \$373,877 in fiscal year 2023 and \$409,834 in fiscal year 2022.

The following constitutes an event of default under the master agreement:

- a. Failure to make payment as it becomes due, and any such failure continues for ten (10) days after the due date;
- b. Failure to perform or observe any obligations under Section 12.1, 14 or 18.1 hereof;

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

- c. Failure to perform or observe any other covenant, condition or agreement to be performed or observed by it under the agreement and such failure is not cured within thirty (30) days after receipt by the borrower of written notice thereof by the lender.

Note 11 – Leased Liabilities

The University leases certain assets from various third parties. The assets leased includes print shop and printer/copier equipment. Payments are generally fixed monthly. Future principal and interest payment requirements related to the University's lease liability at June 30, 2023 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|------------------|---------------------|
| 2024 | \$ 264,734 | \$ 9,886 | \$ 274,620 |
| 2025 | 266,783 | 7,837 | 274,620 |
| 2026 | 268,870 | 5,750 | 274,620 |
| 2027 | 270,996 | 3,624 | 274,620 |
| 2028 | 273,162 | 1,458 | 274,620 |
| 2029-2033 | 59,955 | 45 | 60,000 |
| Total | <u>\$ 1,404,500</u> | <u>\$ 28,600</u> | <u>\$ 1,433,100</u> |

The University obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed monthly. Future principal and interest payment requirements related to the University's subscription liability at June 30, 2023 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 2,755,447 | \$ 197,506 | \$ 2,952,953 |
| 2025 | 1,769,542 | 116,103 | 1,885,645 |
| 2026 | 1,507,850 | 56,887 | 1,564,737 |
| 2027 | 1,382,226 | 4,372 | 1,386,598 |
| Total | <u>\$ 7,415,065</u> | <u>\$ 374,868</u> | <u>\$ 7,789,933</u> |

See Note 7 Capital Assets for the total amount of right-to-use assets and the related accumulated amortization.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

Long-term liability activity (also see Notes 9, 10, and 11) for the year ended June 30, 2023 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|----------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds payable | | | | | |
| General receipts bonds principal | \$49,725,000 | \$ - | \$ 1,320,000 | \$48,405,000 | \$ 1,485,000 |
| Unamortized premium/discount | 5,602,063 | - | 889,065 | 4,712,998 | 866,056 |
| Bonds payable, net | 55,327,063 | - | 2,209,065 | 53,117,998 | 2,351,056 |
| Note payable | 12,109,512 | - | 1,078,673 | 11,030,839 | 1,203,118 |
| Leased liabilities - equipment | 1,500,240 | 159,498 | 255,238 | 1,404,500 | 264,734 |
| Leased liabilities - SBITAs | 8,501,561 | 1,763,560 | 2,850,056 | 7,415,065 | 2,755,447 |
| Compensated absences | 6,314,388 | 110,000 | 179,816 | 6,244,572 | 858,095 |
| Refundable advance | 172,310 | - | 172,310 | - | - |
| Total long-term liabilities | <u>\$83,925,074</u> | <u>\$ 2,033,058</u> | <u>\$ 6,745,158</u> | <u>\$79,212,974</u> | <u>\$ 7,432,450</u> |

Long-term liability activity (also see Notes 9, 10, and 11) for the year ended June 30, 2022 was as follows:

| | Restated Beginning Balance | Additions | Reductions | Restated Ending Balance | Restated Current Portion |
|----------------------------------|----------------------------------|---------------------|---------------------|-------------------------------|--------------------------------|
| Bonds payable | | | | | |
| General receipts bonds principal | \$56,405,000 | \$28,065,000 | \$34,745,000 | \$49,725,000 | \$ 1,320,000 |
| Unamortized premium/discount | 580,643 | 5,872,342 | 850,922 | 5,602,063 | 889,065 |
| Bonds payable, net | 56,985,643 | 33,937,342 | 35,595,922 | 55,327,063 | 2,209,065 |
| Note payable | 13,059,956 | - | 950,444 | 12,109,512 | 1,078,673 |
| Leased liabilities - equipment | 1,767,369 | - | 267,129 | 1,500,240 | 247,691 |
| Leased liabilities - SBITAs | 7,590,174 | 3,547,555 | 2,636,168 | 8,501,561 | 2,683,306 |
| Compensated absences | 6,595,243 | - | 280,855 | 6,314,388 | 950,134 |
| Refundable advance | 670,781 | - | 498,471 | 172,310 | - |
| Total long-term liabilities | <u>\$86,669,166</u> | <u>\$37,484,897</u> | <u>\$40,228,989</u> | <u>\$83,925,074</u> | <u>\$ 7,168,869</u> |

Note 13 – Employee Benefit Plans

Plan Descriptions

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

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

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

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

Contributions

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

Member contributions are set at the maximums authorized by the ORC. The plans' 2023 and 2022 employer and member contribution rates on covered payroll to each system are:

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

The required and actual contributions to the plans are:

| | For the years ended 6/30 | | | |
|-------|--------------------------|-------------|----------------------|-------------|
| | 2023 | | 2022 | |
| | Pension | OPEB | Pension | OPEB |
| STRS | \$ 4,595,362 | \$ - | \$ 4,766,737 | \$ - |
| OPERS | 5,557,191 | - | 5,391,644 | - |
| | <u>\$ 10,152,553</u> | <u>\$ -</u> | <u>\$ 10,158,381</u> | <u>\$ -</u> |

Benefits Provided

STRS Ohio

Plan benefits are established under Chapter 3307 of the ORC, as amended by Substitute Senate Bill 342 in 2012, gives the Retirement Board the authority to make future adjustments to the member

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

contribution rate, retirement age and service requirements, and the COLA as the need or opportunity arises, depending on the retirement system's funding progress.

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

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits.

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

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

OPERS

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

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

A death benefit of \$500 - \$2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

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

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2023 and 2022, the University reported a liability for its proportionate share of the net pension liability of STRS Ohio/OPERS. For June 30, 2023, the net pension liability was measured as of June 30, 2022 for STRS Ohio and December 31, 2022 for the OPERS plan. For June 30, 2022, the net pension liability was measured as of June 30, 2021 for STRS Ohio and December 31, 2021 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

| Plan | Measurement Date | Net Pension Liability | | Proportionate Share | | Percent Change | Percent Change |
|-----------|------------------|-----------------------|----------------------|---------------------|-----------|----------------|----------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022-23 | 2021-22 |
| STRS Ohio | June 30 | \$ 58,169,556 | \$ 36,011,446 | 0.261670% | 0.281650% | -0.019980% | -0.032985% |
| OPERS | December 31 | 69,471,970 | 19,455,611 | 0.237134% | 0.234737% | 0.002397% | 0.011467% |
| | | <u>\$ 127,641,526</u> | <u>\$ 55,467,057</u> | | | | |

For the years ended June 30, 2023 and 2022, the University recognized pension expense of \$12,949,350 and (\$7,244,941), respectively. At June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2023 | | 2022 | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 3,133,529 | \$ 308,701 | \$ 2,188,288 | \$ 800,498 |
| Changes of assumptions | 7,741,991 | 5,239,744 | 12,619,750 | - |
| Net difference between projected and actual earnings on pension plan investments | 22,223,881 | - | - | 55,754,267 |
| Changes in proportion and differences between University contributions and proportionate share of contributions | 710,071 | 8,494,682 | 688,335 | 8,640,538 |
| University contributions subsequent to the measurement date | 7,451,333 | - | 7,538,936 | - |
| Totals | <u>\$ 41,260,805</u> | <u>\$ 14,043,127</u> | <u>\$ 23,035,309</u> | <u>\$ 65,195,303</u> |

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

| Year Ended June 30 | Amount |
|--------------------|----------------------|
| 2024 | \$ 454,037 |
| 2025 | 1,537,178 |
| 2026 | 1,923,175 |
| 2027 | 15,793,511 |
| 2028 | 13,176 |
| Thereafter | 45,268 |
| Totals | <u>\$ 19,766,345</u> |

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

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

At June 30, 2023, the University reported a liability/(asset) for its proportionate share of the net OPEB liability/(asset) of STRS Ohio/OPERS. For June 30, 2023, the net OPEB liability/(asset) was measured as of June 30, 2022 for STRS Ohio and December 31, 2022 for the OPERS plan. For June 30, 2022, the net OPEB liability/(asset) was measured as of June 30, 2021 for STRS Ohio and December 31, 2021 for the OPERS plan. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of those dates, except OPERS which used an actuarial valuation dated December 31, 2021 and 2020, respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans.

Typically, the University's proportion of the net OPEB liability/(asset) would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below.

For plan years ending June 30, 2022 and 2021, STRS Ohio did not allocate employer contributions to the OPEB plan. Therefore, STRS Ohio's calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

For plan years ending December 31, 2022 and 2021, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS's calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

| Plan | Measurement Date | Net OPEB Liability (Asset) | | Proportionate Share | | Percent Change | Percent Change |
|-----------|------------------|----------------------------|------------------------|---------------------|-----------|----------------|----------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022-23 | 2021-22 |
| STRS Ohio | June 30 | \$ (6,776,000) | \$ (5,938,000) | 0.261670% | 0.281650% | -0.019980% | -0.033002% |
| OPERS | December 31 | 1,465,478 | (7,289,241) | 0.232424% | 0.232723% | -0.000299% | 0.010648% |
| | | <u>\$ (5,310,522)</u> | <u>\$ (13,227,241)</u> | | | | |

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

For the years ended June 30, 2023 and 2022, the University recognized a credit to OPEB (revenue)/expense of \$4,432,021 and \$8,037,903, respectively. At June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

| | 2023 | | 2022 | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 98,000 | \$ 1,383,547 | \$ 211,000 | \$ 2,193,666 |
| Changes of assumptions | 1,720,365 | 4,921,778 | 379,000 | 6,493,602 |
| Net difference between projected and actual earnings on OPEB investments | 3,028,491 | - | - | 5,120,996 |
| Changes in proportion and differences between University contributions and proportionate share of contributions | 85,477 | 77,044 | 190,035 | 770,547 |
| University contributions subsequent to the measurement date | - | - | - | - |
| Totals | \$ 4,932,333 | \$ 6,382,369 | \$ 780,035 | \$ 14,578,811 |

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

| Year Ended June 30 | Amount |
|--------------------|-----------------------|
| 2024 | \$ (1,102,235) |
| 2025 | (433,193) |
| 2026 | 179,507 |
| 2027 | 1,099,632 |
| 2028 | (396,499) |
| Thereafter | (797,248) |
| Totals | \$ (1,450,036) |

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

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Actuarial Assumptions

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

| | STRS Ohio | OPERS |
|---------------------------------------|---|---|
| Valuation date - Pension | June 30, 2022 | December 31, 2022 |
| Valuation date - OPEB | June 30, 2022 | December 31, 2021 |
| Actuarial cost method | Entry age normal | Individual entry age |
| Cost of living | None | 2.05% - 3.00% |
| Salary increases, including inflation | 2.50% - 8.50% | 2.75% - 10.75% |
| Inflation | 2.50% | 2.75% |
| Investment rate of return - Pension | 7.00%, net of investment expense including inflation | 6.90%, net of investment expense, including inflation |
| Investment rate of return - OPEB | 7.00%, net of investment expense including inflation | 6.00%, net of investment expense, including inflation |
| Health care cost trend rates | -68.78% to 9.0% initial, 4% ultimate | 5.50% initial, 3.50% ultimate in 2036 |
| Experience study date | Period of 5 years ended June 30, 2023 | Period of 5 years ended December 31, 2020 |
| Mortality basis | Post-Retirement: Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020 Pre-Retirement: Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020 Post-Retirement Disabled: Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020 | Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables. |

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

| | STRS Ohio | OPERS |
|---------------------------------------|--|---|
| Valuation date - Pension | June 30, 2021 | December 31, 2021 |
| Valuation date - OPEB | June 30, 2021 | December 31, 2020 |
| Actuarial cost method | Entry age normal | Individual entry age |
| Cost of living | None | 2.05% - 3.00% |
| Salary increases, including inflation | 2.50% - 12.50% | 2.75% - 10.75% |
| Inflation | 2.50% | 2.75% |
| Investment rate of return - Pension | 7.00%, net of investment expense including inflation | 6.90%, net of investment expense, including inflation |
| Investment rate of return - OPEB | 7.00%, net of investment expense including inflation | 6.00%, net of investment expense, including inflation |
| Health care cost trend rates | -16.2% to 30.0% initial, 4% ultimate | 5.50% initial, 3.50% ultimate in 2034 |
| Experience study date | Period of 5 years ended June 30, 2016 | Period of 5 years ended December 31, 2020 |
| Mortality basis | RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. | Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables. |

Pension Discount Rate

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

pension liability. The discount rates used to measure the total pension liabilities for STRS Ohio were 7.00 percent and 7.00 percent for the plan years ended June 30, 2022 and 2021. The discount rates used to measure the total pension liability for OPERS were 6.90 percent for both the plan years ended December 31, 2022 and 2021, respectively.

OPEB Discount Rate

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

STRS Ohio OPEB Discount Rate - The discount rates used to measure the total OPEB liabilities/(assets) was 7.00 percent for the plan years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

OPERS OPEB Discount Rate - The discount rate used to measure the total OPEB liabilities/(assets) was 5.22 percent and 6.00 percent for the plan years ended December 31, 2022 and 2021, respectively. At December 31, 2022, the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments (6.00 percent) for the funded benefit payments and Fidelity Index's 20-Year Municipal GO AA Index of 4.05 percent as of December 31, 2022. At December 31, 2021, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

| STRS Ohio as of 6/30/22 | | | OPERS as of 12/31/22 | | | | |
|-------------------------|-------------------|--|----------------------|-------------------|--|-----------------------|--|
| Investment Category | Target Allocation | Long-Term Expected Real Rate of Return | Investment Category | Pension Portfolio | | Health Care Portfolio | |
| | | | | Target Allocation | Long-Term expected Real Rate of Return | Target Allocation | Long-Term expected Real Rate of Return |
| Domestic Equity | 26.0% | 6.60% | Fixed Income | 22.0% | 2.62% | 34.0% | 2.56% |
| International Equity | 22.0% | 6.80% | Domestic Equities | 22.0% | 4.60% | 26.0% | 4.60% |
| Alternatives | 19.0% | 7.38% | Real Estate | 13.0% | 5.27% | 0.0% | 0.00% |
| Fixed Income | 22.0% | 1.75% | Private Equity | 15.0% | 7.53% | 25.0% | 5.51% |
| Real Estate | 10.0% | 5.75% | International Equity | 21.0% | 5.51% | 2.0% | 4.37% |
| Liquidity Reserves | 1.0% | 1.00% | Risk Parity | 2.0% | 4.37% | 6.0% | 1.84% |
| | | | REITs | 0.0% | 0.00% | 7.0% | 4.70% |
| | | | Other Investments | 5.0% | 3.27% | 0.0% | 0.00% |
| Totals | <u>100.0%</u> | | | <u>100.0%</u> | | <u>100.0%</u> | |

| STRS Ohio as of 6/30/21 | | | OPERS as of 12/31/21 | | | | |
|-------------------------|-------------------|--|----------------------|-------------------|--|-----------------------|--|
| Investment Category | Target Allocation | Long-Term Expected Real Rate of Return | Investment Category | Pension Portfolio | | Health Care Portfolio | |
| | | | | Target Allocation | Long-Term expected Real Rate of Return | Target Allocation | Long-Term expected Real Rate of Return |
| Domestic Equity | 28.0% | 7.35% | Fixed Income | 24.0% | 1.32% | 34.0% | 1.07% |
| International Equity | 23.0% | 7.55% | Domestic Equities | 21.0% | 5.64% | 25.0% | 5.64% |
| Alternatives | 17.0% | 7.09% | Real Estate | 11.0% | 5.39% | 0.0% | 0.00% |
| Fixed Income | 21.0% | 3.00% | Private Equity | 12.0% | 10.42% | 0.0% | 0.00% |
| Real Estate | 10.0% | 6.00% | International Equity | 23.0% | 7.36% | 25.0% | 7.36% |
| Liquidity Reserves | 1.0% | 2.25% | Risk Parity | 5.0% | 2.92% | 2.0% | 2.92% |
| | | | REITs | 0.0% | 0.00% | 7.0% | 3.71% |
| | | | Other Investments | 4.0% | 2.85% | 7.0% | 1.93% |
| Totals | <u>100.0%</u> | | | <u>100.0%</u> | | <u>100.0%</u> | |

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

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

| Plan | 1% Decrease | | 2023 (\$ in thousands) | | 1% Increase | |
|-----------|-------------|-------------------|------------------------|-------------------|-------------|------------------|
| | | | Current Discount Rate | | | |
| STRS Ohio | 6.00% | \$ 87,873 | 7.00% | \$ 58,170 | 8.00% | \$ 33,050 |
| OPERS | 5.90% | 104,663 | 6.90% | 69,472 | 7.90% | 40,211 |
| | | <u>\$ 192,536</u> | | <u>\$ 127,642</u> | | <u>\$ 73,261</u> |

| Plan | 1% Decrease | | 2022 (\$ in thousands) | | 1% Increase | |
|-----------|-------------|-------------------|------------------------|------------------|-------------|---------------|
| | | | Current Discount Rate | | | |
| STRS Ohio | 6.00% | \$ 67,436 | 7.00% | \$ 36,011 | 8.00% | \$ 9,458 |
| OPERS | 5.90% | 53,417 | 6.90% | 19,456 | 7.90% | (8,790) |
| | | <u>\$ 120,853</u> | | <u>\$ 55,467</u> | | <u>\$ 668</u> |

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

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

| Plan | 1% Decrease | | 2023 (\$ in thousands) | | 1% Increase | |
|-----------|-------------|-------------------|------------------------|-------------------|-------------|-------------------|
| | | | Current Discount Rate | | | |
| STRS Ohio | 6.00% | \$ (6,264) | 7.00% | \$ (6,776) | 8.00% | \$ (7,214) |
| OPERS | 4.22% | 4,988 | 5.22% | 1,465 | 6.22% | (1,441) |
| | | <u>\$ (1,276)</u> | | <u>\$ (5,311)</u> | | <u>\$ (8,655)</u> |

| Plan | 1% Decrease | | 2022 (\$ in thousands) | | 1% Increase | |
|-----------|-------------|-------------------|------------------------|--------------------|-------------|--------------------|
| | | | Current Discount Rate | | | |
| STRS Ohio | 6.00% | \$ (5,011) | 7.00% | \$ (5,938) | 8.00% | \$ (6,713) |
| OPERS | 5.00% | (4,287) | 6.00% | (7,289) | 7.00% | (9,781) |
| | | <u>\$ (9,298)</u> | | <u>\$ (13,227)</u> | | <u>\$ (16,494)</u> |

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

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

| Plan | 2023 (\$ in thousands) | | |
|-----------|------------------------|--------------------|-------------------|
| | 1% Decrease | Current Trend Rate | 1% Increase |
| STRS Ohio | \$ (7,028) | \$ (6,776) | \$ (6,457) |
| OPERS | 1,374 | 1,465 | 1,569 |
| | <u>\$ (5,654)</u> | <u>\$ (5,311)</u> | <u>\$ (4,888)</u> |

| Plan | 2022 (\$ in thousands) | | |
|-----------|------------------------|--------------------|--------------------|
| | 1% Decrease | Current Trend Rate | 1% Increase |
| STRS Ohio | \$ (6,682) | \$ (5,938) | \$ (5,019) |
| OPERS | (7,368) | (7,289) | (7,196) |
| | <u>\$ (14,050)</u> | <u>\$ (13,227)</u> | <u>\$ (12,215)</u> |

Pension plan and OPEB plan fiduciary net position

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

Benefit changes

There were no significant benefit terms changes for the pension or OPEB plan(s) since the prior two measurement dates for OPERS. Effective for 2023, STRS implemented a one-time 3% cost of living adjustment effective on the anniversary of a benefits recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement (effective August 1, 2026).

Changes since the measurement date

There were no significant changes since the measurement date.

Assumption changes

During the measurement periods ended June 30, 2022 and December 31, 2022, respectively, certain assumption changes were made by the plans. STRS mortality tables, projected salary increases, and trend rates were updated based on a new experience study, which impacted the annual actuarial valuation for Pension and OPEB prepared as of June 30, 2022. The OPERS OPEB discount rate decreased from 6.00 percent to 5.22 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2022.

Payable to the Pension Plans and OPEB Plans

The University reported a payable of \$1,495,060 and \$1,466,182 for the outstanding amount of contributions to the STRS Ohio and OPERS pension plans required for the years ended June 30, 2023 and June 30, 2022, respectively

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Defined Contribution Pension Plan

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

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of nine private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Department of Higher Education. For STRS Ohio, that amount is 2.91 percent and 4.47 percent for the years ended June 30, 2023 and 2022. For OPERS, that amount is 2.24 percent and 2.44 percent for the years ended June 30, 2023 and 2022. If the employee was hired on or after August 2005, the employer contributes 6.00 percent. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting. The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options. STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. For the year ended June 30, 2023 and 2022, employee contributions totaled \$1,298,085 and \$1,299,939, and the University recognized pension expense of \$1,208,594 and \$1,098,292, respectively.

Note 14 – Contingencies and Risk Management

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

The University is a defendant in various lawsuits. It is the opinion of University management that disposition of pending litigation will not have a material adverse effect on the financial statements of the University. The University receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. The costs, both direct and indirect, that have been

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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 were as follows:

| | 2023 | 2022 | 2021 |
|--|---------------------|---------------------|---------------------|
| Liability at beginning of fiscal year | \$ 1,653,862 | \$ 1,786,667 | \$ 2,323,017 |
| Current year claims including changes in estimates | 16,274,348 | 19,493,650 | 15,913,843 |
| Claim payments | <u>(16,323,070)</u> | <u>(19,626,455)</u> | <u>(16,450,193)</u> |
| Liability at end of fiscal year | <u>\$ 1,605,140</u> | <u>\$ 1,653,862</u> | <u>\$ 1,786,667</u> |

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

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

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

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Note 15 – Component Unit

Youngstown State University Foundation is a legally separate nonprofit organization exempt from federal income tax and classified as a public charity. YSUF is devoted to the support, expansion, and development of educational programs at the University that are useful to the student and beneficial to the University community. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University.

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

The following tables present information about the Foundation’s assets measured at fair value on a recurring basis at June 30, 2023 and 2022 and the valuation techniques used by the Foundation to determine those fair values:

| | Assets Measured at Fair Value on a Recurring Basis at June 30, 2023 | | | Balance at June 30, 2023 |
|--------------------------------|---|--|--|-----------------------------|
| | Quoted Prices in Active markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Investments | | | | |
| Cash and cash equivalents | \$ 315,034 | \$ - | \$ - | \$ 315,034 |
| Common stock - U.S. stocks | 81,537,072 | - | - | 81,537,072 |
| Common stock - Non-U.S. stocks | 5,344,850 | - | - | 5,344,850 |
| Mutual funds: | | | | |
| Exchange traded | 44,247,340 | - | - | 44,247,340 |
| Money market | 7,067,792 | - | - | 7,067,792 |
| Fixed income | 12,821,624 | 33,565,773 | - | 46,387,397 |
| Equity | 41,149,708 | - | - | 41,149,708 |
| Total mutual funds | 105,286,464 | 33,565,773 | - | 138,852,237 |
| Alternative investments: | | | | |
| Private equity | - | - | 37,202,821 | 37,202,821 |
| Commodities hedge funds | - | - | 1,215,761 | 1,215,761 |
| Total alternative investments | - | - | 38,418,582 | 38,418,582 |
| Total | <u>\$ 192,483,420</u> | <u>\$ 33,565,773</u> | <u>\$ 38,418,582</u> | 264,467,775 |
| Investments measured at NAV - | | | | |
| Hedge funds | | | | 46,276,128 |
| Total assets | | | | <u>\$ 310,743,903</u> |

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

| | Assets Measured at Fair Value on a Recurring Basis at June 30, 2022 | | | Balance at June 30, 2022 |
|--------------------------------------|---|--|--|-----------------------------|
| | Quoted Prices in Active markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Investments | | | | |
| Cash and cash equivalents | \$ 287,834 | \$ - | \$ - | \$ 287,834 |
| Common stock - U.S. stocks | 75,919,866 | - | - | 75,919,866 |
| Common stock - Non-U.S. stocks | 5,139,377 | | | 5,139,377 |
| Mutual funds: | | | | |
| Exchange traded | 43,528,576 | - | - | 43,528,576 |
| Money market | 6,351,441 | - | - | 6,351,441 |
| Fixed income | 18,947,728 | 20,715,844 | - | 39,663,572 |
| Equity | <u>39,695,282</u> | <u>-</u> | <u>-</u> | <u>39,695,282</u> |
| Total mutual funds | 108,523,027 | 20,715,844 | - | 129,238,871 |
| Alternative investments: | | | | |
| Private equity | - | - | 43,928,383 | 43,928,383 |
| Commodities hedge funds | <u>-</u> | <u>-</u> | <u>1,382,325</u> | <u>1,382,325</u> |
| Total alternative investments | - | - | 45,310,708 | 45,310,708 |
| Total | <u>\$ 189,870,104</u> | <u>\$ 20,715,844</u> | <u>\$ 45,310,708</u> | 255,896,656 |
| Investments measured at NAV - | | | | |
| Hedge funds | | | | <u>50,219,822</u> |
| Total assets | | | | <u>\$ 306,116,478</u> |

Net assets without donor restrictions at June 30, 2023 and 2022 consist of the following:

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Current operations | \$ 157,508,772 | \$ 152,779,669 |
| Amounts committed to the University to be disbursed | <u>6,381,275</u> | <u>6,813,550</u> |
| Total net assets without donor restrictions | <u>\$ 163,890,047</u> | <u>\$ 159,593,219</u> |

YOUNGSTOWN STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

| | 2023 | 2022 |
|--|-----------------------|-----------------------|
| Subject to the Foundation's spending policy and appropriation - | | |
| Investments in perpetuity (including original gift amount of \$124,244,491 and \$119,544,129, as of June 30, 2023 and 2022, respectively), which, once appropriated, is expendable to support various activities | \$ 142,926,332 | \$ 135,788,976 |
| Subject to appropriation and expenditures when a specified event occurs: | | |
| Funds available to assist the University's Department of Philosophy and Religious Studies in the scholarly study of religion, history, and culture | 1,504,576 | 1,274,925 |
| Funds available to assist the University in land acquisitions | 511,015 | 514,212 |
| Land received in kind | 64,656 | 43,289 |
| Other | <u>(381,140)</u> | <u>(156,654)</u> |
| Subtotal | 1,699,107 | 1,675,772 |
| Subject to the passage of time - Pledges receivable for the benefit of the University for scholarships and other programs or endowments | <u>13,581,040</u> | <u>9,537,393</u> |
| Net assets with donor restrictions | <u>\$ 158,206,479</u> | <u>\$ 147,002,141</u> |

Financial support from YSUF was \$10,907,374 for the fiscal year ended June 30 2023 and \$9,328,575 for the fiscal year ended June 30, 2022. Financial support from YSUF has been committed for fiscal year 2024 in the amount of \$10,902,150

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

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REQUIRED SUPPLEMENTARY INFORMATION

Schedules of the University's Proportionate Share of the Net Pension Liability Plan Years Ended 2014 to 2022

| Plan Year | University's proportion of the net pension liability (asset) | University's proportionate share of the net pension liability (asset) | University's covered payroll | University's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|--|---|---|---------------------------------|---|--|
| State Teachers Retirement System (STRS Ohio) | | | | | |
| 2022 | 0.261670% | \$ 58,169,556 | \$ 38,239,538 | 152.12% | 78.90% |
| 2021 | 0.281650% | \$ 36,011,446 | \$ 38,933,561 | 92.49% | 87.80% |
| 2020 | 0.314635% | \$ 76,130,559 | \$ 42,404,403 | 179.53% | 75.50% |
| 2019 | 0.328794% | \$ 72,710,830 | \$ 43,128,083 | 168.59% | 77.40% |
| 2018 | 0.325960% | \$ 71,671,389 | \$ 41,735,926 | 171.73% | 77.31% |
| 2017 | 0.330156% | \$ 78,429,268 | \$ 41,199,747 | 190.36% | 75.30% |
| 2016 | 0.348370% | \$ 116,609,806 | \$ 41,521,217 | 280.84% | 66.80% |
| 2015 | 0.361214% | \$ 99,828,954 | \$ 42,774,459 | 233.38% | 72.10% |
| 2014 | 0.384452% | \$ 93,512,061 | \$ 44,313,510 | 211.02% | 74.70% |
| Ohio Public Employees Retirement System (OPERS) | | | | | |
| 2022 | 0.237134% | \$ 69,471,970 | \$ 42,517,459 | 163.40% | 76.07% |
| 2021 | 0.234737% | \$ 19,455,611 | \$ 40,205,249 | 48.39% | 93.01% |
| 2020 | 0.223270% | \$ 32,376,291 | \$ 38,248,636 | 84.65% | 87.21% |
| 2019 | 0.244668% | \$ 47,840,867 | \$ 40,601,178 | 117.83% | 82.44% |
| 2018 | 0.258405% | \$ 70,477,168 | \$ 41,119,217 | 171.40% | 78.00% |
| 2017 | 0.259492% | \$ 40,346,952 | \$ 40,446,282 | 99.75% | 79.00% |
| 2016 | 0.259332% | \$ 58,744,558 | \$ 39,595,195 | 148.36% | 80.00% |
| 2015 | 0.269315% | \$ 46,516,739 | \$ 39,715,198 | 117.13% | 80.00% |
| 2014 | 0.284240% | \$ 34,173,082 | \$ 40,769,505 | 83.82% | 84.00% |

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

YOUNGSTOWN STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION (CONT.)

Schedules of the University's Pension Contributions

| Fiscal Year | Statutorily required contribution | Contributions in relation to the statutorily required contributions | Annual contribution deficiency | University's covered payroll | Contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll |
|--|---|---|--------------------------------------|---------------------------------|---|
| State Teachers Retirement System (STRS Ohio) | | | | | |
| 2023 | \$4,595,362 | \$4,595,362 | \$ - | \$ 37,681,441 | 12.20% |
| 2022 | \$4,766,737 | \$4,766,737 | \$ - | \$ 38,239,538 | 12.47% |
| 2021 | \$4,865,815 | \$4,865,815 | \$ - | \$ 38,933,561 | 12.50% |
| 2020 | \$5,318,458 | \$5,318,458 | \$ - | \$ 42,404,403 | 12.54% |
| 2019 | \$5,404,211 | \$5,404,211 | \$ - | \$ 43,128,053 | 12.53% |
| 2018 | \$5,195,369 | \$5,195,369 | \$ - | \$ 41,735,926 | 12.45% |
| 2017 | \$5,107,383 | \$5,107,383 | \$ - | \$ 41,199,747 | 12.40% |
| 2016 | \$5,153,427 | \$5,153,427 | \$ - | \$ 41,521,217 | 12.41% |
| 2015 | \$5,318,436 | \$5,315,436 | \$ - | \$ 42,774,459 | 12.43% |
| Ohio Public Employees Retirement System (OPERS) | | | | | |
| 2023 | \$5,557,191 | \$5,557,191 | \$ - | \$ 43,340,039 | 12.82% |
| 2022 | \$5,391,644 | \$5,391,644 | \$ - | \$ 41,781,130 | 12.90% |
| 2021 | \$4,816,380 | \$4,816,380 | \$ - | \$ 37,506,171 | 12.84% |
| 2020 | \$5,171,188 | \$5,171,188 | \$ - | \$ 40,296,691 | 12.83% |
| 2019 | \$5,189,816 | \$5,189,816 | \$ - | \$ 40,481,204 | 12.82% |
| 2018 | \$5,104,871 | \$5,104,871 | \$ - | \$ 41,095,514 | 12.42% |
| 2017 | \$5,043,147 | \$5,043,147 | \$ - | \$ 39,901,665 | 12.64% |
| 2016 | \$4,994,138 | \$4,994,138 | \$ - | \$ 39,458,926 | 12.66% |
| 2015 | \$5,095,976 | \$5,095,976 | \$ - | \$ 40,264,007 | 12.66% |

Changes of benefit terms STRS Ohio – Effective for 2023, STRS implemented a one-time 3% cost of living adjustment effective on the anniversary of a benefits recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement (effective August 1, 2026).

Changes of assumptions

STRS Ohio – During the plan year ended June 30, 2022, there were changes to several assumptions for STRS based on an updated experience study for the five-year period ended June 30, 2021. The projected salary increase range changed from 2.5% -12.5% to 2.5% -8.5%. The mortality tables used changed from RP-2014 to PUB-2010.

During the plan year ended June 30, 2021, the investment rate of return decreased from 7.45% to 7.00%.

YOUNGSTOWN STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION (CONT.)

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

OPERS – During the plan year ended December 31, 2022, there were no changes to key assumptions.

During the plan year ended December 31, 2021, there were changes to several assumptions for OPERS. The discount rate was reduced from 7.50% to 6.90%. The wage inflation dropped from 3.25% to 2.75%. The projected salary increase range changed from 3.25%-10.75% to 2.75%-10.75%. The experience study changed from the 5 year period ended December 31, 2015 to the 5 year period ended December 31, 2020. The mortality tables used changed from RP2014 to PUB-2010.

During the plan year ended December 31, 2018, the discount rate was reduced from 7.50% to 7.20%. During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75% to 3.25%. The projected salary increase range changed from 4.25%-10.05% to 3.25%-10.75%. The mortality tables used changed from RP-2000 to RP-2014.

YOUNGSTOWN STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION (CONT.)

Schedules of the University's Proportionate Share of the Net OPEB Liability (Asset) Plan Years Ended 2017 to 2022

| Plan Year | University's proportion of the net OPEB liability (asset) | University's proportionate share of the net OPEB liability (asset) | University's covered payroll | University's proportionate share of the collective net OPEB liability as a percentage of the employer's covered payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|--|--|--|---------------------------------|--|---|
| State Teachers Retirement System (STRS Ohio) | | | | | |
| 2022 | 0.261670% | \$ (6,776,000) | \$ 38,239,538 | 17.40% | 230.70% |
| 2021 | 0.281650% | \$ (5,938,000) | \$ 38,933,561 | 15.25% | 174.70% |
| 2020 | 0.314652% | \$ (5,530,000) | \$ 42,404,403 | 13.04% | 182.10% |
| 2019 | 0.327941% | \$ (5,446,000) | \$ 43,128,083 | 12.63% | 174.70% |
| 2018 | 0.325960% | \$ (5,237,852) | \$ 41,735,926 | 12.55% | 176.00% |
| 2017 | 0.330156% | \$ 12,881,469 | \$ 41,199,747 | 31.27% | 47.10% |
| Ohio Public Employees Retirement System (OPERS) | | | | | |
| 2022 | 0.232424% | \$ 1,465,478 | \$ 42,517,459 | 3.45% | 94.79% |
| 2021 | 0.232723% | \$ (7,289,241) | \$ 40,205,249 | 18.13% | 128.23% |
| 2020 | 0.222075% | \$ (3,956,443) | \$ 38,248,636 | 10.34% | 115.57% |
| 2019 | 0.242319% | \$ 33,470,549 | \$ 40,601,178 | 82.44% | 47.80% |
| 2018 | 0.256109% | \$ 33,390,568 | \$ 41,119,217 | 81.20% | 46.33% |
| 2017 | 0.255940% | \$ 27,793,199 | \$ 40,446,282 | 68.72% | 54.14% |

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

YOUNGSTOWN STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION (CONT.)

Schedules of the University's OPEB Contributions

| Fiscal Year | Statutorily required contribution | Contributions in relation to the statutorily required contributions | Annual contribution deficiency | University's covered payroll | Contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll |
|--|---|---|-----------------------------------|---------------------------------|---|
| State Teachers Retirement System (STRS Ohio) | | | | | |
| 2023 | \$ - | \$ - | \$ - | \$ 37,681,441 | 0.00% |
| 2022 | \$ - | \$ - | \$ - | \$ 38,239,538 | 0.00% |
| 2021 | \$ - | \$ - | \$ - | \$ 38,933,561 | 0.00% |
| 2020 | \$ - | \$ - | \$ - | \$ 42,404,403 | 0.00% |
| 2019 | \$ - | \$ - | \$ - | \$ 43,128,053 | 0.00% |
| 2018 | \$ - | \$ - | \$ - | \$ 41,735,926 | 0.00% |
| Ohio Public Employees Retirement System (OPERS) | | | | | |
| 2023 | \$ - | \$ - | \$ - | \$ 43,340,039 | 0.00% |
| 2022 | \$ - | \$ - | \$ - | \$ 41,781,130 | 0.00% |
| 2021 | \$ - | \$ - | \$ - | \$ 37,506,171 | 0.00% |
| 2020 | \$ - | \$ - | \$ - | \$ 40,296,691 | 0.00% |
| 2019 | \$ - | \$ - | \$ - | \$ 40,481,204 | 0.00% |
| 2018 | \$ 190,221 | \$ 190,221 | \$ - | \$ 41,095,514 | 0.46% |

There were no significant changes in benefit terms affecting the OPERS plans.

Changes of assumptions

STRS Ohio – During the plan year ended June 30, 2022, there were changes to several assumptions for STRS based on an updated experience study for the five-year period ended June 30, 2021. The projected salary increase range changed from 2.5%-12.5% to 2.5%-8.5%. The mortality tables used changed from RP-2014 to PUB-2010.

During the plan year ended June 30, 2021, the investment rate of return decreased from 7.45% to 7.00%. The health care cost trend rates also decreased from 4.93% to 9.62% initial and 4.00% ultimate for plan year ended June 30, 2020, to 16.20% percent to 30.00% initial and 4.00% ultimate for plan year ended June 30, 2021.

During the plan year ended June 30, 2018, there were changes to several assumptions for STRS Ohio. The health care cost trend rates decreased from 6.00% to 11.00% initial and 4.50% ultimate for plan year ended June 30, 2017, to (5.23%) to 9.62% initial and 4.00% ultimate for plan year ended June 30, 2018. The discount rate increased from a blended rate between the long-term expected rate of return and a 20-year municipal bond rate of 4.13 % to the investment rate of return of 7.45% based on the cash flow analysis.

YOUNGSTOWN STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION (CONT.)

OPERS – During the plan year ended December 31, 2022, the health care cost trend rate changed to 5.50% initial, 3.50% ultimate in 2036 from 5.50% initial, 3.50% ultimate in 2034 in 2021. In addition, the discount rate was reduced from 6.00% to 5.22%.

During the year ended December 31, 2021, there were changes to several assumptions for OPERS. The experience study changed from the 5-year period ended December 31, 2015 to the 5-year period ended December 31, 2020. The municipal bond rate decreased from 2.00% to 1.84%. Wage inflation decreased 3.25% to 2.75%. The projected salary increase range changed from 3.25%-10.75% to 2.75%-10.75%. Health care cost trend rate decreased from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

During the plan year ended December 31, 2020, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.50% initial and 3.50% ultimate to 8.50% initial and 3.50% ultimate. The discount rate was increased from 3.16% to 6.00%.

During the plan year ended December 31, 2019, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.00% initial and 3.25% ultimate to 10.50% initial and 3.50% ultimate. The discount rate was reduced from 3.96% to 3.16%.

YOUNGSTOWN STATE UNIVERSITY

OTHER INFORMATION

Board of Trustees

| | |
|---------------------------|--|
| Julie Lynn Centofanti | <i>Student Trustee</i> |
| Natalie Dando | <i>Student Trustee</i> |
| Dr. Sergul A. Erzurum | <i>Surgeon and Owner Center for Advanced Eye Surgery</i> |
| Richard C. Fryda | <i>President and CEO Compco Industries</i> |
| Charles T. George | <i>Chief Executive Hapco, Inc., Strangepresse and Triptech</i> |
| Dr. Anita A. Hackstedde | <i>President and Chief Executive Officer Salem Regional Medical Center</i> |
| Joseph J. Kerola | <i>President and CEO PI&I Motor Express, Inc.</i> |
| Jocelyne Kollay Linsalata | <i>National/Global Trustee YSU Foundation Board Member</i> |
| Laura A. Lyden | <i>Sales and Operations Manager, Corporate Secretary Lyden Oil Co.</i> |
| Michael A. Peterson | <i>Managing Partner and President Global Investigations, Cello HR, The Orsus Group</i> |
| Allen L. Ryan | <i>Director of Corporate Affairs Covelli Enterprises</i> |
| Molly S. Seals | <i>Retired, Vice President of Human Resources Program Delivery Mercy Health Youngstown</i> |
| Eric A. Spiegel | <i>National/Global Trustee Former President and Chief Executive Siemens USA</i> |

YOUNGSTOWN STATE UNIVERSITY

OTHER INFORMATION (CONT.)

Executive Officers

Helen K. Lafferty, Ph.D.

Interim President

Brien Smith, Ph.D.

Provost and Vice President for Academic Affairs

Holly A. Jacobs, J.D.

Vice President for Legal Affairs/Human Resources

Neal P. McNally, M.P.A.

Vice President for Finance & Business Operations

Jennifer Oddo

Vice President Division of Workforce Education and Innovation

Mike Sherman, Ph.D.

Vice President of Student Affairs, Institutional Effectiveness and Board Professional

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

Independent Auditor's Report

To Management and the Board of Trustees
Youngstown State University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Youngstown State University (the "University"), a component unit of the State of Ohio, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

To Management and the Board of Trustees
Youngstown State University

Purpose of This Report

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

Plante & Moran, PLLC

October 12, 2023

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

Independent Auditor's Report

To the Board of Trustees
Youngstown State University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Youngstown State University's (the "University") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the University's major federal program for the year ended June 30, 2023. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

To the Board of Trustees
Youngstown State University

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Plante & Moran, PLLC

October 12, 2023

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance | | Total Amount | |
|---|----------------|--|---------------------------|----------------------|
| | Listing Number | Pass-through Entity Identifying Number | Provided to Subrecipients | Federal Expenditures |
| Clusters: | | | | |
| Student Financial Assistance Cluster | | | | |
| U.S. Department of Education - Direct Programs: | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | Not Applicable | - | 390,801 |
| Federal Work Study Program | 84.033 | Not Applicable | - | 522,335 |
| Federal Perkins Loan Program | 84.038 | Not Applicable | - | 99,538 |
| Federal Pell Grant Program | 84.063 | Not Applicable | - | 14,899,919 |
| Federal Direct Student Loans | 84.268 | Not Applicable | - | 47,048,678 |
| Total Student Financial Assistance Cluster | | | - | 62,961,271 |
| Research and Development Cluster | | | | |
| U.S. Department of Commerce - Pass-through Program: | | | | |
| National Oceanic & Atmospheric Administration - The Ohio State University - Sea Grant Support | 11.417 | SPC-100006439 GR126917 | - | 26,137 |
| Total U.S. Department of Commerce | | | - | 26,137 |
| U.S. Department of Defense - Pass-through Programs: | | | | |
| Army Research Institute - Case Western Reserve University Basic Scientific Research | | | | |
| | 12.431 | RES600317 | - | 22,256 |
| National Center for Defense Manufacturing and Machining (NCDMM) - Air Force Defense Research Sciences Program | | | | |
| | 12.800 | Not Available | - | 223,281 |
| National Center for Defense Manufacturing and Machining (NCDMM) - Air Force Defense Research Sciences Program | | | | |
| | 12.800 | Not Available | - | 524,235 |
| Air Force Research Lab - Wright State University Research and Technology Development | | | | |
| | 12.910 | 671100-1 | 1,709 | 1,075,895 |
| Total U.S. Department of Defense | | | 1,709 | 1,845,667 |
| National Aeronautics and Space Administration - Direct Programs: | | | | |
| Space Technology | 43.012 | Not Applicable | - | 102,124 |
| National Aeronautics and Space Administration - Pass-through Programs: | | | | |
| Ohio Space Grant Consortium - Science | | | | |
| | 43.001 | Not Available | - | (234) |
| Space Telescope Science Institute - Science | | | | |
| | 43.001 | HST-GO-16082.002-A | - | 478 |
| Space Telescope Science Institute - Science | | | | |
| | 43.001 | HST-GO-16257.002-A | - | 4,277 |
| Total National Aeronautics and Space Administration | | | - | 106,645 |

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|---|---------------------------|--|--|----------------------|
| Clusters (continued): | | | | |
| Research and Development Cluster (Continued) | | | | |
| National Science Foundation - Direct Programs: | | | | |
| Engineering | 47.041 | Not Applicable | - | 8,504 |
| Mathematical and Physical Sciences | 47.049 | Not Applicable | - | 165,022 |
| Education and Human Resources | 47.076 | Not Applicable | 8,360 | 309,954 |
| Total National Science Foundation | | | 8,360 | 483,480 |
| U.S. Department of Energy - Pass-through Programs: | | | | |
| Lawrence Berkeley National Laboratory-Energy Efficiency and Renewable Energy Education and Outreach | 81.117 | 7646533 | - | 8,045 |
| Total U.S. Department of Energy | | | - | 8,045 |
| U.S. Department of Education - Pass-through Programs: | | | | |
| The University of Cincinnati - State Technical Assistance Projects to Improve Services and Results for Children who are Deaf-Blind and National Technical Assistance and Dissemination Center for Children who are Deaf-Blind | 84.326T | 011841-00008 | - | 26,229 |
| Total U.S. Department of Education | | | - | 26,229 |
| U.S. Department of Health and Human Services - Direct Programs: | | | | |
| Nurse Anesthetist Traineeships | 93.124 | Not Applicable | - | 18,167 |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | Not Applicable | - | 535 |
| U.S. Department of Health and Human Services - Pass-through Programs: | | | | |
| COVID-19 - Centers for Disease Control and Prevention - Ohio Department of Health - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 93.323 | Contract # 51391 | - | 130,999 |
| COVID-19 - Centers for Disease Control and Prevention - Ohio State University - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 93.323 | GR124769/SPC-1000005404 | - | 123 |
| University of Pittsburgh - Aging Research | 93.866 | CNVA00058552 (131451-1) | - | 11,251 |
| University of Pittsburgh - Aging Research | 93.866 | AWD00003998 (136085-1) | - | 33,829 |
| Total U.S. Department of Health and Human Services | | | - | 194,904 |
| Total Research and Development Cluster | | | 10,069 | 2,691,107 |
| TRIO Cluster | | | | |
| U.S. Department of Education - Direct Program: | | | | |
| TRIO Upward Bound | 84.047A | Not Applicable | - | 99,251 |
| Total TRIO Cluster | | | - | 99,251 |

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|---|---------------------------------|---|--|----------------------|
| Clusters (Continued): | | | | |
| Economic Development Cluster | | | | |
| Economic Development Agency - Direct Program: Economic Adjustment Assistance | 11.307 | Not Applicable | - | 120,599 |
| Total Economic Development Cluster | | | | 120,599 |
| Child Nutrition Cluster | | | | |
| U.S. Department of Agriculture - Pass-through Program: State of Ohio Department of Education - Summer Food Service Program for Children | 10.559 | 02428971 | - | 6,646 |
| Total Child Nutrition Cluster | | | - | 6,646 |
| Total Clusters | | | 10,069 | 65,878,874 |
| Other federal awards: | | | | |
| U.S. Department of Defense - Pass-through Programs: | | | | |
| State of Ohio, Department of Development - Procurement Technical Assistance for Business Firms | 12.002 | PTAG20220527 | - | 109,083 |
| State of Ohio, Department of Development - Procurement Technical Assistance for Business Firms | 12.002 | APXG20230527 | - | 60,680 |
| Total U.S. Department of Defense | | | - | 169,763 |
| Appalachian Regional Commission - Direct Program: | | | | |
| Appalachian Area Development | 23.002 | Not Applicable | - | 173,494 |
| National Endowment for the Humanities - Pass through Program: | | | | |
| Science | 43.001 | Not Applicable | - | 24,500 |
| National Aeronautics and Space Administration - Direct Ohio Humanities Council - Promotion of the Humanities Federal/State Partnership | | | | |
| | 45.129 | QU22-089 | - | 4,027 |
| Small Business Administration - Pass-through Programs: | | | | |
| State of Ohio, Development Services Agency - Small Business Development Centers | 59.037 | OSBG-20-350 | - | 38,616 |
| State of Ohio, Development of Development - Small Business Development Centers | 59.037 | OSBG-22-326A | - | 133,239 |
| State of Ohio, Development of Development - Small Business Development Centers | 59.037 | OSBG-23-326 | - | 134,339 |
| Total Small Business Administration | | | - | 306,194 |

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|--|---------------------------------|---|--|----------------------|
| Other programs (Continued) | | | | |
| Other federal awards (Continued): | | | | |
| U.S. Department of Education - Direct Programs: | | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | Not Applicable | - | 9,200 |
| U.S. Department of Education - Education Stabilization Fund: | | | | |
| COVID-19 - Higher Education Emergency Relief Fund - Student Aid | 84.425E | Not Applicable | - | (21,500) |
| COVID-19 - Higher Education Emergency Relief Fund - Institutional Portion | 84.425F | Not Applicable | - | 257,215 |
| COVID-19 - Higher Education Emergency Relief Fund - Institutional Portion | 84.425F | Not Applicable | - | 111,715 |
| U.S. Department of Education - Education Stabilization Fund - Pass-through Programs: | | | | |
| COVID-19 - Ohio Department of Education - Elementary and Secondary School Emergency Relief Fund (ESSER I and II) | 84.425D | 1899 | - | 74,451 |
| COVID-19 - Ohio Department of Education/Ohio Department of Higher Education - American Rescue Plan-Elementary and Secondary School Relief Fund (ARP-ESSER) | 84.425U | Not Available | - | 114,117 |
| COVID-19 - Ohio Department of Education - Office of Graduate Success - American Rescue Plan-Elementary and Secondary School Relief Fund (ARP-ESSER) | 84.425U | Not Available | - | 6,952 |
| COVID-19 - Ohio Department of Developmental Disabilities - American Rescue Plan-Elementary and Secondary School Relief Fund (ARP-ESSER) | 84.425U | Not Available | - | 30,942 |
| Total Education Stabilization Fund | | | - | 573,892 |

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|--|---------------------------------|---|--|----------------------|
| Other programs (Continued) | | | | |
| Other federal awards (Continued): | | | | |
| U.S. Department of Education - Pass-through Programs: | | | | |
| State of Ohio Department of Education - Twenty-First Century Community Learning Centers | 84.287 | 12107 | - | 1,547 |
| State of Ohio Department of Education - Twenty-First Century Community Learning Centers | 84.287 | 10936 | - | 80 |
| State of Ohio Department of Education - Twenty-First Century Community Learning Centers | 84.287 | 10864 | - | 270 |
| State of Ohio Department of Education - Twenty-First Century Community Learning Centers | 84.287 | 17307 | - | 12,651 |
| State of Ohio Department of Education - Twenty-First Century Community Learning Centers | 84.287 | 17307 | - | 128,705 |
| State of Ohio Department of Education - Twenty-First Century Community Learning Centers | 84.287 | 19472 | - | 142,199 |
| State of Ohio Department of Education - Twenty-First Century Community Learning Centers | 84.287 | 19471 | - | 127,618 |
| | | | - | 413,070 |
| Total State of Ohio Department of Education - Twenty-First Century Community Learning Centers | | | - | 996,162 |
| Total U.S. Department of Education | | | - | 996,162 |
| U.S. Department of Health and Human Services - Pass-through Programs: | | | | |
| State of Ohio Department of Jobs and Family Services - Ohio Child Care Resource & Referral Association (OCCRRA) - Child Care and Development Block Grant | 93.575 | 105475 | - | 494,065 |
| State of Ohio Department of Jobs and Family Services - Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | G-1819-06-0337 | - | 1,500 |
| State of Ohio Department of Jobs and Family Services - Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | G-2223-06-0083 | - | 5,473 |
| State of Ohio Department of Jobs and Family Services - Foster Care - Title-IV-E | 93.658 | G-1819-06-0337 | - | (5,590) |
| State of Ohio Department of Jobs and Family Services - Foster Care - Title-IV-E | 93.658 | G-2223-06-0083 | - | 61,089 |
| State of Ohio Department of Jobs and Family Services - Social Services Block Grant | 93.667 | G-2223-06-0083 | - | 30,993 |
| Total U.S. Department of Health and Human Services | | | - | 587,530 |
| U.S. Department of Homeland Security - Pass-through Programs: | | | | |
| United States Coast Guard - Ohio Department of Natural Resources - Boating Safety Financial Assistance | 97.012 | 2022-0441 | - | 80 |
| Total U.S. Department of Homeland Security | | | - | 80 |
| Total other federal awards | | | - | 2,261,750 |
| Total federal awards | | | 10,069 | 68,140,624 |

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Youngstown State University (the "University") under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, and frequently asked questions, as outlined in the 2023 Compliance Supplement Addendum. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The pass-through entity identifying numbers are presented where available.

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

Note 3 - Loans Balances

Federal Direct Loan Program

The University participates in the Federal Direct Student Loan Program (84.268). The University originates, but does not provide funding for, federal direct loans (FDL). The amount presented on the schedule of expenditures of federal awards represents the value of new FDL processed by the University for the year ended June 30, 2023.

Federal Perkins Loan Program

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The University liquidated the Federal Perkins Loan Program with the final liquidation pending confirmation by the Department of Education after completion of Perkins close-out audit. There were no loan balances outstanding at June 30, 2023. The federal share of the University's final fund capital from the Perkins Loan Program is \$71,296 and was refunded on May 11, 2023.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

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

Identification of major programs:

| Assistance Listing Number | Name of Federal Program or Cluster | Opinion |
|---------------------------|--------------------------------------|------------|
| Various | Student Financial Assistance Cluster | Unmodified |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None



Youngstown State University does not discriminate on the basis of race, color, national origin, sex, sexual orientation, gender identity and/or expression, disability, age, religion or veteran/military status in its programs or activities. Please visit www.yzu.edu/ada-accessibility for contact information for persons designated to handle questions about this policy.

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OHIO AUDITOR OF STATE KEITH FABER



YOUNGSTOWN STATE UNIVERSITY

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/19/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov