The Ohio State University Department of Athletics

(A Department of the Ohio State University)

Financial Statements as of and for the Years ended June 30, 2015 and 2014 and Independent Auditor's Report

Dave Yost • Auditor of State

Board of Trustees
The Ohio State University Department of Athletics
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, Ohio 43210

We have reviewed the *Independent Auditor's Report* of The Ohio State University Department of Athletics, Franklin County, prepared by Pricewaterhouse Coopers LLP, for the audit period July 1, 2014 through June 30, 2015. 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 Ohio State University Department of Athletics is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

January 26, 2016

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The Ohio State University Department of Athletics
Index
June 30, 2015 and 2014

Independent Auditor's Report

To the Board of Trustees of
The Ohio State University

We have audited the financial statements of The Ohio State University Department of Athletics ("Athletics"), a department of The Ohio State University, appearing on pages 9 to 32, which consist of the statements of net position as of June 30, 2015 and June 30, 2014, the related statements of revenues, expenses, and other changes in net position and of cash flows for the years then ended, which collectively comprise Athletics' basic financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Athletics at June 30, 2015 and June 30, 2014, and the changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1, the financial statements of Athletics are intended to present the net financial position, the changes in net financial position and, where applicable, cash flows of only that portion of The Ohio State University that is attributable to the transactions of Athletics. They do not purport to, and do not, present fairly the net financial position of The Ohio State University as of June 30, 2015 or June 30, 2014, the changes in its net financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As disclosed in Note 2 and 9 to the basic financial statements, in the year ended June 30, 2015, Athletics adopted new accounting guidance related to the manner in which it accounts for pensions. As described within the notes to the financial statements, Athletics adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*, effective July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis on pages 3 through 8 and the Supplementary Information on GASB 68 Pension Liabilities on page 34 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016 on our consideration of Athletics' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2015. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Athletics' internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

January 11, 2016

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University Department of Athletics ("Athletics") for the year ended June 30, 2015, with comparative information for the years ended June 30, 2014 and June 30, 2013. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About the Department of Athletics:

The Ohio State University Department of Athletics is recognized as one of the most comprehensive intercollegiate athletics programs in the nation, with over 1,000 student-athletes competing in 36 sports. Athletics operates under the governance of The Ohio State University Board of Trustees and is included in the consolidated financial statements of The Ohio State University ("the university"). All organizations controlled by Athletics, consisting of its various departments, are included in the financial statements; organizations not controlled by Athletics, such as certain booster and alumni organizations, are not included in the financial statements.

About the Financial Statements:

Athletics presents its financial statements in a "business type activity" format, in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial report includes a Statement of Net Position, a Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements as of and for the years ended June 30, 2015 and June 30, 2014.

Financial Highlights:

Athletics net position increased $4 million, to $205 million at June 30, 2015. Operating revenues were up $12 million due to increased ticket revenues from premium pricing for two home football games, the expanded capacity at Ohio Stadium with the addition of 2,500 seats and appearances in post season bowl games including the National Championship. Operating expenses increased $8 million, reflecting the additional costs associated with bowl game participation, and a 5% increase in salaries and benefits.

In 2015, the university adopted a new pension accounting standard, GASB Statement No. 68. This standard requires governmental employers participating in defined-benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plans' net assets. These liabilities are referred to as net pension liabilities. The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio. Under GASB Statement No. 68, the university is required to record a liability for its proportionate share of the net pension liabilities of the retirement systems. The adoption of the new pension standard resulted in a $15 million reduction in Athletics unrestricted net position as of July 1, 2014. Athletics share of the net pension liabilities was $17 million at June 30, 2015. Although most year-to-year changes in net pension liabilities are charged directly to pension expense, certain types of changes are deferred and recognized a pension expense in future periods.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing, multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on Athletics for pension funding. Although the liabilities recognized under GASB statement No. 68 meet the GASB's definition of a "liability" in its conceptual framework for accounting standards, they do not represent legal claims on Athletics resources, and there are no cash flows associated the recognition of net pension liabilities, deferrals and expense.

Summary Statement of Net Position

(in thousands)

	2015	2014	2013
Cash	$ 82,251	$ 73,748	$ 61,099
Other current assets	31,759	30,210	27,858
Total current assets	114,010	103,958	88,957
Endowment Investments	68,039	64,788	55,303
Capital assets, net of accumulated depreciation	244,116	251,032	243,397
Other noncurrent assets	37,516	40,258	28,887
Total noncurrent assets	349,671	356,078	327,587
Total assets	463,681	460,036	416,544
Deferred outflows-pension	2,218	-	-
Total Assets and Deferred Outflows	$ 465,899	$ 460,036	$ 416,544
Unearned revenue for advance sales of game tickets	$ 46,546	$ 47,196	$ 43,223
Current portion of notes payable to university	10,476	10,851	7,987
Other current liabilities	9,704	17,959	12,508
Total current liabilities	66,726	76,006	63,718
Notes payable to university	174,123	180,324	161,355
Accrued compensated absences	2,889	2,737	2,528
Net pension liability	16,618	-	-
Total noncurrent liabilities	193,630	183,061	163,883
Total liabilities	260,356	259,067	227,601
Deferred Inflows-pension	351	-	-
Total liabilities and deferred inflows	260,707	259,067	227,601
Net investment in capital assets	$ 63,678	$ 64,346	$ 70,750
Restricted - nonexpendable	61,661	59,245	53,039
Restricted - expendable	69,995	61,588	56,556
Unrestricted	9,858	15,790	8,598
Total net position	205,192	200,969	188,943
Total Liabilities, Deferred Inflows and Net Position	$ 465,899	$ 460,036	$ 416,544

Cash and cash equivalents increased $8 million, to $82 million at June 30, 2015 primarily due to an increase in gift revenue and investment income. The Statement of Cash Flows provides additional details on sources and uses of Athletics cash.

Contributions receivable, which consist of gift receipts held by the university but not yet transferred to Athletics gift funds, increased $2 million to $12 million. **Pledges receivable** increased $6 million, to $38 million. **Endowment investments** increased $3 million, to $68 million, reflecting new endowment gifts and gains in market value.

Capital assets decreased $7 million, to $244 million, as outstanding projects closed and fewer new projects were funded in 2015. Capital assets reported on Athletics' Statement of Net Position include Ohio Stadium, Woody Hayes Athletic Center, McCorkle Aquatic Pavilion, Jesse Owens Memorial Stadium, Buckeye Field (Women's Softball), Bill Davis Baseball Stadium, St. John Arena and other facilities to support its 36 sports programs. Also reported are various land and land improvement assets, including the Scarlet and Gray golf courses, capitalized equipment and construction in progress.

With the exception of the new basketball practice facility, which was funded by Athletics and completed in summer 2013, the Schottenstein Center is not reported as a capital asset of the department because it is used for a wide range of university purposes. In exchange for the use of the facility, Athletics provides marketing, ticket sales and information technology services and an annual payment to the university.

Unearned revenue for advance sales of game tickets remained level at $47 million, reflecting a football ticket pricing plan that offered discounted pricing for two games along with premium pricing for two games.

Athletics enters into internal loan agreements with the university to finance the construction and renovation of athletic facilities. The loans have maturities ranging from 2014 to 2031 and bear interest rates ranging from 2.0% to 5.14%. These **notes payable to the university** totaled $185 million at June 30, 2015, down $7 million from the prior year. Internal transfers for debt service totaled $20 million and $17 million in 2015 and 2014, respectively.

Statement of Revenues, Expenses and Other Changes in Net Position
(in thousands)

	2015	2014	2013
Operating Revenues:			
Ticket sales	$ 60,324	$ 56,003	$ 54,630
Television, broadcast rights and sponsorships	32,129	29,146	28,248
Royalty and affinity revenue	3,816	3,663	5,000
Bowl and NCAA tournament distributions	12,877	8,494	5,969
Sports camp entry fee	2,762	2,996	3,169
Golf course revenues	3,418	3,543	3,892
Other operating revenues	11,611	11,029	10,439
Total operating revenues	126,937	114,874	111,347
Operating Expenses			
Salaries and wages	42,996	40,839	41,932
Employee benefits	12,808	12,095	11,488
Supplies and services	61,366	58,450	55,444
Scholarships	18,748	17,923	16,333
Depreciation	14,868	13,819	13,500
Total operating expense	150,786	143,126	138,697
Net operating loss	(23,849)	(28,252)	(27,350)
Nonoperating Revenues (Expenses)			
Current-use gifts	32,085	27,632	26,782
University distribution	7,183	5,638	5,555
Interest expense	(8,193)	(7,381)	(8,192)
Net investment income (loss)	3,189	9,195	5,663
Net non operating revenue	34,264	35,084	29,808
Income before other changes in net position	10,415	6,832	2,458
Capital gifts	9,288	5,177	12,704
Additions to permanent endowments	2,733	2,658	3,165
Equity transfers to the university	(3,162)	(2,641)	(2,374)
Increase (decrease) in net position	19,274	12,026	15,953
Net Position - Beginning of Year			
Beginning of the year previously recorded	200,969	188,943	172,990
Cumulative effect of accounting change	(15,051)	-	-
Net position - end of year	$ 205,192	$ 200,969	$ 188,943

Ticket sales revenues for Athletics events increased $4 million, to $60 million in 2015, due to premium ticket and the expansion of the Ohio Stadium by 2,500 seats. **Total television, broadcast rights and sponsorship revenues** increased $3 million to $32 million. **Bowl and NCAA tournament distributions** increased $5 million, to $13 million, due to the football team's success in the post season under the new College Football Playoff tournament. .

Total **supplies and services expense** for Athletics increased $3 million, to $61 million in 2015.

Along with the increased costs associated with bowl game participation and other sports team championships, salaries and benefits increased 5%.

Gifts to Athletics represent a key source of financial support for the department's operating and capital needs. **Current use gifts** increased $4 million, to $32 million, in 2015. These gifts are used primarily to fund scholarships for student-athletes. **Capital gifts** increased $4 million to $9 million. **Additions to permanent endowments** remained level at $3 million.

Statement of Cash Flows
(in thousands)

	2015	2014	2013
Net cash flows used in operating activities	$ (10,072)	$ (11,576)	$ (15,910)
Net cash flows from noncapital financing activities	36,739	31,602	32,213
Payments for purchase or construction of capital assets	(14,587)	(14,665)	(21,670)
Principal and interest payments on notes payable to the university	(19,848)	(17,453)	(15,882)
Other cash flows from capital financing activities	8,479	37,046	3,694
Net cash flows provided by (used) in investing activities	7,792	(12,305)	(948)
Net increase (decrease) in cash	$ 8,503	$ 12,649	$ (18,503)

Total Athletics cash increased $8 million, to $82 million at June 30, 2015. Total cash used by operating activities decreased from $12 million to $10 million. Total operating receipts increased $8 million, reflecting increases in television, broadcast rights and sponsorships and in bowl and NCAA tournament distributions revenue. Total operating expenses increased $8 million due to a 5% average increase in overall spending. Net cash flows from noncapital financing activities increased $5 million to $37 million as gifts for current use increased.

Economic Factors That Will Affect the Future:

The Department of Athletics is a national leader and one of the most visible, respected and accomplished intercollegiate athletics programs in the nation. In the pursuit of competitive excellence, Athletics affirms A Higher Purpose. The department exists to motivate student-athletes to develop into exemplary champions, who in turn inspire future Buckeyes. The department also is committed to financial self-sufficiency while contributing to the university's academic priorities.

Athletics' strategic plan, which was adopted in 2010, focuses on three core values:

• To provide teachable moments for gifted young student-athletes … The People
• To excel competitively and enhance its proud championship history … The Tradition
• To serve as a leader in intercollegiate athletics in every way … The Excellence

In 2014, OSU introduced premium game pricing for football tickets. Many Division 1 schools have begun this pricing strategy in the past five years. The top home game(s) are identified and priced higher due to the selling price in the secondary market. For the 2015 season, the Virginia Tech reserved ticket price was raised to $110 and the Michigan reserved ticket price was raised to $150. For the 2016 season, the Penn State and Michigan State reserved ticket prices will be raised to $135 and $150, respectively. Athletics will continue to identify two premium home games each year and price these games near the $120 to $200 price point, while also discounting two non-conference games.

A major portion of Athletics revenue, such as conference media contracts and corporate sponsorship agreements, is contractually defined for a number of years in the future. However, a significant portion of Athletics' revenue base, including gifts and ticket sales, is directly tied to its football program. Historically, Athletics has experienced very strong demand for football season tickets and premium seats. However, there is no guarantee that the historical economic success of the football program will continue in the future. In addition, the transition to a nine-game Big Ten conference season in 2016 will limit OSU to seven home football games. In consultation with its stakeholders, Athletics continues to evolve its ticket pricing for football and other revenue-generating sports.

Despite these uncertainties, Athletics leadership remains committed to executing its long-range strategic plan and anticipates that the department will maintain its sound financial position.

The Ohio State University Department of Athletics
Statements of Net Position
Years Ended June 30, 2015 and June 30, 2014

(in thousands)

	2015	2014
Assets and Deferred outflows		
Current assets		
Cash and cash equivalents	$ 82,251	$ 73,748
Accounts receivable, net	9,969	10,090
Inventories	195	199
Contributions receivable	11,676	10,342
Current portion of pledges receivable, net	9,383	8,617
Current portion of prepaid expenses	536	962
Total current assets	114,010	103,958
Noncurrent assets		
Assets Whose Use Is Limited	4,161	12,016
Endowment investments	68,039	64,788
Pledges receivable, net	28,607	23,309
Prepaid expenses	4,748	4,933
Capital assets, net	244,116	251,032
Total noncurrent assets	349,671	356,078
Total assets	463,681	460,036
Deferred outlows-pension	2,218	-
Total assets and deferred outflows	$ 465,899	$ 460,036
Liabilities, Deferred inflows and Net Position		
Current liabilities		
Accounts payable and accrued expenses	$ 1,467	$ 858
Accounts payable related to capital assets	-	7,527
Current portion of accrued compensated absences	323	253
Unearned revenue for advance sales of game tickets	46,546	47,196
Other unearned revenues and deposits	7,914	9,321
Current portion of notes payable to the university	10,476	10,851
Total current liabilities	66,726	76,006
Noncurrent liabilities		
Notes payable to the university	174,123	180,324
Accrued compensated absences	2,889	2,737
Net pension liability	16,618	-
Total noncurrent liabilities	193,630	183,061
Total liabilities	260,356	259,067
Deferred inflows-pension	351	-
Total liabilities and deferred inflows	260,707	259,067
Net Position		
Net investment in capital assets	63,678	64,346
Restricted		
Nonexpendable	61,661	59,245
Expendable	69,995	61,588
Unrestricted	9,858	15,790
Total net position	205,192	200,969
Total liabilities,deferred inflows and net position	$ 465,899	$ 460,036

The accompanying notes are an integral part of these financial statements

The Ohio State University Department of Athletics
Statements of Revenues, Expenses and Other Changes in Net Position
For the Years Ended June 30, 2015 and June 30, 2014

(in thousands)

	2015	2014
Operating Revenues		
Ticket sales	$ 60,324	$ 56,003
Television, broadcast rights and sponsorships	32,129	29,146
Royalty and affinity revenue	3,816	3,663
Bowl and NCAA tournament distributions	12,877	8,494
Parking	2,484	2,399
Sports camp entry fees	2,762	2,996
Golf course revenues	3,418	3,543
Private grants and contracts	797	798
In kind revenues	2,434	1,855
Other operating revenues	5,896	5,977
Total Operating Revenue	126,937	114,874
Operating Expenses		
Salaries and wages	42,996	40,839
Employee benefits	12,808	12,095
Supplies and services	59,513	56,895
Scholarships	18,748	17,923
In kind supplies and services	1,853	1,555
Depreciation	14,868	13,819
Total Operating Expense	150,786	143,126
Operating Loss	(23,849)	(28,252)
Non-operating Revenues (Expense)		
Current-use gifts	32,085	27,632
University distribution	7,183	5,638
Investment income	3,013	2,741
Net unrealized gain	176	6,454
Interest expense on plant debt	(8,193)	(7,381)
Net Non-operating Revenue	34,264	35,084
Income before Other Revenues and Transfers	10,415	6,832
Other Revenues		
Capital gifts	9,288	5,177
Additions to permanent endowments	2,733	2,658
Net Revenues before Transfers	22,436	14,667
Equity transfers to the University	(3,162)	(2,641)
Increase in Net Position	19,274	12,026
Net Position, Beginning of Year		
Beginning of year, as previously reported	200,969	188,943
Cumulative effect of accounting change	(15,051)	-
Net Position, End of Year	$ 205,192	$ 200,969

The accompanying notes are an integral part of these financial statements

The Ohio State University Department of Athletics
Statements of Cash Flows
For the Years Ended June 30, 2015 and June 30, 2014

(in thousands)

	2015	2014
Cash Flows from Operating Activities		
Ticket sales	$ 59,179	$ 60,115
Television, broadcast rights and sponsorships	31,743	27,533
Royalty and affinity revenue	3,816	3,663
Bowl and NCAA tournament distributions	12,684	8,458
Parking	2,398	2,507
Sports camp entry fees	2,842	2,766
Golf course revenues	3,306	2,884
Private grants and contracts	797	798
Payments to or on behalf of employees	(42,774)	(40,596)
University employee benefit payments	(13,108)	(12,095)
Payments to vendors for supplies and services	(58,289)	(55,674)
Payments for student financial aid	(18,748)	(17,923)
Other receipts	6,082	5,988
Net cash used by operating activities	(10,072)	(11,576)
Cash Flows from Noncapital Financing Activities		
Current-use gifts	29,984	25,947
Additions to permanent endowments	2,734	2,658
Equity transfers to the University	(3,162)	(2,641)
Other nonoperating receipts	7,183	5,638
Net cash provided by noncapital financing activities	36,739	31,602
Cash Flows from Capital Financing Activities		
Proceeds from capital debt	4,488	30,916
Capital gifts	3,991	6,130
Payments for purchase or construction of capital assets	(14,587)	(14,665)
Principal payments on capital debt and leases	(11,064)	(9,084)
Interest payments on capital debt and leases	(8,784)	(8,369)
Net cash provided by (used) in capital financing activities	(25,956)	4,928
Cash Flows from Investing Activities		
Investment income	3,013	2,741
Increase in investments	(3,076)	(3,030)
Increase Assets Whose Use Is Limited	7,855	(12,016)
Net cash provided by (used) in investing activities	7,792	(12,305)
Net increase (decrease) in cash	8,503	12,649
Cash and cash equivalents - Beginning of Year	73,748	61,099
Cash and cash equivalents - End of Year	$ 82,251	$ 73,748

The accompanying notes are an integral part of these financial statements

The Ohio State University Department of Athletics
Statements of Cash Flows - continued
For the Years Ended June 30, 2015 and June 30, 2014

(in thousands)

	2015	2014
Reconciliation of Net Operating Loss to Net Cash Provided (Used) by Operating Activities		
Operating loss	$ (23,849)	$ (28,252)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Depreciation expense	14,868	13,819
Loss on disposal	-	1,369
Non cash activity related to unearned revenues:		
Net in kind revenue	(581)	(300)
Changes in assets and liabilities:		
Accounts receivable, net	121	(558)
Inventories	4	257
Prepaid expenses	611	(673)
Accounts payable and accrued liabilities	609	268
Deposits and unearned revenues	(1,777)	2,251
Compensated absences	222	243
Net pension liablity	273	-
Deferred outlfows-pensions	(924)	-
Deferred inflows-pensions	351	-
Net cash used by operating activities	$ (10,072)	$ (11,576)
Non cash activity:		
Capitalized Interest	(591)	(988)
Increase in accounts payable related to construction	(7,527)	4,222
Net unrealized gain on investments	(176)	(6,454)
Assets financed by seller	(280)	2,412

The accompanying notes are an integral part of these financial statements

(in thousands)

1. ORGANIZATION

The Ohio State University Department of Athletics (“Athletics") operates under the governance of The Ohio State University Board of Trustees and is included in the consolidated financial statements of The Ohio State University (“the university”). As a department of the university, Athletics is exempt from income taxes under Internal Revenue Code Section 115.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Athletics have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). Athletics reports as a special purpose government engaged solely in “business type activities” under GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

Athletics’ financial 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, cash restricted for capital projects, accounts payable for construction and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Restricted - nonexpendable: Amounts subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal. These assets primarily consist of permanent endowments.

- Restricted - expendable: Amounts whose use is subject to externally-imposed stipulations that can be fulfilled by actions of Athletics pursuant to those stipulations or that expire by the passage of time.

- Unrestricted: Amounts which are not subject to externally-imposed stipulations. Substantially all unrestricted balances are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

Basis of Accounting

The financial statement of Athletics have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they are considered to be a legal or contractual obligation to pay.

(in thousands)

Cash and Cash Equivalents
Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, savings accounts and investments with original maturities of ninety days or less at the time of purchase. Athletics' cash is maintained by the Office of Financial Services of the university through pooled funds.

Contributions Receivable
Contributions receivable of $11,676 and $10,342 as of June 30, 2015 and 2014, respectively, consist of gifts received by the university's Office of Advancement but not transferred to the operating accounts of Athletics. Amounts are deemed fully collectible.

Pledges Receivable
Athletics receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, endowment pledges are not recorded as assets until the related gift is received. Athletics reduces pledges receivable to estimated net realizable value by recording an allowance for uncollectible pledges. The allowance is estimated using a four-year rolling average of canceled pledges divided by net pledges receivable. For the years ended June 30, 2015 and 2014, Athletics recorded allowances against pledges receivable of $987 and $1,081 respectively.

Prepaid Expenses
Prepaid expenses consist primarily of amounts paid by Athletics to construct a boathouse on City of Columbus property. In exchange for these contributions, Athletics received the right to use the boathouse for a 40-year period. Prepaid expense associated with the boathouse lease is being amortized to expense over the 40-year term of the agreement. In addition to the expenses associated with the boathouse, the current portion of prepaid includes deposits on travel arrangements for the next fiscal year.

Endowment Investments
All investments consist of amounts invested in The Ohio State University Long Term Investment Pool and are recorded at fair value. Endowment funds are managed by the Office of Financial Services of the university, which commingles the funds with other university-related organizations. Earned investment income is allocated to each organization based on its share of the total funds invested at the beginning of each year. Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools.* The net increases in the value of investments during the years ended June 30, 2015 and 2014 are $3,252 and $9,485, respectively. These amounts take into account all changes in fair value (including purchase and sales) that occurred during each respective year.

The calculation of unrealized gain or loss is independent of the calculation of the net increase in fair value of investments. As of June 30, 2015, there is a cumulative unrealized gain on investments of $2,749. As of June 30, 2014, there was a cumulative unrealized gain on investments of $2,572.

(in thousands)

At June 30, 2015, the fair value of Athletics gifted endowments is $66,961 which is $2,666 above the historical dollar value of $64,294. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2015, there are 159 named funds that remain underwater. The fair value of these underwater funds at June 30, 2015 is $29,406, which is $2,649 below the historical dollar value of $32,055.

At June 30, 2014, the fair value of the university's gifted endowments was $63,962, which was $2,475 below the historical dollar value of $61,487. Although the fair value of certain gifted endowments exceeded the historical cost at June 30, 2014, there were 128 named funds that were underwater. The fair value of these underwater funds at June 30, 2014 was $17,287 which was $2,242 below the historical dollar value of $19,529.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted non-expendable net position. Recovery on these funds is recorded as an increase in restricted non-expendable up to the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

Assets Whose Use Is Limited
Assets whose use is limited represent cash and cash equivalents set aside for future capital improvements. Control of these asses is maintained by Athletics who may at their discretion subsequently use these assets for other purposes.

Capital Assets
Capital assets with unit costs over $5 are recorded at cost at date of acquisition, or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Estimated useful lives are 10-100 years for buildings, 20 years for improvements and 5-15 years for moveable equipment. Expenditures for construction in progress are capitalized as incurred. Routine maintenance and repairs are charged to expenses as incurred.

Unearned Revenues
Unearned revenues primarily consist of receipts related to athletic events, deferred revenue under sponsorship agreements, golf course memberships and sports camp entry fees received in advance of the services to be provided. Athletics will recognize revenue to the extent these services are provided over the coming fiscal year.

Operating and Non-Operating Activities
Athletics defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses, and Other Changes in Net Position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness, substantially all Athletics expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including university distributions to support operations, current-use gifts, and net investment income.

(in thousands)

Equity transfers to the university

Transfers to the university represent non exchange transactions whereby Athletics generated revenues or reserves are contributed to the university in support of institutional initiatives. Current transfers include funds to support a university wide cost containment program, support for the marching and athletic bands, and a donation to the Thompson Library for renovations.

Sponsorship Agreement

Athletics has various sponsorship agreements that provide for in kind contributions of apparel, footwear, sports equipment and the use of certain athletic related equipment. For the years ended June 30, 2015 and, 2014, in kind revenues were $2,434 and $1,853 respectively.

Management Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates, primarily related to collectability of accounts and pledges receivable and to the valuation of compensated absences. Actual results could differ from those estimates.

Implementation of GASB Statement No. 68

In FY2015, the university implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71,* GASB 68 requires employers participating in cost-sharing multiple-employer pension plans to recognize a proportionate share of the net pension liabilities of the plans. A proportionate share of the university's net pension liabilities have been allocated to Athletics based on retirement plan contributions for Athletics employees. The cumulative effect of adopting GASB 68 was a $15,051 reduction in Athletics' net position as of July 1, 2014. Balances reported for the year ended June 30, 2014 have not been restated due to limitations on the information available from the retirement systems. Additional information regarding net pension liabilities, related deferrals and pension expense is provided in Note 9.

Newly Issued Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 expands the guidance on valuation of university investments, particularly alternative investments. It closely follows the Financial Accounting Standard Board's (FASB) valuation approach and disclosure requirements, including the categorization of investment fair value measurements into Levels 1, 2 and 3. Statement No. 72 will require additional disclosures, including a schedule of investments by type and level and additional details on investments that calculate Net Asset Value (NAV) per share. It is effective for periods beginning after June 15, 2015 (fiscal year 2016)

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statement Nos. 67 and 68).

(in thousands)

The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015 (fiscal year 2016)—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (fiscal year 2017).

In June 2015, the GASB issued Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement Nos. 74 and 75 establish new accounting and reporting standards for other postemployment benefits (OPEB), such as health insurance provided to retirees. Under the new standards, governments that participate in OPEB plans will be required to report in their statement of net position a net OPEB liability, which is the difference between the total OPEB liability and the assets set aside to pay OPEB. Statement No. 74, which applies to plans (such as OPERS and STRS-Ohio), is effective for periods beginning after June 15, 2016 (fiscal year 2017). Statement No. 75, which applies to plan participants (including the university), is effective for periods beginning after June 15, 2017 (fiscal year 2018).

In June 2015, the GASB issued Statement No. 76*, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* Statement No. 76 reduces the GAAP hierarchy for state and local governments to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category consists of GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is specifically cleared by the GASB. The new standard is effective for periods beginning after June 15, 2015 (fiscal year 2016).

University management is currently assessing the impact that implementation of GASB Statements No. 72, 73, 74, 75 and 76 will have on Athletics' financial statements.

Other

As a Department of the university, Athletics is exempt from income taxes as an instrumentality of the State of Ohio under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

(in thousands)

3. INVESTMENTS

Athletics endowment investments are maintained in the university's Long-Term Investment Pool, and as such, all endowment investments are held by the University. The pool consists of more than 5,000 named funds. Each named fund is assigned a number of shares, based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities and fixed income securities, as well as a number of alternative investment funds, such as real estate limited partnerships, hedge funds, private equity funds, venture capital funds and natural resources funds. The pool is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support Athletics' mission.

The university holds certain types of alternative investment funds, including limited partnerships and private equity, which are carried at the net assets value provided by the management of these funds. The purpose of this alternative investment fund class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes

Management of the alternative investment funds, namely the general partner, use methods such as discounted cash flows, recent transactions, and other model-based calculations, to estimate the fair value of the investment held by the fund.

Annual distributions to named funds in the Long-Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.25% of the average market value per share of the Long Term Investment Pool over the most recent seven year period. At June 30, 2015, the original cost and fair value of Athletics' endowment investments were $65,291 and $68,039 respectively. At June 30, 2014, the original cost and fair value of Athletics' endowment investments were $62,215 and $64,788 respectively.

(in thousands)

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Improvements	$ 38,906	$ 1,365	$ -	$ 40,271
Buildings	357,201	17,410	-	374,611
Moveable equipment	8,333	703	(345)	8,691
Construction in progress	12,205	7,436	(18,979)	662
	416,645	26,914	(19,324)	424,235
Less: accumulated depreciation				
Improvements	16,804	2,264	-	19,068
Buildings	144,156	12,071	-	156,227
Moveable equipment	4,653	533	(362)	4,824
	165,613	14,868	(362)	180,119
Capital assets, net	$ 251,032	$ 12,046	$ (18,962)	$ 244,116

The net decrease in construction in progress of $11,542 in fiscal year 2015 represents expenditures of $7,436, (including capitalized interest of $591) net of capital assets placed in service of $18,980.

Capital asset activity for the year ended June 30, 2014 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Improvements	$ 37,554	$ 1,352	$ -	38,906
Buildings	330,549	26,652	-	357,201
Moveable equipment	7,208	1,547	(422)	8,333
Construction in progress	20,317	20,529	(28,641)	12,205
	395,628	50,080	(29,063)	416,645
Less: accumulated depreciation				
Improvements	14,524	2,280	-	16,804
Buildings	133,140	11,016	-	144,156
Moveable equipment	4,567	523	(437)	4,653
	152,231	13,819	(437)	165,613
Capital assets, net	$ 243,397	$ 36,261	$ (28,626)	$ 251,032

(in thousands)

5. LONG-TERM DEBT

University Notes Payable

The university has issued notes payable to Athletics through Memorandums of Understanding ("MOUs") which document the principal, interest charges and repayment terms as well as any other conditions or covenants. The current notes have been issued at fixed interest rates with no premium or discount on the debt.

Long-term debt activity for the year ended June 30, 2015 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes payable to the university					
1999, 5.14% through 2029	$ 27,810	$ -	$ 1,425	$ 26,385	$ 1,465
2002, 4.74% through 2031	5,600	-	211	5,389	221
2002, 4.74% through 2031	112,755	-	4,239	108,516	4,444
2005, 4.14% through 2030	13,432	-	596	12,836	621
2009, 3.63% through 2014	148	-	148	-	-
2010, 3.63% through 2015	966	-	966	-	-
2012, 4.25% through 2017	543	-	203	340	212
2014, 4.50% through 2023	3,946	-	352	3,594	368
2014, 4.00% through 2019	2,348	-	467	1,881	486
2014, 4.50% through 2021	3,430	-	451	2,979	472
2014, 4.50% through 2024	11,194	-	946	10,248	989
2014, 4.50% through 2024	8,761	-	886	7,875	774
2010, 3.63% through 2015	36	-	36	-	-
2012, 2.25% through 2016	39	-	19	20	20
2012, 2.00% through 2015	25	-	25	-	-
2014, 2.25% through 2019	142	-	27	115	27
2015, 2.25% through 2020	-	88	8	80	17
2015, 4.50% through 2025	-	4,400	59	4,341	360
	$ 191,175	$ 4,488	$ 11,064	$ 184,599	$ 10,476

(in thousands)

Long-term debt activity for the year ended June 30, 2014 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes payable to the university					
1999, 5.14% through 2029	$ 29,197	$ -	$ 1,387	$ 27,810	$ 1,425
2002, 4.74% through 2031	5,800	-	200	5,600	211
2002, 4.74% through 2031	116,798	-	4,043	112,755	4,239
2005, 4.14% through 2030	14,004	-	572	13,432	596
2009, 3.63% through 2014	729	-	581	148	148
2010, 3.63% through 2015	1,898	-	932	966	966
2012, 4.25% through 2017	738	-	195	543	203
2014, 4.50% through 2023	-	4,200	254	3,946	352
2014, 4.00% through 2019	-	2,500	152	2,348	467
2014, 4.50% through 2021	-	3,575	145	3,430	451
2014, 4.50% through 2024	-	11,500	306	11,194	946
2014, 4.50% through 2024	-	9,000	239	8,761	740
2010, 3.63% through 2015	71	-	35	36	36
2012, 2.25% through 2016	58	-	19	39	19
2012, 2.00% through 2015	49	-	24	25	25
2014, 2.25% through 2019	-	142	-	142	27
	$169,342	$ 30,917	$ 9,084	$191,175	$ 10,851

Principal maturities and interest on long-term debt for the next five years and in subsequent five-year periods are as follows:

	Principal	Interest	Total
2016	$ 10,476	$ 8,463	$ 18,939
2017	10,824	7,972	18,796
2018	11,169	7,467	18,636
2019	11,479	6,941	18,420
2020	11,574	6,408	17,982
FY 2021-FY 2025	58,615	23,648	82,263
FY 2026-FY 2030	55,871	10,315	66,186
FY 2031-FY 2035	14,591	548	15,139
	$ 184,599	$ 71,762	$ 256,361

(in thousands)

6. OPERATING LEASES

Athletics leases various buildings, office space and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the balance sheet. The total rental expense under these agreements for the years ended June 30, 2015 and 2014 were $4,800 and $4,596, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year are as follows:

Year Ending June 30,		
2016	$	4,793
2017		590
2018		299
2019		145
2020		145
FY 2021-FY2025		723
FY 2026-FY 2030		723
FY 2031-FY 2035		723
FY 2036-FY 2040		723
FY 2041-FY 2045		723
FY 2046-FY 2050		434
	$	10,021

7. COMPENSATED ABSENCES

Athletics' employees earn vacation and sick leave on a monthly basis. Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Certain employees of Athletics receive compensation time in lieu of overtime pay. Any unused compensation time must be paid to the employee at the time of termination or retirement.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of state service. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

Athletics follows the university's policy for accruing sick leave liability. Athletics accrues sick leave liability for those employees who are currently eligible to receive termination payments

(in thousands)

as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the “termination payment method” which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, Accounting for Compensated Absences. Under the termination method, Athletics uses a university-calculated ratio, Sick Leave Termination Cost per Year Worked, which is based on the university’s actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current Athletics employees.

The following schedule summarizes compensated absence activity for the year ended June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	$ 2,990	$ 545	$ 323	$ 3,212
Less: current portion	253			323
	$ 2,737			$ 2,889

The following schedule summarizes compensated absence activity for the year ended June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	$ 2,747	$ 496	$ 253	$ 2,990
Less: current portion	219			253
	$ 2,528			$ 2,737

8. RELATED PARTY TRANSACTIONS

The university charges Athletics for allocated overhead costs related to financial, student and development department costs and certain other expenses incurred by the University on behalf of Athletics.

Overhead charged to sales and services expense for the years ended June 30, 2015 and 2014 was $6,326 and $5,696 respectively.

Athletics rents office space from the university in the Fawcett Center for Tomorrow located on Olentangy River Rd. Lease payments for the years ended June 30, 2015 and 2014 were $1,079 and $1,048 respectively.

The Jerome Schottenstein Center is a 770,000 square foot multipurpose venue opened in 1998. The capital asset is not included on Athletics’ financial statement as the facility is used for a wide range of university purposes. In exchange for the use of the Value City Arena,

(in thousands)

practice gyms, and office space, Athletics provides services in the areas of marketing, ticket sales, and information technology. Athletics also makes an annual payment under the agreement to the university. The amounts paid under this agreement for the years ended June 30, 2015 and 2014 were $2,363 and $2,338 respectively.

The Younkin Success center is a university wide collaboration to provide a variety of services supporting student success to faculty, staff and students. The Student-Athlete Support Services Office (SASSO) within Younkin provides access to service and programs that promote academic, personal and career development and facilitate graduation for over 1,000 student athletes. Athletics payments in support of SASSO for the years ended June 30, 2015 and 2014 were $3,037 and $2,905 respectively.

Recognizing that the national reputation of the Athletics department brings exposure to the university and helps drive the market for licensed products, Athletics is included in the distribution of licensing revenue each year. Receipts based on a formula driven allocation of net proceeds for the years ended June 30, 2015 and 2014, were $6,628 and $5,104 respectively.

9. RETIREMENT PLANS

University employees are covered by one of three retirement systems. The university faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

STRS Ohio and OPERS each offer three separate plans: 1) a defined benefit plan, 2) a defined contribution plan and 3) a combined plan. These plans are discussed in greater detail in the following sections.

Defined Benefit Plans

STRS Ohio and OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

STRS Ohio
275 East Broad Street
Columbus, OH 43215-3371
(614) 227-4090
(888) 227-7877
www.strsoh.org

OPERS
277 East Town Street
Columbus, OH 43215-4642
(614) 222-5601
(800) 222-7377
www.opers.org/investments/cafr.shtml

(in thousands)

In accordance with GASB Statement No. 68, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension liabilities of the plans. Although changes in the net pension liability generally are recognized as pension expense in the current period, GASB 68 requires certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected an actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The collective net pension liabilities of the retirement systems and Athletics proportionate share of these pension liabilities as of June 30, 2015 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	$ 24,323,461	$ 12,022,615	
Proportion of the net pension liability - Athletics	0.001%	0.137%	
Proportionate share of net pension liability	$ 177	$ 16,441	$ 16,618

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2015:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 2	$ -	$ 2
Net difference between projected and actual earnings on pension plan investments	-	888	888
Employer contributions subsequent to the measurement date	10	1,318	1,328
Total	**$ 12**	**$ 2,206**	**$ 2,218**
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ -	$ 318	$ 318
Net difference between projected and actual earnings on pension plan investments	33	-	33
Total	**$ 33**	**$ 318**	**$ 351**

(in thousands)

Net deferred outflows of resource and deferred inflows of resources related to pensions will be recognized in pension expense during the years ended June 30 as follows:

Year	STRS-Ohio	OPERS	Total
2016	$ 3	$ 1,402	$ 1,405
2017	(8)	85	77
2018	(8)	196	188
2019	(8)	219	211
2020	-	(3)	(3)
2021 and Thereafter	-	(11)	(11)
Total	**$ (21)**	**$ 1,888**	**$ 1,867**

The following table provides additional details on the pension benefit formulas, contribution requirements and significant assumption used in the measurement of total pension liabilities for the retirement systems.

(in thousands)

	STRS-Ohio	OPERS
Statutory Authority	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145
Benefit Formula	The annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective Aug. 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 and five years of service on Aug. 1, 2026.	Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.
Cost-of-Living Adjustments	With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring Aug. 1, 2013, or later, the first 2% is paid on the fifth anniversary of the retirement benefit.	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit.

(in thousands)

Contribution Rates	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2014, the employer rate was 14% and the member rate was 11% of covered payroll. The statutory employer rate for fiscal 2015 and subsequent years is 14%. The statutory member contribution rate increased by one percent July 1, 2014, and will be increased one percent each year until it reaches 14% on July 1, 2016.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2014, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
Measurement Date	June 30, 2014	December 31, 2014
Actuarial Assumptions	**Valuation Date:** July 1, 2014 **Actuarial Cost Method:** Individual entry age **Investment Rate of Return:** 7.75% **Inflation:** 2.75% **Projected Salary Increases:** 2.75% - 12.25% **Cost-of-Living Adjustments:** 2.00% Simple	**Valuation Date:** December 31, 2014 **Actuarial Cost Method:** Individual entry age **Investment Rate of Return:** 8.00% **Inflation:** 3.75% **Projected Salary Increases:** 4.25% - 10.05% **Cost-of-Living Adjustments:** 3.00% Simple
Mortality Rates	RP-2000 Combined Mortality Table (Projection 2022–Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no setback for age 90 and above. Females younger than age 80 are set back four years; one year set back from age 80 through 89 and no set back from age 90 and above.	RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.
Date of Last Experience Study	July 1, 2012	December 31, 2010

(in thousands)

Investment Return Assumptions

The 10 year expected real rate of return on pension plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Return*
Domestic Equity	31.0%	8.00%
International Equity	26.0%	7.85%
Alternatives	14.0%	8.00%
Fixed Income	18.0%	3.75%
Real Estate	10.0%	6.75%
Liquidity Reserves	1.0%	3.00%
Total	100%	

* Returns presented as geometric means

The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long Term Expected Return*
Fixed Income	23.0%	2.31%
Domestic Equity	19.9%	5.84%
Real Estate	10.0%	4.25%
Private Equity	10.0%	9.25%
International Equity	19.1%	7.40%
Other Investments	18.0%	4.59%
Total	100.0%	

* Returns presented as arithmetic means

(in thousands)

<table>
<tr><td>Discount Rate</td><td>The discount rate used to measure the total pension liability was 7.75% as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as Projected contributions from future plan members are not included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit Payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.</td><td>The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</td></tr>
<tr><td>Sensitivity of Net Pension Liability to Changes in Discount Rate</td><td><table><tr><th>1% Decrease (6.75%)</th><th>Current Rate (7.75%)</th><th>1% Increase (8.75%)</th></tr><tr><td>$ 254</td><td>$ 177</td><td>$ 113</td></tr></table></td><td><table><tr><th>1% Decrease (7.00%)</th><th>Current Rate (8.00%)</th><th>1% Increase (9.00%)</th></tr><tr><td>$ 30,349</td><td>$ 16,441</td><td>$ 4,729</td></tr></table></td></tr>
</table>

Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent

(in thousands)

on the sum of contributions and investment returns earned by each participant's choice of investment options.

OPERS also offer a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 10.5% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no post-retirement health care benefits.

Combined Plans

STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self- directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits.

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits. OPERS provides retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

Summary of Employer Pension Expense

Total pension expense for the year ended June 30, 2015, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below. Pension expense is allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

	STRS-Ohio	OPERS	ARP	Total
Employer Contributions	$ 8	$ 2,769	$ 1,193	$ 3,970
GASB 68 Accruals	(3)	(297)		(300)
Total Pension Expense	**$ 5**	**$ 2,472**	**$ 1,193**	**$ 3,670**

Post-Retirement Health Care Benefits

STRS Ohio currently provides access to health care 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 ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care costs in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS Ohio are included in the employer contribution rate.

(in thousands)

For the fiscal year ended June 30, 2014, STRS Ohio allocated employer contributions equal to 1.0% of covered payroll for post-employment health care.

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2014, OPERS allocated 2.0% of the employer contribution rate to fund the health care program for retirees.

REQUIRED SUPPLEMENTARY INFORMATION

The Ohio State University Department of Athletics
Supplementary Information on GASB 68 Pension Liabilities
For the Year Ended June 30, 2015

(in thousands)

The Schedule of Athletics' proportionate shares of STRS-Ohio and OPERS net pension liabilities are presented below:

	2015	
	STRS-Ohio	**OPERS**
Schedule of Proportionate Share of the Net Pension Liability		
Athletics proportion of the collective net pension liability	0.001%	0.137%
Athletics proportionate share of the net pension liability	$ 177	$ 16,441
Athletics covered-employee payroll	$ 63	$ 18,471
Athletics proportionate share of the net pension liability as a percentage of its covered-employee payroll	281%	89%
Plan fiduciary net position as a percentage of the total pension	74.7%	86.5%
Schedule of University Contributions		
Contractually required contribution	$ 8	$ 2,769
Contributions in relation to the contractually required contribution	$ 8	$ 2,769
Contribution deficiency (excess)	$ -	$ -
Athletics covered-employee payroll	$ 54	$ 19,283
Contributions as a percentage of covered-employee payroll	14.0%	14.4%

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

To the Board of Trustees of
The Ohio 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 Ohio State University Department of Athletics ("Athletics"), a department of The Ohio State University, as of and for the year ended June 30, 2015, appearing on pages 9 to 32, which consist of the statement of net position, the related statements of revenues, expenses and other changes in net position and of cash flows, which collectively comprise Athletics' basic financial statements, and have issued our report thereon dated January 11, 2016, which included a matter of emphasis paragraph concerning Athletics' adoption of new accounting guidance related to the manner in which it accounts for pensions.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Athletics' internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Athletics' internal control. Accordingly, we do not express an opinion on the effectiveness of Athletics' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Athletics' basic 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PricewaterhouseCoopers LLP, 41 South High Street, Suite 2500, Columbus, OH 43215
T: (614) 225 8700, F: (614) 224 1044, www.pwc.com

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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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

January 11, 2016

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The Ohio State University

Report of Independent Accountants' on Agreed-Upon Procedures Performed on the Intercollegiate Athletic Department as Required by NCAA Bylaw 3.2.4.15 for the Year Ended June 30, 2015

The Ohio State University Intercollegiate Athletics Department
Index
June 30, 2015

Report of Independent Accountants

To Dr. Michael V. Drake, President
The Ohio State University

We have performed the procedures enumerated below, which were agreed to by the Sr. Vice President for Business and Finance & Chief Financial Officer of The Ohio State University (the "University"), solely to assist you in evaluating whether the accompanying statement of revenue and expenditures and related notes of the University for the year ended June 30, 2015 (the "Statement") is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.15 for the year ended June 30, 2015. Management of the University is responsible for the Statement and the compliance with the NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

As discussed in Appendix D to the "2015 Agreed upon Procedures" NCAA guidelines, if a specific reporting category is less than 0.5% of the total revenues or expenditures, no procedures are required to be performed for that specific category, and no procedures were performed.

For purposes of performing these agreed-upon procedures, no exceptions will be reported for differences of $1,000 or less resulting solely from the rounding of amounts disclosed.

The procedures that we performed and our findings are as follows.

1. We obtained from University management the accompanying statement of revenue and expenditures for the year ended June 30, 2015. We obtained University prepared worksheets for each operating revenue and expenditure category on the Statement, which management stated are generated from its general ledger.

    a. We mathematically checked the totals and subtotals included on the Statement.
    b. We mathematically checked the totals and subtotals included in the University prepared worksheets.
    c. We agreed the amounts for each operating revenue and expenditure category included on the Statement to the adjusted amounts in the University prepared worksheets.
    d. We agreed the unadjusted amounts for each operating revenue and expenditure category included in the University prepared worksheets to the University's General Ledger (Fund Groups 020 and 050 – accounts that begin with a 4 for revenues and accounts that begin with a 6 for expenditures).
    e. We inquired of University management as to the nature of the reconciling adjustments reflected in the University prepared worksheets; however no additional procedures were

performed in relation to the reconciling adjustments, nor do we comment as to the completeness or accuracy of the reconciling adjustments reflected by management.

f. We mathematically checked the adjusted amounts (as the sum of the unadjusted amounts and University identified adjustments) for each operating revenue and expenditure category included in the University prepared worksheet.

   No exceptions were noted as a result of performing these procedures.

2. We obtained from University management a detailed listing of other operating revenue transactions included in the Statement for the year ended June 30, 2015.

   a. We mathematically checked the totals of each other operating revenue category in the detailed listing.
   b. We agreed the total of each operating revenue category in the detailed listing to the Statement.
   c. We haphazardly selected a sample of 15 other operating revenue transactions from the detailed listing and obtained supporting invoices, schedules or underlying agreements from University management. We compared the dollar amount, name, transaction date, and description of the revenue transaction from the detailed listing to the supporting documentation maintained by the University.

   Refer to the schedule in Exhibit A for a listing of selections made and the results of the procedures performed.

3. We obtained from University management the June 30, 2015 budget for unrestricted funds and the statement of revenue and expenditures as of June 30, 2014.

   a. We compared the current year 2015 amounts of each operating revenue and expenditure category included in the Statement to the current year budgeted amounts for unrestricted funds included in the budget obtained from University management.
   b. We compared the current year 2015 amounts of each operating revenue and expenditure category included in the Statement to the prior year amounts included in the prior year statement of revenue and expenditures.
   c. For each major revenue account (greater than 10% of total revenues) with variances for either procedure a) or b) over the lesser of $1,000,000 or 10% of the total revenues, we obtained written explanations from management. We make no comment as to the completeness or accuracy of those explanations.
   d. For each major expenditure account (greater than 10% of total expenses) with variances for either procedure a) or b) over the lesser of $1,000,000 or 10% of the total expenses, we obtained written explanations from management. We make no comment as to the completeness or accuracy of those explanations.

   Refer to Exhibit B for a listing of variances and the corresponding explanations obtained from University management.

4. We obtained from University management a detailed listing of ticket office sales reports comprising ticket sales revenue for football, men's basketball and women's basketball, including

tickets sold, complimentary tickets provided during the reporting period, and unsold tickets included in the Statement for the year ended June 30, 2015.

a. We mathematically checked the total dollar value and the total attendance figures of the detailed listing.
b. We agreed the total dollar amount of the detailed listing to the amount of ticket sales included in the Statement.

The following exception was noted as a result of performing these procedures: the dollar amount of football ticket sales as reported in the detailed listing was $33,493 greater than the dollar amount of football ticket sales as reported in the Statement.

5. We inquired of University management about the University's policy for allocating student fees to intercollegiate athletic programs during the year ended June 30, 2015. Per inquiry with management student fees were not allocated to intercollegiate athletic programs during the year ended June 30, 2015.

6. We obtained from University management a detailed listing of settlement reports for away game guarantees for the year ended June 30, 2015.

   a. We mathematically checked the total of the detailed listing.
   b. We agreed the total revenue for away game guarantees in the detailed listing to the corresponding amount in the "Guarantees" line item of the Statement.
   c. We haphazardly selected 3 guarantee revenue transactions for away games for the year ended June 30, 2015 from the detailed listing and obtained the applicable contracts from University management. We agreed the guarantee revenue per the revenue transaction detail to amounts specified in the contracts.

   Refer to the schedule in Exhibit C for a listing of selections made and the results of the procedures performed.

7. We obtained from University management a detailed listing of all contributions received by the University's athletics department during the year ended June 30, 2015.

   a. We mathematically checked the total dollar amount of the detailed listing.
   b. We agreed the total dollar amount from the detailed listing to the total dollar amount in the "Contributions" line item of the Statement.
   c. No individual contributions in the detailed listing were greater than 10% of the total contributions; therefore no additional procedures were performed.

   No exceptions were noted as a result of performing these procedures.

8. We inquired of University management regarding contributions received by the University's athletics department during the year ended June 30, 2015 that would be categorized as "In Kind" contributions. Per inquiry with management there were no in-kind contributions received by the University's athletics department during the year ended June 30, 2015 that would fall under the category "In Kind" contributions.

9. We inquired of University management regarding documentation or letters received by the University from the state during the year ended June 30, 2015 that would be categorized as "Direct State and Other Government Support". Per inquiry with management there were no such documentation or letters received in support of intercollegiate athletic programs during the year ended June 30, 2015 that would fall under the category "Direct State and Other Government Support."

10. As the Direct Institutional Support revenue category in the Statement is less than 0.5% of the total operating revenues, no procedures were performed for this revenue category, which is in accordance with Appendix D to the "2015 Agreed upon Procedures" NCAA guidelines.

11. As the Transfers to Institution revenue category in the Statement is less than 0.5% of the total operating revenues, no procedures were performed for this category, which is in accordance with Appendix D to the "2015 Agreed upon Procedures" NCAA guidelines.

12. We inquired of University management regarding institutional authorizations issued by University management during the year ended June 30, 2015 that would be categorized as "Indirect Institutional Support". Per inquiry with management there were no institutional authorizations issued by University management to intercollegiate athletic programs during the year ended June 30, 2015 that would fall under the category "Indirect Institutional Support."

13. We obtained from University management a detailed listing of revenue from the University's participation in conference and other tournaments for the year ended June 30, 2015.

    a. We mathematically checked the total dollar value of the detailed listing.
    b. We agreed the total revenue for the University's participation in conference and other tournaments in the detailed listing to the corresponding amount in the line item "Conference Distributions" included in the Statement.
    c. We haphazardly selected 5 agreements from the detailed listing and obtained the agreements from University management. We agreed the revenue per the agreement to the detailed listing.

    Refer to the schedule Exhibit D for a listing of selections made and the results of the procedures performed.

14. We obtained from University management a detailed listing of revenue and expense for NCAA distributions for the year ended June 30, 2015. We agreed the dollar amount of NCAA distributions to the "NCAA Distributions" line item in the Statement and to other supporting documentation.

    No exceptions were noted as a result of performing this procedure.

15. We obtained from University management a detailed listing of media rights (including broadcast, radio, and television) revenue included in the Statement for the year ended June 30, 2015.

    a. We mathematically checked the total dollar amount of the detailed listing.
    b. We agreed the total dollar value of the media rights in the detailed listing to the corresponding amount in the line item “Media Rights” included in the Statement.
    c. We haphazardly selected a sample of 10 transactions from the detailed listing. For each such revenue transaction selected, we obtained the supporting contracts (where applicable) and other supporting documentation from University management and agreed the dollar amounts in the supporting contracts to the amount per the detailed listing.

    Refer to the schedule Exhibit E for a listing of selections made and the results of the procedures performed.

16. We obtained from University management a detailed listing of revenue from the University’s royalties, licensing, advertisements and sponsorship agreements for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed total revenue in the detailed listing to the corresponding amount in the line item “Royalties, Licensing, Advertisements, and Sponsorships” included in the Statement.
    c. We haphazardly selected a sample of 10 items from the detailed listing and obtained the supporting agreements from University management. We agreed the dollar amount of each selection to the applicable royalty, licensing, advertisement, and sponsorship agreements or other supporting documentation obtained from University management.

    Refer to the schedule Exhibit F for a listing of selections made and the results of the procedures performed.

17. We obtained from University management a detailed listing of revenue from the University’s program sales, concessions, novelty sales, and parking for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed total revenue in the detailed listing to the corresponding amount in the line item “Program Sales, Concessions, Novelty Sales and Parking” included in the Statement.
    c. We haphazardly selected a sample of 10 items from the detailed listing and obtained the supporting agreements or other supporting documentation from University management. We agreed the dollar amount of each selection to the applicable program sales, concessions, novelty sales, and parking receipt.

    Refer to the schedule Exhibit G for a listing of selections made and the results of the procedures performed.

18. We obtained from University management a summary of revenue related to sports camps included in the caption “Sports Camp Revenues” for the year ended June 30, 2015.

    a. We mathematically checked the total dollar amount of the detailed listing.

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b. We agreed the total dollar amount of the detailed listing to the line item "Sports Camp Revenue" included in the Statement.
c. We haphazardly selected 5 sports camps from the detailed listing and obtained the detailed listing of camp participant from University management. We then haphazardly selected 5 sports camp participants from each of these detailed participant listings and obtained the sports camp registrations from University management (total sample of 25 participants). We agreed the dollar amount of the registration to the dollar amount included in the detailed listing by camp participant.
d. For the 5 sports camps selected above, we obtained a detailed listing of cash receipts by camp participants for the year ended June 30, 2015
e. We mathematically checked the total of the detailed listing of cash receipts by camp participants for those 5 sports camps.
f. For the 25 camp participants selected above, we obtained a copy of the check or on-line receipt from University management and agreed the dollar amount to the detailed listing of cash receipts by camp participants.

Refer to the schedule Exhibit H for a listing of selections made and the results of the procedures performed.

19. As the Compensation and Benefits provided by a third party revenue category in the Statement is less than 0.5% of the total operating revenues, no procedures were performed for this category, which is in accordance with Appendix D to the "2015 Agreed upon Procedures" NCAA guidelines.

20. We obtained from University management a detailed listing of athletics restricted endowment accounts and their related activity for the year ended June 30, 2015.

a. We mathematically checked the total of the detailed listing.
b. We agreed the total of the detailed listing to the line item "Athletics Restricted Endowment and Investment Income" included in the Statement.
c. We haphazardly selected 10 endowment accounts and obtained the endowment agreements from University management. We compared the classification per the detailed listing to the related endowment agreements based on the existence or absence of donor-imposed restrictions.

Refer to the schedule Exhibit I for a listing of selections made and the results of the procedures performed.

21. We obtained from University management a detailed listing of all student athletes who received Institutional Financial Aid and the related dollar amount of the financial aid received for the year ended June 30, 2015 for each sport.

a. We mathematically checked the grand total of the detailed listing.
b. We agreed the grand total dollar amount to the line item "Athletic Student Aid" included in the Statement.
c. We obtained representations from University management stating the University does not use NCAA's Compliance Assistant Software to prepare athletic aid detail.

d. As the University doesn't use NCAA's Compliance Assistant Software to populate the NCAA Revenue and Expense report, we haphazardly selected 156 student athletes (20% of total 770 student athletes on athletic aid) from the detailed listing provided by University management. From University management, we then obtained the related student's account detail and award letter (the grant-in-aid agreement referred to as the "tender") for each selected student. We agreed the award dollar amount per the student's account detail to the dollar amount of the award recorded in the University's student information system. We noted that most award letters do not contain a dollar amount but instead contain the % of the full grant awarded to each student, from which the dollar amount of the award can be calculated. We compared the dollar amount of the award per the student's account detail to the dollar amount of award due to the student as calculated using the award letter, noting the dollar amount of charges as reported on the student account detail did not exceed the calculated dollar amount of the award per the award letter.

   Refer to the schedule in Exhibit J for a listing of selections made and the results of the procedures performed.

22. We obtained from University management a detailed listing of home game guarantee expenses for the year ended June 30, 2015.

   a. We mathematically checked the total dollar amount of the detailed listing.
   b. We agreed the total dollar amount of the expense for home game guarantees in the detailed listing to the corresponding amount in the expense line item "Guarantees" included in the Statement.
   c. We haphazardly selected 10 home game guarantee expense from the detailed listing, obtained the related contracts or invoices from University management, and agreed the dollar amount of the guarantee expense on the detailed schedule to dollar amounts specified in the related contracts or invoices.

   Refer to the schedule in Exhibit K for a listing of selections made and the results of the procedures performed.

23. We obtained from University management a detailed listing of all sports coaches employed by the University and their related salaries for the year ended June 30, 2015.

   a. We mathematically checked the total dollar amount of the detailed listing.
   b. We agreed the total dollar amount of expense for coaches' salaries in the detailed listing to the corresponding amount in the line item "Coaching Salaries, Benefits, and Bonuses Paid by the University" included in the Statement.
   c. From the listing of sports coaches employed by the University, we selected the head coaches for football, men's basketball, and women's basketball, and we haphazardly selected 7 of the remaining coaches. We obtained from University management the payroll summary registers for the reporting year for each of the coaches selected and agreed to the related expenses in the detailed listing.
   d. We obtained from University management the related employment contracts for each of the coaches selected. We agreed the coaches' salaries per the contracts to the amounts included in the detailed schedule. For any salaries that did not agree, we obtained explanations from

management. We make no comment as to the appropriateness of the reconciling items or sufficiency of explanations obtained.

Refer to the schedule in Exhibit L for a listing of selections made and the results of the procedures performed.

24. We obtained from University management a detailed listing of all support staff for athletics and their salaries for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed the total expense for support staff salaries in the detailed listing to the amount in the line item "Support Staff / Administrative Salaries, Benefits, and Bonuses Paid by the University" included in the Statement.
    c. We haphazardly selected 25 support staff paid by the University from the detailed listing and obtained the respective contracts from University management. We agreed the dollar amount of the recorded salary and bonus expense per the detailed listing to the respective contracts.
    d. We obtained and agreed the payroll summary registers for the reporting year for each of the support staff selections to the related expenses in the detailed listing.

    Refer to the schedule in Exhibit M for a listing of selections made and the results of the procedures performed.

25. We inquired of University management regarding severance payments issued during the year ended June 30, 2015 that would be categorized as "Severance Payments" within the Statement. Per inquiry with management there were no severance payments made during the year ended June 30, 2015.

26. We obtained from University management a detailed listing of recruiting expenses for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed the total dollar amount of recruiting expense to the corresponding amount in the line item "Recruiting" included in the Statement.
    c. Per inquiry with management, the University does not have a separate recruiting policy but has adopted the Big Ten Conference and NCAA recruiting guidelines. We make no comment as to the appropriateness of these policies.

    No exceptions were noted as a result of performing this procedure.

27. We obtained from University management a detailed listing of team travel expenses for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed the total dollar amount of recruiting expense to the corresponding amount in the line item "Team Travel" included in the Statement.
    c. We obtained a copy of the University's travel policy from University management. We compared the index of the University's travel policies to the NCAA policies to observe that

the University policies included each of the topics included in the NCAA policies such as: mode of transportation, vehicle rentals, meal types/team meals, and lodging. We make no comment as to the appropriateness of the detailed policy.

No exceptions were noted as a result of performing this procedure.

28. We obtained from University management a detailed listing of equipment, uniforms and supplies expense for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed the total dollar amount of equipment, uniforms and supplies expense to the corresponding amount in the line item "Sports Equipment, Uniforms and Supplies" included in the Statement.
    c. We haphazardly selected 5 transactions from the detailed listing. For each item selected, we obtained the related invoice or other supporting documentation from University management. We compared the dollar amount, name, transaction date, and description of the expense transaction from the detailed listing to the supporting invoice or other supporting documentation maintained by the University.

    Refer to the schedule in Exhibit N for a listing of selections made and the results of the procedures performed.

29. We obtained from University management a detailed listing of game expenses for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed the total dollar amount of game expense to the corresponding amount in the line item "Game Expenses" included in the Statement.
    c. We haphazardly selected 5 transactions from the detailed listing, and for each item selected, we obtained the related invoice or other supporting documentation from University management. We compared the dollar amount, name, transaction date, and description of the expense transaction from the detailed listing to the supporting invoice or other supporting documentation maintained by the University.

    Refer to the schedule in Exhibit O for a listing of selections made and the results of the procedures performed.

30. We obtained from University management a detailed listing of fund raising, marketing, and promotion expense for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed the total dollar amount of the expense to the corresponding amount in the line item "Fund Raising, Marketing, and Promotion" included in the Statement.
    c. We haphazardly selected 5 transactions from the detailed listing, and for each item selected, we obtained the related invoice or other supporting documentation from University management. We compared the dollar amount, name, transaction date, and description of the expense transaction from the detailed listing to the supporting invoice or other supporting documentation maintained by the University.

Refer to the schedule in Exhibit P for a listing of selections made and the results of the procedures performed.

31. We obtained from University management a detailed listing of sports camp expense for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed the total dollar amount of the expense to the corresponding amount in the line item "Sports Camp Expenses" included in the Statement.
    c. We haphazardly selected 5 transactions from the detailed listing, and for each item selected, we obtained the related invoice or other supporting documentation from University management. We compared the dollar amount, name, transaction date, and description of the expense transaction from the detailed listing to the supporting invoice or other supporting documentation maintained by the University.

    Refer to the schedule in Exhibit Q for a listing of selections made and the results of the procedures performed.

32. As the Spirit Groups expenditure category in the Statement is less than 0.5% of the total expenditures, no procedures were performed for this expenditure category, which is in accordance with Appendix D to the "2015 Agreed upon Procedures" NCAA guidelines.

33. We obtained from University management a detailed listing of direct overhead and administrative expense for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed the total dollar amount of the expense to the corresponding amount in the line item "Direct Overhead and Administrative Expense" included in the Statement.
    c. We haphazardly selected 10 transactions from the detailed listing, and for each item selected, we obtained the related invoice or other supporting documentation from University management. We compared the dollar amount, name, transaction date, and description of the expense transaction from the detailed listing to the supporting documentation maintained by the University.

    Refer to the schedule in Exhibit R for a listing of selections made and the results of the procedures performed.

34. We obtained from University management repayment schedules for all athletic facilities debt service, leases, and rental fees attributable to the University's athletics department as of June 30, 2015.

    a. We mathematically checked the repayment schedules.
    b. We compared the annual maturities of debt to the Memorandums of Understanding provided by University management.
    c. We agreed the total debt outstanding as of June 30, 2015 appearing in the Notes to the Statement to the University's general ledger as of June 30, 2015.
    d. We selected the top two highest facility payments and haphazardly selected 8 additional facility payments from the schedule we obtained from management. We compared the

dollar amount, name, and transaction date from the listing to the supporting Memorandums of Understanding or Lease Agreements maintained by the University.

Refer to the schedule in Exhibit S for a listing of selections made and the results of the procedures performed.

35. We obtained from University management a detailed listing of medical expenses and medical insurance for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed the total dollar amount of the expense to the corresponding amount in the line item "Medical Expenses and Medical Insurance" included in the Statement.
    c. We haphazardly selected 5 transactions from the detailed listing, and for each item selected, we obtained the related invoices or other supporting documentation from University management. We compared the dollar amount, name, transaction date, and description of the expense transaction from the detailed listing to the supporting invoices or other supporting documentation maintained by the University.

    Refer to the schedule in Exhibit T for a listing of selections made and the results of the procedures performed.

36. As Membership and Dues expenditure category in the Statement is less than 0.5% of the total expenditures, no procedures were performed for this expense category, which is in accordance with Appendix D to the "2015 Agreed upon Procedures" NCAA guidelines.

37. We obtained from University management a detailed listing of other operating expense transactions included in the Statement for the year ended June 30, 2015.

    a. We mathematically checked the totals of each other operating expense category in the detailed listing.
    b. We agreed the total for other operating expense in the detailed listing to the corresponding amount in the line item "Other Operating Expenses" included in the Statement.
    c. We haphazardly selected a sample of 15 other operating expense transactions from the detailed listing and obtained invoices from University management. We compared the dollar amount, name, transaction date, and description of the expense transaction from the detailed listing to the supporting documentation maintained by the University.

    Refer to the schedule in Exhibit U for a listing of selections made and the results of the procedures performed.

38. As the Support Staff Administrative Salaries Benefits and Bonus Paid by a Third Party expenditure category in the Statement is less than 0.5% of the total expenditures, no procedures were performed for this expenditure category, which is in accordance with Appendix D to the "2015 Agreed upon Procedures" NCAA guidelines.

39. We inquired of University management regarding transactions during the year ended June 30, 2015 that would be categorized as "Coaching Other Compensation and Benefits Paid by a Third Party". Per inquiry with management there were no such benefits paid during the year ended June 30, 2015 that would fall under the category "Coaching Other Compensation and Benefits Paid by a Third Party."

40. We inquired of University management regarding transactions during the year ended June 30, 2015 that would be categorized as "Indirect Institutional Support". Per inquiry with management there were no such transactions during the year ended June 30, 2015 that would fall under the category "Indirect Institutional Support."

41. We obtained from University management a detailed listing of transfers to institution for the year ended June 30, 2015.

    a. We mathematically checked the total of the detailed listing.
    b. We agreed the total dollar amount of the transfer to the corresponding amount in the line item "Transfers to Institution" included in the Statement.
    c. We haphazardly selected 4 transfers from the detailed listing, and for each item selected, we obtained the related agreement or other supporting documentation from University management. We compared the dollar amount, name, transaction date, and description of the transfer from the detailed listing to the supporting agreement or other supporting documentation maintained by the University.

    Refer to the schedule in Exhibit V for a listing of selections made and the results of the procedures performed.

42. We obtained the listing of the sports sponsored reported in the NCAA Membership Financial Reporting System and agreed the listing to the squad lists obtained from University management. There were no variances between the NCAA Membership Financial Reporting System and the squad list provided by University management.

    No exceptions were noted as a result of performing this procedure.

43. We obtained representations from University management that to the best of their knowledge and belief, all revenues and expenditures related to the Department of Athletics had been properly included in the Statement.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement of Revenues and Expenditures of The Ohio State University as of June 30, 2015. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of The Ohio State University and is not intended to be and should not be used by anyone other than this party.

PricewaterhouseCoopers LLP

January 11, 2016

The Ohio State University Intercollegiate Athletics Department
Statement of Revenues and Expenditures
For the Year Ended June 30, 2015 (unaudited)

	Football	Men's Basketball	Women's Basketball	Other Sports Men	Other Sports Women	Other Sports Coed	Nonprogram Specific	Total
Operating Revenues:								
Ticket Sales	$ 52,173,193	$ 7,330,015	$ 342,048	$ 700,453	$ 188,256	$ -	$ 2,415,973	$ 63,149,937
Direct State or Other Support	-	-	-	-	-	-	-	-
Student Fees	-	-	-	-	-	-	-	-
Direct Institutional Support	-	1,499	1,302	-	-	-	72,669	75,470
Less-Transfers to Institution	-	(1,499)	(1,302)	-	-	-	(72,669)	(75,470)
Indirect Institutional Support	-	-	-	-	-	-	-	-
Guarantees	850,000	225,000	-	-	-	-	-	1,075,000
Contributions	745,438	2,254,578	268,670	1,165,118	494,718	40,208	27,982,343	32,951,072
In-Kind	-	-	-	-	-	-	-	-
Compensation and Benefits provided by a third party	-	-	-	-	-	-	42,557	42,557
Media Rights	15,966,058	8,448,996	-	-	-	-	344,845	24,759,899
NCAA Distributions	20,000	4,484,539	54,945	92,461	86,544	1,365	-	4,739,854
Conference Distributions	4,233,747	202,780	-	-	-	-	-	4,436,527
Program, Novelty, Parking and Concession Sales	4,240,235	791,335	166,315	224,016	30,668	-	648,822	6,101,390
Royalties, Licensing, Advertisements and Sponsorships	418,346	74,994	66,999	342,439	338,621	13,986	15,851,166	17,106,551
Sports Camps Revenues	644,961	107,885	72,000	1,143,103	654,006	-	47,373	2,669,328
Athletics Restricted Endowment and Investments Income	566,180	132,999	31,212	565,163	128,460	-	1,476,572	2,900,586
Other Operating Revenue	80,978	6,092	377	26,283	53,546	-	7,066,087	7,233,363
Total Operating Revenues	$ 79,939,135	$ 24,059,212	$ 1,002,565	$ 4,259,036	$ 1,974,819	$ 55,559	$ 55,875,737	$ 167,166,064
Operating Expenditures:								
Athletic Student Aid	$ 4,061,068	$ 601,914	$ 491,781	$ 4,571,750	$ 7,329,247	$ 269,401	$ 503,747	$ 17,828,909
Guarantees	1,200,000	954,836	154,538	43,927	15,239	-	-	2,368,540
Coaching Salaries, Benefits and Bonuses Paid by the University	12,200,438	4,613,222	1,671,358	4,885,585	4,568,143	170,782	-	28,109,528
Coaching Other Compensation and Benefits Paid by a Third Party	-	-	-	-	-	-	-	-
Support Staff Administrative Salaries Benefits and Bonus Paid by the University	2,990,131	343,363	258,007	521,678	289,987	-	23,195,939	27,599,105
Support Staff Administrative Salaries Benefits and Bonus Paid by a Third Party	-	-	-	-	-	-	42,557	42,557
Severance Payments	-	-	-	-	-	-	-	
Recruiting	614,619	254,634	247,638	345,618	400,949	14,518	6,007	1,883,983
Team Travel	2,946,887	1,020,542	822,413	2,154,036	2,296,641	92,397	457,767	9,790,683
Sports Equipment, Uniforms and Supplies	1,232,750	103,659	98,966	783,224	677,081	60,984	409,672	3,366,335
Game Expenses	2,560,447	815,075	220,597	314,109	269,370	3,254	399,319	4,582,170
Fund Raising, Marketing and Promotion	-	-	-	-	-	-	993,203	993,203
Sports Camp Expenses	475,037	65,785	61,831	685,097	465,898	-	27,374	1,781,023
Spirit Groups	-	-	-	-	-	-	174,058	174,058
Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	509,371	850,971	-	27,240,048	28,600,390
Direct Overhead and Administrative Expenses	606,615	85,308	40,100	242,713	176,621	7,304	15,726,242	16,884,902
Indirect Institutional Support	-	-	-	-	-	-	-	-
Medical Expenses and Insurance	-	-	-	-	-	-	1,290,029	1,290,029
Memberships and Dues	8,234	2,975	885	13,546	13,125	65	279,706	318,536
Other Operating Expenses	339,915	126,581	102,474	175,556	242,761	6,193	7,425,777	8,419,255
Total Operating Expenditures	$ 29,236,141	$ 8,987,894	$ 4,170,588	$ 15,246,209	$ 17,596,032	$ 624,898	$ 78,171,444	$ 154,033,206
Other Reporting Items:								
Transfers to Institution	-	-	-	-	-	-	3,086,927	3,086,927
Conference Realignment Expense	-	-	-	-	-	-	-	-
Total Athletics Related Debt	-	-	-	-	-	-	184,745,335	184,745,335
Total Institutional Debt	-	-	-	-	-	-	2,858,378,440	2,858,378,440
Value of Athletics Dedicated Endowments	-	-	-	-	-	-	68,039,443	68,039,443
Value of Institutional Endowments	-	-	-	-	-	-	3,659,386,806	3,659,386,806

1. Summary of Presentation Policies

The amounts in the accompanying statement of revenues and expenditures were obtained from The Ohio State University's (the "University") trial balance, which is maintained on an accrual basis. All revenues and expenditures directly related to various sports were disclosed. All remaining revenues and expenditures are non-program specific. The University records depreciation on physical plant and equipment; however, depreciation is not part of the statement of revenues and expenditures.

2. Contributions

Contribution revenue included in the statement of revenues and expenditures represents gifts given to the Intercollegiate Athletic Department by individuals, corporations, associations, foundations or other organizations during the current reporting year. The amount recorded includes unrestricted gifts and gifts whose donor-imposed restrictions have been met.

3. Athletics Restricted Endowment and Investments Income

The value of endowment distributions and restricted investment income is the total portion allocated to Athletics by the university in the reporting year.

4. Other Sports

Other sports include baseball, men's and women's cross country, men's and women's fencing, field hockey, pistol, rifle, softball, synchronized swimming, wrestling, men's and women's track and field, men's and women's golf, men's and women's gymnastics, men's and women's ice hockey, men's and women's lacrosse, women's rowing, men's and women's soccer, men's and women's swimming and diving, men's and women's tennis, and men's and women's volleyball.

5. Other Forms of Compensation

The value of volunteer assistant coaching services, according to NCAA financial audit guidelines, should be reported as contributions and as salary expenditures. The University estimates that the value of volunteer assistant coaching services is not material to the statement of revenues and expenditures and, therefore, is not reflected.

6. Property, Plant and Equipment

Intercollegiate athletics-related assets are accounted for consistent with the University's policies for property, plant and equipment. Property, plant and equipment valued at $5,000 or more are recorded at cost at date of acquisition or, if acquired by gift, at estimated fair value at date of gift. Additions to plant assets are capitalized, while maintenance and minor renovations are charged to operations. Property, plant and equipment assets are reflected net of accumulated depreciation calculated on a straight-line basis over the estimated useful lives ranging from 5 to 100 years.

Capital Asset activity for the year ended June 30, 2015 as summarized as follows:

	Balance 6/30/2014	Additions	Transfers In (Out)	Disposals	Ending 6/30/2015
Capital assets not being depreciated					
Construction in progress	$ 12,207,141	$ 7,436,447	$ (18,979,752)	$ -	$ 663,836
Total capital assets not being depreciated	12,207,141	7,436,447	(18,979,752)	-	663,836
Capital assets being depreciated					
Buildings	357,200,794	17,409,595	-		374,610,389
Capital Improvements	38,905,192	1,365,179	-	-	40,270,371
Machinery and equipment	8,332,921	702,726	-	(345,040)	8,690,607
Total capital assets being depreciated	404,438,907	19,477,500	-	(345,040)	423,571,367
Total capital assets	416,646,048	26,913,947	(18,979,752)	(345,040)	424,235,203
Less: Accumulated Depreciation					
Buildings	144,155,709	12,070,668	-	-	156,226,377
Capital Improvements	16,804,658	2,264,450	-	-	19,069,108
Machinery and equipment	4,653,094	532,626	-	(361,819)	4,823,901
Total accumulated depreciation	165,613,461	14,867,744	-	(361,819)	180,119,386
Total capital assets being depreciated, net	238,825,446	4,609,756	-	16,779	243,451,981
Capital assets, net	$ 251,032,587	$ 12,046,203	$ (18,979,752)	$ 16,779	$ 244,115,817

7. Long-Term Debt

University Notes Payable

The university has issued notes payable to Athletics through Memorandums of Understanding ("MOUs") which document the principal, interest charges and repayment terms as well as any other conditions or covenants. The current notes have been issued at fixed interest rates with no premium or discount on the debt. Principal maturities and interest on long-term debt for the next five years and in subsequent five-year periods are as follows:

	Prinicpal	Interest	Total
2016	$ 10,476,055	$ 8,463,452	$ 18,939,507
2017	10,823,661	7,972,370	18,796,031
2018	11,168,790	7,466,627	18,635,417
2019	11,479,415	6,940,929	18,420,344
2020	11,574,101	6,407,656	17,981,757
2021-2025	58,761,556	23,648,098	82,409,654
2026-2030	55,871,026	10,315,488	66,186,514
2031-2035	14,444,718	547,596	14,992,314
	$ 184,599,322	$ 71,762,216	$ 256,361,538

Exhibits

The Ohio State University Intercollegiate Athletics Department
Exhibit A
Other Operating Revenues

Description	Exception (Y/N)
1. Rental Income	N
2. Rental Income	N
3. Fees & Memberships Revenue	N
4. Fees & Memberships Revenue	N
5. Fees & Membership Revenue	N
6. Fees & Membership Revenue	N
7. Fees & Membership Revenue	N
8. Food Sales	N
9. Cart Rentals	N
10. Beverage Sales II	N
11. Miscellaneous	N
12. Miscellaneous	N
13. Miscellaneous	N
14. Miscellaneous	N
15. Miscellaneous	N

The Ohio State University Intercollegiate Athletics Department
Exhibit B
Fluctuation Analysis
2015 as compared to 2014

Line Item	$ Change	% Change	Management's Explanation
Operating Revenues:			
Ticket Sales	5,134,547	9%	FY15 includes premium pricing on two home football games as opposed to one in FY14
Contributions	4,699,280	17%	FY 15 current use gifts (before adjustment) increased 17% or $4.5M over FY 14. There were over 1,000 new gifts in the current year.
Media Rights	22,827,898	1182%	The NCAA expanded the definition of the media rights line for FY15
Royalties, Licensing, Advertisements and Sponsorships	2,334,847	16%	$1,523,689 of the increase in FY15 is due to an increase in royalties over FY14 which is highly correlated with winning the National Championship in football
Operating Expenditures:			
Coaching Salaries, Benefits and Bonuses Paid by the University	1,600,346	6%	Salaries and benefits increased in FY15 based upon some contractual obligations and championships
Support Staff Administrative Salaries Benefits and Bonus Paid by the University	2,074,392	8%	Salaries and benefits increased in FY15 based upon some contractual obligations and championships
Athletic Facilities Debt Service, Leases and Rental Fees	12,259,237	75%	The definition of these lines changed in FY15
Direct Overhead and Administrative Expenses	16,884,902	100%	The definition of these lines changed in FY15

The Ohio State University Intercollegiate Athletics Department
Exhibit B
Fluctuation Analysis (continued)
2015 unrestricted funds as compared to 2015 unrestricted budget

Line Item	$ Change	% Change	Management's Explanation
Operating Revenues:			
Ticket Sales	4,353,771	-7%	3.5M Ticket surcharge is included in actuals but not in budget. Budget also does not include projections for Spring Game and Conference Championship ticket sales.
Contributions	32,951,072	100%	Contributions are accounted for in restricted funds which are not currently part of the budgeting process
Media Rights	1,286,849	-5%	Includes an additional $1M in Big Ten Network profit sharing that was not budgeted
Royalties, Licensing, Advertisements and Sponsorships	9,632,784	-129%	Royalties of $6.6M account for the largest portion of the variance since they are not part of the budgeting process in Peoplesoft. There was over $3M in top-side adjustments related to sponsorship agreements that include in-kind equipment.
Operating Expenditures:			
Athletic Student Aid	18,428,781	-3072%	Athletic student aid is paid out of restricted funds which are not currently part of the budgeting process
Coaching Salaries, Benefits and Bonuses Paid by the University	27,880,143	12154%	Coaches and other salaries are budgeted differently than the NCAA report
Support Staff Administrative Salaries Benefits and Bonus Paid by the University	(26,324,721)	-49%	Coaches and other salaries are budgeted differently than the NCAA report
Athletic Facilities Debt Service, Leases and Rental Fees	25,619,090	859%	$19.7M debt service is paid of out restricted funds which are not currently part of the budgeting process in PeopleSoft. $5.9M added expense from reallocation of transfer lines. Projected transfers are also not included in the budgeting process.
Direct Overhead and Administrative Expenses	(1,074,493)	-6%	The variance is partially due to the department's efforts in reducing expenses in addition to mapping differences whereas expenses are mapped to various lines but the budget is not broken down in the same manner.

The Ohio State University Intercollegiate Athletics Department
Exhibit C
Guarantees (revenue)

Game	Exception (Y/N)
1. Football - Naval Academy	N
2. Football - Naval Academy	N
3. Football - CBS Sports Classic	N

The Ohio State University Intercollegiate Athletics Department
Exhibit D
Conference Distributions

Description	Exception (Y/N)
1. Big Ten Revenue Sharing	N
2. Big Ten FB Champ Game Dist	N
3. Big Ten Revenue Sharing	N
4. Estimated B1G Bowl Payout	N
5. Big Ten Bowl Distribution	N

The Ohio State University Intercollegiate Athletics Department
Exhibit E
Media Rights

Description	Exception (Y/N)
1. Big Ten – September ABC/ESPN	N
2. BTN 1st Quarter Distribution	N
3. B1G Ten TV Dist. - October	N
4. B1G TV Distribution - December	N
5. Big Ten FB Championship Fox TV	N
6. BTN 2nd Quarter Distribution	N
7. Big Ten Network – 3rd Qtr Dist	N
8. BTN 4th Qtr Distribution	N
9. IMG 3rd Quarter Distribution	N
10. IMG 3rd Quarter Distribution	N

The Ohio State University Intercollegiate Athletics Department
Exhibit F
Royalties, Licensing, Advertisements and Sponsorships

Description	Exception (Y/N)
1. IMG 1st QTR	N
2. Gatorade	N
3. IMG 2nd QTR	N
4. 2014-2015 Med Ctr & The James	N
5. Jan 2015 Nike Supply Agreement	N
6. Mike ~ Football Bonus	N
7. IMG 4TH QTR Rights Fee	N
8. Nike 2nd Payment	N
9. Sports Medicine Sponsorship	N
10. Cbs Interactive Guarantee	N

The Ohio State University Intercollegiate Athletics Department
Exhibit G
Program, Novelty, Parking and Concession Sales

Description	Exception (Y/N)
1. Levy – December	N
2. Levy - March	N
3. Levy – April	N
4. Trsf Parking from Def ~ Dec	N
5. FB Parking~Virginia Tech	N
6. Levy - October	N
7. Levy - November	N
8. Levy - December	N
9. Michigan FB Parking	N
10. MFB Parking Deferred~Sept	N

The Ohio State University Intercollegiate Athletics Department
Exhibit H
Sports Camp Revenues

Description	Exception (Y/N)
1. Women's Field Hockey : Buckeye Team Camp (FH)	N
2. Women's Field Hockey : Buckeye Team Camp (FH)	N
3. Women's Field Hockey : Buckeye Team Camp (FH)	N
4. Women's Field Hockey : Buckeye Team Camp (FH)	N
5. Women's Field Hockey : Buckeye Team Camp (FH)	N
6. Dance : Fall Clinic (DNC)	N
7. Dance : Fall Clinic (DNC)	N
8. Dance : Fall Clinic (DNC)	N
9. Dance : Fall Clinic (DNC)	N
10. Dance : Fall Clinic (DNC)	N
11. Men's Wrestling (Coaches Clinics)	N
12. Men's Wrestling (Coaches Clinics)	N
13. Men's Wrestling (Coaches Clinics)	N
14. Men's Wrestling (Coaches Clinics)	N
15. Men's Wrestling (Coaches Clinics)	N
16. Women's Volleyball : Winter Clinics	N
17. Women's Volleyball : Winter Clinics	N
18. Women's Volleyball : Winter Clinics	N
19. Women's Volleyball : Winter Clinics	N
20. Women's Volleyball : Winter Clinics	N
21. Men's Soccer : College ID Camp 1	N
22. Men's Soccer : College ID Camp 1	N
23. Men's Soccer : College ID Camp 1	N
24. Men's Soccer : College ID Camp 1	N
25. Men's Soccer : College ID Camp 1	N

The Ohio State University Intercollegiate Athletics Department
Exhibit I
Athletics Restricted Endowment and Investments Income

Description	Exception (Y/N)
1. DF-Buckeye Pro-AM Golf	N
2. DF-Cheerleaders SCH FD	N
3. DF-Fergus CA Mem Fund	N
4. DF-Hayes W&A Schol Fund	N
5. DF- Nesbitt HE Mem Fund	N
6. DF-Student Athletic GIA	N
7. DF-Robinson Athletic SC	N
8. DF-FND-Gerlach Athletic	N
9. DF-FND Grey Oaks Sch FD	N
10. DF-Life Skills Endow FD	N

The Ohio State University Intercollegiate Athletics Department
Exhibit J
Athletic Student Aid

Student # / Sport	Exception (Y/N)
1. Gymnastics	**N**
2. Golf	N
3. Rowing	N
4. Fld Hockey	N
5. Track	N
6. Track	N
7. Pistol	N
8. Fencing	N
9. Football	N
10. Lacrosse	N
11. Swimming	N
12. Football	N
13. Synchro	N
14. Football	N
15. Men's Basketball	N
16. Women's Basketball	N
17. Pistol	N
18. Football	N
19. Lacrosse	N
20. Ice Hockey	N
21. Fencing	N
22. Track	N
23. Fencing	N
24. Football	N
25. Rowing	N
26. Fencing	N
27. Wrestling	N
28. Soccer	N
29. Swimming	N
30. Football	N
31. Baseball	N
32. Lacrosse	N
33. Diving	N
34. Football	N
35. Track	N
36. Volleyball	N
37. Lacrosse	N
38. Lacrosse	N
39. Lacrosse	N
40. Ice Hockey	N

41.	M Baseball	N
42.	Tennis	N
43.	Men’s Basketball	N
44.	Volleyball	N
45.	Lacrosse	N
46.	Rifle	N
47.	Ice Hockey	N
48.	Soccer	N
49.	Ice Hockey	N
50.	Baseball	N
51.	Track	N
52.	Golf	N
53.	Tennis	N
54.	Football	N
55.	Fld Hockey	N
56.	Volleyball	N
57.	Soccer	N
58.	Wrestling	N
59.	Fld Hockey	N
60.	Men’s Basketball	N
61.	Football	N
62.	Men’s Basketball	N
63.	Wrestling	N
64.	Gymnastics	N
65.	Softball	N
66.	Soccer	N
67.	Rowing	N
68.	Fld Hockey	N
69.	Soccer	N
70.	Rowing	N
71.	Golf	N
72.	Golf	N
73.	Track	N
74.	Fld Hockey	N
75.	Softball	N
76.	Football	N
77.	Wrestling	N
78.	Swimming	N
79.	Gymnastics	N
80.	Track	N
81.	Women’s Basketball	N
82.	Soccer	N

83. Rowing	N
84. Track	N
85. Rowing	N
86. Golf	N
87. Football	N
88. Track	N
89. Football	N
90. Swimming	N
91. Football	N
92. Soccer	N
93. Swimming	N
94. Fencing	N
95. Lacrosse	N
96. Football	N
97. Swimming	**Y ***
98. Lacrosse	N
99. Football	N
100. Gymnastics	N
101. Rowing	N
102. Fencing	N
103. Wrestling	N
104. Lacrosse	N
105. Gymnastics	N
106. Swimming	N
107. W's Basketball	N
108. Football	N
109. Gymnastics	N
110. Track	N
111. Ice Hockey	N
112. Track	N
113. Football	N
114. Fencing	N
115. Gymnastics	N
116. Baseball	N
117. Ice Hockey	N
118. Lacrosse	N
119. Volleyball	N
120. Football	N
121. Track	N
122. Lacrosse	N
123. Track	N
124. Football	N

125.	Swimming	N
126.	Volleyball	N
127.	Soccer	N
128.	W’s Basketball	N
129.	Men’s Basketball	N
130.	Swimming	N
131.	Fld Hockey	N
132.	Softball	N
133.	Soccer	N
134.	Pistol	N
135.	Football	N
136.	Diving	N
137.	Pistol	N
138.	Ice Hockey	N
139.	Swimming	N
140.	Soccer	N
141.	Swimming	N
142.	Golf	N
143.	Football	N
144.	Track	N
145.	Men’s Basketball	N
146.	Ice Hockey	N
147.	Football	N
148.	Ice Hockey	N
149.	Swimming	N
150.	Pistol	N
151.	Tennis	N
152.	Baseball	N
153.	Swimming	N
154.	Fencing	N

** The exception identified relates to a timing difference wherein a portion of a student’s financial aid awarded for FY2015 was reflected in the student information system in FY2016.*

The Ohio State University Intercollegiate Athletics Department
Exhibit K
Guarantees (expenses)

Sport	Exception (Y/N)
1. Football	N
2. Football	N
3. Basketball	N
4. Basketball	N
5. Basketball	N
6. Basketball	N
7. Basketball	N
8. W Basketball	N
9. W Basketball	N
10. W Volleyball	N

The Ohio State University Intercollegiate Athletics Department
Exhibit L
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

Sport	Exception (Y/N)
1. Men’s Football	N
2. Men’s Basketball	N
3. Women’s Basketball	N
4. Fencing – Men’s/Women’s	N
5. Men’s Lacrosse	N
6. Women’s Field Hockey	N
7. Rifle – Men’s/Women’s	N
8. Women’s Rowing	N
9. Women’s Softball	N
10. Men’s Baseball	N

The Ohio State University Intercollegiate Athletics Department
Exhibit M
Support Staff / Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities

Where employee works within Athletics	Exception (Y/N)
1. Athletics Equipment	N
2. Athletics Med. Serv. & Training	N
3. Athletics Administration	N
4. Athletics Communications	N
5. Athletics Ticket Office	N
6. Athletics Development	N
7. Golf Course	N
8. Schottenstein Center	N
9. Schottenstein Center	N
10. Schottenstein Center	N
11. Schottenstein Center	N
12. Schottenstein Center	N
13. Schottenstein Center	N
14. Schottenstein Center	N
15. Schottenstein Center	N
16. Schottenstein Center	N
17. Schottenstein Center	N
18. Schottenstein Center	N
19. Schottenstein Center	N
20. Schottenstein Center	N
21. Schottenstein Center	N
22. Schottenstein Center	N
23. Woody Hayes Athletic Center	N
24. Fawcett Center For Tomorrow	N
25. Fawcett Center For Tomorrow	N

The Ohio State University Intercollegiate Athletics Department
Exhibit N
Equipment, Uniforms and Supplies

Description	Exception (Y/N)
1. Non-Cap Equipment – Other	N
2. Clinical Supplies	N
3. Equipment and Clothing	N
4. Equipment and Clothing	N
5. Equipment and Clothing	N

The Ohio State University Intercollegiate Athletics Department
Exhibit O
Game Expenses

Description	Exception (Y/N)
1. Traffic & Parking	N
2. Police	N
3. Paramedics	N
4. Game Officials	N
5. Game Day Expenses	N

The Ohio State University Intercollegiate Athletics Department
Exhibit P
Fundraising, Marketing and Promotion

Description	Exception (Y/N)
1. Other Supplies	N
2. Advertising	N
3. Purchased Services - General	N
4. Business Meals	N
5. A-21 Entertainment & Gifts	N

The Ohio State University Intercollegiate Athletics Department
Exhibit Q
Sports Camp Expenses

Description	Exception (Y/N)
1. Equipment Rental	N
2. Cost of Sales 1	N
3. Equipment and Clothing	N
4. Cost of Sales 1	N
5. Business Meals	N

The Ohio State University Intercollegiate Athletics Department
Exhibit R
Direct Overhead and Administrative Expense

Description	Exception (Y/N)
1. Other Supplies	N
2. Equipment Repair & Maintenance	N
3. University Overhead	N
4. University Overhead	N
5. Physical Plant Assessments	N
6. Electricity	N
7. Biding & Ground Repair & Maintenance	**Y ****
8. Biding & Ground Repair & Maintenance	N
9. Electricity	N
10. Other Supplies	N

*** The exception identified relates to a timing difference wherein one of the expense transactions selected for testing was reflected in the fiscal 2015 detail, but related to fiscal 2014.*

The Ohio State University Intercollegiate Athletics Department
Exhibit S
Athletic Facilities Debt Service, Leases and Rental Fees

Description	Exception (Y/N)
1. Ohio Stadium Renovation	N
2. Ohio Stadium Renovation	N
3. Larkins Hall – Athletics	N
4. Ohio Stadium	N
5. Jesse Owens Track	N
6. Athletics FB Practice Field	N
7. Stadium Lighting and Seats	N
8. Athletics Stadium WP/Concrete	N
9. Space Rentals	N
10. Space Rentals	N

The Ohio State University Intercollegiate Athletics Department
Exhibit T
Medical Expenses and Medical Insurance

Description	Exception (Y/N)
1. Software & Computer Services	N
2. Purchased Medical Services	N
3. Purchased Medical Services	N
4. Insurance	N
5. Clinical Supplies	N

The Ohio State University Intercollegiate Athletics Department
Exhibit U
Other Operating Expenses

Description	Exception (Y/N)
1. Purchased Services - General	N
2. Capitalized Equipment - Other	N
3. Business Meals	N
4. Travel	N
5. Travel	N
6. Travel	N
7. Business Meals	N
8. COS-Merchandise for Resale	N
9. COS-Merchandise for Resale	N
10. COS-Merchandise for Resale	N
11. COS-Merchandise for Resale	N
12. COS-Merchandise for Resale	N
13. COS-Food	N
14. Capitalized Computer Equip	N
15. Non-Cap Computer Equip	N

The Ohio State University Intercollegiate Athletics Department
Exhibit V
Excess Transfers to Institution

Description	Exception (Y/N)
1. 2015 Library Donation (part 1)	N
2. 2015 Library Donation (part 2)	N
3. Cost Containment FY15-Q4	N
4. Cost Containment FY15-Q2	N
5. Final 50% Annual Band Funding (part 1)	N
6. 50% of Annual Band Funding (part 2)	N

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The Ohio State University

Report of Independent Accountants' on Agreed-Upon Procedures Performed on the Statements and Records of Booster Organizations' Expenditures for or on Behalf of the Intercollegiate Athletic Department Required by NCAA Bylaw 3.2.4.15 for the Year Ended June 30, 2015

The Ohio State University Department of Athletics
Index
June 30, 2015

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Report of Independent Accountants

To Dr. Michael V. Drake, President
The Ohio State University

We have performed the procedures enumerated below, which were agreed to by the Sr. Vice President for Business Finance & Chief Financial Officer of The Ohio State University (the "University"), solely to assist you in evaluating whether the accompanying statement of receipts/revenues and disbursements/expenditures for outside organizations acting on behalf of the department of athletics of the University for the year ended June 30, 2015 (the "Statement") is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.15 for the year ended June 30, 2015. Management of the University is responsible for the Statement and the compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

1. We obtained from University management a list of all University booster group activities, for both independent and affiliated organizations (including alumni organizations), that have a principal purpose of generating funds for the University's athletics department, during the year ended June 30, 2015.

    a. We obtained the financial statements for affiliated organizations as of June 30, 2015 and agreed each of the revenue and expense amounts appearing in the financial statements of the affiliated organizations to the corresponding amounts included in the Statement. No exceptions were noted as a result of performing this procedure.

    b. For each organization on the listing, we mailed confirmations directly to the officials of each organization requesting they confirm the revenue and expense amounts included in the Statement. Of the five confirmation requests, no exceptions were identified. Refer below for a listing of the organizations and the results of the procedures performed.

    c. We received a representation letter signed by the Director of Athletics and each of the 30 head coaches of the men's and women's varsity sports programs that the booster groups, as listed below, are the only booster groups that support the Department of Athletics as defined in the National Collegiate Athletic Association ("NCAA") Financial Audit Guidelines.

PricewaterhouseCoopers, LLP, 41 South High Street, Suite 2500 Columbus, OH 43215
T: (614) 225-8700, F: (614)224-1044, www.pwc.com/us

Listing of Booster Groups/Alumni Organizations

Name	Exception (Y/N)?
1. The Ohio State University Varsity "O" Women	N
2. The Buckeye Diamond Club, Inc.	N
3. The Rebounders Club	N
4. The Ohio State University Varsity "O" Men	N
5. Buckeye Boosters, Inc.	N

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying statement of receipts/revenues and disbursements/expenditures for outside organizations acting on behalf of the department of athletics as of June 30, 2015. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of The Ohio State University, and is not intended to be and should not be used by anyone other than this party.

PricewaterhouseCoopers LLP

January 11, 2016

The Ohio State University Department of Athletics
Receipts/Revenues and Disbursements/Expenditures for Outside Organizations Acting on Behalf of the Department of Athletics For the Year Ended June 30, 2015 (unaudited)

Statement of Receipts/Revenues and Disbursements/Expenditures for Outside Organizations Acting on Behalf of the Department of Athletics

Organizations reporting on a cash receipts and disbursements basis for the year ended June 30, 2015, are as follows:

Cash Receipts/Disbursements

Organization	Beginning Cash Balance	Cash Receipts	Disbursements to or on Behalf of Program	Other	Ending Cash Balance
The Buckeye Diamond Club, Inc	$ 209,619	$ 130,471	$ (1,480)	$ (32,127)	$ 306,483
The Rebounders Club	5,285	71,759	(28,500)	(43,820)	4,724
The Ohio State University Varsity "O" Women	36,216	21,335	(630)	(9,960)	46,961

Organizations reporting revenues and expenditures for the year ended June 30, 2015, are as follows:

Revenues/Expenditures

Organization	Revenues	Contributions to or on Behalf of Program	Other	Net Income (Loss)
Buckeye Boosters, Inc.	$ 1,197,716	$ -	$ (1,294,631)	$ (96,915)
The Ohio State University Varsity "O" Men	310,194	(25,500)	(129,968)	154,726

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Dave Yost • Auditor of State

THE OHIO STATE UNIVERSITY DEPARTMENT OF ATHLETICS

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 9, 2016

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
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