Ohio University

(a component unit of the State of Ohio)

Financial Statements

for the Years Ended June 30, 2015 and 2014

Dave Yost • Auditor of State

Board of Trustees
Ohio University
Controller's Office
204 West Union Street Office Center
Athens, Ohio 45701

We have reviewed the *Independent Auditor's Report* of the Ohio University, Athens County, prepared by Plante & Moran, PLLC, 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 University is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

January 8, 2016

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Independent Auditor's Report

To the Board of Trustees
Ohio University
Athens, Ohio

Report on the Financial Statements

We have audited the accompanying basic financial statements of Ohio University (the "University") and its discretely presented component unit as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the University's financial statements as listed in the table of contents. These financial statements are reported as a component unit of the State of Ohio.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Governement 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Trustees
Ohio University

Opinions

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2014, the University adopted new accounting guidance under Governmental Accounting Standards Board Statement No. 68*, Accounting and Financial Reporting for Pensions.* Statement No. 68 is an amendment to Statement No. 27. In accordance with Statement No. 68, the University is now recognizing its unfunded pension benefit obligation as a liability on the statements of net position for the first time. This statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). Our opinion is not modified with respect to this matter.

As explained in Notes 2 and 18, the financial statements include investments that are not listed on national exchanges nor for which quoted market prices are available. These investments include limited partnerships, hedge funds, funds-of-funds, and commingled funds that are not mutual funds. Such investments totaled $71,357,380 (12.0 percent of University net position) and $41,313,469 (4.5 percent of University net position) and $102,359,346 (20.0 percent of discretetly presented component unit net position) and $106,152,848 (20.5 percent of discretetly presented component unit net position) at June 30, 2015 and 2014, respectively.

Other Matters

Required Supplementary Information

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

To the Board of Trustees
Ohio University

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ohio University's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2015 on our consideration of Ohio University's 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ohio University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 8, 2015

Management's discussion and analysis (MD&A) provides an unaudited overview of the financial position and activities of Ohio University for the year ended June 30, 2015, with selected comparative information for the years ended June 30, 2014 and 2013. The financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when the related liability is incurred. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, footnotes, and this discussion are the responsibility of University management.

The Ohio University Foundation (the "Foundation") has been determined to be a component unit of the University. Accordingly, the Foundation is discretely presented in the University's financial statements. The Foundation's primary function is fundraising to supplement resources that are available to the University in support of its programs. The Foundation is governed by a separate board of trustees comprised of graduates and friends of the University. Nearly all the assets of the Foundation are restricted by donors to activities of the University. Ohio University provides both support for advancement operations as well as administrative support to the Foundation for critical business functions.

Financial Highlights

- The University's financial position remained strong, with assets of $1,661.5 million and liabilities of $1,053.6 million at June 30, 2015, compared to assets of $1,383.5 million and liabilities of $474.5 million at June 30, 2014. Net position, which represents the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, totaled $594.7 million at June 30, 2015 as compared to $912.1 million at June 30, 2014. The primary reason for the decrease to net position was the implementation of a new accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 68, which requires the recognition of a liability for the unfunded pension liability from the state retirement systems. The table below represents the activity for the University without the one-time change for the initial recognition of the pension liability.

  Changes in net position represent the University's results for the year and are summarized for the years ended June 30, 2015, 2014, and 2013 as follows:

(in thousands)	2015	2014	2013
Operating revenues and state appropriations	$ 691,734	$645,062	$625,401
Total expenses	706,750	677,961	649,794
Net results before items below	(15,016)	(32,899)	(24,393)
Net investment income	2,512	28,471	13,651
Gifts and other nonoperating revenues, net	66,162	68,788	62,107
Increase in net position	53,658	64,360	51,365
Less: Amounts related to changes in the unfunded pension liability included in expenses above	(6,080)	-	-
Increase in net position without effects of GASB 68	$ 47,578	$ 64,360	$ 51,365

- Net pension liability was recorded for $349.1 million in fiscal year 2015. This is the first year of the required implementation of the new accounting standard. This standard requires governments providing defined benefit pensions to recognize their proportionate share of the actuarially determined amount of the unfunded pension benefit obligation as a liability.
- Without the effects of the implementation of the new accounting standard, net position for the University increased $47.6 million during fiscal year 2015 as compared to an increase of $64.4 million in fiscal year 2014. The recognition of the pension liability caused a decrease to beginning unrestricted net position of $371.1 million and an increase to deferred inflows of resources of $16.0 million.
- The unfunded pension liability will change each year resulting from the changes in plan assumptions about economic and demographic factors, differences between actual and expected experience, and differences between actual and expected investment earnings. The current year impact from these factors is an increase to net position of $6.1 million.
- Student tuition and fees increased $11.9 million in fiscal year 2015. This increase was caused by a combination of increased enrollment and tuition increases.
- Investment income decreased $26.0 million in fiscal year 2015. The University's investment income is comprised of interest, dividends, realized gains (losses), and unrealized gains (losses). Investment income stems from two primary sources. First, the University's endowment assets, as well as a portion of its working capital, are invested in a long-term, broadly diversified portfolio. This "diversified pool" achieved a return of (1.11) percent for fiscal year 2015, underperforming its diversified benchmark of 0.32 percent for the same period. Additionally, a portion of the University's working capital is invested in a pool of investment-grade fixed income securities. This "liquidity pool" achieved a return of 2.19 percent for fiscal year 2015, outperforming the Barclays U.S. Aggregate Bond Index, which returned 1.86 percent for the same period.
- The University strategically issues debt to finance its facility and infrastructure investments. On November 14, 2014, the University issued a $250 million taxable bond with a final maturity in 100 years. Proceeds from this Century Bond will be used to establish a sustainable approach to investing in the University's buildings and infrastructure.

Statement of Net Position

The statement of net position is the University's balance sheet. It reflects the total assets, deferred outflows, liabilities, deferred inflows, and net position (equity) of the University as of the end of the fiscal year. Net position represents the residual interest in the University's assets and deferred outflows of resources after the deduction of its liabilities and deferred inflows of resources. The change in net position measures whether the overall financial condition has improved or deteriorated during the year. Except for capital assets, all other assets and liabilities are measured at a point in time using current values. Capital assets are recorded at historical costs less an allowance for depreciation.

The following table depicts a summary of the composition of the statement of net position for the three years ended June 30, 2015:

(in thousands)	2015	2014	2013
Assets:			
Current assets	$ 387,467	$ 426,004	$ 386,890
Capital assets - Net	909,397	765,845	687,866
Other assets	364,640	191,634	234,375
Total assets	1,661,504	1,383,483	1,309,131
Deferred outflows of resources	2,730	3,128	3,527
Liabilities:			
Current liabilities	133,767	135,173	107,411
Noncurrent liabilities	919,832	339,319	357,488
Total liabilities	1,053,599	474,492	464,899
Deferred inflows of resources	15,979	-	-
Total net position	$ 594,656	$ 912,119	$ 847,759

- **Assets** - Total assets grew by $278 million as a result of the following changes:

- o Noncurrent investments increased by $257.6 million due to the investment of proceeds from the current year taxable bond issue.
- o Restricted cash and cash equivalents decreased by $86.3 million due to the continued spending of the prior years' bond funds during fiscal year 2015.
- o Capital assets increased by $143.6 million mainly due to increased spending on capital projects.

- **Deferred Outflows of Resources** - The only item in this category is the deferred charge on the refunding of bonds, which is being amortized over the life of the 2003 and 2004 bonds.

- **Liabilities** - Total liabilities increased by $579.1 million as a result of the following changes:
  - o Net pension liability was recorded for the first time in fiscal year 2015 as required by GASB 68 for $349.1 million.
  - o Long-term debt increased $229.5 million. This increase was related to the new bond issue netted with principal payments on the existing bonds. Please see Note 7 for more information on issuances and repayments of debt.

- **Deferred Inflows of Resources** -The only item in this category is the deferral of items related to the unfunded pension liability. See Note 11 for more information.

- **Net Position** - is classified into three major categories:
  - o Net Investment in capital assets - the net equity in property, plant, and equipment owned by the University.
  - o Restricted - owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted category is subdivided further into expendable and nonexpendable.
    - Restricted nonexpendable - endowment funds whose principal may be invested; however, only interest, dividends, and capital gains may be spent.
    - Restricted expendable - may be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. This category includes the unspent balance in grant funds, loan funds, and debt service funds.
  - o Unrestricted - resources derived primarily from student tuition, fees, state appropriations, and auxiliary enterprises. These are used for the general obligations of the University and may be used at the discretion of the board of trustees for any purpose furthering the University's mission.

Net position for the three years ended June 30, 2015 is displayed as follows:

(in thousands)	2015	2014	2013
Net Investment in			
capital assets	$ 595,030	$ 536,487	$ 498,855
Restricted:			
Nonexpendable	22,296	22,364	20,036
Expendable	34,539	39,670	39,218
Unrestricted	(57,209)	313,598	289,650
Total net position	$ 594,656	$ 912,119	$ 847,759

Total net position decreased $317.5 million between fiscal year 2014 and 2015. This decrease was mainly due to the recording of the liability for the unfunded pension liability. Although the University is required to record this liability, it will remain an unfunded liability (the University is not setting aside reserve cash balances or budgeting to fund this liability). Without the effects of the current year impact from these factors, the University continues to solidify its financial position as represented by an increase in overall net position of $47.6 million for fiscal year 2015. This is a result of a longer-term strategy to improve the University's financial strength and enable the continued pursuit of strategic priorities. This strategy encompassed prudent resource planning and utilization including:

- Conservative revenue forecasting

- Creating reserves for protection from revenue shortfalls and improvement in the financial strength of the University
- Revenue generation through the creation of new programs and strategic growth that leveraged existing programs
- Elimination of the reliance on investment income in support of unrestricted operations
- Management of debt in a strategic manner

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the University's income statement and presents the results of operations. It should be noted that the required subtotal for net operating income or loss will generally reflect a loss for state-supported colleges and universities.

In accordance with the GASB reporting principles, the revenues and expenses are primarily reported as either operating or nonoperating. Revenue is generated by providing goods and services to customers, predominately students. Nonoperating revenue includes the instructional subsidy from the State of Ohio, which Ohio University relies upon for current operations. Other revenue includes state capital appropriations. Operating expenses include all expenses except for interest on debt and disposal and write-offs of plant facilities, which are reported as nonoperating expenses.

The following is a summary of the statement of revenue, expenses, and changes in net position for the three years ended June 30, 2015:

(in thousands)	2015	2014	2013
Operating revenue	$ 532,706	$ 493,844	$ 484,049
Operating expenses	687,922	667,830	643,232
Net operating loss	(155,216)	(173,986)	(159,183)
Net nonoperating revenue	190,085	218,639	201,738
Income - before other revenue	34,869	44,653	42,555
Other revenues	18,789	19,707	8,810
Increase in net position	53,658	64,360	51,365
Adjustments to beginning net position	(371,120)	-	-
Net position - End of year	$ 594,656	$ 912,119	$ 847,759

Highlights from the statement of revenue, expenses, and changes in net position include:

- Operating revenue increased $38.9 million for fiscal year 2015 mainly due to increases in student tuition and fee revenue and increases in auxiliary revenue. Also included in this were revenues from the University's component units University Medical Associates, Inc. and Tech GROWTH Ohio Fund.
- Federal grants and contracts included in the operating revenue category experienced an increase of $0.2 million for fiscal year 2015.
- Operating expenses increased $20.1 million mainly due to increases in student services related to the recording of $11.0 million of expenditures for University Medical Associates, Inc.
- Net nonoperating revenue decreased $28.6 million mainly due to decreases in investment income of $26.0 million and increases in interest expense of $8.6 million. Offsetting that were increases to state appropriations of $7.8 million.
- Other revenues increased $0.9 million comprised of increases to state capital appropriations of $6.6 million offset by decreases to capital gifts of $7.5 million.

One of the University's operational strengths are the diverse streams of revenue that supplement its student tuition and fees. This includes private support from individuals, foundations, and corporations, along with government and other sponsored programs, state appropriations, and investment income. Consistent with its mission, the University continues to seek funding from all possible sources to supplement student tuition and to responsibly manage financial resources used to fund operating activities.

A comparison of operating and nonoperating revenues for the three years ended June 30, 2015 is as follows:

(in thousands)	2015	% of Total	2014	% of Total	2013	% of Total
Student tuition and fees - Net	$ 320,911	42.2%	$ 310,136	41.8%	$ 306,402	43.7%
State appropriations	159,028	20.9%	151,217	20.4%	141,352	20.2%
Auxiliary enterprises - Net	104,479	13.7%	90,614	12.2%	84,541	12.1%
Gifts, grants, and contracts	63,289	8.5%	66,986	9.0%	64,195	9.2%
Pell grants	38,067	5.0%	40,059	5.4%	43,868	6.3%
Investment income - Net	2,512	0.3%	28,471	3.8%	13,651	1.9%
Other sources	33,977	4.5%	20,585	2.8%	17,700	2.5%
Sales and services	14,055	1.8%	16,291	2.2%	14,276	1.9%
Royalties	10,133	1.3%	10,585	1.4%	10,238	1.5%
State capital appropriations	13,957	1.8%	7,377	1.0%	4,936	0.7%
Total operating and nonoperating revenues	$ 760,408	100.0%	$ 742,321	100.0%	$ 701,159	100.0%

Student tuition and fees, the largest of the revenue streams, comprises 42.2 percent of total revenues for fiscal year 2015. This is up from 41.8 percent of total revenue for fiscal year 2014, but down from 43.7 percent from 2013. State appropriations are up $7.8 million for fiscal year 2015. The Ohio Board of Regents implemented a new funding model resulting in an increase for Ohio University.

Other sources increased $13.4 million mainly due to revenues included from the blended component unit, University Medical Associates, Inc.

The University continues to make cost containment a priority. This strategy will allow the University to direct financial resources to the most strategic activities of the institution. This is critical as the University continues to face significant financial pressures, mainly in the areas of deferred maintenance of buildings and infrastructure as well as compensation and benefits. In addition to a functional classification of expenses below, the University has prepared operating expenses by natural classification in Note 9 to the financial statements.

A comparison of operating and nonoperating expenses for the three years ended June 30, 2015 is as follows:

(in thousands)	2015	% of Total	2014	% of Total	2013	% of Total
Instruction and departmental research	$ 248,199	35.1%	$ 254,676	37.6%	$ 252,853	38.9%
Separately budgeted research	44,751	6.3%	45,196	6.7%	45,849	7.1%
Public service	28,081	4.0%	28,675	4.2%	27,883	4.3%
Academic support	79,379	11.2%	77,510	11.4%	67,417	10.4%
Student services	51,153	7.3%	41,073	6.1%	36,415	5.6%
Institutional support	60,032	8.5%	52,276	7.7%	39,144	6.0%
Operation and maintenance of plant	52,841	7.5%	48,950	7.2%	54,199	8.3%
Student aid	8,648	1.2%	10,262	1.5%	11,493	1.8%
Depreciation	37,919	5.4%	36,429	5.4%	35,151	5.4%
Auxiliary enterprises	76,920	10.9%	72,783	10.7%	72,827	11.2%
Interest on debt	18,554	2.6%	9,994	1.5%	6,084	0.9%
Other nonoperating expense	273	0.0%	137	0.0%	479	0.1%
Total operating and nonoperating expenses	$ 706,750	100.0%	$ 677,961	100.0%	$ 649,794	100.0%

The biggest change was the increase of $10.1 million in the student services category. This increase is due to the inclusion of expenditures for the blended component unit, University Medical Associates, Inc.

Student aid decreased $1.6 million between fiscal years 2014 and 2015. When a student receives financial aid in excess of his or her tuition and fees for a given term, a disbursement will be issued that is considered student aid.

Statement of Cash Flows

The statement of cash flows provides additional information about the University's financial results and presents detailed information about the major sources and uses of cash for the institution for the fiscal year. The cash flow analysis is divided into four sections: (1) operating activities, (2) noncapital financing activities (which include state appropriations as well as gift revenue), (3) capital and related financing activities (which include debt activity), and (4) investing activities.

A comparative summary of the statement of cash flows for the three years ended June 30, 2015 is as follows:

(in thousands)	2015	2014	2013
Cash (used in) provided by:			
Operating activities	$ (128,274)	$ (114,771)	$ (78,651)
Noncapital financing activities	200,480	208,616	189,839
Capital financing activities	53,552	(123,754)	51,801
Investing activities	(247,706)	(38,863)	202
Net (decrease) increase in cash	(121,948)	(68,772)	163,191
Cash - Beginning of year	203,602	272,374	109,183
Cash - End of year	$ 81,654	$ 203,602	$ 272,374

Capital Assets

The University made significant additions to capital during fiscal year 2015. These capital asset additions were financed with University funds, bond funds, state capital appropriations, gifts, and grants. The largest additions to capital during the fiscal year were the completion of the Tupper and Lindley Hall renovations, bringing two buildings back into use that were previously off-line, Alden Library and Stocker Center cooling and sprinkling projects, completion of the final phase of renovations to the Central Food Facility, and the final phases of Bromley Hall renovations.

Major investments to construction in progress, which will greatly enhance the University's assets in fiscal year 2016, include $95.4 million in the Phase I Housing Development project, $14.0 million in the OUHCOM Cleveland Extension Campus, $25.1 million in the Performance Contracting project, and a $7.1 million investment in the initial phases (projects) of the Energy Infrastructure Initiative, a campaign to upgrade/rehabilitate the aged infrastructures that provide steam, heating, cooling, and utilities to the campus overall.

Cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2015 total approximately $193.0 million.

More detailed information about the University's capital assets are presented in Note 5 to the financial statements.

Debt Administration

As of June 30, 2015, the University had $543.3 million in bonds and notes outstanding, compared to $310.2 million at the end of 2014. On November 14, 2014, the University issued a $250 million taxable Century Bond with annual interest payments and principal bullet maturity in 2114. The proceeds from the Century Bond will be used to establish a sustainable approach to investing in the University's buildings and infrastructure. Detailed information exists in Note 7 related to borrowings and retirements for fiscal years 2015 and 2014.

Ohio University takes its stewardship responsibility seriously and works diligently to manage the institution's resources effectively, including the use of debt to finance capital projects. The University is committed to using debt conservatively in order to maintain an acceptable credit rating and debt burden ratio. A solid debt rating and debt burden ratio is a key measurement of financial strength. Both Standard & Poor's and Moody's reaffirmed their long-term credit ratings in November 2014. Standard & Poor's Rating Services' long-term rating on Ohio University's outstanding general and subordinated general receipts bonds is an "A+" with a "stable" outlook and Moody's

Investors Service's rating is an "Aa3" with a "stable" outlook.

Additional debt issuances may be needed in the near future for the purpose of various academic and auxiliary facility needs.

Senate Bill 6 Ratios
Senate Bill 6 ratios, enacted into law in 1997 by the Ohio General Assembly, are used to assist the state in monitoring the financial accountability of state colleges and universities by using a standard set of measures with which to monitor the fiscal health of campuses. In order to meet the legislative intent, there are three ratios from which four scores are generated. The data and methodology used to compute the ratios are as follows:

- Expendable net position - The sum of unrestricted net position and restricted expendable net position
- Plant debt - Total debt, including bonds payable, notes payable, and capital lease obligations
- Total revenue - Total operating revenue, plus nonoperating revenue, plus capital appropriations, capital grants and gifts, and additions to permanent endowments
- Total operating expenses - Total operating expenses, plus interest on long-term debt
- Total nonoperating expenses - All expenses reported as nonoperating with the exception of interest expense
- Change in total net position - Total revenue less total expenses (operating and nonoperating)

The methodology for calculating the three ratios is as follows:

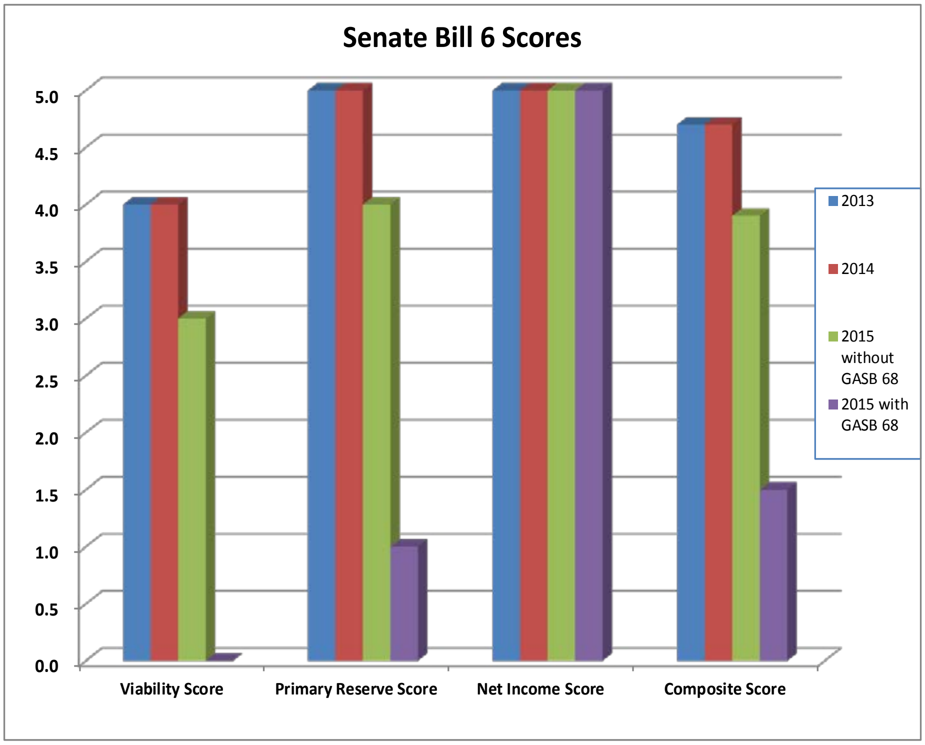
- Viability Ratio = Expendable Net Position/Plant Debt
  - This ratio measures the availability of expendable net position to cover debt should the institution need to settle its obligations as of the balance sheet date.
- Primary Reserve Ratio = Expendable Net Position/Total Operating Expenses
  - This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net position generated by operations.
- Net Income Ratio = Change in Total Net Position/Total Revenue
  - This ratio offers a measure of profitability as a percentage of all institutional revenue including revenue received for capital needs.

Based on the calculations, each ratio is assigned a score ranging from zero to five according to the table below. A score of 5 indicates the highest degree of fiscal strength in each category.

Scores	0	1	2	3	4	5
Viability Ratio	less than 0	0 to .29	.30 to .59	.6 to .99	1.0 to 2.5	greater than 2.5
Primary Reserve Ratio	less than -.1	-.1 to .049	.05 to .099	.10 to .249	.25 to .49	.5 or greater
Net Income Ratio	less than -.05	-.05 to 0	0 to .009	.01 to .029	.03 to .049	.05 or greater

Based on these scores, a summary score, termed the composite score, is determined, which is the primary indicator of fiscal health. The composite score equals the sum of the assigned viability score multiplied by 30 percent, the assigned primary reserve score multiplied by 50 percent, and the assigned net income score multiplied by 20 percent. A composite score of or below 1.75 for two consecutive years would result in an institution being placed on fiscal watch.

There are discussions being held by the Ohio Board of Regents to measure the ratios without the effects of the new GASB 68 accounting standard. We have presented the ratios with and without the effects of GASB 68 as summarized below:



The viability ratio, which uses debt as the denominator, has decreased due to the Century Bond issue. The primary reserve ratio decreased due to increased interest payments related to the Century Bond as well as increased operating expenses and a decrease in expendable net position. Overall the composite score decreased from 4.7 to 3.9 without the effects of GASB 68.

Economic Outlook

Ohio University continues to show steady improvement and a strengthening of its institutional balance sheet. This is due to the disciplined approach to spending, clearly focused strategic goals and objectives around core programs, and a commitment to continual assessment of the University's competitive environment.

Ohio University's vision: to be the nation's best transformative learning community, and highlight our four fundamental objectives: inspired teaching and research, innovative academic programs, exemplary student support services, and integrative co-curricular activities. There are also four supporting strategic priorities: effective total compensation, short-term and long-term enrollment goals, improved financial health, and a successful capital campaign.

In light of the existing economic challenges, the University continues to focus efforts on moving the institution forward while remaining committed to the financial health of the institution. Due to management's deliberative strategic planning efforts over the last several years, the University is well positioned to make progress in each of these areas.

The University will continue to utilize its long-term investment strategy to maximize total returns, at an appropriate level of risk, while employing a spending rate policy to preserve endowment principal and minimize the impact of market volatility on operations.

While it is not possible to predict the results, management believes that prudent planning and aligning resources to strategic priorities will allow the University to both maintain a strong financial position and successfully invest in strategic initiatives.

Requests for Information

This management's discussion and analysis is intended to provide additional information for the reader of the audited financial statements that follow. Further questions may be addressed to: Ohio University Controller's Office, 204 West Union Street Office Center, Athens, Ohio 45701.

Statements of Net Position

	June 30, 2015		June 30, 2014	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	$ 67,329,945	$ 16,833,423	$ 102,979,491	$ 21,882,396
Investments	243,265,210	46,275,909	249,706,447	38,879,567
Accounts and pledges receivable - Net	61,835,789	9,435,972	57,504,486	7,585,280
Interest and dividends receivable	345,895	79,546	491,889	43,936
Notes receivable - Net	1,403,245	-	1,296,937	-
Prepaid expenses	10,302,272	1,467,571	11,177,537	1,310,106
Inventories	2,985,261	41,785	2,847,434	38,842
Total current assets	387,467,617	74,134,206	426,004,221	69,740,127
Noncurrent Assets				
Restricted cash and cash equivalents	14,323,886	4,156,544	100,622,917	3,883,034
Pledges receivable - Net	-	10,529,743	-	6,465,695
Bequests receivable	-	2,706,305	-	1,168,065
Cash surrender value of life insurance	-	1,143,126	-	1,223,349
Charitable trusts	-	2,408,258	-	18,346,809
Charitable gift annuities	-	18,167,908	-	2,588,573
Investments	257,736,273	5,900,782	154,584	6,140,205
Endowment investments	80,602,914	400,352,874	78,997,943	414,293,979
Notes receivable - Net	11,977,446	-	11,857,783	-
Capital assets - Net	909,396,502	29,721,811	765,845,039	29,775,131
Total noncurrent assets	1,274,037,021	475,087,351	957,478,266	483,884,840
Total assets	1,661,504,638	549,221,557	1,383,482,487	553,624,967
Deferred Outflows of Resources				
Deferred charge on refunding	2,729,687	-	3,128,453	-
Total deferred outflows of resources	2,729,687	-	3,128,453	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,664,234,325	$549,221,557	$ 1,386,610,940	$ 553,624,967

The accompanying notes are an integral part of these financial statements.

Ohio University

Statements of Net Position (Continued)

	June 30, 2015		June 30, 2014	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	$ 75,883,839	$ 2,994,409	$ 70,978,200	$ 2,488,452
Unearned revenue	33,839,326	-	34,332,061	-
Deposits and other liabilities	4,363,211	6,507,784	10,544,654	6,284,076
Long term-debt - Current portion	18,307,342	1,201,300	18,061,935	1,138,800
Funds held on behalf of others	1,373,645	395,616	1,256,863	372,213
Total current liabilities	133,767,363	11,099,109	135,173,713	10,283,541
Noncurrent Liabilities				
Compensated absences	18,651,740	-	16,372,247	-
Other long-term liabilities	487,814	-	743,471	-
Long-term debt	544,297,018	25,134,900	314,808,382	26,336,200
Net pension liability	349,060,791	-	-	-
Refundable advances, federal student loans	7,333,999	-	7,394,403	-
Total noncurrent liabilities	919,831,362	25,134,900	339,318,503	26,336,200
Total liabilities	1,053,598,725	36,234,009	474,492,216	36,619,741
Deferred Inflows of Resources				
Deferred inflows related to pensions	15,979,336	-	-	-
Total deferred inflows of resources	15,979,336	-	-	-
Net Position				
Net investment in capital assets	595,029,592	7,542,155	536,486,732	6,183,165
Restricted:				
Nonexpendable	22,296,237	192,394,581	22,364,013	179,329,588
Expendable	34,539,384	312,421,371	39,670,016	328,951,465
Unrestricted	(57,208,949)	629,441	313,597,963	2,541,008
Total net position	594,656,264	512,987,548	912,118,724	517,005,226
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 1,664,234,325	$549,221,557	$ 1,386,610,940	$ 553,624,967

The accompanying notes are an integral part of these financial statements.

Ohio University

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2015 and 2014

	2015		2014	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
OPERATING REVENUE:				
Student tuition and fees	$ 392,062,045	$ -	$ 380,145,215	$ -
Less: Pell grants	(32,661,455)	-	(33,496,473)	-
Less: Other scholarships	(38,489,391)	-	(36,512,529)	-
Net Student tuition and fees	320,911,199	-	310,136,213	-
Auxiliary enterprises	114,799,222	-	101,448,181	-
Less: Pell grants-room and board	(2,328,069)	-	(2,825,662)	-
Less: Other scholarships-room and board	(7,992,024)	-	(8,008,265)	-
Net Auxiliary enterprises	104,479,129	-	90,614,254	-
Federal grants and contracts	26,843,597	-	26,615,696	-
State and local grants and contracts	8,633,612	-	7,300,853	-
Private grants and contracts	13,687,059	-	11,725,508	-
Royalties	10,133,481	-	10,584,970	-
Sales and services	14,054,755	-	16,290,831	-
Other sources	33,963,350	11,322,787	20,575,799	12,184,597
Total operating revenue	532,706,182	11,322,787	493,844,124	12,184,597
OPERATING EXPENSES:				
Educational and general:				
Instruction and departmental research	248,199,396	12,340,204	254,675,549	9,549,706
Separately budgeted research	44,750,624	621,428	45,196,225	572,530
Public service	28,081,220	464,248	28,675,082	311,569
Academic support	79,378,564	1,582,956	77,509,564	1,412,427
Student services	51,152,513	458,854	41,073,453	1,144,610
Institutional support	60,032,232	14,992,719	52,275,969	13,541,728
Operation and maintenance of plant	52,841,001	-	48,949,560	-
Student aid (including Pell grants of $3,077,532 in 2015 and $3,737,036 in 2014 for Ohio University)	8,647,508	5,240,972	10,262,608	4,459,077
Depreciation	37,919,010	1,838,981	36,428,683	2,032,528
Auxiliary enterprises	76,920,143	-	72,782,997	-
Operating expenses - Related entities	-	7,083,015	-	6,830,323
Total operating expenses	687,922,211	44,623,377	667,829,690	39,854,498
OPERATING LOSS	$(155,216,029)	$ (33,300,590)	$(173,985,566)	$ (27,669,901)

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses, and Changes in Net Position (Continued)
Years Ended June 30, 2015 and 2014

	2015		2014	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
NONOPERATING REVENUE (EXPENSES):				
State appropriations	$ 159,027,530	$ -	$ 151,216,997	$ -
Federal grants - Pell	38,067,056	-	40,059,171	-
Federal grants - other nonexchange	1,937,952	-	2,060,444	-
State and local grants nonexchange	2,528,416	-	2,402,264	-
Private gifts	4,839,879	17,517,462	4,560,193	9,470,549
University support	-	4,116,877	-	5,166,862
Investment income - Net	2,511,783	(6,031,950)	28,471,319	66,392,360
Interest on debt	(18,554,472)	-	(9,993,972)	-
Other nonoperating expense	(272,925)	-	(137,416)	-
Net nonoperating revenue	190,085,219	15,602,389	218,639,000	81,029,771
INCOME (LOSS) BEFORE OTHER REVENUE, EXPENSES, GAINS, OR LOSSES	34,869,190	(17,698,201)	44,653,434	53,359,870
OTHER REVENUE, EXPENSES, GAINS, OR LOSSES:				
State capital appropriations	13,957,113	-	7,376,727	-
Capital grants and gifts	4,819,265	-	12,320,018	-
Additions to permanent endowments	12,382	13,680,523	9,471	9,658,380
Total other revenue	18,788,760	13,680,523	19,706,216	9,658,380
INCREASE (DECREASE) IN NET POSITION	53,657,950	(4,017,678)	64,359,650	63,018,250
NET POSITION:				
Beginning of year	912,118,724	517,005,226	847,759,074	453,986,976
Adjustment for change in accounting principle	(371,120,410)	-	-	-
Beginning of year, as restated	540,998,314	517,005,226	847,759,074	453,986,976
End of year	$ 594,656,264	$ 512,987,548	$ 912,118,724	$ 517,005,226

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	Ohio University 2015	Ohio University 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 313,704,802	$ 319,287,094
Grants and contracts	44,081,228	48,340,009
Payments to suppliers	(157,181,640)	(162,500,029)
Payments to or on behalf of employees	(438,857,001)	(404,654,729)
Payments for scholarships and fellowships	(32,194,451)	(49,401,957)
Loans issued to students	(2,698,558)	(2,473,703)
Collection of loans to students	2,463,741	2,693,452
Auxiliary enterprise sales	102,507,023	98,829,362
Royalties	10,678,481	11,225,081
Sales and services	9,400,738	5,303,910
Other receipts	19,821,218	18,580,429
Net cash used in operating activities	(128,274,419)	(114,771,081)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	159,027,530	151,216,997
Gifts and grants for other than capital purposes	47,385,685	49,091,544
Federal direct student loan program receipts	201,349,108	217,312,772
Federal direct student loan program disbursements	(204,386,868)	(209,362,553)
Student organization agency transactions	(2,895,199)	356,863
Net cash provided by noncapital financing activities	200,480,256	208,615,623
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds from capital debt	250,000,000	-
State capital appropriations	14,259,346	7,244,138
Capital grants and gifts received	4,895,932	12,499,165
Purchases of capital assets	(178,248,238)	(115,440,773)
Principal paid on capital debt and leases	(16,862,361)	(14,731,233)
Interest paid on capital debt and leases	(20,492,651)	(13,324,947)
Net cash provided by (used in) capital financing activities	53,552,028	(123,753,650)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	389,284,843	39,981,825
Investment income	9,763,120	7,574,252
Purchase of investments	(646,754,405)	(86,418,997)
Net cash used in investing activities	(247,706,442)	(38,862,920)
NET DECREASE IN CASH	(121,948,577)	(68,772,028)
CASH AND CASH EQUIVALENTS - Beginning of year	203,602,408	272,374,436
CASH AND CASH EQUIVALENTS - End of year	$ 81,653,831	$ 203,602,408
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES -		
Construction in process in accounts payable	$ 20,814,000	$ 18,732,000

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows (Continued)
Years Ended June 30, 2015 and 2014

	Ohio University	
	2015	2014
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (155,216,029)	$ (173,985,566)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	37,919,010	36,428,683
Changes in assets and liabilities:		
Accounts receivable - Net	(2,934,575)	2,447,784
Notes receivable - Net	(225,971)	(330,015)
Prepaid expenses	917,763	(295,965)
Inventories	(137,827)	(8,121)
Deferred outflows of resources	38,131,866	-
Accounts payable and accrued liabilities	577,902	16,990,098
Unearned revenue	1,330,314	(532,186)
Refunds and other liabilities	(4,424,723)	4,514,207
Net pension liability	(44,212,149)	-
NET CASH USED IN OPERATING ACTIVITIES	$ (128,274,419)	$ (114,771,081)

The accompanying notes are an integral part of these financial statements.

Note 1 - Organization, Basis of Presentation, and Significant Accounting Policies

Organization - Ohio University (the "University") is a public institution established by the State of Ohio ("State") in 1804 under Chapter 3337 of the Ohio Revised Code ("ORC"). As such, it is a component unit of the State and is included as a discretely presented entity in the State's Comprehensive Annual Financial Report. The University is the oldest of the State-assisted universities in Ohio. It is defined by statute to be a body politic and corporate and an instrumentality of the State.

The University is governed by a Board of Trustees composed of nine Trustees and two student Trustees, all appointed by the governor. The Board shall also include two national Trustees and the chair of the Ohio University Alumni Association Board of Directors or his or her designee. The two national Trustees are appointed by the Board for staggered three-year terms. The nine Trustees appointed by the governor will hold voting privileges. The two student trustees, the two national trustees, and the chair of the Ohio University Alumni Association Board of Directors may not vote on Board matters, but their opinions and advice will be actively solicited and welcomed in Board deliberations.

Basis of Presentation - The financial statements of the University have been prepared in accordance with generally accepted accounting principles. The presentation provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, and changes in net position, and the direct method of cash flow presentation.

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government. The University has determined that The Ohio University Foundation (the "Foundation") meets this definition and it is therefore included as a discretely presented component unit in the University's financial statements. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board. A separate financial report for the Foundation is available by contacting The Ohio University Foundation, 168 West Union Street Office Center, Athens, Ohio 45701, or by calling 740-593-1901. See Note 18 for additional disclosures regarding the Foundation.

Basis of Accounting - The University is a special-purpose government entity engaged in business-type activities. Accordingly, the financial statements are presented using an economic resources measurement focus and are presented on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recorded when incurred. All significant interfund transactions have been eliminated. The financial statements of its component unit are also presented under the accrual basis of accounting.

Cash and Cash Equivalents - Cash consists primarily of petty cash, cash in banks, and money market accounts. Cash equivalents are short-term highly liquid investments readily convertible to cash with original maturities of three months or less.

Investments - All investments are carried at fair value. Investments in publicly traded securities are stated at fair value as established by major securities markets. Nonpublicly traded investments are valued based on independent appraisals and estimates considering market prices of similar investments. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the statements of revenues, expenses, and changes in net position.

Included in long-term investments is $250 million of unspent bond proceeds to be used to promote a sustainable approach to investing in the University's buildings and infrastructure.

Accounts Receivable - Accounts receivable consists of amounts due for tuition and fees, grants and contracts, and auxiliary enterprise services. Grants and contracts receivable include amounts due from the federal government, state and local governments, or private sources, as reimbursement for certain expenditures made in accordance with agreements. Uncollectible amounts have been reserved.

Inventories - Inventories are stated at the lower of weighted-average cost or net realizable value.

Restricted Cash and Cash Equivalents - Restricted cash and cash equivalents are funds restricted for capital expenditures subject to bond and note agreements held by bond trustees. In addition, it includes funds held in escrow based on terms and conditions of various agreements.

Capital Assets - Purchased or constructed capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair market value as of the date received. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

The following are the capitalization levels and estimated useful lives of the University asset classes:

Asset Class	Capitalize At	Estimated Useful Life
Land	Any amount	N/A
Land improvements	$100,000	N/A
Works of art and historical treasures	$5,000	N/A
Infrastructure	100,000	10-50 years
Buildings	Any amount	40 years
Machinery and equipment	5,000	5-25 years
Library books and publications	Any amount	10 years
Transportation equipment	$5,000	5-10 years
Purchased software	$500,000	5-10 years
Internally developed software	$1,000,000	5-10 years

Building renovations that significantly increase the value or extend the useful life of the structure are also capitalized. The costs of normal maintenance and repairs are not capitalized. Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Land, land improvements, and works of art and historical treasures are not depreciated. Any impairment of capital assets and insurance recoveries are disclosed.

Deferred Outflows of Resources - In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The University's deferred outflows of resources is related to the net pension liability—see Note 11 for more information. They also consist of deferred charges arising from the amount transferred to the escrow agent to defease the 2003 and 2004 bond issues, in excess of the carrying value of those bonds. The University recorded total deferred outflows of resources of $2,729,687 and $3,128,453 at June 30, 2015 and 2014, respectively.

Deferred Inflows of Resources - In addition to liabilities, the statements of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The University's deferred inflows of resources is related to the net pension liability. More detailed information can be found in Note 11.

Unearned Revenue - Unearned revenue includes amounts for tuition and fees, grants and contracts, and certain auxiliary activities received prior to the end of the fiscal year, related to the subsequent accounting period.

Compensated Absences - University employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of separation (termination, retirement, or death). Certain limits are placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding the limits are forfeited. The estimated and accrued liability is recorded at year end in the statements of net position, and the net change from the prior year is recorded as a component of operating expense in the statements of revenues, expenses, and changes in net position.

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

Net Position - Net position is classified into three major categories:

- Net investment in capital assets - the net equity in property, plant, and equipment owned by the University.
- Restricted - owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted net position category is subdivided further into expendable and nonexpendable.
  - Restricted expendable - may be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. This category includes the unspent balance in grant funds, loan funds, debt service funds, and bond funded capital projects.
  - Restricted nonexpendable - endowment funds whose principal may be invested; however, only interest, dividends, and capital gains may be spent.
- Unrestricted - resources derived primarily from student tuition, fees, state appropriations, and auxiliary enterprises. They are used for the general obligations of the University and may be used at the discretion of the Board of Trustees for any purpose furthering the University's mission.

Restricted Versus Unrestricted Resources - When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to apply the expense at the discretion of University management.

Income Taxes - The University is an organization described in Section 115 of the Internal Revenue Code (the "Code") and has further been classified as an organization that is not a private foundation in accordance with Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. However, certain revenues are considered unrelated business income and are taxable under Code Sections 511 through 513.

Classification of Revenue - Revenue is classified as either operating or nonoperating.

- Operating revenue include revenues from activities that have characteristics similar to exchange transactions. These include student tuition and fees (net of scholarship discounts and allowances), sales and services of auxiliary enterprises (net of scholarship discounts and allowances), and certain federal, state, local and private grants, and contracts. The presumption is that there is a fair exchange of value between all parties to the transaction.
- Nonoperating revenue includes revenue from activities that have the characteristics of nonexchange transactions, such as state appropriations, and certain federal, state, local and private gifts, and grants. The implication is that such revenues are derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

Scholarship Discounts and Allowances - Student tuition and fee revenue, and certain other payments recorded as auxiliary enterprises revenue, are net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the charge for tuition and fees, and the amount paid by students or by third parties on the students' behalf. Scholarship discounts and allowances were $81,470,939 (of which $71,150,846 is netted against student tuition and fees and $10,320,093 is netted against auxiliary enterprises revenue) and $80,842,929 (of which $70,009,002 is netted against student tuition and fees and $10,833,927 is netted against auxiliary enterprises revenue) as of June 30, 2015 and 2014, respectively.

Operating Revenue – Other Sources – Other sources revenue is primarily from component unit activity, rebates from contractual agreements, and noncredit training programs.

Auxiliary Enterprises - Auxiliary revenue is primarily from residence halls, dining services, intercollegiate athletics, printing services, and parking services. It is shown net of scholarship discounts and allowances for room and board.

Component Units - Management has determined that Tech GROWTH Ohio Fund and University Medical Associates, Inc. are component units of the University. Their financial results have been presented in a blended format in the University's financial statements.

Tech GROWTH Ohio Fund was established in August 2008, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The exclusive purpose of the organization is for charitable, educational, and scientific endeavors in areas involving the advancement of technology, and increasing technology-based and/or other entrepreneurial commercialization ventures throughout southeast Ohio, with a focus on strategic technology-based sectors that offer economic development prospects for the region.

University Medical Associates, Inc. (the "Corporation") is a not-for-profit organization incorporated in the state of Ohio and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. The membership of the Corporation consists of many physicians who are faculty members of the Ohio University Heritage College of Osteopathic Medicine. The Corporation provides medical services in private physician offices and clinic settings on the campus of Ohio University and surrounding locations.

Eliminations - The University eliminates interfund assets and liabilities and revenue and expenses related to internal activities and to blended component units.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) may require management to make estimates and assumptions that affect certain amounts reported in the financial statements. The estimates and assumptions are based on currently available information and actual results could differ from those estimates.

Reclassifications - Certain amounts from the prior year have been reclassified. On the statements of cash flows, payment to suppliers during fiscal year 2014 have been reclassified to interest paid on capital debt and leases in the amount of $3,630,975 to accurately reflect the noncash nature of amortization amounts. Cash and cash equivalents have not been affected by this change.

On the statements of net position, investments and endowment investments have been reclassified between current and noncurrent for fiscal year 2014 to better reflect the nature of these investments. For Ohio University, $56,788,514 has been reclassified from current investments, $154,584 has been reclassified to noncurrent investments and $56,633,930 has been reclassified to endowment investments. For the Ohio University Foundation $241,104,596 has been reclassified from current investments, $6,140,205 has been reclassified to noncurrent investments and $234,964,391 has been reclassified to endowment investments. Total assets have not been affected by this change.

Newly Adopted Accounting Pronouncements

- The GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI). June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014. In accordance with the statement, the University has reported a net pension liability (net of deferred outflow of resources) in the amount of $371,120,410 as a change in accounting principle adjustment to unrestricted net position as of July 1, 2014.

Newly Issued Accounting Pronouncements

- In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The University is currently evaluating the impact this standard will have on the financial statements when adopted, during the 2016 fiscal year.

- In June 2015, the GASB issued Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the University to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the OPERS and STRS plans. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2018.

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments

As of June 30, 2015, the carrying amount of the University's cash and cash equivalents for all funds was $81,653,831 compared to bank balances of $84,450,744. As of June 30, 2014, the carrying amount of the University's cash and cash equivalents for all funds was $203,602,408 compared to bank balances of $205,909,249. The difference in carrying amounts and bank balances is caused by outstanding checks and deposits-in-transit. At June 30, 2015, of the bank balances, $26,800,811 is covered by the Federal Deposit Insurance Corporation (FDIC) and $57,649,933 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

The University's investment portfolio may include investments in the following:

- Obligations of the U.S. Treasury and other federal agencies and instrumentalities
- Municipal and State bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds
- Commercial paper
- Corporate bonds and notes
- Common and preferred stock
- Asset-backed securities
- Hedge funds
- Private equity and venture capital
- Real assets

The University's endowment fund operates with a long-term investment goal of preserving the purchasing power of the principal in a diversified portfolio.

U.S. government and agency securities are invested through trust agreements with banks that keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University. Common stocks, corporate bonds, money market instruments, mutual funds, and other investments are invested through trust agreements with banks that keep the investments in their safekeeping account in the appropriate custodial bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University.

The values of investments as of June 30, 2015 and 2014 are as follows:

Investment Type	2015	2014
Money markets	$ 116,577,291	$ 5,701,625
US government obligations	1,583,338	1,652,631
US government agency obligati	4,634,485	4,458,691
Mortgage-backed securities	169,289	249,064
Corporate bonds and notes	3,124,739	2,799,103
Bond mutual funds	179,971,269	158,493,730
Municipal bonds	2,112,609	2,465,214
Convertible notes	1,505,425	-
US common and preferred stock	1,439,786	850,916
US equity mutual funds	65,639,811	42,423,390
International equity mutual fun	106,461,556	56,888,595
Hedge funds	57,261,513	26,434,321
Real assets	29,893,891	15,309,002
Private equity funds	11,229,395	11,132,692
Total	$ 581,604,397	$ 328,858,974

The University's investment strategy incorporates certain financial instruments that involve, to varying degrees, elements of market risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and rate fluctuations embodied in forwards, futures, commodities, or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

As of June 30, 2015, maturities of the University's interest-bearing investments are as follows:

		Investment Maturities			
Investment Type	Market Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money markets	$ 116,577,291	$ 116,577,291	$ -	$ -	$ -
U.S. government obligations	1,583,338	140,129	1,443,209	-	-
U.S. government agency obligations	4,634,485	338,697	4,295,788	-	-
Mortgage-backed securities	169,289	2,487	57,908	54,002	54,892
Corporate bonds and notes	3,124,739	308,338	2,285,291	296,770	234,340
Bond mutual funds	179,971,269	126,398	36,759,469	142,779,515	305,887
Municipal bonds	2,112,609	870,462	1,242,147	-	-
Convertible notes	1,505,425	1,505,425	-	-	-
Total	$ 309,678,445	$ 119,869,227	$ 46,083,812	$ 143,130,287	$ 595,119

As of June 30, 2014, maturities of the University's interest-bearing investments are as follows:

		Investment Maturities			
Investment Type	Market Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money markets	$ 5,701,625	$ 5,701,625	$ -	$ -	$ -
U.S. government obligations	1,652,631	-	1,652,631	-	-
U.S. government agency obligations	4,458,691	278,525	4,180,166	-	-
Mortgage-backed securities	249,064	-	85,360	31,187	132,517
Corporate bonds and notes	2,799,103	508,932	1,816,963	302,925	170,283
Bond mutual funds	158,493,730	413,146	11,599,183	146,082,695	398,706
Municipal bonds	2,465,214	304,693	2,160,521	-	-
Total	$ 175,820,058	$ 7,206,921	$ 21,494,824	$ 146,416,807	$ 701,506

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statement of net position and is not represented by the contract or notional amounts of the instruments. Credit quality, as commonly expressed in terms of credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk.

The credit ratings of the University's interest-bearing investments as of June 30, 2015 are as follows:

		Credit Quality (S&P)						
	Market Value	AAA	AA	A	BBB	BB	B	Unrated
Money markets	$ 116,577,291	$ -	$ -	$ -	$ 16,296	$ -	$ -	$ 116,560,995
U.S. government obligations	1,583,338	-	-	-	-	-	-	1,583,338
U.S. government agency obligatic	4,634,485	-	4,634,485	-	-	-	-	-
Mortgage-backed securities	169,289	-	-	-	-	-	-	169,289
Corporate bonds and notes	3,124,739	-	1,051,362	856,432	502,370	-	-	714,575
Bond mutual funds	179,971,269	-	149,961,544	5,423,745	-	11,178,345	-	13,407,635
Municipal bonds	2,112,609	-	784,586	150,702	-	-	-	1,177,321
Convertible notes	1,505,425	-	-	-	-	-	-	1,505,425
Total	$ 309,678,445	$ -	$ 156,431,977	$ 6,430,879	$ 518,666	$ 11,178,345	$ -	$ 135,118,578

The credit ratings of the University's interest-bearing investments as of June 30, 2014 are as follows:

		Credit Quality (S&P)						
	Market Value	AAA	AA	A	BBB	BB	B	Unrated
Money markets	$ 5,701,625	$ 5,646,111	$ -	$ -	$ -	$ -	$ -	$ 55,514
U.S. government obligations	1,652,631	-	1,652,631	-	-	-	-	-
U.S. government agency obligatic	4,458,691	-	4,458,691	-	-	-	-	-
Mortgage-backed securities	249,064	-	249,064	-	-	-	-	-
Corporate bonds and notes	2,799,103	-	502,309	1,109,356	448,533	-	-	738,905
Bond mutual funds	158,493,730	6,191,503	133,519,567	292,637	641,435	6,331,400	216,507	11,300,681
Municipal bonds	2,465,214	101,214	1,212,459	353,165	-	-	-	798,376
Total	$ 175,820,058	$ 11,938,828	$ 141,594,721	$ 1,755,158	$ 1,089,968	$ 6,331,400	$ 216,507	$ 12,893,476

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. As of June 30, 2015 and 2014, the University had no custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2015 and 2014, there were no single-issuer investments that exceeded 5 percent of total investments.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University's exposure to foreign currency is limited to its investment in international equity mutual funds. The value of this investment was $106.5 million and $56.9 million as of June 30, 2015 and 2014, respectively.

Valuation of Alternative Investments - Because financial data for many private investments are not available until several months after fiscal year end, some reported alternative investment valuations represent an estimate of the June 30, 2015 value, while the remaining valuations represent March 31, 2015 reported valuations that have been adjusted by cash added to and cash distributed from these accounts through June 30. Management considers information that becomes available after the financial statements are compiled but before they are released, to determine whether an adjustment to the reported fair value of investments should be made. At June 30, 2015 and 2014, there was $73.3 million and $41.3 million, respectively, in investment assets reported at the estimated values described above.

Note 3 - Accounts Receivable

The composition of accounts receivable at June 30, 2015 and 2014 is summarized as follows:

	2015	2014
Student tuition and fees	$ 45,024,279	$ 46,721,073
Grants and contracts	15,494,857	10,645,406
Student loans	4,397,770	2,174,845
Other	9,409,829	8,979,788
Total accounts receivable	74,326,735	68,521,112
Less allowance for doubtful accounts	(12,490,946)	(11,016,626)
Accounts receivable - Net	$ 61,835,789	$ 57,504,486

Note 4 - Notes Receivable

The University's notes receivable at June 30, 2015 and 2014 is net of allowance for doubtful accounts of $2,331,481 and $2,144,767, respectively. Principal repayment and interest terms vary. Federal loan programs are funded primarily through borrower repayments, federal contributions under Perkins, and various Health Professions loan programs.

The University distributed $204,386,868 and $209,362,553 for student loans through the U.S. Department of Education Federal Direct Lending program during the years ended June 30, 2015 and 2014, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying statement of cash flows.

The composition of notes receivable at June 30, 2015 and 2014 is as follows:

	2015	2014
Student loan program	$ 13,867,795	$ 13,736,381
Other	1,844,377	1,563,106
Total notes receivable	15,712,172	15,299,487
Less allowance for doubtful accounts	(2,331,481)	(2,144,767)
Notes receivable - Net	13,380,691	13,154,720
Less current portion	(1,403,245)	(1,296,937)
Notes receivable - Net, noncurrent portion	$ 11,977,446	$ 11,857,783

Note 5 - Capital Assets

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

	Balance July 1, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Capital assets not being depreciated:					
Land	$ 24,978,824	$ -	$ -	$ -	$ 24,978,824
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	68,714,560	134,485,672	(10,165,046)	(588)	193,034,598
Works of art and historical treasures	17,054,933	-	-	-	17,054,933
Total capital assets not being depreciated	115,449,408	134,485,672	(10,165,046)	(588)	239,769,446
Capital assets being depreciated:					
Infrastructure	122,474,568	6,383,353	1,066,349	-	129,924,270
Buildings	907,920,739	31,535,427	9,098,697	-	948,554,863
Machinery and equipment	132,746,848	7,190,308	-	(4,569,134)	135,368,022
Library books and publications	75,640,183	1,102,548	-	(252,216)	76,490,515
Transportation equipment	21,807,657	1,303,581	-	(258,718)	22,852,520
Total capital assets being depreciated	1,260,589,995	47,515,217	10,165,046	(5,080,068)	1,313,190,190
Total capital assets	1,376,039,403	182,000,889	-	(5,080,656)	1,552,959,636
Less accumulated depreciation:					
Infrastructure	64,160,314	4,887,898	-	-	69,048,212
Buildings	368,147,983	22,641,488	-	-	390,789,471
Machinery and equipment	92,802,172	7,532,308	-	(4,046,910)	96,287,570
Library books and publications	67,394,263	1,923,396	-	(252,216)	69,065,443
Transportation equipment	17,689,632	933,920	-	(251,114)	18,372,438
Total accumulated depreciation	610,194,364	37,919,010	-	(4,550,240)	643,563,134
Total capital assets being depreciated - net	650,395,631	9,596,207	10,165,046	(529,828)	669,627,056
Capital assets - net	$ 765,845,039	$ 144,081,879	$ -	$ (530,416)	$ 909,396,502

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

	Balance July 1, 2013	Additions	Transfers	Retirements	Balance June 30, 2014
Capital assets not being depreciated:					
Land	$ 25,004,286	$ 28,350	$ -	$ (53,812)	$ 24,978,824
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	60,239,676	52,279,402	(43,505,267)	(299,251)	68,714,560
Works of art and historical treasures	9,431,699	7,623,234	-	-	17,054,933
Total capital assets not being depreciated	99,376,752	59,930,986	(43,505,267)	(353,063)	115,449,408
Capital assets being depreciated:					
Infrastructure	115,638,154	4,156,815	2,679,599	-	122,474,568
Buildings	825,890,650	41,650,609	40,825,668	(446,188)	907,920,739
Machinery and equipment	128,046,784	7,259,685	-	(2,559,621)	132,746,848
Library books and publications	75,453,263	1,136,647	-	(949,727)	75,640,183
Transportation equipment	20,812,018	1,306,031	-	(310,392)	21,807,657
Total capital assets being depreciated	1,165,840,869	55,509,787	43,505,267	(4,265,928)	1,260,589,995
Total capital assets	1,265,217,621	115,440,773	-	(4,618,991)	1,376,039,403
Less accumulated depreciation:					
Infrastructure	59,142,961	5,017,353	-	-	64,160,314
Buildings	347,790,910	20,390,537	-	(33,464)	368,147,983
Machinery and equipment	87,391,065	7,703,923	-	(2,292,816)	92,802,172
Library books and publications	66,209,586	2,134,404	-	(949,727)	67,394,263
Transportation equipment	16,817,559	1,182,466	-	(310,393)	17,689,632
Total accumulated depreciation	577,352,081	36,428,683	-	(3,586,400)	610,194,364
Total capital assets being depreciated - net	588,488,788	19,081,104	43,505,267	(679,528)	650,395,631
Capital assets - net	$ 687,865,540	$ 79,012,090	$ -	$ (1,032,591)	$ 765,845,039

Note 6 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2015 and 2014 consisted of the following:

	2015	2014
Accrued payroll	$ 17,229,198	$ 16,954,752
Accrued workers' compensation	10,263,770	10,345,097
Accrued self-insurance claims	3,279,000	3,388,000
Accrued royalties	2,565,500	2,847,500
Accrued compensated absences - Current portion	1,978,423	1,441,465
Other accrued liabilities	4,608,471	2,805,009
Vendor and other payables	35,959,477	33,196,377
Total accounts payable and accrued liabilities	$ 75,883,839	$ 70,978,200

Note 7 - Long-term Debt

The University's long-term debt at June 30, 2015 is summarized as follows:

	July 1, 2014	Additions	Reductions	June 30, 2015	Current
General receipts bonds - Series 2014	$ -	$ 250,000,000	$ -	$ 250,000,000	$ -
General receipts bonds - Series 2013	142,945,000	-	5,610,000	137,335,000	4,240,000
General receipts bonds - Series 2012A & B	26,411,879	-	1,686,431	24,725,448	1,716,619
General receipts bonds - Series 2012	74,825,000	-	3,975,000	70,850,000	5,850,000
General receipts bonds - Series 2009	17,170,000	-	2,555,000	14,615,000	2,655,000
General receipts bonds - Series 2008A & B	8,400,000	-	280,000	8,120,000	295,000
Subordinated general receipts bonds - Series 2006B	21,105,000	-	1,340,000	19,765,000	905,000
Subordinated general receipts bonds - Series 2006A	19,310,000	-	1,395,000	17,915,000	1,450,000
Total bonds and notes payable	310,166,879	250,000,000	16,841,431	543,325,448	17,111,619
Bond premiums	22,659,968	-	1,199,574	21,460,394	1,195,446
Bond discounts	-	(2,226,285)	(22,263)	(2,204,022)	(22,263)
Capital lease obligations	43,470	-	20,930	22,540	22,540
Total long-term debt	$ 332,870,317	$ 247,773,715	$ 18,039,672	$ 562,604,360	$ 18,307,342

The University's long-term debt at June 30, 2014 is summarized as follows:

	July 1, 2013	Additions	Reductions	June 30, 2014	Current
General receipts bonds - Series 2013	$ 145,170,000	$ -	$ 2,225,000	$ 142,945,000	$ 5,610,000
General receipts bonds - Series 2012A & B	28,068,654	-	1,656,775	26,411,879	1,686,431
General receipts bonds - Series 2012	76,470,000	-	1,645,000	74,825,000	3,975,000
General receipts bonds - Series 2009	19,640,000	-	2,470,000	17,170,000	2,555,000
General receipts bonds - Series 2008A & B	8,665,000	-	265,000	8,400,000	280,000
Subordinated general receipts bonds - Series 2006B	22,390,000	-	1,285,000	21,105,000	1,340,000
Subordinated general receipts bonds - Series 2006A	20,655,000	-	1,345,000	19,310,000	1,395,000
Subordinated general receipts bonds - Series 2004	1,540,000	-	1,540,000	-	-
Subordinated variable general bonds - Series 2003	2,250,000	-	2,250,000	-	-
Total bonds and notes payable	324,848,654	-	14,681,775	310,166,879	16,841,431
Bond premiums	24,086,804	-	1,426,836	22,659,968	1,199,574
Capital lease obligations	92,928	-	49,458	43,470	20,930
Total long-term debt	$ 349,028,386	$ -	$ 16,158,069	$ 332,870,317	$ 18,061,935

Note: Series 2003, Series 2004, Series 2006A, and Series 2006B bonds were designated "subordinate" upon their issuance due to the existence of a prior trust agreement; that trust agreement has since been defeased and the aforementioned bonds are now parity debt service obligations.

On November 14, 2014, the University issued general receipts bonds (federally taxable) Series 2014 in the amount of $250,000,000. The proceeds are being used for new construction and upgrades to capital facilities, including capital expenditures for deferred maintenance of various campus facilities and energy infrastructure facilities. Proceeds were also used to pay costs of issuance of the Series 2014 Bonds.

On May 22, 2013, the University issued general receipts bonds Series 2013 in the amount of $145,170,000. The proceeds are being used to develop extension campuses in Columbus and Cleveland, Ohio for a number of programmatic initiatives including the expansion of the Heritage College of Osteopathic Medicine, for renovations to multiple academic buildings, for construction of a new Indoor Multi-Purpose Facility for various instructional, athletic, and recreational uses, and to complete the Housing Development Phase I, which will consist of the construction of a new residential housing facility, student support spaces, and residential housing administration office space. Proceeds were also used to refund the 2001 bonds and the 2004 bonds as described below.

On July 31, 2012, the University issued general receipts notes, Ohio Air Quality Development Authority ("OAQDA") Series 2012A & B in the amount of $28,640,370. The Series 2012A is an OAQDA tax-exempt bond for $20,140,370 and Series 2012B is an OAQDA tax-credit revenue bond (Qualified Energy Conservation Bond) for $8,500,000. The proceeds were used for financing the costs of air quality facilities in order to promote the public purposes of Chapter 3706, of the ORC.

On February 29, 2012, the University issued general receipts bonds Series 2012 in the amount of $76,470,000. The proceeds are being used to develop an extension campus in Columbus, Ohio for a number of programmatic initiatives including the expansion of the Heritage College of Osteopathic Medicine, for renovations to multiple academic buildings, for infrastructure improvements including a chilled water expansion, and for additional upgrades to the University's existing information technology network. Proceeds were also used to refund portions of the 2003 and 2004 bonds as described below.

On June 2, 2009, the University issued general receipts bonds Series 2009 in the amount of $26,645,000. The proceeds were used to purchase and implement a new student information system and to upgrade the University's existing information technology network infrastructure.

On July 10, 2008, the University issued general receipts bonds Series 2008A in the amount of $13,345,000 and taxable general receipts bonds Series 2008B in the amount of $2,005,000. The proceeds were used to refund the general receipts bond anticipation notes and acquire a facility on the edge of the University's campus.

On April 6, 2006, the University issued $29,170,000 in subordinated general receipts bonds, Series 2006B. The proceeds were used for various capital projects on the Athens campus.

On February 16, 2006, the University issued $28,145,000 in subordinated general receipts bonds, Series 2006A. The proceeds were used to refund the Series 1999 bonds.

On March 15, 2004, the University issued $52,885,000 in subordinated general receipts bonds, Series 2004. The proceeds were used to refund the Series 2003B notes, and for capital equipment and construction costs on various building projects. On February 29, 2012, the Series 2004 bonds were partially refunded with $15,395,000 being incorporated into the Series 2012 bonds. On May 22, 2013, the Series 2004 bonds were again partially refunded with $22,935,000 being incorporated into the Series 2013 Bonds.

On September 3, 2003, the University issued $47,860,000 in subordinated general receipts Bonds, Series 2003. The proceeds were used to refund the Series 1993 bonds and the Series 2003A notes. On February 29, 2012, the Series 2003 bonds were partially refunded with $14,465,000 being incorporated into the Series 2012 bonds.

These obligations are secured by a gross pledge of and first lien on the general receipts of the University. The general receipts include the full amount of every type and character of campus receipts, except for State appropriations and receipts previously pledged or otherwise restricted.

The University's bonds are secured by a Trust Agreement dated as of May 1, 2001 ("Master Trust Agreement"), as supplemented by a First Supplemental Trust Agreement dated as of May 1, 2001, a Second Supplemental Trust Agreement dated as of September 1, 2003, a Third Supplemental Trust Agreement dated as of October 1, 2003, a Fourth Supplemental Trust Agreement dated as of March 15, 2004, a Fifth Supplemental Trust Agreement dated as of February 1, 2006, a Sixth Supplemental Trust Agreement dated as of April 1, 2006, a Seventh Supplemental Trust Agreement dated as of July 1, 2008, an Eighth Supplemental Trust Agreement dated as of May 1, 2009, a Ninth Supplemental Trust Agreement dated as of February 1, 2012 entered into in connection with the issuance of the Series 2012 bonds, each between the University and U.S. Bank National Association, a Tenth Supplemental Trust Agreement dated as of July 1, 2012 entered into in connection with the issuance of the Series 2012A & B bonds, each between the University and U.S. Bank National Association, a Twelfth Supplemental Trust Agreement dated as of June 1, 2013 entered into in connection with the issuance of the Series 2013 bonds, each between the University and U.S. Bank National Association, and a Thirteenth Supplemental Trust Agreement dated as of November 1, 2014 entered into in connection with the issuance of the Series 2014 bonds.

Details of the series are as follows:

Series	Interest Rate	Maturity Fiscal Year	Initial Issue Amount	Outstanding at June 30, 2015
2006A	3.50%-5.00%	2025	$ 28,145,000	$ 17,915,000
2006B	3.75%-5.00%	2037	29,170,000	19,765,000
2008A & B	4.17%-5.00%	2034	15,350,000	8,120,000
2009	2.00%-5.00%	2020	26,645,000	14,615,000
2012	2.00%-5.00%	2043	76,470,000	70,850,000
2012A & B	2.00%-5.00%	2028	28,640,370	24,725,448
2013	2.00%-5.00%	2044	145,170,000	137,335,000
2014	5.59%	2115	250,000,000	250,000,000
				$ 543,325,448

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2015 are summarized as follows:

Years Ending June 30	Principal	Interest	Total
2016	$ 17,111,619	$ 26,201,102	$ 43,312,721
2017	17,677,346	25,517,631	43,194,977
2018	16,193,624	24,886,023	41,079,647
2019	16,275,461	24,309,382	40,584,843
2020	13,962,868	23,722,903	37,685,771
2021-2025	56,536,965	111,974,847	168,511,812
2026-2030	47,157,565	100,611,224	147,768,789
2031-2035	40,240,000	90,916,156	131,156,156
2036-2040	36,665,000	82,100,563	118,765,563
2041-2115	281,505,000	1,044,178,999	1,325,683,999
Total	$ 543,325,448	$ 1,554,418,830	$ 2,097,744,278

The University has $22,540 in a capital lease obligation that has a maturity date through fiscal year 2016 with an interest rate of 3.9 percent. Lease arrangements are being used to provide partial financing for certain equipment. Capital asset balances as of June 30, 2015 that are financed under capital leases are $86,694.

The scheduled maturities of these leases at June 30, 2015 are as follows:

Years Ending June 30	Minimum Lease Payments
2016	$ 22,973
Total minimum lease payments	22,973
Less amount representing interest	433
Net minimum capital lease payments	22,540
Less current portion	22,540
Noncurrent capital lease obligations	$ -

Note 8 - Operating Leases

The University leases various facilities and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statements of net position. The total rental expense under these agreements was $1,988,963 and $1,717,745 for the years ended June 30, 2015 and 2014, respectively.

Future minimum payments for all significant operating leases with initial terms in excess of one year at June 30, 2015 are as follows:

Years Ending June 30	Minimum Lease Payments
2016	$ 2,986,339
2017	2,835,686
2018	1,936,781
2019	2,300,109
2020	2,997,148
2021-2030	29,784,000
Total minimum operating lease payments	$ 42,840,063

Note 9 - Operating Expenses by Natural Classification

The University reports operating expenses by functional classification on the statements of revenues, expenses, and changes in net position. Operating expenses by natural classification for the two years ended June 30, 2015 and 2014 are summarized as follows:

Year ended June 30, 2015

	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction and departmental research	$ 216,888,225	$ 10,057,244	$ 15,256,509	$ 55,778	$ 5,941,640	$ 248,199,396
Separately budgeted research	21,356,474	7,883,387	13,210,115	7,203	2,293,445	44,750,624
Public service	19,718,250	5,491,752	2,073,629	107,370	690,219	28,081,220
Academic support	59,303,942	16,143,441	688,482	360,319	2,882,380	79,378,564
Student services	26,463,185	9,813,311	13,104,427	78,608	1,692,982	51,152,513
Institutional support	42,218,224	11,067,730	5,718,249	17,989	1,010,040	60,032,232
Operation and maintenance of plar	21,003,869	18,042,881	941,625	12,513,293	339,333	52,841,001
Auxiliary enterprises	41,341,374	27,660,673	971,514	3,737,270	3,209,312	76,920,143
Total	$ 448,293,543	$ 106,160,419	$ 51,964,550	$ 16,877,830	$ 18,059,351	$ 641,355,693
					Student Aid	8,647,508
					Depreciation	37,919,010
					Total Operating Expenses	$ 687,922,211

Year ended June 30, 2014

	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction and departmental research	$ 214,728,758	$ 10,781,515	$ 23,115,076	$ 56,581	$ 5,993,619	$ 254,675,549
Separately budgeted research	21,946,510	8,260,922	12,850,720	33,704	2,104,369	45,196,225
Public service	18,548,645	4,989,874	4,261,566	173,842	701,155	28,675,082
Academic support	56,092,901	16,311,107	2,570,137	4,070	2,531,349	77,509,564
Student services	27,044,659	9,913,251	2,338,980	103,820	1,672,743	41,073,453
Institutional support	36,485,170	7,273,004	7,753,946	19,484	744,365	52,275,969
Operation and maintenance of plar	20,579,851	14,674,268	1,372,729	12,016,310	306,402	48,949,560
Auxiliary enterprises	41,364,641	23,471,341	1,190,469	3,274,295	3,482,251	72,782,997
Total	$ 436,791,135	$ 95,675,282	$ 55,453,623	$ 15,682,106	$ 17,536,253	$ 621,138,399
					Student Aid	10,262,608
					Depreciation	36,428,683
					Total Operating Expenses	$ 667,829,690

Note 10 - Compensated Absences

Per University policy, eligible salaried administrative appointments earn vacation at the rate of 21 days per year with a maximum accrual of 32 days. Upon termination, they are entitled to a payout of their accumulated balance. Hourly classified employees earn vacation at rates per years of service, ranging from 10 to 25 days per year. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The estimated liability for accrued vacation at June 30, 2015 and 2014 was $13,404,558 and $12,180,128, respectively.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro rata monthly basis for salaried employees and on a pro rata hourly basis for classified hourly employees). Salaried employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25 percent of unused days (maximum of 30 days). Hourly classified employees with 10 or more years of service are eligible for payout upon retirement of up to 50 percent of unused days (maximum of 60 days). The estimated liability for accrued sick leave at June 30, 2015 and 2014 was $7,225,605 and $5,633,584, respectively.

Compensated absences at June 30, 2015 and 2014 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2015	$ 17,813,712	$ 26,555,787	$ (23,739,336)	$ 20,630,163	$ 1,978,423
June 30, 2014	$ 16,886,686	$ 23,387,176	$ (22,460,150)	$ 17,813,712	$ 1,441,465

Note 11 - Retirement Plans

Based on rules governed by the Ohio Revised Code (ORC), employees of Ohio University are covered under one of three retirement plans, unless eligible for exemption as in the case of most student employees. The particular system in which an employee is eligible to enroll is dependent on his or her position with the University. Generally, faculty appointments are eligible for enrollment in a defined benefit plan, administered by the State Teachers Retirement System of Ohio ("STRS Ohio"), and all other employees are eligible for enrollment in a defined benefit plan, administered by the Ohio Public Employees Retirement System of Ohio ("OPERS"). In addition, full-time employees may opt out of the state retirement system and choose a defined contribution plan, also referred to as an Alternative Retirement Plan ("ARP"), with one of nine independent providers. STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. All options are discussed below in more detail.

Retirement Plan Funding - Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each employer entity's contribution is expected to finance the costs of benefits earned by its employees during the year, with an additional amount to finance a portion of the defined benefit plans' unfunded accrued liability.

The employee and employer rates are the same for ARP employees as the retirement system under which they would otherwise be covered. However, for those who would otherwise be covered by STRS Ohio and who instead elect the ARP, 4.5 percent of the employer contribution goes to the STRS Ohio retirement system and 0.77 percent of the employer contribution goes to the OPERS systems as of August 1, 2007. The University's contributions each year are equal to its required contributions.

Member contributions are 10 percent of gross wages for all plans, set at the maximums authorized by the ORC. The plans' 2015 contribution rates on covered payroll to each system are:

	Employer Contribution Rate			
	Pension	Post Retirement Healthcare	Death Benefit	Total
STRS - Faculty	14.00%	0.00%	0.00%	14.00%
OPERS - State Employees	12.00%	2.00%	0.00%	14.00%
OPERS - Law Enforcement	16.10%	2.00%	0.00%	18.10%

The plans' 2014 contribution rates on covered payroll to each system are:

	Employer Contribution Rate			
	Pension	Post Retirement Healthcare	Death Benefit	Total
STRS - Faculty	13.00%	1.00%	0.00%	14.00%
OPERS - State Employees	12.00%	2.00%	0.00%	14.00%
OPERS - Law Enforcement	16.10%	2.00%	0.00%	18.10%

University contributions for the current and preceding year are summarized as follows:

	Employer Contributions		
	STRS Ohio	OPERS	ARP
2015	$ 12,263,867	$ 16,670,306	$ 12,299,008
2014	11,237,622	15,806,561	9,010,786

The payroll for employees covered by OPERS and STRS Ohio for the year ended June 30, 2015 was $155,361,858 and 138,569,272, respectively. The payroll for employees covered by OPERS and STRS Ohio for the year ended June 30, 2014 was $143,749,652 and $128,111,674, respectively. For the years ended June 30, 2015 and 2014, the University's total payroll was $331,322,479 and $314,052,242, respectively. Contributions made to OPEB were $3,250,678, $3,054,334, and $4,390,580 for the years ended June 30, 2015, 2014, and 2013, respectively.

Benefits Provided

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

Any member may retire who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit will change. The maximum annual retirement allowance, payable for life considers years of credited service, final average salary (3-5 years) and multiplying by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

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

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

OPERS – Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15-30 years), age (48-62 years) and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

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

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

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent.

Defined Benefit Plans - The defined benefit plans of STRS Ohio and OPERS are cost-sharing, multiple-employer public employee retirement plans. Both systems provide retirement and disability benefits, annual cost-of-living adjustments, survivor benefits, and postretirement health care (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits. The authority to establish and amend benefits is provided by the ORC. Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. Interested parties may obtain a copy of the STRS Ohio report by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll free 888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org. The OPERS report may be obtained by making a written request to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Net Pension Liability, Deferrals, and Pension Expense – At June 30, 2015, the University reported a liability for its proportionate share of the net pension liability of both STRS and OPERS. The net pension liability was measured as of June 30, 2014 for the STRS plan and December 31, 2014 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

	Measurement	Net Pension Liability		Proportionate Share		Percent
Plan	Date	2015	2014	2015	2014	Change
STRS	June 30	$ 242,888,149	$ 289,326,775	0.999%	0.999%	0.000%
OPERS	December 31	$ 106,172,642	$ 103,946,495	0.878%	0.878%	0.000%

For the year ended June 30, 2015 and 2014, the University recognized pension expense of $35,590,653 and $39,673,270, respectively. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actua experience	$ 2,338,329	$ 1,943,961
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investmen	5,692,955	44,935,229
Changes in proportion and differences between University contributions and proportionate share of contribution	-	26,165
University contributions subsequent to the measurement date	22,894,735	-
Total	$ 30,926,019	$ 46,905,355

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

Years ending June 30	Amount
2016	$ (10,108,877)
2017	(10,108,877)
2018	(9,381,251)
2019	(9,235,060)
2020	(9,076)
Thereafter	(30,929)
	$ (38,874,070)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2016).

Actuarial Assumptions – The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	STRS - as of June 30, 2014	OPERS - as of December 31, 2014
Valuation date	July 1, 2014	December 31, 2014
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	2.0 percent	3.0 percent
Salary increases, including inflation	2.75 percent - 12.25 percent	4.25 percent - 10.05 percent
Inflation	2.75 percent	3.75 percent
Investments rate of returr	7.75 percent, net of pension plan investment expense	8.00 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of 5 years ended December 31, 2010
Mortality basis	RP-2000 combined mortality table (Projection 2022-Scale AA)	RP-2000 mortality table projected 20 years using Projection Scale AA

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent for STRS and 8.0 percent for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	STRS	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	31.00%	5.50%
International Equity	26.00%	5.35%
Alternatives	14.00%	5.50%
Fixed Income	18.00%	1.25%
Real Estate	10.00%	4.25%
Liquidity Reserves	1.00%	0.50%
	100.00%	

	OPERS	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	23.00%	2.31%
International Equity	19.90%	5.84%
Alternatives	10.00%	4.25%
Fixed Income	10.00%	9.25%
Real Estate	19.10%	7.40%
Liquidity Reserves	18.00%	4.59%
	100.00%	

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

Sensitivity of Net Pension Liability/(Asset) to Changes in the Discount Rate

Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS	6.75%	$ 347,720,999	7.75%	$ 242,888,149	8.75%	$ 154,235,006
OPERS	7.00%	194,936,560	8.00%	106,172,642	9.00%	30,372,651
		$ 542,657,559		$ 349,060,791		$ 184,607,657

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS and OPERS financial reports.

Defined Contribution Plans - The ARP is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. The University's Board of Trustees adopted the University's plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS Ohio or OPERS, from the list of nine providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS Ohio and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of nine private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.5 percent for STRS Ohio and 0.77 percent for OPERS for the year ended June 30, 2015. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan.

Other Postemployment Benefits - In addition to the pension benefits described above, Ohio Law provides that the University fund postretirement healthcare benefits to retirees and their dependents through employer contributions to OPERS and STRS Ohio.

OPERS provides retirement, disability, and survivor benefits as well as postemployment healthcare coverage to qualifying members of its plans. A portion of each employer's contribution to OPERS is set aside for funding of postretirement health care. The portion of employer contributions, for all employers, allocated to health care was 2.0 percent during calendar year 2014.

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

The ORC grants authority to STRS Ohio to provide healthcare coverage to eligible benefit recipients, spouses, and dependents. By Ohio law, healthcare benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Board allocates employer contributions to the Health Care Stabilization Fund from which healthcare benefits are paid. For the fiscal years ended June 30, 2015 and 2014, the board allocated employer contributions equal to 1.0 percent of covered payroll to postemployment health care. The balance in the Health Care Stabilization Fund was $3.454 billion on January 1, 2014, the date of the most recent information available from STRS Ohio.

For the fiscal year ended June 30, 2014, the date of the most recent information available from STRS, net healthcare costs paid by STRS Ohio were $656,000,000. There were 124,568 eligible benefit recipients.

Note 12 - Risk Management and Contingencies

Legal - During the normal course of operations, the University has become a defendant in various legal and administrative actions. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. However, in the opinion of in-house legal counsel and University management, the disposition of all pending litigation would not have a significant adverse effect on the University's financial position.

Self-insurance - The University provides medical and dental coverage for its employees on a self-insurance basis. Expenses for claims are recorded on an accrual basis based on the date claims are incurred.

Changes in the self-insurance claims liability for the three years ended June 30, 2015 are summarized as follows:

	2015	2014	2013
Accrued claims liability - Beginning of year	$ 3,388,000	$ 3,413,000	$ 3,362,000
Incurred claims - Net of favorable settlements	46,510,478	45,849,148	43,272,586
Claims paid	(46,619,478)	(45,874,148)	(43,221,586)
Accrued claims liability - End of year	$ 3,279,000	$ 3,388,000	$ 3,413,000

Liability for claims is accrued based on estimates of the claims liabilities made by the University's third-party actuary. These estimates are based on past experience and current claims outstanding. Actual claims experience may differ from the estimate.

Commercial Insurance Coverage - The University has the following commercial insurance policies:

Type	Deductible	Coverage
Aircraft Liability (Flight Trainin(	$ -	$ 5,000,000
Aircraft Liability (Corporate)	-	50,000,000
Airport Liability	10,000	10,000,000
General and Auto Liability	100,000	50,000,000
Educator's Liability	100,000	30,000,000
Medical Malpractice Liability	25,000	1,000,000
Foreign Liability	-	1,000,000
Crime	100,000	5,000,000
Property ($900 million shared with other Inter-University Council	100,000	1,000,000,000

Workers' Compensation Coverage - Beginning January 1, 2013 the University became self-insured for workers' compensation claims. For claims initiated prior to that date the University participates in a plan that pays workers' compensation benefits to employees who have been injured on the job. The Ohio Bureau of Workers' Compensation calculates the estimated amount of cash needed in the subsequent fiscal year to pay the claims for these workers and sets rates to collect this estimated amount from participating state agencies and universities in the subsequent year.

During the fiscal year ended June 30, 2014, the University entered into negotiations with the Ohio Bureau of Worker's Compensation to buy out the claims incurred prior to January 1, 2013. This is likely to be settled in the near future. Amounts are included in accounts payable and accrued liabilities | detailed in Note 6

Note 13 - Capital Project Commitments

At June 30, 2015, the University is committed to future capital expenditures as follows:

Contractual commitments	$ 70,805,902
Estimated completion costs of projects	89,450,111
Total	$ 160,256,013
These projects will be funded by:	
State appropriations	$ 41,318,255
University funds (including bond funds)	117,445,217
Gifts, grants, and other	1,492,541
Total	$ 160,256,013

Note 14 - Other Noncurrent Liabilities

Refundable Advances for Federal Student Loans - Refundable advances for federal student loans for the two years ended June 30, 2015 are summarized as follows:

	Beginning Balance	Reductions - Net	Ending Balance	Current Portion
For the year ended:				
June 30, 2015	$ 7,394,403	$ (60,404)	$ 7,333,999	$ -
June 30, 2014	$ 7,483,391	$ (88,988)	$ 7,394,403	$ -

Note 15 - Pollution Remediation

The GASB requires the University to account for pollution (including contamination) remediation obligations.

Future expected payments for pollution remediation activities include legal obligations due to commencing purchase orders for asbestos removal. This liability is measured at the cost of the construction contract including consultants and the amount assumes no unexpected change orders.

Pollution remediation obligations continued to include expected payments imposed by the Ohio Environmental Protection Agency (OEPA). The violation of OAC Rule 3745-27-13(A) and ORC Rule 3734.02 (H) lists the University as responsible for the methane gas level monitoring of a disposal site on the University's Southern Campus. The University's monitoring on this site in fiscal year 2009 was estimated at 40 years. The liability is accrued based on reasonably expected potential outlays for performing this monitoring. The current value of expected cash flows method was used to measure the estimated liability using the prior year expenditures as an estimate of future annual obligations. Future expected payments for all significant pollution remediation activities include the following:

Years Ending June 30	Minimum Payments
2016	$ 148,184
2017	5,000
2018	5,000
2019	5,000
2020	5,000
2021-2049	145,000
Total minimum payment	$ 313,184

These amounts are included in the current portion of accounts payable and accrued liabilities, as well as in other long-term liabilities on the statements of net position.

Note 16 - Donor-restricted Endowments

Under the standard established by Section 1715.56 of the ORC, an institution may appropriate as much as is prudent of the realized and unrealized net appreciation of the fair value of the assets of the endowment fund over the historic dollar value of the fund for the uses and purposes for which an endowment fund is established. The University's endowment spending policy is based on the concept of total return, and the spending rate for fiscal years 2015 and 2014 was 6 percent, which included a 2 percent administrative fee.

The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the Board were $13,299,312 and $14,785,257 for June 30, 2015 and 2014, respectively. Those amounts are reported as restricted expendable net position.

Note 17 - Net Position

Restricted and unrestricted net position for the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Restricted - nonexpendable:		
Permanent endowments	$ 22,296,237	$ 22,364,013
Restricted - expendable:		
Sponsored programs and component units	$ 7,234,141	$ 5,124,983
Loans	9,425,013	10,013,332
Unspent endowment funds (available through the endowment spending policy)	1,295,684	1,203,998
Grant funded capital projects and debt service funds	3,285,234	8,542,446
Endowments- net income and appreciation	13,299,312	14,785,257
Total restricted - expendable	$ 34,539,384	$ 39,670,016
Unrestricted - allocated:		
Auxiliaries	$ 55,773,889	$ 47,801,979
Quasi endowments	49,100,166	44,531,214
Capital projects and reserves	119,239,801	12,351,315
GASB 68 - Unfunded Pension Liability	(365,040,127)	-
Ongoing academic and research programs, reserves, and component units	83,717,322	208,913,455
Total unrestricted	$ (57,208,949)	$ 313,597,963

Restricted net position is subject to external restrictions and is categorized as either nonexpendable or expendable. Restricted nonexpendable net position consists entirely of endowments whose corpus is held in perpetuity. Restricted expendable net position is made up of the categories above.

Unrestricted net position is not subject to external restrictions; however, the University's unrestricted net position has been internally designated for specific purposes or for contractual purchase obligations. This category includes amounts set aside for auxiliaries, academic and research programs, reserves, and capital projects.

Note 18 – The Ohio University Foundation

Organization and Operation

The Ohio University Foundation (the "Foundation") was incorporated in Ohio in October 1945 to support the educational undertakings of Ohio University (the "University"). The Foundation is authorized to solicit and receive gifts and contributions for the benefit of the University and to ensure that funds and property received are applied to the uses specified by the donor.

The Foundation's wholly owned subsidiary, Inn-Ohio of Athens, Inc. (the "Inn"), owns and operates a 139-room hotel and restaurant facility in Athens, Ohio known as The Ohio University Inn.

Another controlled entity, Housing for Ohio, Inc. ("Housing"), constructed and operates a 182-unit student housing facility in Athens, Ohio. It has been granted tax-exempt status under Section 501(a)(3) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3).

The Foundation entered into an agreement with the Sugar Bush Foundation ("Sugar Bush"), an Ohio not-for-profit corporation, in August 2005. Sugar Bush is a supporting organization as defined in Code Section 509(a)(3) and the Foundation is its primary supported organization receiving 51 percent of its charitable distributions. This agreement was further amended in August 2007 with Sugar Bush pledging to commit all of its charitable distributions to the Foundation. Upon dissolution of Sugar Bush and payment of all Sugar Bush liabilities, all of its assets shall be transferred to the Foundation, provided the Foundation is then recognized as a nonprofit Ohio corporation and as a tax-exempt organization under Section 501(c)(3) of the Code. The Foundation consolidates this supporting organization that is deemed to be financially interrelated.

During 2009, the Foundation created three limited liability companies to receive property distributions from The Dolores H. Russ Trust for the benefit of the Russ College of Engineering. The three limited liability companies are Fritz J. and Dolores H. Russ Holdings LLC, Russ North Valley Road LLC, and Russ Research Center LLC (collectively referred to as the "Russ LLCs"). The limited liability companies are treated as disregarded entities for federal income tax purposes. The Foundation is the sole member of Fritz J. and Dolores H. Russ Holdings LLC. Fritz J. and Dolores H. Russ Holdings LLC is the sole member of Russ North Valley Road LLC and Russ Research Center LLC.

Summary of Significant Accounting Policies

Basis of Accounting - The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. The accompanying consolidated financial statements present the financial position and results of activities of the Foundation and its wholly owned subsidiary and other related entities - the Inn, Housing, one supporting organization, and three limited liability companies. All intercompany transactions have been eliminated.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk - Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist principally of pledges receivable, investments for the Foundation, and receivables related to operations of the Inn and Russ Research Center LLC. Exposure to losses on pledges receivable is principally dependent on each donor's financial condition. The Foundation monitors the exposure for credit losses and maintains allowances for anticipated losses on receivables.

Investments are recorded at fair value. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Foundation's consolidated statements of financial position and activities.

The management companies that operate the Inn and the Russ Research Center are responsible for collection of receivables. Each entity provides a reserve for any estimated uncollectible balances, as appropriate.

Gifts and Contributions - Contributions are recorded at their fair value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset categories. When a donor restriction expires (when a stipulated time restriction ends or the purpose of restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed property is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property are recorded as unrestricted support.

Contributions of charitable gift annuities are reduced by the actuarially determined liability resulting from acceptance of the gift. Contributions are held in charitable trusts at the present value of their estimated future benefits to be received when the trust assets are distributed upon notification of the donor's death.

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using an assumed inflation rate at the time the pledge is made. The discount rate utilized was 2.86 and 4.86 percent for the years ended June 30, 2015 and 2014, respectively. Amortization of the discounts is included in contribution revenue. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

Intentions - The Foundation receives communications from donors indicating that the Foundation has been included in the donor's will or life insurance policy as beneficiary, representing intentions to give rather than promises to give. Such communications are not unconditional promises to give because the donors retain the ability to modify their wills and insurance policies during their lifetimes. The total realizable value of these intended gifts has not been established, nor have the intended gifts been recognized as an asset or contribution revenue. Such gifts are recorded when the Foundation is notified of the donor's death, the will is declared valid by a probate court, and the proceeds are measurable.

Cash Surrender Value of Insurance Policies - The Foundation records as an asset the cash surrender value of insurance policies for which it is the owner and beneficiary.

Investments - Investments in securities are recorded at fair value based on quoted market values, with changes in market value during the year reflected in the consolidated statements of activities. Investments not publicly traded are either stated at cost, which approximates market, or at appraised market values when applicable. Alternatives are recorded at their most recent available valuation as provided by the investment custodian. Purchases and sales of investments are accounted for as of the trade date.

Income from Investments - All investment income earned on permanently restricted, temporarily restricted, and unrestricted investments is credited to unrestricted net assets unless otherwise restricted by the donor or by state law.

Property and Equipment - Property and equipment are recorded at the estimated fair value, if received as a gift, or at the purchase cost, plus any expenditures for improvements.

Depreciation of buildings is recorded over periods ranging from 20 to 40 years using the straight-line method. Depreciation and amortization of other property, equipment, and improvements are recorded over periods ranging from 3 to 15 years using the straight-line method.

Annually, or more frequently if events or circumstances change, a determination is made by management to ascertain whether property and equipment and intangibles have been impaired based on the sum of expected future undiscounted cash flows from operating activities. If the estimated net cash flows are less than the carrying amount of such assets, the Foundation will recognize an impairment loss in an amount necessary to write down the assets to a fair value as determined from expected future discounted cash flows. Based upon its most recent analysis, the Foundation has determined that no impairment to the carrying value of its long-lived assets existed at June 30, 2015 and 2014.

Cash - At times, cash may exceed federally insured amounts. The Foundation believes it mitigates risks by depositing cash with major financial institutions. The Foundation held $18,968,322 and $23,904,650 in cash that was uninsured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2015 and 2014, respectively.

Cash Equivalents - The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Restricted Cash - Restricted cash represents cash that, under terms of the bond issue trust indenture agreement (the "Trust Indenture") (related to Housing for Ohio, Inc.), is restricted for various purposes. In accordance with the terms of the Trust Indenture and related agreements, the proceeds from the bonds not used to construct the student housing facility and certain equipment and improvements were deposited with the trustee. The Foundation is also required to deposit all revenue directly into a designated revenue fund. The trustee is then authorized, without further direction from the Foundation, to transfer funds out of the revenue fund to other funds as outlined in the Trust Indenture.

Functional Allocation of Expenses - The costs of providing the various programs and support services have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the programs and support services benefited. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes - The Internal Revenue Service has determined that the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated income. The provision for income taxes for the Inn, including deferred tax expenses, totaled $156,506 and $308,849 for the years ended June 30, 2015 and 2014, respectively. The provision is mostly comprised of federal and city taxes. Of these amounts, $80,206 and $210,587 represent current tax expense for the years ended June 30, 2015 and 2014, respectively. The deferred taxes are a result of differences between book and tax depreciation and are presented as long-term other liabilities on the statements of financial position.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to June 30, 2012.

Fair Value of Financial Instruments - The carrying values of the Foundation's financial instruments in the accompanying consolidated statements of financial position approximate their respective estimated fair value at June 30, 2015 and 2014.

The Foundation has estimated the fair values of its financial instruments using available quoted market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. Determinations of fair value are based on subjective data and significant judgment relating to timing of payments and collections and the amounts to be realized. Different market assumptions and/or estimation methodologies might have a significant effect on the estimated fair value amounts.

The fair values of short-term financial instruments, including cash equivalents and trade accounts receivable and payable, approximate the carrying amounts in the accompanying consolidated financial statements due to the short maturity of such instruments. The fair value of long-term obligations approximates the carrying amounts in the accompanying consolidated financial statements. The carrying value of the debt approximates fair value based on current borrowing rates. The inputs are based upon terms in contractual agreements. The fair value of these financial instruments is determined using Level 2 inputs.

Advertising Costs - Advertising costs of the Inn are included in marketing expenses and are expensed as incurred.

Net Assets

Unrestricted Net Assets - The unrestricted net assets consist of operating funds available for any purpose authorized by the board of trustees.

Unrestricted net assets as of June 30, 2015 and 2014 are available for the following purposes:

	2015	2014
Designated:		
Board-designated 1804 grants	$ 8,552	$ 9,050
Designated underwater accounts	(12,377)	(569,243)
Subtotal designated	(3,825)	(560,193)
Undesignated:		
The Inn	4,644,351	4,256,854
Housing	315,436	(412,650)
Other	(1,634,529)	(351,497)
Subtotal undesignated	3,325,258	3,492,707
Total unrestricted net assets	$ 3,321,433	$ 2,932,514

Temporarily Restricted Net Assets - Temporarily restricted net assets consist of funds that are restricted for a specific use or time determined by the donor. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions when the restrictions are satisfied either by the passage of time or by actions of the Foundation.

Temporarily restricted net assets as of June 30, 2015 and 2014 are available for the following purposes:

	2015	2014
Academic support	$ 14,656,172	$ 15,769,107
Alumni relations	227,952	275,208
Fundraising and development	841,831	837,161
Institutional support	12,877,689	13,174,063
Instruction and departmental research	216,585,362	230,135,953
Intercollegiate athletics	6,489,711	2,572,565
Public service	576,748	635,306
Research	2,474,275	2,061,759
Student aid	60,681,301	67,026,056
Student services	1,860,493	2,255,946
Total	$ 317,271,534	$ 334,743,124

Permanently Restricted Net Assets - Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses as authorized from time to time by the donor. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless otherwise restricted by the donor or by applicable state laws.

Permanently restricted net assets as of June 30, 2015 and 2014 are available for the following purposes:

	2015	2014
Academic support	$ 9,814,599	$ 8,819,357
Alumni relations	20,348	80,246
Fundraising and development	106,718	85,130
Institutional support	3,435,413	3,430,066
Instruction and departmental research	80,523,523	76,966,181
Intercollegiate athletics	1,959,091	1,727,067
Public service	1,371,273	364,768
Research	1,200,825	1,198,798
Student aid	91,065,442	83,816,781
Student services	2,897,349	2,841,194
Total	$ 192,394,581	$ 179,329,588

Pledges Receivable

The following amounts are included in pledges receivable for unconditional promises to give at June 30, 2015 and 2014:

At June 30, 2015	Temporarily Restricted	Permanently Restricted	Total
Gross amounts due in:			
Less than one year	$ 6,375,093	$ 4,166,582	$ 10,541,675
One to five years	7,835,831	4,935,941	12,771,772
More than five years	1,603,700	142,857	1,746,557
Gross pledges receivable	15,814,624	9,245,380	25,060,004
Less allowance for uncollectible pledges	(2,489,029)	(1,455,111)	(3,944,140)
Less discount to present value	(1,257,190)	(446,388)	(1,703,578)
Total pledges receivable - Net	$ 12,068,405	$ 7,343,881	$ 19,412,286

At June 30, 2014	Temporarily Restricted	Permanently Restricted	Total
Gross amounts due in:			
Less than one year	$ 5,244,534	$ 3,972,069	$ 9,216,603
One to five years	3,327,703	5,907,097	9,234,800
More than five years	56,767	19,957	76,724
Gross pledges receivable	8,629,004	9,899,123	18,528,127
Less allowance for uncollectible pledges	(1,827,592)	(2,096,598)	(3,924,190)
Less discount to present value	(290,698)	(582,984)	(873,682)
Total pledges receivable - Net	$ 6,510,714	$ 7,219,541	$ 13,730,255

The allowance for uncollectible contributions is a general valuation based on the percentage of prior years' pledge write-offs. Specific pledges deemed uncollectible are charged against the allowance for uncollectible pledges in the period in which the determination is made. Both the general allowance and the specific write-offs are reported as a loss on fair value of pledges receivable in the statement of activities. As of June 30, 2015, the Foundation has approximately $156 million in numerous outstanding pledges that are considered to be intentions to give and are contingent upon future events. These pledges are not accrued as pledges receivable or recognized as revenue because they do not represent unconditional promises to give. It is not practicable to estimate the ultimate realizable value of these commitments or the period over which they might be collected.

Fair Value Measurements

The Foundation's investments include endowed funds, as well as a portion of working capital funds. The Foundation's investment policy provides that the long-term objective of the investment pool is to maximize the real return, or the nominal return less inflation, of the assets over a complete market cycle with emphasis on preserving capital and reducing volatility through prudent diversification. Further, the investment strategy seeks to provide real growth of assets in excess of endowment spending requirements plus inflation.

The Foundation reports investments and split-interest agreements at estimated fair value, in accordance with the fair value hierarchy prescribed by Financial Accounting Standards Board Accounting Standards Codification (ASC)

820, *Fair Value Measurements and Disclosures*. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value, as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. The Foundation's Level 1 assets consist primarily of fixed-income or equity mutual funds, publicly traded large- and small-cap stocks, and REITs. Prices for these investments are widely available through major financial reporting services.

Level 2 - Inputs other than quoted prices that are observable, either directly or indirectly. These may include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The Foundation's Level 2 assets include government and corporate bonds, as well as commingled money market, bond, and equity funds that are not registered with the Securities and Exchange Commission and do not trade on an exchange.

Level 3 - Inputs that are unobservable, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. The Foundation's Level 3 assets include allocations to commodities, hedge funds, private equity, private real estate, and venture capital funds. The Foundation's Level 3 assets also include split-interest agreements that are valued using an actuarial approach. The Foundation has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. These processes include quarterly meetings with the Foundation's investment committee for calibration and review of Level 3 investment monthly or quarterly fund manager statements and annual audited financial statements. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over-the-counter market. The Foundation utilizes a third-party investment advisor to monitor, participate in fund manager calls, and obtain underlying financial information on the Level 3 investments.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the least observable input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The Foundation's fair value assets and liabilities, by level, at June 30, 2015 and 2014 are summarized in the following tables:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2015

		Fair Value at Reporting Date Using		
	June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fixed-income investments:				
Money market mutual funds	$ 21,834,284	$ 21,803,580	$ 30,704	$ -
Bonds and bond mutual funds	44,223,672	41,416,786	2,806,886	-
TIPS mutual funds	14,717,852	14,717,852	-	-
Subtotal fixed income	80,775,808	77,938,218	2,837,590	-
Public equity investments:				
Domestic large-cap equity	81,326,912	81,326,912	-	-
Domestic small-cap equity	11,110,312	11,110,312	-	-
REITs	5,226,169	5,226,169	-	-
Developed international equity	98,229,378	98,229,378	-	-
Emerging markets international equity	45,229,034	33,998,744	11,230,290	-
Commodities	28,272,606	28,272,606	-	-
Subtotal public equity	269,394,411	258,164,121	11,230,290	-
Alternative investments:				
Commodities (1)	7,037,763	-	-	7,037,763
Hedge funds (2)	65,338,993	-	-	65,338,993
Private equity funds (3)	20,214,090	-	-	20,214,090
Private real estate funds (4)	6,905,218	-	-	6,905,218
Venture capital funds (5)	2,863,282	-	-	2,863,282
Subtotal alternative investments	102,359,346	-	-	102,359,346
Total investments	$ 452,529,565	$ 336,102,339	$ 14,067,880	$ 102,359,346
Split-interest Agreements Assets				
Charitable gift annuities (6)	$ 2,408,258	$ 2,090,409	$ 317,849	$ -
Charitable trusts (6)	18,167,908	16,377,131	608,429	1,182,348
Total split-interest agreements	$ 20,576,166	$ 18,467,540	$ 926,278	$ 1,182,348
Total fair value measurements	$ 473,105,731	$ 354,569,879	$ 14,994,158	$ 103,541,694

Assets Measured at Fair Value on a Recurring Basis at June 30, 2014

		Fair Value at Reporting Date Using		
	June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fixed-income investments:				
Money market mutual funds	$ 13,896,973	$ 13,865,404	$ 31,569	$ -
Bonds and bond mutual funds	45,573,257	42,005,508	3,567,749	-
TIPS mutual funds	14,976,295	14,976,295	-	-
Subtotal fixed income	74,446,525	70,847,207	3,599,318	-
Public equity investments:				
Domestic large-cap equity	97,867,695	97,867,695	-	-
Domestic small-cap equity	10,407,808	10,407,808	-	-
REITs	4,957,238	4,957,238	-	-
Developed international equity	96,971,097	96,971,097	-	-
Emerging markets international equity	44,240,624	32,098,926	12,141,698	-
Commodities	24,269,916	24,269,916	-	-
Subtotal public equity	278,714,378	266,572,680	12,141,698	-
Alternative investments:				
Commodities (1)	9,211,309	-	-	9,211,309
Hedge funds (2)	64,993,331	-	-	64,993,331
Private equity funds (3)	18,967,577	-	-	18,967,577
Private real estate funds (4)	8,486,977	-	-	8,486,977
Venture capital funds (5)	4,493,654	-	-	4,493,654
Subtotal alternative investments	106,152,848	-	-	106,152,848
Total investments	$ 459,313,751	$ 337,419,887	$ 15,741,016	$ 106,152,848
Split-interest Agreements Assets				
Charitable gift annuities (6)	$ 2,588,573	$ 2,275,895	$ 312,678	$ -
Charitable trusts (6)	18,346,809	17,173,803	439,530	733,476
Total split-interest agreements	$ 20,935,382	$ 19,449,698	$ 752,208	$ 733,476
Total fair value measurements	$ 480,249,133	$ 356,869,585	$ 16,493,224	$ 106,886,324

(1) Commodities funds investing in areas that offer strong relative performance in rising inflation environments and are broadly diversified across the commodities markets, including futures, options on futures, and forward contracts on exchange-traded agricultural goods, metals, minerals, and energy products. The fair value of this investment has been estimated using the net asset value per share of the investment.

(2) Hedge funds broadly diversified across managers, investment strategies, and investment venues. Includes both fund investments as well as fund-of-funds investments. The fair value of this investment has been estimated using the net asset value per share of the investment.

(3) Private equity funds broadly diversified across managers, investment stages, geography, industry sectors, and company size. Includes individual fund investments, as well as fund-of-funds investments. The fair value of this investment has been estimated using the net asset value per share of the investment.

(4) Private real estate funds broadly diversified across managers, investment strategies, geography, and industry sectors. The fair value of this investment has been estimated using the net asset value per share of the investment.

(5) Venture capital funds with the objective of investing in early stage business entities and enterprises with a primary focus on medical and information technologies. The fair value of this investment has been estimated using the net asset value per share of the investment.

(6) Level 1 and Level 2 assets represent the Foundation's interest in trusts and annuities in which the Foundation is the trustee. Level 1 assets are invested in a variety of domestic and international equity mutual funds, fixed income mutual funds, and REITs. Level 2 assets are invested in money market mutual funds and U.S. Treasury bonds and notes. Level 3 assets represent real estate assets held in trust, as well as the present value of the revenue expected to be received from charitable trusts where the Foundation does not serve as trustee. The Foundation estimates the fair value of these assets based upon the present value of the expected future cash flows using management's best estimates of key assumptions including life expectancies of beneficiaries, payment periods, and a discount rate commensurate with market conditions and other risks involved. Significant changes in these key assumptions would result in a significantly lower or higher fair value measurement.

Investments are reported as Level 3 assets if the valuation is based on significant unobservable inputs. Often, these assets trade infrequently, or not at all. For some Level 3 assets, both observable and unobservable inputs may be used to determine fair value. As a result, the unrealized gains and losses presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs.

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the fiscal years ended June 30, 2015 and June 30, 2014, there were no transfers between levels of the fair value hierarchy.

Additional information on the changes in Level 3 assets is summarized in the tables below as of June 30, 2015 and 2014:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2015

	Fair Value Measurements Using Significant Unobservable Inputs (Level		
		Alternative Investments	
	Total Level 3 Investments	Commodities	Hedge Funds
Beginning balance	$ 106,152,848	$ 9,211,309	$ 64,993,331
Gains (losses) included in changes in net assets:			
Realized gains (losses)	3,395,685	(5,956)	(4,260)
Unrealized gains (losses)	(3,854,962)	(2,092,190)	1,798,705
Total gains (losses)	(459,277)	(2,098,146)	1,794,445
Purchases and sales:			
Purchases	7,033,546	118,345	-
Sales	(10,367,771)	(193,745)	(1,448,783)
Total purchases and sales	(3,334,225)	(75,400)	(1,448,783)
Ending balance	$ 102,359,346	$ 7,037,763	$ 65,338,993

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)		
	Alternative Investments (Continued)		
	Private Equity Funds	Private Real Estate Funds	Venture Capital Funds
Beginning balance	$ 18,967,577	$ 8,486,977	$ 4,493,654
Gains (losses) included in changes in net assets:			
Realized gains (losses)	3,405,901	-	-
Unrealized gains (losses)	(2,585,579)	737,843	(1,713,741)
Total gains (losses)	820,322	737,843	(1,713,741)
Purchases and sales:			
Purchases	6,729,776	90,533	94,892
Sales	(6,303,585)	(2,410,135)	(11,523)
Total purchases and sales	426,191	(2,319,602)	83,369
Ending balance	$ 20,214,090	$ 6,905,218	$ 2,863,282

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)
	Split-interest Agreements
	Charitable Trust Assets
Beginning balance	$ 733,476
Change in value of split-interest agreements included in changes in net assets:	408,277
Change in actuarial estimate	40,595
Total change in value	448,872
Ending balance	$ 1,182,348

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2014

	Fair Value Measurements Using Significant Unobservable Inputs (Level		
		Alternative Investments	
	Total Level 3 Investments	Commodities	Hedge Funds
Beginning balance	$ 93,789,496	$ 8,845,589	$ 53,634,717
Gains (losses) included in changes in net assets:			
Realized gains (losses)	4,903,860	(4,194)	2,502,628
Unrealized gains (losses)	4,930,034	1,051,539	5,032,343
Total gains (losses)	9,833,894	1,047,345	7,534,971
Purchases and sales:			
Purchases	32,999,878	68,160	26,280,674
Sales	(30,470,420)	(749,785)	(22,457,031)
Total purchases and sales	2,529,458	(681,625)	3,823,643
Ending balance	$ 106,152,848	$ 9,211,309	$ 64,993,331

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)		
	Alternative Investments (Continued)		
	Private Equity Funds	Private Real Estate Funds	Venture Capital Funds
Beginning balance	$ 15,726,432	$ 10,880,456	$ 4,702,302
Gains (losses) included in changes in net assets:			
Realized gains (losses)	2,405,426	-	-
Unrealized gains (losses)	357,821	(1,123,403)	(388,266)
Total gains (losses)	2,763,247	(1,123,403)	(388,266)
Purchases and sales:			
Purchases	6,157,654	313,772	179,618
Sales	(5,679,756)	(1,583,848)	-
Total purchases and sales	477,898	(1,270,076)	179,618
Ending balance	$ 18,967,577	$ 8,486,977	$ 4,493,654

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)
	Split-interest Agreements
	Charitable Trust Assets
Beginning balance	$ 821,252
Change in value of split-interest agreements included in changes in net assets:	
Change in actuarial estimate	(87,776)
Total change in value	(87,776)
Ending balance	$ 733,476

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

Certain investments measured at net asset value per share (or its equivalent) may be classified within Level 2 of the fair value hierarchy if the investment can be redeemed at, or within 1-10 days. If the investment holdings cannot be redeemed at, or within this timeframe, due to redemption restrictions or other factors, then the investment is classified within Level 3 of the fair value hierarchy. Although the Foundation considers all available data in reporting the fair value of investments, the NAV, or its equivalent, is used as the primary valuation input for some Level 2 and most Level 3 assets.

The following tables provide additional information regarding the fair value, liquidity, and unfunded commitment for investments where the NAV was used as a practical expedient.

Level 2 and Level 3 Investments Reported at Net Asset Value at June 30, 2015

	Fair Value	Redemption Frequency	Redemption Notice Period	Estimated Termination Date (Fiscal Year)	Unfunded Commitment
Fixed-income investments:					
Money market mutual funds (Level 2)	$ 30,704	daily	none	not applicable	$ -
Bonds and bond mutual funds (Level 2)	1,063,765	daily	1 day	not applicable	-
Subtotal fixed income	1,094,469				-
Public equity investments:					
Emerging markets international equity mutual funds (Level 2)	11,230,290	monthly	30 days	not applicable	-
Alternative investments:					
Commodities (Level 3)	7,037,763	monthly	10 - 30 days	not applicable	-
Hedge funds (Level 3)	65,338,993	quarterly	60 days	not applicable	-
Private equity funds (Level 3)	20,214,090	not liquid	not liquid	2015 - 2022	23,255,639
Private real estate funds (Level 3)	6,819,428	not liquid	not liquid	2015 - 2018	281,033
Venture capital funds (Level 3)	2,863,282	not liquid	not liquid	2015 - 2015	168,088
Subtotal alternative investments	102,273,556				23,704,760
Total investments	$ 114,598,315				$ 23,704,760

Level 2 and Level 3 Investments Reported at Net Asset Value at June 30, 2014

	Fair Value	Redemption Frequency	Redemption Notice Period	Estimated Termination Date (Fiscal Year)	Unfunded Commitment
Fixed-income investments:					
Money market mutual funds (Level 2)	$ 31,569	daily	none	not applicable	$ -
Bonds and bond mutual funds (Level 2)	2,147,675	daily	1 day	not applicable	-
Subtotal fixed income	2,179,244				-
Public equity investments:					
Emerging markets international equity mutual funds (Level 2)	12,141,698	monthly	30 days	not applicable	-
Alternative investments:					
Commodities (Level 3)	9,211,309	monthly	10 - 30 days	not applicable	-
Hedge funds (Level 3)	64,993,331	quarterly	60 days	not applicable	-
Private equity funds (Level 3)	18,967,577	not liquid	not liquid	2014 - 2022	18,116,229
Private real estate funds (Level 3)	8,486,977	not liquid	not liquid	2014 - 2018	291,591
Venture capital funds (Level 3)	4,493,654	not liquid	not liquid	2014 - 2015	262,980
Subtotal alternative investments	106,152,848				18,670,800
Total investments	$ 120,473,790				$ 18,670,800

Donor-restricted and Board-designated Endowments

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees as quasi-endowments. The Foundation's quasi-endowments have been created with gifts that were temporarily restricted by the donor for the benefit of a particular college within the university. Quasi-endowments have been included in the following schedules because they have been invested to provide income for a long, but unspecified period in accordance with board-imposed restrictions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions or board-imposed restrictions.

Interpretation of Relevant Law - The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the contributed value of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to distribute or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the gifting organization or individual and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Foundation

(7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (12,377)	$ 147,666,731	$ 181,034,433	$ 328,688,787
Board-designated (quasi) endowment created with donor-restricted funds	-	93,571,157	-	93,571,157
Total funds	$ (12,377)	$ 241,237,888	$ 181,034,433	$ 422,259,944

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Market value - Beginning of the year	$ (569,243)	$ 265,316,842	$ 169,394,525	$ 434,142,124
Net realized and unrealized gains and losses and investment income	556,866	(4,937,427)	(1,255,507)	(5,636,068)
Contributions	-	-	12,895,415	12,895,415
Spending policy transfer	-	(13,483,828)	-	(13,483,828)
Transfers to board-designated endowments	-	803,569	-	803,569
Administrative fee	-	(6,461,268)	-	(6,461,268)
Market value - End of the year	$ (12,377)	$ 241,237,888	$ 181,034,433	$ 422,259,944

Endowment Net Asset Composition by Type of Fund as of June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (569,243)	$ 172,274,458	$ 169,394,525	$ 341,099,740
Board-designated (quasi) endowment created with donor-restricted funds	-	93,042,384	-	93,042,384
Total funds	$ (569,243)	$ 265,316,842	$ 169,394,525	$ 434,142,124

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Market value - Beginning of the year	$ (648,358)	$ 221,402,733	$ 157,859,625	$ 378,614,000
Net realized and unrealized gains and losses and investment income	79,115	61,455,807	720,079	62,255,001
Contributions	-	-	10,814,821	10,814,821
Spending policy transfer	-	(12,400,670)	-	(12,400,670)
Transfers to board-designated endowments	-	655,412	-	655,412
Administrative fee	-	(5,796,440)	-	(5,796,440)
Market value - End of the year	$ (569,243)	$ 265,316,842	$ 169,394,525	$ 434,142,124

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the contributed value that the donor or UPMIFA requires the Foundation to retain as the corpus. These funds are known as "underwater accounts." In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $12,377 and $569,243 as of June 30, 2015 and 2014, respectively. These deficiencies resulted from unfavorable market fluctuations and allowable distributions made over time.

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the long-term purchasing power of the endowment assets. Endowment assets include donor-restricted funds that are held in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to outperform, over rolling 12-quarter periods, a composite benchmark of appropriately weighted indices, while maintaining acceptable risk levels. The Foundation anticipates the endowment funds will provide an average rate of return of approximately 7.6 percent annually, gross of investment management fees of approximately 0.7 percent. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy - For the fiscal year ended June 30, 2015, the Foundation's spending policy stipulated that 6 percent of a three-year moving average of the market value of the endowment was available to spend, with 2 percent of the amount being set aside to support the Foundation's administrative expenses. The spending rate applied to all endowment accounts except underwater accounts, where spending was limited to 1 percent of a three-year moving average of the market value. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow the endowment to grow at an average of 1.0 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through investment returns and new gifts.

Property and Equipment

As of June 30, 2015 and 2014, property and equipment are as follows:

	2015	2014
Land	$ 2,488,895	$ 2,705,054
Land improvements	880,910	800,628
Building and building improvements	40,804,333	40,321,700
Furnishings, fixtures, and equipment	6,376,639	5,968,122
Construction in progress	80,943	5,090
Subtotal	50,631,720	49,800,594
Less accumulated depreciation and amortization	(20,909,909)	(20,025,463)
Property and equipment - Net	$ 29,721,811	$29,775,131

Total depreciation expense of $1,838,981 and $1,653,590 was recorded in fiscal years 2015 and 2014, respectively.

Support from Related Organizations

During 2015 and 2014, the University paid certain payroll costs amounting to $4,116,887 and $4,698,590, and additional costs of $0 and $468,272, respectively, for the Foundation's Development Office, Office of Alumni Relations, and Accounting Office. The support costs paid by the University are reflected in the consolidated statements of activities as University support, with a like amount included in expenses.

The University provides office space and the use of certain common facilities and services to the Foundation at no cost. These costs have not been recorded as University support because they are not considered to be significant to the results of activities of the Foundation.

The Foundation has a noncontrolling economic interest in Ohio South East Enterprise Development Fund, Inc. (SEED), a tax-exempt organization under Code Section 501(c)(4). SEED was created in July 1994 for the purpose of supporting the scientific and technological research, educational activities, and economic development of Ohio University. Currently, the Foundation is the named beneficiary of SEED's assets in the event that the entity is dissolved. Distributions from SEED are reflected in the consolidated statements of activities as gifts and contributions in the year they are received. However, SEED did not make any distributions to the Foundation during 2015 or 2014.

Split-interest Agreements

Charitable Gift Annuities - Under charitable gift annuity agreements, all assets are held by the Foundation. Therefore, the Foundation has recorded the donated assets at fair value and the liabilities to the donor or his/her beneficiaries discounted to the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the contribution is the difference between the asset and liability and is recorded as contribution revenue. The Foundation uses the Internal Revenue Service (IRS) discount rate, or Applicable Federal Rate, to determine net present value of the liability.

This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable gift annuity is established at the beginning of the agreement. The discount rate applied to gift annuities held at June 30, 2015 and 2014 ranged from 1.2 to 9.4 percent.

Charitable Remainder Trusts - Under charitable remainder trust agreements, the Foundation serves as the remainderman and will receive the net assets of the trust upon death of the donor's beneficiary. During the life of the trust, the donor, or the donor-designated beneficiary, will receive regular payments as established by the trust.

In instances where the donor has not specifically reserved the right to change the remainderman, and all assets of charitable remainder trust are maintained by a third-party trustee in an irrevocable trust for the benefit of the Foundation, the Foundation will recognize, as contribution revenue and as a charitable trust asset, the present value of the estimated future benefits to be received when the trust assets are distributed. The trustee disburses income earned on the assets of the charitable remainder trust to the donor or donor-designated beneficiaries.

In instances where the donor has not specifically reserved the right to change the remainderman, and the Foundation serves as the trustee, the Foundation will recognize the fair market value of the assets of the trust, as well as a liability for the net present value of future payments to be distributed by the Foundation to the donor or his/her designated beneficiaries. The amount of the contribution is the difference between the asset and liability at the inception of the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable remainder trust is established at the beginning of the agreement. The discount rate applied to charitable remainder trusts held at June 30, 2015 and 2014 ranged from 2.4 to 8.2 percent.

Certain charitable remainder trust transactions are not reported on the consolidated statements of financial position or the consolidated statements of activities as, in these cases, the remainderman can be changed by the donor prior to his/her death.

Adjustments to the charitable trust asset to reflect amortization of the discount, revaluation of the present value of the estimated future payments to the donor-designated beneficiaries, and changes in actuarial assumptions during the term of the trust are recognized as changes in the value of split-interest agreements. Upon the death of the donor-designated beneficiaries, the receivable is closed, the assets received from the trust are recognized at fair value, and any difference is reported as a change in the value of split-interest agreements.

Lead Trusts - Charitable lead trusts provide an income stream to the Foundation for a set period of time established by the donor. The income stream is recorded at the net present value of the payments. Once the set period of time ends, the Foundation will no longer receive the income stream and the remaining principal is transferred back to the donor. If the Foundation serves as trustee, an asset and a liability will be recorded for the trust. The asset is booked at the fair market value. The liability is recorded at fair market value less the net present value of the income stream. If the Foundation does not serve as trustee, only the asset, at the net present value of the income stream, will be recorded for the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the income stream. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable lead trust is established at the beginning of the agreement. The discount rate applied to the lead trusts held at June 30, 2015 and 2014 ranged from 1.07 to 5.16 percent.

Perpetual and Other Trusts - Perpetual trusts are those trusts that provide a perpetual income stream to the Foundation but are held by a third party. An asset and revenue are recorded for the fair market value of the instrument. Each year, the net change in fair market value to the asset is recorded as an increase or decrease in revenue.

Pooled Income Fund - A pooled income fund allows a donor to place funds into an investment pool from which an income stream is provided. The income stream is paid to the donor and/or the donor-designated beneficiaries, and the Foundation will receive the net assets of the fund upon their death.

Revocable Trusts - Under revocable trust agreements, the Foundation serves as the remainderman and will receive the net assets of the trust upon death of the donor's beneficiary. All assets of the trust may be maintained by a third-party trustee for the benefit of the Foundation, or by the Foundation if named as a trustee. The trustee disburses income earned on the assets of the trust to the donor or donor-designated beneficiaries. Under revocable trust agreements, the donor maintains the ability to legally dissolve the trusts and may or may not reserve the right to change the remainderman. For these reasons, the Foundation does not report revocable trust transactions on the consolidated statements of financial position or the consolidated statements of activities if the trust is held by a third-party trustee.

Inn-Ohio of Athens, Inc.

The Inn was purchased by the Foundation on August 30, 1986. The primary purpose for which the Foundation invested in the Inn was to provide affordable and convenient housing, dining, and conference facilities for University employees, alumni, and guests. As a significant portion of the Inn's revenue is derived from these customers, the Foundation is committed to financially supporting the Inn.

The Inn's business is subject to all of the risks inherent in the lodging industry. These risks include, among other factors, varying levels of demand for rooms and related services, adverse effects of general and local economic and market conditions, changes in governmental regulations that influence wages or prices, changes in interest rates, the availability of credit, changes in real estate taxes and other operating expenses, and the recurring need for renovation, refurbishment, and improvements.

Operations - The Inn's operations for the years ended June 30, 2015 and 2014 are summarized below:

	2015	2014
Revenue	$ 5,275,949	$ 5,479,088
Operating and general expenses	4,048,312	4,040,226
Depreciation and amortization	672,005	540,184
Interest expense - Net	7,469	19,266
Provision for income taxes	156,506	308,849
Total expenses	4,884,292	4,908,525
Net income	391,657	570,563
Realized gains on investments	43,869	-
Other comprehensive income (losses	(48,029)	12,342
Change in net assets	$ 387,497	$ 582,905

Effective November 30, 1996, a management agreement (the "Management Agreement") was entered into with Winegardner & Hammons, Inc. (the "Manager"). The Management Agreement was amended during fiscal 2001 to automatically renew annually unless notified in writing 60 days prior to the end of the fiscal year. The Manager's compensation is a base fee plus 15 percent of the hotel's net available operating profit as defined in the Management Agreement.

In fiscal years 2015 and 2014, base management fees incurred by the Inn with respect to the Manager were $100,000 per year and incentive fees were $170,964 and $193,174, respectively.

Property and Equipment – Property and equipment of the Inn as of June 30, 2015 and June 30, 2014 consists of the following:

	2015	2014
Land	$ 197,300	$ 197,300
Land improvements	880,910	800,628
Buildings	7,237,852	6,879,593
Furnishings, fixtures, and equipment	4,358,956	4,027,661
Construction in progress	80,943	5,090
Total property and equipment	12,755,961	11,910,272
Less accumulated depreciation and amortization	(7,369,634)	(7,653,816)
Net property and equipment	$ 5,386,327	$ 4,256,456

Debt Obligations - Long-term debt of the Inn as of June 30, 2015 and June 30, 2014 consists of the following:

	2015	2014
Term loan - Principal due through June 2021, interest at 3.31 percent through June 2016 and adjusted thereafter	$ 2,051,200	$ 2,325,000
Less current portion of long-term debt	(291,300)	(273,800)
Total	$ 1,759,900	$ 2,051,200

In June 2006, the Inn obtained a $4,000,000 term loan, the proceeds of which were used to pay a dividend of $3,000,000 in June 2006 and $1,000,000 of which was placed in the bond fund to retire the 1996 Serial and Term Project Bonds in November 2006. The term loan is guaranteed by the Foundation.

A significant portion of the property and equipment are pledged as collateral for the term loan. The interest rate on the term loan was fixed at 6.20 percent through June 2011 and was adjusted to 3.31 percent as of July 1, 2011. The interest rate will be adjusted to the index rate as defined in the agreement plus 1.40 percent in June 2016.

Maturities of long-term debt at June 30, 2015 are set forth in the following schedule:

Years Ending June 30	Amount
2016	$ 291,300
2017	309,900
2018	329,600
2019	350,500
2020	373,000
Thereafter	396,900
Total	$ 2,051,200

The fair value of the debt obligations approximates the carrying value at June 30, 2015 and 2014.

Housing for Ohio, Inc.

In November 1999, the Foundation established Housing, a limited liability company and 501(c)(3) corporation, with the purpose of acquiring, developing, constructing, and operating a 182-unit student-housing rental project which contains 580 beds. The property, known as University Courtyard Apartments (the "Project"), is located in Athens, Ohio on property owned by the University and leased to Housing. The facility is managed and operated by a private entity.

Operations - Housing's operations for the years ended June 30, 2015 and 2014 are summarized below:

	2015	2014
Revenue	$3,362,031	$3,297,038
Operating and general expenses	1,435,563	1,306,370
Depreciation and amortization	861,596	824,629
Interest expense and bond fees	161,820	283,294
Tax and insurance	174,966	297,944
Total expenses	2,633,945	2,712,237
Change in net assets	$ 728,086	$ 584,801

Property and Equipment – Property and equipment of Housing as of June 30, 2015 and June 30, 2014 consists of the following:

	2015	2014
Student housing facility and improvements	$ 27,483,760	$ 27,329,935
Furnishings and equipment	1,623,819	1,561,688
Total property and equipment	29,107,579	28,891,623
Less accumulated depreciation	11,147,822	10,335,170
Net property and equipment	$ 17,959,757	$ 18,556,453

Debt - In September 2000, Housing offered $31,985,000 of variable-rate, tax-exempt bonds (the "2000 Bonds"). The proceeds of the 2000 Bonds financed the construction, installation, and equipping of the Project. The 2000 Bonds will be fully matured at June 2032 and bear interest at an adjustable rate as determined weekly by the remarketing agent, based on its knowledge of prevailing market conditions, except that in no event will the interest rate exceed 12 percent.

The average interest rates for the years ended June 30, 2015 and 2014 were 0.04 percent and 0.06 percent, respectively and the actual interest rates at June 30, 2015 and 2014 were 0.10 percent and 0.06 percent, respectively.

As collateral, until all principal and interest on any of the 2000 Bonds have been paid, Housing has pledged, assigned, and granted a security interest to its right, title, and interest in gross revenue of University Courtyard Apartments and related assets. The Foundation has made no additional pledge of assets or revenue to the 2000 Bonds, which are nonrecourse to the Foundation.

Principal payments for the bonded debt for the years subsequent to June 30, 2015 are summarized as follows:

Years Ending June 30	Principal
2016	$ 910,000
2017	960,000
2018	1,010,000
2019	1,065,000
2020	1,125,000
Thereafter	19,215,000
Total	$ 24,285,000

Debt issuance costs are included in property on the consolidated statements of financial position and are amortized over the term of the 2000 Bonds. Amortization was $26,158 during each of the years ended June 30, 2015 and 2014.

Required Supplementary Information

Schedule of the University's Proportionate Share of the Net Pension Liability and Schedule of University Contributions June 30, 2015

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

	STRS 2015	OPERS 2015
University's proportion of the collective STRS net pension liability: As a percentage	0.999%	0.878%
Amount	$ 242,888,149	$ 106,172,642
University's covered-employee payroll	$ 86,635,900	$ 109,873,095
University's proportionate share of the collective pension liability (amount), as a percentage of the University's covered-employee payroll	280.36%	96.63%
Plan fiduciary net position as a percentage of the total pension liability	74.71%	86.53%

Schedule of University Contributions

	STRS 2015	OPERS 2015
Statutorily required contribution	$ 12,263,867	$ 16,670,306
Contributions in relation to the actuarially determined contractually required contribution	$ 12,263,867	$ 16,670,306
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$ 87,599,050	$ 118,734,373
Contributions as a percentage of covered employee payroll	14.00%	14.04%

Notes to Required Supplementary Information for the Year Ended June 30, 2015

Changes of benefit terms. There were no changes in benefit terms affecting the STRS and OPERS plans for the plan years ended June 30, 2014 and December 31, 2014, respectively.

Changes of assumptions. There were no changes in assumptions or plan amendments affecting the STRS and OPERS plans for the plan years ended June 30, 2014 and December 31, 2014, respectively.

Supplementary Information

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

Independent Auditor's Report

To Management and the Board of Trustees
Ohio University

We have audited, in accordance with the 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 Ohio Universiy and its discretely presented component unit, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Ohio University's financial statements, and have issued our report thereon dated October 8, 2015.

Internal Control Over Financial Reporting

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

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

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

To Management and the Board of Trustees
Ohio University

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ohio University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.*

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 Ohio University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 8, 2015

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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees
Ohio University

Report on Compliance for Each Major Federal Program

We have audited Ohio University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Ohio University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ohio University's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ohio University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Ohio University's compliance.

To Management and the Board of Trustees
Ohio University

Opinion on Each Major Federal Program

In our opinion, Ohio University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Ohio University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ohio University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ohio University's internal control over compliance.

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

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

To Management and the Board of Trustees
Ohio University

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 8, 2015

Ohio University

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Expenditures
STUDENT AID CLUSTER			
DEPARTMENT OF EDUCATION			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A133342/P007A143342	$ 1,053,642
Federal Work-Study Program	84.033	P033A143342	900,516
Federal Perkins Loans Outstanding	84.038	UNKNOWN	8,589,014
Federal Pell Grant Program	84.063	P063P140345/P063P150345	38,067,056
Federal Direct Student Loan	84.268	P268K150345/P268K160345/P268K156641/P268K166641	204,386,868
TEACH Grant	84.379	P379T150345	718,063
Total Department of Education			253,715,159
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Primary Care Loans (HPSL) Outstanding	93.342	UNKNOWN	1,077,215
Disadvantaged Student Loans Outstanding	93.342	UNKNOWN	2,006,845
Total Department of Health and Human Services			3,084,060
TOTAL STUDENT AID CLUSTER			**256,799,219**
RESEARCH AND DEVELOPMENT CLUSTER			
DEPARTMENT OF AGRICULTURE			
Direct Programs:			
US Department of Agriculture	10.001	58-1230-3-500, 58-1230-4-010	16,476
US Department of Agriculture	10.001	58-8040-5-006	33,860
US Department of Agriculture	10.206	2009-35320-05623	64
US Department of Agriculture	10.961	58-3148-1-166	48,149
US Department of Agriculture	10.XXX	11-JV-11242309-117	7,310
Total Department of Agriculture			105,859
DEPARTMENT OF DEFENSE			
Direct Programs:			
US Army			
US Army RDECOM Acquisition Center	12.431	W911NF-12-1-0105	1,068
US Army RDECOM Acquisition Center	12.431	W911NF-11-1-0358	60,602
US Army Construction Engineering Research Laboratory	12.630	W9132T-12-2-0006	71,334
US Army CORP of Engineers	12.XXX	W912DR-14-P-0053	54,651
			187,655
Defense Threat Reduction Agency			
Air Force Institute of Technology	12.XXX	FA8601-09-P-0307	7,195
			7,195
Subtotal Direct Programs			194,850
Pass-Through Programs From:			
William Marsh Rice University	12.431	R17832	163,641
The Design Knowledge Company	12.800	UNKNOWN	14,788
Infoscitex (IST)	12.XXX	4009-S010	45,051
Ohio State University	12.XXX	60018316	134,773
Ohio State University	12.XXX	60019394	(312)
Berriehill Research Corporation	12.XXX	OU-S2001	24,650
Subtotal Pass-Through Programs			382,591
Total Department of Defense			577,441
DEPARTMENT OF EDUCATION			
Direct Programs:			
US Department of Education	84.324A	R324A120272	659,622
Subtotal Direct Programs			659,622
Pass-Through Programs From:			
University of South Carolina	84.324	R324A120003	110,211
Ohio State University	84.350C	R53291	16,249
Ohio Department of Education	84.395A	PO 14666	23,123
ARRA-Ohio State University	84.395A	ARRA-60035141-OU	48,233
ARRA-Ohio State University	84.395A	ARRA-60035141-OU	3,536
Subtotal Pass-Through Programs			201,352
Total Department of Education			860,974

Ohio University

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)			
DEPARTMENT OF ENERGY			
Direct Programs:			
US Department of Energy	81.049	DE-FG02-93ER40756	$ 369,484
US Department of Energy	81.049	DE-FG02-88ER40387	308,995
US Department of Energy	81.049	DE-FG02-02ER46012	123,235
US Department of Energy	81.049	DE-FG02-06ER46317	186,736
US Department of Energy	81.049	DE-SC0004084	30,774
US Department of Energy	81.112	DE-NA0001837	242,471
Subtotal Direct Programs			1,261,695
Pass-Through Programs From:			
National Nanomaterials Inc	81.049	NNI1401	29,697
Los Alamos National Laboratory	81.XXX	221107-1	14,185
Jefferson Science Associates, LLC	81.XXX	12-P1982	3,168
Jefferson Science Associates, LLC	81.XXX	14-P1042	33,305
Research Partnership To Secure Energy For America	81.XXX	11122-60	717,346
Subtotal Pass-Through Programs			797,701
Total Department of Energy			2,059,396
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
National Institute of Health			
National Institute of Health	93.121	1R15DE023668-01A1	136,280
National Institute of Health	93.173	R01DC010883	559,402
National Institute of Health	93.213	R01AT006978	330,374
National Institute of Health	93.242	R01MH082864	11,514
National Institute of Health	93.389	R21 RR032366-01 / R21 GM103494-02	71,133
National Institute of Health	93.393	R01CA086928	54,162
National Institute of Health	93.396	R15CA161830	63,908
National Institute of Health	93.837	1R56HL119180-01A1	342,671
National Institute of Health	93.846	1R21AR063909-01A1	96,176
National Institute of Health	93.846	1R21AR064430-01A1	164,642
National Institute of Health	93.847	1R15DK102115-01	46,420
National Institute of Health	93.853	1R15NS081629-01A1	146,796
National Institute of Health	93.855	1R15AI103887-01A1	105,373
National Institute of Health	93.855	1R15AI105749-01A1	38,398
National Institute of Health	93.855	1R15AI105721-01A1	88,478
National Institute of Health	93.866	1R01AG044424-01A1	50,599
National Institute of Health	93.879	G13LM010878	12,424
National Institute of Health	93.989	D43TW008261	158,893
			2,477,643
Health Resources and Services Administration			
Health Resources and Services Administration	93.912	D06RH26831-01-00	279,856
Health Resources and Services Administration	93.912	D04RH28409-01-00	11,278
			291,134
Subtotal Direct Programs			2,768,777
Pass-Through Programs From:			
National Rural Health Association	93.155	UA9RH19333	61,208
University of Washington	93.155	UNKNOWN	3,000
Fordham University	93.279	R25-DA031608	248
Brigham and Women's Hospital	93.837	107223	2,091
Board of Trustees University of Alabama	93.847	500528	5,787
The Trustees of Indiana University	93.847	IN-4685559-OU	98,585
New Jersey Institute of Technology	93.853	NP9961095	36,390
Subtotal Pass-Through Programs			207,309
Total Department of Health and Human Services			2,976,086
DEPARTMENT OF STATE			
Pass-Through Programs From:			
National Academy of Sciences	19.XXX	PGA-P210852	29,157
Total Department of State			29,157

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)			
DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
Federal Aviation Administration			
Federal Aviation Administration	20.108	09-G-010	$ 156,813
Federal Aviation Administration	20.108	10-G-018	73,957
Federal Aviation Administration	20.108	12-G-004	131,325
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	244,314
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	168,422
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	58,680
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	19,384
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	184,586
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	70,221
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	357,026
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	136,570
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	125,327
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	335,268
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	63,035
			2,124,928
US Department of Transportation			
US Department of Transportation	20.724	DTPH56-13-H-CAAP08	46,682
US Department of Transportation	20.XXX	DTFH64-12-G-00075, DTFH64-13-G-00047	2
			46,684
Subtotal Direct Programs			2,171,612
Pass-Through Programs From:			
Wayne State University	20.200	WSU12010	79,761
Tri Environmental	20.514	UNKNOWN	31,252
ARRA-Beaver Excavating Company	20.XXX	ARRA-UNKNOWN	34,177
Engility Corporation	20.XXX	S-12-032	4,104
Subtotal Pass-Through Programs			149,294
Total Department of Transportation			2,320,906
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Direct Programs:			
NASA Shared Services Center	43.003	NNX15AJ69G	24,388
NASA Goddard Space Flight Center	43.001	SCEX22015D	94,658
NASA Goddard Space Flight Center	43.001	NNX11AP15G	51,731
NASA Langley Research Center	43.001	NNX12AP28A	458,640
NASA Shared Services Center	43.003	NNX13AM84G	102,616
NASA Shared Services Center	43.007	NNX13AM84G	48,624
Subtotal Direct Programs			780,657
Pass-Through Programs From:			
William Marsh Rice University	43.001	R53291	39,264
Jacobs Technology Inc	43.XXX	13N0071	2,664
Ohio Aerospace Institute	43.XXX	UNKNOWN	10,500
Ohio Aerospace Institute	43.XXX	UNKNOWN	2,904
Space Telescope Science Institute	43.XXX	HST-GO-13330.022-A	(674)
Space Telescope Science Institute	43.XXX	HST-GO-12253.01-A	2,734
Subtotal Pass-Through Programs			57,392
Total National Aeronautics and Space Administration			838,049
NATIONAL SCIENCE FOUNDATION			
Direct Programs:			
National Science Foundation	47.041	CBET-1039869	2,335
National Science Foundation	47.041	CBET-0547165	2,937
National Science Foundation	47.041	CHE-1428787	398,414
National Science Foundation	47.041	1522924	2,292
National Science Foundation	47.041	CBET-1106118	70,047
National Science Foundation	47.041	CBET-1126350	174,491
National Science Foundation	47.041	ECCS-1129010	94,215
National Science Foundation	47.041	CMMI-1235273	4,344
National Science Foundation	47.041	EEC-1242154	49,090
National Science Foundation	47.041	ECCS-1342657	21,043
National Science Foundation	47.041	IIP-1362049	11,398
National Science Foundation	47.041	IIP-1362075	65,144
National Science Foundation	47.049	PHY-1458244	152,228
National Science Foundation	47.049	PHY-0969986, PHY-1308299	110,657

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)			
NATIONAL SCIENCE FOUNDATION (cont.)			
National Science Foundation	47.049	PHY-1005578	$ 77,488
National Science Foundation	47.049	DMR-1056493	53,902
National Science Foundation	47.049	AST-1109576	9,022
National Science Foundation	47.049	CHE-1112250	72,094
National Science Foundation	47.049	CHE-1149367	117,128
National Science Foundation	47.049	DMR-1206636	107,798
National Science Foundation	47.049	CHE-1230961	465,692
National Science Foundation	47.049	CHE-1338000	440,790
National Science Foundation	47.049	DMS-1418787	45,413
National Science Foundation	47.049	PHY-1306137	166,943
National Science Foundation	47.049	PHY-1306376	148,439
National Science Foundation	47.049	DMR-1108285	199,962
National Science Foundation	47.049	DMR-1507670	2,096
National Science Foundation	47.050	EAR-0844256	15,302
National Science Foundation	47.050	OCE-1061973	5,448
National Science Foundation	47.050	EAR-1305610	20,186
National Science Foundation	47.050	EAR-1305609	37,124
National Science Foundation	47.050	PLR-1341621	81,333
National Science Foundation	47.050	PLF-1341602	68,041
National Science Foundation	47.050	EAR-1349825	55,283
National Science Foundation	47.070	IIS-1018590	7,034
National Science Foundation	47.070	CCF-1054339	54,928
National Science Foundation	47.070	IIS-1117489	65,879
National Science Foundation	47.070	CNS-1318981	53,256
National Science Foundation	47.070	CCF-1420718	5,665
National Science Foundation	47.074	EF-1206750	41,764
National Science Foundation	47.074	DEB-0936855	9,683
National Science Foundation	47.074	IOS-0958926	51,887
National Science Foundation	47.074	IOS-0955569	7,352
National Science Foundation	47.074	IOS-1050154	91,327
National Science Foundation	47.074	DBI-1062327	8,754
National Science Foundation	47.074	IOS-1145887	80,079
National Science Foundation	47.074	IOS-1147087	21,668
National Science Foundation	47.074	DBI-1337443	368,745
National Science Foundation	47.074	IOS-1146789	116,623
National Science Foundation	47.074	DBI-1455554	6,078
National Science Foundation	47.075	BCS-0921952	14,991
National Science Foundation	47.075	BSC-1127164	55,370
National Science Foundation	47.075	BCS-1228258	52,118
National Science Foundation	47.075	BCS-125070	70,897
National Science Foundation	47.075	BCS-1010118	1,654
National Science Foundation	47.076	DUE-1452606	12,007
National Science Foundation	47.076	DGE-0947813	278,819
National Science Foundation	47.076	DGE-1060934	6,969
National Science Foundation	47.076	DUE-1154126	171,367
National Science Foundation	47.078	ANT-1043576	113,070
National Science Foundation	47.078	ANT-1142104	13,421
National Science Foundation	47.XXX	IOS-1250620, MCB-1521664	41,057
Subtotal Direct Programs			5,170,581
Pass-Through Programs From:			
Nanoridge Materials Inc%	47.041	UNKNOWN	57,737
University of Maine	47.076	UMS-908	4,554
Rochester Institute of Technology	47.076	PO 164785	9,077
Subtotal Pass-Through Programs			71,368
Total National Science Foundation			5,241,949
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			**15,009,817**
CHILD NUTRITION CLUSTER			
DEPARTMENT OF AGRICULTURE			
Pass-Through Programs From:			
Ohio Department of Education	10.559	UNKNOWN	6,936
TOTAL CHILD NUTRITION CLUSTER			**6,936**
ECONOMIC DEVELOPMENT CLUSTER			
Pass-Through Programs From:			
Direct Programs:			
Appalachian Partnership for Economic Development	11.307	UNKNOWN	1,857
TOTAL ECONOMIC DEVELOPMENT CLUSTER			**1,857**

Ohio University

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Expenditures
FISH AND WILDLIFE CLUSTER			
DEPARTMENT OF THE INTERIOR			
Pass-Through Programs From:			
Commonwealth of Kentucky Department of Fish and Wildlife Resc	15.605	UNKNOWN	$ 79
TOTAL FISH AND WILDLIFE CLUSTER			**79**
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			
DEPARTMENT OF TRANSPORTATION			
Pass-Through Programs From:			
Ohio Department of Transportation	20.205	26608	16,532
Ohio Department of Transportation	20.205	OU-01957	20,697
Cleveland State University	20.205	25199	16,416
Iowa State University	20.205	26586	170
University of Akron	20.205	02336-OU	13,381
Fayette County Engineer's Office	20.205	FAY-CR4-1.60	74,448
Ohio Department of Transportation	20.205	UNKNOWN	44,417
Ohio Department of Transportation	20.205	E120319	358
Ohio Department of Transportation	20.205	UNKNOWN	57,965
Ohio Department of Transportation	20.205	UNKNOWN	162,198
Ohio Department of Transportation	20.205	E131400	36,262
Ohio Department of Transportation	20.205	E131372	16,664
Ohio Department of Transportation	20.205	E131373	207,577
Ohio Department of Transportation	20.205	26651	26,698
Ohio Department of Transportation	20.205	26656, 135024	222,956
Ohio Department of Transportation	20.205	26620	72,995
Ohio Department of Transportation	20.205	26595	54,097
Ohio Department of Transportation	20.205	26597	34,063
Ohio Department of Transportation	20.205	26830	5,436
University of Akron	20.205	25178	11,273
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			**1,094,603**
SPECIAL EDUCATION (IDEA) CLUSTER			
DEPARTMENT OF EDUCATION			
Pass-Through Programs From:			
Trimble Local School District	84.027	516	28,097
Ohio Department of Education	84.027A	PO 13944	410
TOTAL SPECIAL EDUCATION (IDEA) CLUSTER			**28,507**
TRIO CLUSTER			
DEPARTMENT OF EDUCATION			
Direct Programs:			
US Department of Education	84.042A	P042A100511-14	315,961
US Department of Education	84.047A	P047A121446-13, -14	392,273
TOTAL TRIO CLUSTER			**708,234**
TANF CLUSTER			
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-Through Programs From:			
Battelle for Kids	93.558	JFSFTF15	565
TOTAL TANF CLUSTER			**565**
MEDICAID CLUSTER			
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-Through Programs From:			
Ohio State University	93.778	60036810, 60042622	210,000
Ohio State University	93.778	60036810, 60042622	352,713
Ohio State University	93.778	60036810, 60042622	205,351
Ohio Department of Jobs and Family Services	93.778	G1201-OH-1400 and G-1301-OH-1401	701
TOTAL MEDICAID CLUSTER			**768,765**

Ohio University

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Expenditures
OTHER PROGRAMS			
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Pass-Through Programs From:			
Ohio Commission on Service and Volunteerism	94.006	12AFH-1502-14-OC068	$ 4,258
Ohio Commission on Service and Volunteerism	94.006	12AFH-1502-15-OC068	235,478
Rural Action Inc	94.006	UNKNOWN	1,000
Total Corporation for National and Community Service			240,736
DEPARTMENT OF AGRICULTURE			
Pass-Through Programs From:			
Ohio State University	10.500	2010-48869-20781	(21)
Ohio State University	10.500	2010-48869-20781	129,260
Ohio State University	10.500	2012-48703-20123	50,038
Appalachian Partnership for Economic Development	10.773	UNKNOWN	1,858
Total Department of Agriculture			181,135
DEPARTMENT OF COMMERCE			
Direct Programs:			
National Institute of Standards and Technology	11.609	70NANB14H052	165,962
			165,962
Pass-Through Programs From:			
Bowling Green State University	11.303	BG50001559	71,344
Purdue University	11.303	4112-66291	1,562
Warn Public Broadcasting Service	11.553	51-51-W10606	282,922
Appalachian Partnership for Economic Development	11.611	UNKNOWN	1,857
			357,685
Total Department of Commerce			523,647
DEPARTMENT OF DEFENSE			
Pass-Through Programs From:			
Ohio Development Services Agency	12.002	UNKNOWN	347,563
Total Department of Defense			347,563
DEPARTMENT OF EDUCATION			
Direct Programs:			
US Department of Education	84.015A	P015A100009	39,902
US Department of Education	84.015B	P015B100009, P015B100009-12, P015B100009-13	21,793
US Department of Education	84.305A	R305A140356	535,474
Subtotal Direct Programs			597,169
Pass-Through Programs:			
ARRA-Miami University	84.395	ARRA-GO2121-OU	12,822
ARRA-Ohio Board of Regents	84.395	ARRA-UNKNOWN	206,954
Ohio Board of Regents	84.002	BOR01-0000003345	2,106
Athens City School District	84.010	2015	12,126
Southern Local School District (Perry County)	84.010	UNKNOWN	39,288
Michigan State University	84.021	RC102184 OHIO	9,997
Athens City School District	84.287	UNKNOWN	180,523
Federal Hocking Local School District	84.287	6630, 5901	86,351
Federal Hocking Local School District	84.287	17842	185,557
Southern Local School District (Perry County)	84.287	UNKNOWN	5,450
Southern Local School District (Perry County)	84.287	8062	126,181
Trimble Local School District	84.287	UNKNOWN	980
Trimble Local School District	84.287	UNKNOWN	204,360
Battelle for Kids	84.305	UNKNOWN	11,000
Gallia-Vinton Educational Service Center	84.366	UNKNOWN	12,161
Ohio Board of Regents	84.367	UNKNOWN	46,048
Ohio Board of Regents	84.367	UNKNOWN	156,869
Ohio Board of Regents	84.367	14-16	1,527
Ohio Dominican University	84.367	13-26	4,649
Bellaire Local School District	84.215E	UNKNOWN	28,541
Gallia-Vinton Educational Service Center	84.366B	UNKNOWN	3,012
National Writing Project Corporation	84.376D	UNKNOWN	18,233
Subtotal Pass-Through Programs			1,354,735
Total Department of Education			1,951,904

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (cont.)			
DEPARTMENT OF ENERGY			
Direct Programs:			
US Department of Energy	81.214	DE-EM0000357	$ 112,090
US Department of Energy	81.214	DE-EM0000357	23,350
US Department of Energy	81.214	DE-EM0000357	(153)
Subtotal Direct Programs			135,287
Pass-Through Programs:			
AMD Advanced Research, LLC	81.123	B600716	2,750
Argonne National Laboratory	81.XXX	4F-31323	31,000
Pacific Northwest National Laboratory	81.XXX	236339 and 236340	154,440
Subtotal Pass-Through Programs			188,190
Total Department of Energy			323,477
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Centers for Disease Control			
Centers For Disease Control and Prevention	93.262	1T03OH009841-01A1, 5T03OH009841-02, 5T03OH009841-03	106,419
Health Resources and Services Administration			
Health Resources and Services Administration	93.243	G02HP27951-01-00	36,892
Health Resources and Services Administration	93.358	A10HP25166	304,516
Health Resources and Services Administration	93.359	D11HP22202	336,828
			678,236
Subtotal Direct Programs			784,655
Pass-Through Programs:			
Buckeye Hills Area Agency on Aging 8%	93.072	90LR0026	1,611
The University of Toledo	93.107	F-2012-1111	96,659
Ohio Department of Alcohol and Drug Addiction	93.243	UNKNOWN	63,232
Ohio Department of Health	93.243	H79SM059345	378,555
Ohio Department of Health	93.243	CSP906615	5,214
Ohio Department of Mental Health	93.243	99-60205-SSHS-P-15-1470/1547	206,077
Ohio Department of Mental Health	93.243	99-13510-SPFPFS-P-15-15151	40,109
Fairfield County Department of Jobs and Family Services	93.276	UNKNOWN	8,500
The Center For Appalachian Philanthropy	93.283	UNKNOWN	15,496
University of South Carolina	93.283	15-2767; 11520-FB44	141,231
Ohio Department of Health	93.283	UNKNOWN	5,454
Ohio Department of Job and Family Services	93.645	G1213-06-0150	907
Ohio Department of Job and Family Services	93.658	G1201-OH-1400 and G-1301-OH-1401	33,834
Ohio Department of Job and Family Services	93.658	G1213-06-0150	1,251
Ohio Department of Job and Family Services	93.659	G1201-OH-1400 and G-1301-OH-1401	17,560
Ohio Department of Job and Family Services	93.659	G1213-06-0150	1,315
Integrating Professionals For Appalachian Children	93.767	UNKNOWN	127
Trinity Hospital Twin City	93.910	UNKNOWN	96
Trinity Hospital Twin City	93.912	UNKNOWN	3,531
Ohio Department of Health	93.994	UNKNOWN	32,555
Ohio Department of Job and Family Services	94.645	G1201-OH-1400 and G-1301-OH-1401	32,922
Federal Hocking Local School District	93.XXX	UNKNOWN	1,216
University of South Florida	93.XXX	175797	712
Subtotal Pass-Through Programs			1,088,164
Total Department of Health and Human Services			1,872,819
DEPARTMENT OF THE INTERIOR			
Pass-Through Programs From:			
Maryland Department of Natural Resources	15.XXX	UNKNOWN	3,286
Total Department of the Interior			3,286
DEPARTMENT OF JUSTICE			
Direct Programs:			
US Department of Justice	16.525	2009-WA-AX-0003	107,887
Subtotal Direct Programs			107,887

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (cont.)			
DEPARTMENT OF JUSTICE (cont.)			
Pass-Through Programs From:			
Ohio Attorney General's Office	16.575	UNKNOWN	$ 92,932
Ohio Attorney General's Office	16.575	2015-VOCA-12386149	931
Ohio Department of Youth Services	16.816	5AS3550	1,695
Turning Point Applied Learning Ctr	16.817	UNKNOWN	20,218
Subtotal Pass-Through Programs			115,776
Total Department of Justice			223,663
DEPARTMENT OF LABOR			
Direct Programs:			
US Department of Labor	17.268	HG-22714-12-60-A-39	1,208,337
Appalachian Partnership for Economic Development	17.268	UNKNOWN	1,857
Total Department of Labor			1,210,194
DEPARTMENT OF STATE			
Direct Programs:			
US Department of State	19.401	S-ECAGD-13-CA-100(CD)	275,546
US Department of State	19.451	S-ECAGD-14-CA-1116	227,594
Subtotal Direct Programs			503,140
Pass-Through Programs From:			
Institute of International Education	19.400	UNKNOWN	155,411
Ohio State University	19.408	60038360	148,453
Subtotal Pass-Through Programs			303,864
Total Department of State			807,004
DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
DOT- Federal Aviation Administration	20.106	3-39-0006-019-2014	101,379
DOT- Federal Aviation Administration	20.106	3-39-0006-1812	(43)
Total Department of Transportation			101,336
ENVIRONMENTAL PROTECTION AGENCY			
Pass-Through Programs From:			
Ohio Environmental Protection Agency	66.605	EPA01-000005312	42,345
Ohio Environmental Protection Agency	66.460	14(h)EPA-32	492
Total Environmental Protection Agency			42,837
NATIONAL ENDOWMENT FOR THE ARTS			
Pass-Through Programs From:			
Ohio Arts Council	45.025	UNKNOWN	1,436
Total National Endowments for the Arts			1,436
SMALL BUSINESS ADMINISTRATION			
Pass-Through Programs From:			
Ohio Development Services Agency	59.037	UNKNOWN	112,817
Total Small Business Administration			112,817
TOTAL OTHER PROGRAMS			**7,943,854**
GRAND TOTAL FEDERAL AWARDS			**$ 282,362,436**

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Ohio University under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Ohio University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Ohio University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 - Noncash Assistance

During the year ended June 30, 2015, Ohio University did not receive any nonmonetary assistance.

Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2015

Note 4 - Subrecipient Awards

Of the federal expenditures presented in the Schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
Measurement and Engineering Research and Standards	11.609	$ 47,781
Byrne Criminal Justice Innovation Program	16.817	1,472
Highway Planning and Construction	20.205	99,867
Aerospace Education Services Program	43.001	253,722
Engineering Grants	47.041	42,152
Mathematical and Physical Sciences	47.049	200,273
Biological Sciences	47.074	9,306
Social, Behavioral, and Economic Sciences	47.075	1,596
Research Related to Deafness and Communication Disorders	93.173	364,669
Ohio Strategic Prevention Framework State Incentive Grant (SPF-SIG) Evaluation	93.243	15,458
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	170,726
Health Information Technology Regional Extension Centers Program	93.283	1,144
Biomedical Research and Research Training	93.837	98,843
Rural Health Care Services Outreach	93.912	48,850
International Research and Research Training	93.989	109,828
Space Operations, National Aeronautics and Space Administration	43.007	25,881
Education Research, Development and Dissemination	84.305A	247,867
Research in Special Education	84.324A	364,511
	Total	$ 2,103,946

Note 5 - Catalog of Federal Domestic Assistance (CFDA) Numbers

All programs with identifiable CFDA numbers have been listed separately. Grant numbers have been provided for several programs for which CFDA numbers were not available.

Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2015

Note 6 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, in the year ended June 30, 2015, Ohio University expended $58,402 of the 2013-2014 Federal Work Study (FWS) Program (84.033) award carried forward to the 2014-2015 award year. The University also carried forward $129,556 of the 2014-2015 FWS Program (84.033) to be expended in the 2015-2016 award year.

During the year ended June 30, 2015, Ohio University transferred $323,890 of the 2014-2015 FWS Program (84.033) award to the Supplemental Educational Opportunity Grant (SEOG) Program (84.007). In addition, Ohio University did not expend any of the 2013-2014 SEOG Program (84.007) award carried forward to the 2014-2015 award year. Ohio University did not carry forward any of the 2014-2015 SEOG Program (84.007) to be expended in the 2015-2016 award year.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ Yes __X__ None reported

Noncompliance material to financial statements noted? _______ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _______ Yes __X__ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, and 93.342	Student Financial Aid Cluster
84.395	ARRA - Race to the Top

Dollar threshold used to distinguish between type A and type B programs: $766,897

Auditee qualified as low-risk auditee? _______ Yes __X__ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Ohio University
National Collegiate Athletics Association

Agreed-upon Procedures Report
Related to Constitution 3.2.4.16
June 30, 2015

Ohio University
National Collegiate Athletics Association Report

Contents

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Independent Accountant's Report on the Application of Agreed-upon Procedures

Dr. Roderick J. McDavis, President
Ohio University
Athens, Ohio 45701

We have performed the procedures enumerated below, which were agreed to by the President of Ohio University (the "University"), solely to assist you in evaluating whether the accompanying Intercollegiate Athletics Program Statement of Revenue and Expenses of Ohio University is in compliance with the National Collegiate Athletics Association (NCAA), Constitution 3.2.4.16 for the year ended June 30, 2015. Ohio University's management is responsible for the statement of revenue and expenses (the "statement") and the statement's 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.

Agreed-upon Procedures Related to the Statement of Revenue and Expenses

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

Internal Control Structure

A. In preparation for our procedures related to the University's internal control structure:

1) We met with the Director of Intercollegiate Athletics and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the University, the competence of personnel, and the protection of records and equipment.

2) We obtained the audited financial statements for the year ended June 30, 2015 and any additional reports regarding internal controls and any corrective action taken in response to comments concerning the internal control structure.

3) We obtained any documentation of the accounting systems and procedures unique to the Intercollegiate Athletics Department.

4) Cash disbursements and athletic employee payroll are addressed in connection with the audit of the University's financial statements. The following control environment and accounting systems are (a) unique to the intercollegiate athletics and (b) have not been addressed in connection with the audit of the University's financial statements. We performed the following procedure:

Procedure: We selected three games and traced ticket collections per the receipting process for such games to the reconciliation and documentation of the related cash deposit amount with the bank.

Result: We concluded that the Intercollegiate Athletics Department's internal control structure was the same as the University's internal control for the cash disbursement, general cash receipt, and employee pay processes. The only procedure listed that is unique to intercollegiate athletics is the ticket collection receipt process. We selected three football games during the year and agreed the gate sales for such events, as documented by the University's ticket reconciliation procedures, to deposit slips of the related cash deposit amount with the bank. The games selected for testing were against the University of Idaho on September 20, 2014, against Eastern Illinois University on September 27, 2014, and against Bowling Green State University on October 11, 2014. We noted no exceptions.

<u>NCAA Reporting</u>

B. **Procedure:** The financial report submission to the NCAA is now due on January 15, 2016. We obtained the financial data detailing operating revenue, expenses, and capital related to the University's intercollegiate athletics program that will be submitted to the NCAA and agreed the amounts to the Intercollegiate Athletics Program statement of revenues and expenses included in the agreed-upon procedures for the reporting period.

Results: We noted no exceptions.

C. **Procedure:** We agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the University. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the University.

Results: We noted no discrepancies in the sports sponsored between the NCAA Membership Financial Reporting System and the squad lists.

Notes and Disclosures

D. **Procedure:** We obtained and described the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets in Note 2. We agreed the schedule to the University's general ledger. We obtained repayment schedules for all outstanding intercollegiate athletics debt maintained by the University during the reporting period. We recalculated annual maturities (consisting of principal and interest) provided in the schedules obtained and agreed the total annual maturities to supporting documentation and the University's general ledger, as applicable. The repayment schedule is disclosed in Note 3.

   Result: We noted no exceptions.

E. **Procedure:** We obtained significant additions to restricted funds related to intercollegiate athletics, as well as significant changes to endowment and plant funds. Significant is defined as exceeding 10 percent of total revenue or expense in the statement.

   Result: We obtained signed gift agreements and bank deposits for each contribution including the source of funds, good, and services, as well as the value associated with these items as disclosed in Note 1.

Statement of Revenue and Expenses

F. **Procedure:** We obtained the Intercollegiate Athletics Program statement of revenue and expenses for the reporting period, prepared by management, and agreed all amounts back to the University's general ledger and supporting schedules.

   Result: We noted no exceptions.

G. **Procedure:** We compared each major revenue and expense account over 10 percent of the total revenue or expenses to prior period amounts and budget estimates. We obtained and documented an understanding of any variations over the lesser of $1 million or 10 percent.

   Result: See Appendix A.

H. **Procedure:** We performed additional procedures on the following revenue and expense categories unless the specific reporting category is less than 0.5 percent of total revenue or expenses.

   Results: See procedures below.

Revenues

1. **Procedure:** We agreed each revenue reported in the statement during the reporting period to supporting schedules provided by the University.

   Result: The supporting schedules provided by the University agreed to the statement without exception.

   1) Ticket Sales

      Procedure: We agreed tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the University in the statement and related attendance figures and recalculated totals.

      Result: We noted no exceptions.

   2) Student Fees

      Procedure: We agreed student fees reported by the University in the statement for the reporting period to the intercollegiate athletics investment requests made through the budget process during the same reporting period. We obtained the University's methodology for allocating student fees to intercollegiate athletics programs, and recalculated totals.

      Result: We noted no exceptions.

   3) Indirect Institutional Support

      Procedure: We agreed the indirect institutional support recorded by the University during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculated totals.

      Result: We recalculated allocation and agreed each sport's total expenditures to the general ledger. We noted no exceptions.

   4) Guarantees

      Procedure: We inquired of management and the University does not receive settlement reports for away games. There were only two contractual agreements pertaining to revenue derived from guaranteed contests during the reporting period. We agreed the contractual agreements to the University's general ledger and/or the statement. We also recalculated totals.

Result: We agreed the contractual agreements for football games against the University of Kentucky on September 9, 2014, and Marshall University on September 13, 2014, to the general ledger and the total to the statement. We noted no exceptions.

5) Contributions

Procedure: We obtained supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals that constitute 10 percent or more of all contributions received for intercollegiate athletics during the reporting periods. We disclosed the source and dollar value of these contributions in the report.

Result: We obtained the signed gift agreements and agreed to the bank deposit and the general ledger. We noted no exceptions. See Note 1 for contributions over 10 percent.

6) Media Rights

Procedure: We requested all agreements related to the University's participation in revenue from broadcast, television, radio, and Internet rights. We agreed related revenue reported to the University's general ledger and/or statement.

Result: We agreed related revenue reported on the statement to the University's general ledger. We noted media rights were less than 0.5 percent of total revenue, therefore no additional procedures were performed.

7) NCAA Distributions

Procedure: We compared the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculated totals.

Result: We agreed all NCAA distributions to memos and correspondence received from NCAA with the distributions. We also agreed each to the general ledger detail and the total to the statement and recalculated totals. We noted no exceptions.

8) Conference Distributions

Procedure: We obtained and inspected all agreements related to the institution's conference distributions and participation in revenue from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. We compared the related revenue to the University's general ledger and/or the statement.

Result: We agreed all conference distributions to copies of checks and schedules from the conference and agreed each to the general ledger detail and the total to the statement. We noted no exceptions.

9) Program Sales, Concessions, Novelty Sales, and Parking

Procedure: We agreed related revenue to the University's general ledger detail of program sales, concessions, novelty sales, and parking as well as other corroborative supporting documents and recalculated totals.

Result: We noted no exceptions.

10) Royalties, Licensing, Advertisements, and Sponsorships

Procedure: We obtained and inspected all agreements related to the University's participation in revenue from royalties, advertisements, and sponsorships during the reporting period. We agreed the related revenue to the University's general ledger and/or the statement. We also recalculated totals.

Result: We obtained the royalty agreement with Licensing Resource Agreement, pouring rights agreement with Pepsi, advertising agreement with IMG, and sponsorship agreements with OhioHealth and Russell Brands. We agreed related revenue to the general ledger detail and the statement. We noted no exceptions.

11) Sports Camp Revenue

Procedure: We inquired with management and the University does not have sports-camp contracts. University sports camps are conducted by the coaches. We obtained a list of all sports camps conducted during the reporting period. We selected a sports camp from women's basketball, men's basketball, and football and obtained schedules of camp participants. We attempted to select a sample of three individual camp participant cash receipts from the schedule of sports camp participants and agreed each selection to the University's general ledger and/or the statement and recalculated totals.

Result: The sports camp participant lists provided by all sports selected did not contain enough detail to be able to trace receipts for individual participants or total camp receipts to the general ledger. Therefore, we attempted to tie the total amount for each camp to the amount of cash deposits. We were unable to tie out the amounts to the University's general ledger for each camp. The differences were $7,368 for the Bobcat Shootout women's basketball camp held on June 14, 2015 and $3,590 for the men's basketball camps held in June 2015. Sufficient documentation was not provided to tie out the football camps held in June 2015 to the general ledger.

12) <u>Athletics Restricted Endowment and Investment Income</u>

Procedure: We obtained and inspected all endowment agreements. We agreed the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement. We also recalculated totals.

Result: We agreed the classification and use of endowment and investment income to the guidelines in the endowment agreements. We agreed the amount of $2,146 for one endowment to the journal entry detail dated November 30, 2014. We noted no exceptions.

13) <u>Other</u>

Procedure: We agreed other revenue to the University's general ledger and/or the statement and recalculated totals.

Result: We agreed O Zone Membership fan club revenue in the amount of $44,916 to the membership listing and general ledger detail. We agreed total other revenue to the statement. We noted no exceptions.

Expenses

J. **Procedure:** We agreed each expense reported in the statement during the reporting period to supporting schedules provided by the University.

Result: The supporting schedules provided by the University agreed to the statement without exception.

We performed the following procedures for the indicated expense category:

1) <u>Athletic Student Aid</u>

Procedure: We selected a sample of 71 students from the listing of institutional student aid recipients during the reporting period (no less than 20 percent of the total student athletes since the University does not use the NCAA's Compliance Assistant software to prepare athletic aid detail). We obtained individual student account detail for each selection and agreed total aid allocated from the related aid award letter to the student's account and recalculated totals.

a. We performed a check of each student selected to ensure that their information was reported accurately in either the NCAA's Compliance Assistant software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:

i. The equivalency value for each student athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount which is the total cost for tuition, fees, books, and room and board for an academic year as the denominator. If using the NCAA Compliance Assistant software, this equivalency value should already be calculated on that squad list labeled "Rev. Dist. Equivalent Award".
ii. If an athlete participates in more than one sport, the Rev. Dist. Equivalent Award can only be included in one sport. NCAA Compliance Assistant software will place an asterisk by the student athlete within the sport that is not countable toward grants-in-aid revenue distribution.
iii. All equivalency calculations should be rounded to two decimal places. The NCAA Compliance Assistant software and the on-line summary form will automatically round to two decimal places.
iv. The full grant amount should be the full cost of tuition for an academic year, not semester.
v. If a sport is discontinued and the grant(s) are still being honored by the institution, the grant(s) may be included in the total.
vi. Student athletes receiving athletic aid who have exhausted their athletics eligibility or are inactive due to medical reasons should be included in the grants-in-aid calculation, marked properly on the squad list and on the Grants-in-Aid submission form.
vii. Only athletic grants awarded in sports in which the NCAA conducts championship competitions, emerging sports for women, and football should be included in the calculations.

b. We recalculated totals for each sport and overall.

Result: We completed the above procedures except as follows. For one student tested, there was no award letter provided. For another student tested, there was a difference between the amount of aid disbursed of $21,880 and the squad list amount of $10,940. The student accounts tested are summarized below.

Student Accounts Tested

Student Tested	Amount Disbursed	Student Tested	Amount Disbursed	Student Tested	Amount Disbursed
1	$ 15,000	25	$ 21,880	49	$ 21,814
2	30,844	26	9,000	50	21,880
3	30,844	27	21,880	51	30,844
4	30,844	28	30,844	52	21,880
5	30,844	29	32,414	53	16,189
6	30,844	30	21,880	54	20,004
7	21,880	31	13,800	55	32,319
8	10,000	32	30,844	56	30,844
9	30,844	33	18,542	57	30,844
10	27,000	34	15,422	58	21,386
11	30,844	35	16,000	59	10,424
12	30,844	36	15,422	60	21,880
13	30,844	37	30,844	61	30,844
14	13,765	38	10,394	62	30,782
15	10,500	39	21,880	63	30,469
16	7,695	40	21,880	64	30,844
17	20,788	41	15,004	65	8,804
18	10,940	42	30,844	66	21,880
19	17,204	43	21,880	67	13,088
20	22,919	44	15,000	68	25,800
21	26,165	45	21,880	69	30,844
22	21,880	46	21,880	70	21,880
23	30,844	47	3,300	71	15,422
24	14,000	48	21,880		

2) <u>Guarantees</u>

Procedure: We inquired of management and the University does not prepare settlement reports for home games. We obtained three contractual agreements pertaining to expenses recorded by the University from guaranteed contests during the reporting period. We agreed related amounts expensed by the University during the reporting period to the University's general ledger and/or the statement. We also recalculated totals.

Result: We obtained and inspected the contractual agreements for football against University of Idaho on September 20, 2014, football against Eastern Illinois University on September 27, 2014, and men's basketball against University of North Carolina - Wilmington on December 30, 2014, and contractual amounts of $175,000, $325,000, and $80,000, respectively, which agreed to expenses recorded in the University's general ledger. We noted no exceptions.

3) Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

Procedure: We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period. We selected a sample of five coaches' contracts that includes football and men's and women's basketball from the above listing. We agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the statement during the reporting period. We obtained and inspected payroll summary registers for each selection. We agreed related payroll summary registers to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period and recalculated totals.

Result: We selected five coaches' contracts that included football, men's basketball, women's basketball, volleyball, and baseball. We agreed the financial terms and conditions of each to the related coaching salaries, benefits, and bonuses recorded by the University on the payroll detail. We agreed payroll detail totals to the statement. We noted no exceptions.

4) Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities

Procedure: We selected a sample of three support staff/administrative personnel employed by the University and related entities during the reporting period. We obtained and inspected payroll summary registers for each selection. We agreed related payroll summary registers to the related support staff/administrative salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period. We also recalculated totals.

Result: We selected three support staff/administrative personnel, which included the director of football operations, the senior associate athletic director for external operations, and the executive senior associate athletic director. We agreed related support staff/administrative salaries, benefits, and bonuses recorded by the University to the payroll detail. We agreed payroll detail totals to the statement. We noted no exceptions.

5) Recruiting

Procedure: We obtained the University's recruiting expense policies. We agreed to existing institutional- and NCAA-related policies. We obtained general ledger detail and agreed to the total expenses reported.

Result: We selected one recruiting expense transaction from the general ledger detail. We agreed the $4,580 purchasing card expense for hotel expenses, posted on January 22, 2015, to the related Concur system expense report and itemized expense documentation. We agreed the general ledger total to the total expenses reported on the statement. We noted no exceptions.

6) Team Travel

Procedure: We obtained the University's team travel policies. We agreed to existing institutional- and NCAA-related policies. We obtained general ledger detail and agreed to the total expenses reported.

Result: We selected one team travel expense transaction from the general ledger detail. We agreed the $136,530 expense, paid August 14, 2014, to the contract agreement with Air Fax-Airline Marketing Associates, Inc. and related invoice. We agreed the general ledger total to the total expenses reported on the statement. We noted no exceptions.

7) Equipment, Uniforms, and Supplies

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of three transactions to supporting documentation. We recalculated totals.

Result: We selected three expense transactions related to equipment, uniforms, and supplies from the general ledger detail. We agreed the selected expenses for $18,403 for football supplies paid October 7, 2014, $16,351 for ticket office supplies expense paid July 1, 2014, and $11,000 for baseball expenses paid October 13, 2014, to the related invoices in the BobcatBUY purchasing system. We agreed the general ledger total to the total expenses reported on the statement. We noted that $8,176 of expense was related to ticketing system costs and not an item provided to a team for equipment, uniforms, and/or supplies. We noted no other exceptions.

8) Game Expenses

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of three transactions and agreed to supporting documentation. We recalculated totals.

Result: We selected three expense transactions related to game expenses from the general ledger detail. We agreed the selected expense for $2,000 for men's basketball commentary paid June 9, 2015 to the related invoice. We agreed the purchasing card expenses for $2,417 for men's basketball hotel rooms posted on December 9, 2014, and $705 for women's basketball hotel rooms posted on December 4, 2014, to the related Concur report and itemized expense documentation. We agreed the general ledger total to the total expenses reported on the statement. We noted no exceptions.

9) Fund Raising, Marketing, and Promotion

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of three transactions and agreed to supporting documentation. We recalculated totals.

Result: We selected three expense transactions related to fundraising, marketing, and promotion expenses from the general ledger detail. We agreed the selected expense for $66,013 for signs paid November 19, 2014 to the related invoice. We agreed the selected purchasing card expense for hotel expenses for $13,960 posted on May 6, 2015 to the related Concur report and itemized expense documentation. We agreed the $5,741 expense for football programs posted on September 30, 2014 to the internal billing. We agreed the general ledger total to the total expenses reported on the statement. We noted no exceptions.

10) Sports Camp Expenses

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of three transactions and agreed to supporting documentation. We recalculated totals.

Result: We agreed the selected expense in the amount of $52,122 for the men's basketball camp paid June 30, 2015 to the internal billing. We agreed the selected expense in the amount of $6,375 for the men's basketball camp paid December 15, 2014 to the Direct Payment form. We agreed the selected expense in the amount of $5,401 for women's softball paid April 20, 2015 to the related Concur report and itemized expense documentation. We noted no exceptions.

11) Athletic Facility Debt Service, Leases, and Rental Fees

Procedure: We obtained a listing of debt service schedules, lease payments, and rental fees for athletic facilities for the reporting year. We agreed the facility payments to additional supporting documentation (e.g., debt financing agreements, leases, and rental agreements). We agreed amounts recorded to amounts listed in the general ledger detail and recalculated totals.

Result: We agreed the debt service payments to the Charge to Departments schedule. We noted no exceptions.

12) Direct Overhead and Administrative Support

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of three transactions and agreed to supporting documentation. We recalculated totals.

Result: We selected three expense transactions related to direct overhead and administrative support from the general ledger detail. We agreed the expenses in the amount of $592,044 and $177,608 posted on March 31, 2015, and $92,000 posted on April 22, 2015 to the journal entries to transfer Ohio University Foundation funds to plant funds for construction in progress (for the Multi-Purpose Center, the football stadium renovations, and the Convocation Center renovations, respectively). We agreed the general ledger total to the total expenses reported on the statement. We noted no exceptions.

13) Indirect Institutional Support

Procedure: We tested this with the revenue section, Indirect Institutional Support.

14) Medical Expenses and Medical Insurance

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of three transactions and agreed to supporting documentation. We recalculated totals.

Result: We selected three expense transactions related to medical expenses and medical insurance from the general ledger detail. We agreed the selected expenses in the amount of $351,253 paid September 15, 2014, $5,000 paid December 11, 2014, and $30,000 paid March 11, 2015 to the related invoices. We agreed the general ledger total to the total expenses reported on the statement. We noted no exceptions.

15) Memberships and Dues

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of three transactions and agreed to supporting documentation. We recalculated totals.

Result: We selected three expense transactions related to memberships and dues from the general ledger detail. We agreed the selected expenses in the amount of $100,000 for MAC annual memberships paid August 4, 2014, $11,245 for MAC championship shared costs paid October 15, 2014, and $2,536 for local membership dues paid September 25, 2014 to the related invoices. We agreed the general ledger total to the total expenses reported on the statement. We noted no exceptions.

16) Other Operating Expenses

Procedure: We agreed other expenses to the University's general ledger and/or the statement and recalculated totals.

Result: We selected one expense transaction related to other operating expenses from the general ledger detail. We agreed the $174,846 expense for OHSAA basketball games paid June 10, 2015 to the related OHSAA Basketball Event profit and loss. We agreed the general ledger total to the total expenses reported on the statement. We noted no exceptions.

Affiliated and Outside Organizations

K. In preparation for our procedures related to the University's affiliated and outside organizations, we performed the following:

1) We inquired of management as to whether they have identified any affiliated and outside organizations that meet any of the following criteria:

i. Booster organizations established by or on behalf of an intercollegiate athletics program

ii. Independent or affiliated foundations or other organizations that have as a principal purpose, generating or maintaining of grants-in-aid or scholarships funds, gifts, endowments or other monies, goods, or services to be used entirely or in part by the intercollegiate athletics program.

iii. Alumni organizations that have as one of its principal purposes the generating of monies, goods, or services for or on behalf of an intercollegiate athletics program and that contribute monies, goods, or services directly to an intercollegiate athletics program, booster group, or independent or affiliated foundation as previously noted.

Result: We inquired of management as to whether it had identified any affiliated or outside organizations that meet the above criteria. Management indicated that there were no affiliated or outside organizations; therefore, no further procedures were performed.

Dr. Roderick J. McDavis, President
Ohio University

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 Intercollegiate Athletics Program statement of revenue and expenses. 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 Ohio University's management and the National Collegiate Athletics Association and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 14, 2015

Ohio University
National Collegiate Athletics Association Report

Intercollegiate Athletics Program Statement of Revenue and Expenses
For the Year Ended June 30, 2015

	Men's Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total	FY14
Operating Revenue							
Ticket sales	$ 654,050	$ 384,189	$ 9,279	$ 20,448	$ 152,210	$ 1,220,176	$ 1,452,846
Student fees	5,411,761	1,395,644	1,020,998	5,955,388	2,571,090	16,354,881	16,046,712
Guarantees	700,000	-	-	-	-	700,000	590,000
Indirect institutional support	701,469	251,871	145,933	688,528	667,400	2,455,201	2,407,059
Contributions	39,728	119,253	625	141,867	2,746,908	3,048,381	2,337,759
Media rights	1,379	1,379	-	-	-	2,758	-
NCAA distributions	394,823	219,763	134,308	683,729	-	1,432,623	2,054,820
Conference distributions	-	-	-	11,000	950,000	961,000	
Program, novelty, parking, and concession sales	53,025	23,043	3,893	6,515	71,369	157,845	180,043
Royalties, licensing, advertisements, and sponsorships	-	-	-	-	1,440,979	1,440,979	1,357,110
Sports camp revenue	35,425	141,425	9,918	156,885	-	343,653	272,016
Athletics restricted endowment and investments income	8,951	10,595	-	37,896	99,144	156,586	146,531
Other operating revenue	10,628	2,550	-	18,510	403,642	435,330	875,104
Total operating revenue	8,011,239	2,549,712	1,324,954	7,720,766	9,102,742	28,709,413	27,720,000
Operating Expenditures							
Athletic student aid	2,732,364	436,436	462,833	3,349,225	233,260	7,214,118	7,174,844
Guarantees	500,000	314,000	30,000	-	-	844,000	800,500
Coaching salaries, benefits, and bonuses paid by the university and related entities	1,804,831	1,017,655	524,671	1,853,193.0	-	5,200,350	5,365,095
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	192,582	82,145	51,084	80,316.0	2,468,571	2,874,698	2,575,358
Recruiting	285,159	77,772	60,389	131,628	-	554,948	523,831
Team travel	514,842	300,568	218,318	741,944	-	1,775,672	2,201,454
Sports equipment, uniforms, and supplies	249,412	45,600	22,296	293,623	142,544	753,475	752,847
Game expenses	101,355	84,011	54,455	76,742	-	316,563	343,940
Fund raising, marketing, and promotion	63,934	8,483	6,450	4,598	1,173,524	1,256,989	1,301,633
Sports camp expenses	28,043	109,635	8,857	101,349	-	247,884	148,710
Athletic facilities debt service, leases, and rental fees	-	-	-	-	227,910	227,910	-
Direct overhead and administrative expenses	445,272	14,348	1,166	112,050	1,028,054	1,600,890	1,996,925
Indirect institutional support	701,469	251,871	145,933	688,528	667,400	2,455,201	2,407,059
Medical expenses and insurance	3,100	-	188	1,020	664,663	668,971	748,372
Memberships and dues	2,100	7,498	2,505	22,515	258,831	293,449	288,043
Other operating expenses	121,191	31,154	22,251	145,945	504,784	825,325	670,108
Total operating expenditures	7,745,654	2,781,176	1,611,396	7,602,676	7,369,541	27,110,443	27,298,719
Excess of Revenue Over (Under) Expenditures	**$ 265,585**	**$ (231,464)**	**$ (286,442)**	**$ 118,090**	**$ 1,733,201**	**$ 1,598,970**	**$ 421,281**

Notes to Intercollegiate Athletics Program
Statement of Revenue and Expenses
For the Year Ended June 30, 2015

Note 1 - Contributions

Individual contributions of monies, goods, or services received directly by the University's intercollegiate athletics program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitute 10 percent or more of all contributions received for intercollegiate athletics during the year ended June 30, 2015 are as follows:

Source of Funds, Goods, and Services	Value
A private foundation	$ 800,000
An individual	450,000
Total	$ 1,250,000

Note 2 - Intercollegiate Athletics-related Assets

Property and equipment are recorded at cost or, if donated, the fair value at the time of donation. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. Estimated service lives range from 5-40 years depending on class.

The current year capitalized additions and deletions to facilities during the year ended June 30, 2015 are as follows:

	Additions	Deletions
CIP	$ 1,060,170	$ -
Infrastructure	336,992	-
Buildings	2,444,374	-
Total athletics facilities	$ 3,841,536	$ -
Other institutional facilities	$ 168,562,916	$ 588

Note 2 - Intercollegiate Athletics-related Assets (Continued)

The total estimated book values of property, plant, and equipment, net of depreciation, of the University as of the year ended June 30, 2015 are as follows:

	Estimated Book Value
Athletics-related property, plant, and equipment balance	$ 25,705,348
University's total property, plant, and equipment balance	$ 909,396,502

Note 3 - Intercollegiate Athletics-related Debt

The annual debt service and debt outstanding for the University as of the year ended June 30, 2015 are as follows:

	Annual Debt Service	Debt Outstanding
Athletics-related facilities	$ 238,192	$ 2,375,964
University's total	43,312,721	543,325,448

The repayment schedule for all outstanding intercollegiate athletics debt maintained by the University during the year ended June 30, 2015 is as follows:

Years Ending June 30	Total Intercollegiate Athletics Debt
2016	$ 238,192
2017	238,627
2018	238,020
2019	237,914
2020	237,603
2021-2025	1,185,608
Total	$ 2,375,964

Ohio University
National Collegiate Athletics Association Report

Appendix A
For the Year Ended June 30, 2015

	2014-15 Total	2013-14 Total	$ Change	% Change	Explanation of Variance
Operating revenue:					
Contributions	$ 3,048,381	$ 2,337,759	$ 710,622	30.4%	This line item is higher for FY15 because Athletics kicked off a campaign to raise funds for a new Academic Center building.
Operating expenditures:					
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	$ 2,874,698	$ 2,575,358	$ 299,340	11.6%	The variance in this line item is a result of a change in accounting for financial activity at year end. In FY13 and prior, general payroll accruals were processed and submitted to clear certain project account fund balances to zero at year end. In FY14, fund balances were carried forward to the new fiscal year and no accruals submitted. This change resulted in accruals of $193,200, being reversed in FY14 but no new accruals being processed at that year end, and actual payroll-related expenses posting to projects with no offset from accrual reversals.

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Dave Yost · Auditor of State

OHIO UNIVERSITY

ATHENS 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
JANUARY 21, 2016

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