2016 ANNUAL FINANCIAL REPORT

Improve the human condition; advance knowledge through excellence in learning, discovery and engagement; and serve as a diverse, student-centered, public, metropolitan research university.

THE UNIVERSITY OF TOLEDO
1872

Dave Yost · Auditor of State

Board of Trustees
University of Toledo
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We have reviewed the *Independent Auditor's Report* of the University of Toledo, Lucas County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2015 through June 30, 2016. 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 University of Toledo is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

December 5, 2016

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TABLE OF CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Consolidated Statements of Net Position	16
Consolidated Statements of Revenues, Expenses, and Other Changes in Net Position	18
Consolidated Statements of Cash Flows	20
Notes to the Financial Statements	22
Report on Internal Control and Compliance	68
Report on Compliance for Federal Programs	70
Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Expenditures of Federal Awards	81
Schedule of Findings and Questioned Costs	83

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Independent Auditor's Report

To the Board of Trustees
University of Toledo

Report on the Financial Statements

We have audited the accompanying basic financial statements of the University of Toledo (the "University") and its discretely presented component unit, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University of Toledo'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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited under *Government Auditing Standards*.

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
University of Toledo

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the University of Toledo and its discretely presented component unit as of June 30, 2016 and 2015 and the changes in its financial position and its cash flows, where applicable, 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, 2015, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Adopting this statement resulted in changes to the Investments footnotes. Our opinion is not modified with respect to this matter.

As explained in Note 3, the financial statements include investments valued at $57,520 (26.5 percent of net position) at June 30, 2016 and at $43,356 (17.2 percent of net position) at June 30, 2015, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the fund managers or general partners in the absence of readily determinable market values.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-15, schedule of pension funding progress, and schedule of 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Toledo's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirments, Cost Principles, and Audit Requirments for Federal Awards* (the "Uniform Guidance"), and is not a required part of the basic financial statements.

To the Board of Trustees
University of Toledo

The accompanying 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 14, 2016 on our consideration of the University of Toledo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 the University of Toledo's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 14, 2016

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Toledo for the year ended June 30, 2016 with comparative information for the years ended June 30, 2015 and 2014. The MD&A should be read in conjunction with the accompanying audited financial statements and footnotes.

ABOUT THE UNIVERSITY OF TOLEDO

The University is a leading research institution in the state of Ohio with over 20,000 students, 1,500 instructional faculty, and 4,000 staff members. The University is comprised of thirteen colleges: Arts and Letters; Business and Innovation; Education; Engineering; Graduate Studies; Health and Human Services; Honors; Law; Medicine and Life Sciences; Natural Sciences and Mathematics; Nursing; Pharmacy and Pharmaceutical Sciences, and University College. The University offers more than 350 undergraduate, graduate, and professional programs leading to degrees in over 60 instructional departments. The University operates the University of Toledo Medical Center (UTMC) which includes 319 registered beds and provides services to over 11,000 admitted patients, 230,000 outpatient clinic patients and 37,000 emergency visit patients. UTMC specializes in kidney transplantation, cardiology, neurology, trauma care, orthopedic surgery, and cancer treatment.

The University is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The trustees are appointed by the Governor with the advice and consent of the State Senate for staggered nine-year terms. Two student non-voting members, who are appointed for two-year terms, also serve on the Board.

The following financial statements reflect all assets, deferred inflows/outflows, liabilities, and net position of the University and the University of Toledo Foundation (Foundation), the University's discretely presented component unit. The University of Toledo Physicians, Clinical Faculty, Inc. (UTP-CF), the University of Toledo Medical Assurance Company (UTMAC) and Rocket Innovations meet the criteria under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and are therefore shown in a blended presentation. UTP-CF provides administrative support, billing, and collection services for physician services at the University. UTMAC is a captive insurance company established to provide insurance needs for the University, its staff and affiliated physicians. Rocket Innovations supports the University through investment in public and private economic development projects and promotes the interests of the University.

The Foundation is a legally separate entity with a primary function of fund-raising to supplement the resources that are available to the University in support of its programs. The Foundation is governed by a separate board of trustees which is self-perpetuating and consists of graduates and friends of the University. Nearly all the assets of the Foundation are restricted by donors to activities of the University. The University does not control the timing or amount of receipts from the Foundation.

The University is considered a component unit of the State of Ohio and is included in the State of Ohio's Comprehensive Annual Financial Report (CAFR).

ABOUT THE FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* In addition to this MD&A section, the audited financial statements include a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and the Notes to the Financial Statements. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* which amends GASB Statement No. 14; the Foundation is discretely presented.

The ***Statement of Net Position*** is the University's balance sheet. It reflects the total assets, liabilities, deferred inflows/outflows, and net position (equity) of the University. Liabilities whose maturities are less than one year and assets available to pay those liabilities are classified as current. Other assets and liabilities with maturities greater than one year are classified as non-current. Investment assets are carried at market value. Capital assets, which include the University's land, buildings, improvements, and equipment, are shown net of depreciation. Net position is displayed in the following categories:

- Net investment in capital assets (presents the University's equity in capital assets)
- Restricted – non-expendable (available for investment purpose only and cannot be expended)
- Restricted – expendable (available for use based on externally imposed restrictions)
- Unrestricted (available to the University for any lawful purpose of the institution)

The ***Statement of Revenues, Expenses and Changes in Net Position*** is the University's income statement. It reports the detailed revenues and expenses presented in a net revenue (expense) format. Revenues and expenses are classified as operating, non-operating, and other changes, and subtotals are presented for net operating income (loss), income (loss) before other changes, and increase (decrease) in net position. Tuition revenue is shown net of financial aid, hospital patient services revenue is shown net of contractual allowances and bad debt, and depreciation is provided for capital assets.

In accordance with GASB Statement No. 35, appropriations received from the State of Ohio and certain federal and state grants and contracts are presented as non-operating revenue; whereas operating expenses include virtually all expenses except interest on long-term debt. Therefore, the University will typically reflect a net operating loss, though universities and other public institutions have traditionally relied on non-operating revenue to support functional operations of the institution.

The ***Statement of Cash Flows*** presents the sources and uses of cash during the year. It breaks out the sources and uses of cash in the following categories:

- Operating activities
- Non-capital financing activities
- Capital and related financing activities
- Investing activities

Cash flows associated with the University's expendable net position appear in the operating and non-capital financing categories. Capital financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

The ***Notes to the Financial Statements*** follow the financial statements of the University. The Notes provide additional information and details to supplement the financial statements.

Impact of GASB Statement No. 68

The University's net position continues to be adversely impacted by last year's implementation of GASB 68. The University reflects a negative $266.8 million unrestricted net position as of June 30, 2016, as a result of recognizing its share of the net pension liability of the state retirement plans. The University has a restricted expendable net position of $135.1 million and a restricted non-expendable net position of $13 million as of June 30, 2016. Net investment in capital is $335.5 million. The following sections provide additional details on the University's 2016 financial position and results and a look ahead at significant economic conditions that are expected to affect the University in the future.

Academic Affiliation Agreement

On August 26, 2015 the University and ProMedica Health System (ProMedica) entered into an academic affiliation agreement for a period of 50 years. ProMedica is a non-profit health system located in Toledo, Ohio with facility locations in northwest Ohio and southeast Michigan. The agreement aligns the University's College of Medicine and Life Sciences with ProMedica to collaborate and support training of physicians and other healthcare professionals; achieve physician synergies; train the next generation of healthcare providers; extend academic and research capabilities to the community; and support the academic, training, and research missions of the University and its faculty.

As part of the agreement, ProMedica committed to a $40 million initial investment in the College of Medicine and Life Sciences to be paid in three installments ($22 million was received in August, 2015; $11 million was received in April, 2016; and $7 million is due on April 1, 2017). ProMedica will also make annual academic affiliation investments to support the academic mission of the College of Medicine and Life Sciences that will range from $12.5 million to $50 million over a five-year transition period beginning on July 1, 2016. After the transition period, annual academic affiliation payments will be based on ProMedica's annualized patient service revenue and is expected to be at least $50 million. ProMedica is also committing $250 million in capital spending to enhance the academic mission of the College of Medicine and Life Sciences.

FINANCIAL HIGHLIGHTS AND KEY TRENDS

STATEMENTS OF NET POSITION

Impact of GASB 68 – significant net pension liability and negative unrestricted net position

University maintains prudent levels of debt and sufficient liquidity

Summary Statements of Net Position (in thousands)

	2016	2015	2014
Assets			
Cash and temporary investments	$ 57,906	$ 52,424	$ 66,757
Current receivables, inventories, and prepaid expenses	129,776	123,928	121,109
Total current assets	187,682	176,352	187,866
Endowment and loan investments	55,316	60,479	61,700
Long-term investments	149,735	164,322	189,970
Capital assets, net of accumulated depreciation	621,056	640,862	651,090
Net pension asset	868	736	-
Other non-current assets	54,806	60,513	59,336
Total non-current assets	881,781	926,912	962,096
Total assets	$1,069,463	$1,103,264	$1,149,962
Deferred outflows			
Deferred outflow of resources - derivatives	$ 14,981	$ 5,941	$ 2,281
Deferred outflow of resources - pension	115,847	26,246	-
Deferred outflow of resources - refunding	15,199	16,559	17,920
Total deferred outflows	$ 146,027	$ 48,746	$ 20,201
Liabilities			
Accounts payable and accrued expenses	$ 80,011	$ 69,256	$ 70,820
Other current liabilities	77,763	76,987	78,089
Total current liabilities	157,774	146,243	148,909
Bonds, notes, and leases	283,431	299,674	316,466
Net pension liability	491,984	378,834	-
Other long-term liabilities	42,335	43,287	30,320
Total non-current liabilities	817,750	721,795	346,786
Total liabilities	$ 975,524	$ 868,038	$ 495,695
Deferred inflows			
Deferred inflow of resources - pension	$ 23,159	$ 32,614	$ -
Total deferred inflows	$ 23,159	$ 32,614	$ -
Net position			
Net investment in capital assets	$ 335,512	$ 341,396	$ 340,450
Restricted – non-expendable	12,986	12,985	13,831
Restricted - expendable	135,114	136,582	133,661
Unrestricted	(266,805)	(239,605)	186,526
Total net position	$ 216,807	$ 251,358	$ 674,468

Current Assets

Current assets ($187.7 million) increased $11.3 million (6.4%) in 2016 driven by increases in both cash and accounts receivable. Cash and temporary investments ($57.9 million) increased $5.5 million with the influx of cash from the newly signed affiliation agreement with ProMedica that supports training of physicians and future healthcare professionals ($40.0 million) offset by lower cash flow from operations. The University's liquidity continues to provide a sufficient level of working capital. The **Statements of Cash Flows**, which is discussed later in more detail, will provide additional information regarding the sources and uses of cash.

Non-current Assets

Endowments ($55.3 million) and long-term investments ($149.7 million) decreased $5.2 million and $14.6 million, respectively. The long-term investments were impacted by modest investment returns and the use of institutional reserves for routine and capital projects. The University's board designated reserves and endowment investment portfolios are pooled with assets of the Foundation and the Alumni Association and had a negative 5.1% return for 2016 (2.3% positive return in 2015). University institutional reserves, not included in the investment pool, had a negative 0.7% return for 2016 (2.6% positive return in 2015). Other non-current Assets ($54.8 million) decreased due to lower asset values for the Medical Assurance Company and Rocket

Innovations as well as reductions in student notes receivable. Capital Assets, ($621.1 million) including University land, buildings, infrastructure, improvements, and equipment decreased by $20 million during 2016 as depreciation expense outpaced capital spending.

Capital spending for 2016 was focused primarily on deferred maintenance and infrastructure projects funded by institutional reserves and state appropriations. The replacement of athletics fields, upgrading of facilities and addressing maintenance of existing structures were carefully evaluated to ensure the university continues to operate in a safe and sound manner. Additional on campus student housing needs were addressed through the introduction of the Honors Academic Village, a partnership with CHF.

Honors Academic Village: Open in the Fall of fiscal year 2016, this $37.7 million student housing project was financed through a public-private partnership with Collegiate Housing Foundation (CHF), a non-profit corporation founded to support colleges and universities in providing housing and otherwise assisting in their educational missions. The village consists of 153 units (492 beds) offering semi-suite and suite style units with an equal mix of single and double occupancy accommodations. The dormitory caters to students enrolled in the Jesup Scott Honors College. CHF established CHF-Toledo, LLC to construct and own the student housing project. American Campus Community (ACC) serves as the developer of the project and manager of the housing facility. The University is the ground lessor with the facility reverting to the University upon termination of the ground lease and full repayment of the debt. Demand has been strong for high quality housing with amenities such as those provided in this complex.

Deferred Outflows

Deferred outflow of resources ($146 million) increased $97.3 million due to the University's share of actuarial activity associated with the pension plans ($89.6 million) as well as changes in the mark-to-market valuation for the derivative interest rate swap instruments ($9 million).

Current Liabilities

Current liabilities ($157.8 million) increased $11.5 million in 2016 due to higher accounts payable to vendors as well as higher payroll-related accruals related to the timing of the final payroll of the fiscal year.

Non-current Liabilities

Total non-current liabilities ($817.8 million) continue to be impacted by the implementation of GASB 68 as the University's share of the net pension liability increased $113.2 million to $492 million. Bonds, notes, and leases ($283.4 million) decreased $16.2 million based on scheduled principal payments on outstanding issuances and amortization of interest rate swap contracts. A decrease of $9.6 million in liabilities of the Medical Assurance Company was offset by an increase of $9 million for the liability associated with the derivative interest rate swap instruments.

Deferred Inflows

Deferred inflow of resources ($23.2 million) decreased by $9.5 million due to the University's share of actuarial activity associated with the pension plans.

Prior Years Highlights

In 2015 the University had total assets of $1.1 billion and deferred outflows $48.7 million. The $46.7 million decrease in total assets compared to 2014 was driven by decreases in long-term investments ($25.6 million) and cash and temporary investments ($14.3 million) reflecting lower cash from operations and diminishing investment returns. Capital assets decreased $10.2 million as depreciation expense exceeded capital spending. Deferred outflows increased $28.5 million with the adoption of GASB 68. Total liabilities were $868 million, an increase of $372 million, and deferred inflows were $32.6 million, an increase of $32.6 million, both driven by the adoption of GASB 68. Bonds, notes, and leases decreased $16.7 million based on scheduled payments and amortization. Net assets were $251.4 million reflecting a decrease of $423 million, of which $391 million was attributable to the change in accounting principle associated with the adoption of GASB 68.

In 2014 the University had total assets of $1.15 billion and deferred outflows $20.2 million. The slight decrease in total assets compared to 2013 is highlighted by increases in long-term investments ($4 million); endowment and loan investments ($7.7 million); and medical assurance company assets ($3.5 million). Decreases were noted in accounts receivable ($7.5 million); investments held by bond trustee ($4.1 million); and rocket innovation assets ($2.5 million). Total liabilities were $495.7 million, a decrease of approximately $24 million, impacted by principal payments on debt ($13.6 million); lower accounts payable ($4.5 million); and lower unearned revenue ($4.5 million). Net assets were $674.5 million reflecting an increase of $24 million.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Hospital volume increases in patient days, surgeries and outpatient visits

ProMedica affiliation contributes $40 million

Poor capital market performance drives decline in investment income

Summary of Revenues, Expenses, and Changes in Net Position			
(in thousands)	2016	2015	2014
Operating revenues:			
Hospital, net	$ 295,408	$ 283,862	$ 261,444
Tuition and fees, net	197,760	202,986	208,897
Grants and contracts	51,268	55,312	60,689
Auxiliary	55,586	57,294	49,366
Other patient services revenue	74,723	67,187	69,626
Other	78,949	35,646	38,040
Total operating revenue	753,694	702,287	688,062
Operating expenses:			
Salaries, wages, and benefits	558,393	526,095	510,675
Supplies	109,161	106,024	91,957
Outside purchased services	105,434	103,755	99,093
Depreciation	58,231	58,060	56,596
Other	91,004	86,914	85,364
Total operating expenses	922,223	880,848	843,685
Operating Loss	$ (168,529)	$ (178,561)	$ (155,623)
Non-operating revenues (expenses):			
State share of instruction and grants & contracts	$ 147,153	$ 143,796	$ 141,875
Investment income	(13,005)	4,706	40,672
Interest on debt	(13,160)	(13,605)	(14,025)
Asset disposal	(338)	(146)	(153)
Other	1,094	519	(911)
Total non-operating revenues	121,744	135,270	167,458
Other changes			
Capital appropriations	12,362	9,562	11,487
Other	(128)	1,582	657
Total other changes	12,234	11,144	12,144
Increase/(decrease) in net position	(34,551)	(32,147)	23,979
Net position - beginning of the year	251,358	674,468	650,489
Change in accounting principle		(390,963)	
Net position - end of the year	$ 216,807	$ 251,358	$ 674,468

Operating Revenues

Operating revenues ($753.7 million) increased $51.4 million driven by income from the academic affiliation ($40 million) and patient-related revenue ($19 million increase). Hospital revenue increased $11.5 million (4.1%) and other patient service revenues increased $7.5 million (11.2%). The Hospital experienced continued volume increases in outpatient and emergency visits. Tuition and fees ($197.8 million) fell $5.2 million (2.6%) due to continued enrollment challenges and higher scholarship allowances and discounts. Auxiliary revenue ($55.6 million) decreased $1.7 million (3.0%) with a $4.1 million decrease in housing partially offset by revenue increases from football guarantees and ticket sales. UT Medical Assurance Company net revenue increased $5.7 million due to loss reserve adjustments and State grants and contracts decreased $3.2 million due to diminishing volume of state awards.

Operating Expenses

Total operating expenses ($922.2 million) increased $41.4 million (4.7%). Salaries, wages and benefits ($558.4 million) increased $32.3 million (6.1%) due to cost of living adjustments; bargaining unit settlements; pension expense adjustments from GASB 68 ($14 million); and hospital volume increases. Supplies ($109 million) increased $3.1 million (3%) driven by patient care volume increases and healthcare-related supply price increases. Outside purchased services ($105.4 million) increased $1.7 million (1.6%) due to one-time contractual services. Occupancy ($24.1 million) increased $2.2 million (9.9%) due to higher electricity costs and deferred maintenance.

Non-operating Revenue and Expense

Total non-operating revenues ($121.7 million) decreased $13.5 million with a $17.7 million reduction in Investment income offset slightly by a $4 million increase in State Share of Instruction (SSI). As previously mentioned, the University's board designated reserves and endowment investment portfolios had a negative 5.1% return for 2016 (2.3% positive return in 2015) and the institutional reserves had a negative 0.7% return for 2016 (2.6% positive return in 2015).

Other Changes

Total other changes ($12.2 million) increased $1.1 million with state capital appropriations ($12.4 million) increasing $2.8 million; capital grants, gifts, and contracts decreasing $2 million; and capital transfers decreasing $.3 million.

Prior Years Highlights

In 2015, the University experienced a decrease in net position of $32 million. Operating revenues were $702.3 million, an increase of $14.2 million. Hospital revenue increased $22.4 million driven by an increase in patient days, surgeries and emergency visits. Tuition and fees dropped $5.9 million due to lower enrollment and higher discounts. Auxiliary revenue increased $4.6 million from residence life and athletic conference revenue. Operating expenses were $880.8 million, an increase of $37.2 million. Salaries, wages, and benefits increased $15.4 million due to cost of living adjustments, bargaining unit settlements and hospital volume increases. Supplies increased $14.1 million driven by hospital volume and healthcare-related supply price increases. Outside purchased services increased $4.7 million due to one-time contractual services. Total non-operating revenue decreased $32.2 million due to lower investment returns offset by a slight increase in state share of instruction. Other changes were down $1 million with a decrease in state capital appropriations offset slightly by an increase in capital grants.

In 2014, the University experienced an increase in net position of $24 million. Operating revenues were $688.1 million, a slight decrease of $2.2 million. Hospital revenue increased by $4.4 million driven by outpatient revenue, UTP physician's revenue, and lower contractual adjustments. Tuition and fees declined by $6.4 million and auxiliary revenue declined $4.9 million impacted by lower student enrollment. Operating expenses were $843.7 million, an increase of $5.6 million. Declines in operating expenses were noted in salaries, wages, and benefits as well as supplies; while increases were noted in outside purchased services and other operating expenses. Non-operating net revenue of $167.5 million included $141.9 million from state subsidy and grants; and investment income of $40.7 million. Other changes were $12.1 million including state capital appropriations of $11.5 million.

STATEMENTS OF CASH FLOWS

Summary of Cash Flows (in thousands)	2016	2015	2014
Net cash flows from operating activities	$ (97,427)	$ (122,817)	$ (100,365)
Net cash flows from non-capital financing activities	148,913	143,257	143,968
Net cash flows from capital and related financing activities	(56,073)	(62,359)	(71,391)
Net cash flows from investing activities	10,069	27,586	28,414
Net increase/(decrease) in cash	$ 5,482	$ (14,333)	$ 626

In 2016, cash and cash equivalents increased by $5.5 million. The University had net cash used in operating activities of $97.4 million, a lower net use of cash compared to prior year. The lower net use of cash was due to cash received for the academic affiliation with ProMedica. The University had net cash provided by non-capital financing of $148.9 million which is higher than last year due to the increase in SSI and net direct lending activity. Net cash used in capital and related financing activities was $56.1 million including capital asset purchases of $38.8 million and debt service of $29.7 million. Net Cash provided from investing activities was $10.1 million which is lower than prior year based on returns from sale of investments.

Prior Year Highlights

In 2015, cash and cash equivalents decreased by $14.3 million. The University had net cash used in operating activities of $122.8 million, a higher net use of cash compared to prior year. The higher net use of cash was due to higher payments to suppliers, vendors, and employees. The University had net cash provided by non-capital financing of $143.3 million which is comparable to prior year as the increase in SSI was offset by lower grants, gifts, and net direct lending activity. Net cash used in capital and related financing activities was $62.4 million including capital asset purchases of $48 million and debt service of $29.5 million. Net Cash provided from investing activities was $27.6 million which is lower than prior year based on returns from sale of investments.

In 2014, cash and cash equivalents increased slightly by $0.6 million. The University had net cash used in operating activities of $100.4 million, a higher net use of cash compared to prior year ($84.7 million) due to lower cash provided by tuition & fees, auxiliary enterprises, and grants & contracts. The University had net cash provided by non-capital financing of $144 million, a decrease from prior year ($147.9 million) due to less cash provided by state share of instruction, net student direct lending, and gifts, grants, & contracts. Net cash used in capital and related financing activities was $71.4 million including capital asset purchases of $54.9 million and debt service of $29.2 million. Net Cash provided from investing activities was $28.4 million due to strong market performance of the University's long-term investment portfolios.

Higher Education and the University

The Higher Education sector in the United States is facing a multi-faceted set of challenges. The sector is under increased scrutiny regarding affordability and debates around the value proposition and student debt. Universities are struggling with demand and population shifts, narrowing operating margins, and increased competition. State funding for universities has seen both decreases and reform with the latter focusing on outcome or performance-based models that evaluate universities on the number of degrees issued and courses completed. State funding is expected to increase modestly across the United States, but is not expected to keep pace with the growth of operating expenses; and increases may come in exchange for tuition freezes or even reduced pricing. Sponsored research is increasingly competitive with the prospect of growth unlikely or certainly not keeping pace with the costs of research.

Despite the many challenges facing the Higher Education industry, the long-term demand for higher education seems strong. The number of careers requiring degrees and advanced degrees are increasing and will continue to grow in time. The sector expects strong growth in associate and master's degrees. U.S. colleges and universities will continue to have a strong draw both domestically and internationally.

The State of Ohio implemented a performance-based funding model for State Share of Instruction (SSI) in fiscal 2014. The revised methodology includes performance-based metrics such as course completion and degrees awarded, while also including consideration for at-risk students. The SSI has experienced modest increases over the last several years, but remains below its historical highs. The State of Ohio appears committed to further investment in higher education as evidenced by the increase in SSI of 4.5% and 4.4% for fiscal years 2016 and 2017, respectively, in the State's biennium budget.

Ohio and Michigan have experienced decreasing levels of high school graduates with the trend to continue over the next decade. All Midwest states are expected to see a decline in enrollment for public elementary and secondary schools through the next decade as well. The demographic changes are creating a highly competitive environment for universities in the Midwest region.

The University is positioning itself to address the formidable challenges it faces. The University has reduced administrative expenses over the last several years by managing resources more efficiently; establishing stronger budget and position controls; and implementing automation and re-engineering processes. The University continues its pursuit of reducing expenses wherever possible while still maintaining critical functions in support of the student experience and its mission. The University has implemented and continues to develop strategies to restructure and reduce the number of colleges, right size the administrative departments and consolidate roles. The University continues to explore partnerships with area community colleges and other four-year public universities and actively participates in a consortium with local community colleges to address efficiencies and student affordability. The University is also pursuing a number of strategic initiatives to reduce employee benefit expenses. Furthermore, the University has begun a facilities master plan with an objective to reduce the overall footprint of the University and optimize the utilization of space.

The University's strategic enrollment initiatives to improve the student profile, retention rates, and enrollment diversification have been successful despite overall enrollment decline. The University focused recruiting efforts on honors, out-of-state, international, and on-line students and realized growth in each of those demographics. With the changes to a performance-based state subsidy model, the University re-launched its honors program under the Jesup Scott Honors College brand to attract more well-prepared students. The Jesup Scott Honors College presents students with personalized success coaches and unique opportunities and experiences. In conjunction with the Honors College enhancements, the University, through a public-private partnership, leased land to a not-for-profit foundation to construct a new student housing facility to cater to the Honors students as well as deliver a housing experience that meets the changing demands of our students. The University has shown growth in its honors program and is experiencing recent highs in retention. The University is continuing to refine and deliver on a comprehensive strategic plan for enrollment, recruiting, branding, and marketing. This renewed focus is expected to advance the institution and reverse the trend of enrollment decline experienced over the last several years.

The University recognizes the importance of adapting to technological advances and changes in student preferences for how education is delivered. The U.S. Department of Education reports that one-quarter of students are exclusively distance learners or use some form of online courses toward obtaining a degree. The University is continually looking for opportunities to expand its online education as well as use technology to create simulation to emulate real-world experiences. The University recently opened the Simulation Center facility to create new models for the education of healthcare professionals. The Center offers virtual reality, human patient simulators, and fresh tissues laboratories to facilitate team training, electronic learning, competency assessments, and outcome measurements. The University is exploring simulation applications for other academic areas such as the College of Business and the College of Law.

Healthcare and the University

The healthcare industry, in which UTMC operates, is subject to regulation by a number of governmental agencies, including those which administer the Medicare and Medicaid programs, federal, state, and local agencies responsible for administration of health planning programs and other federal, state, and local governmental agencies. Furthermore, federal, state, and local policies developed to regulate the manner in which health care is provided, administered, and paid for nationally and locally has an impact as well. As a result, the health care industry is sensitive to legislative and regulatory changes in such programs and is affected by reductions and limitations in governmental spending for such programs as well as changing health care policies.

The University of Toledo Medical Center is subject to the following: the statutes, regulations, and changes governing the Medicare and Medicaid programs; regulatory actions by the governmental agencies that administer and enforce the Medicare and Medicaid programs; changes in payment from non-governmental third party payers, such as private insurance plans and managed care entities; and actions by, among others, the Medicare peer review organization, the Ohio Department of Health, the Joint Commission and other accreditation bodies, and federal, state, and local governmental authorities.

UTMC operates over 300 beds and is the area's largest academic teaching center. It is a Level One Trauma Center, offering emergency health and trauma services 24 hours a day. UTMC's six Signature Programs have earned many accolades in the community and include Cardiology, Neurology, Orthopedics, Cancer, Surgery, and Kidney Transplantation. It delivers superior patient care, quality outcomes, and patient safety and has been recognized by U.S. News and World Report as a best hospital in the Toledo metro area for 2015-16. This is the fifth consecutive year UTMC has been included in the U.S. News and World Report rankings. In addition, U.S. News and World Report also recognized UTMC for its digital prowess regarding patient safety and engagement. UTMC is one of 126 U.S. medical centers in 34 states to be named Most Connected Hospitals for 2015-16, per U.S. News standards that span both electronic medical records and quality care.

In 2016, UTMC continued to support the mission of the University "to improve the human condition" by providing patient-centered, university quality care. Acute inpatient admissions increased 1.8% compared with prior year. Consistent with industry trends, the patient environment continues to experience movement to an outpatient setting. Outpatient clinic visits increased 1.3% over the previous year with the opening of the UT Health Family Medicine Center, located at Glendale Medical East, providing primary medical care to infants, children, teens and adults. The office also includes a Geriatric Medicine Center that offers specialized care to the elderly. Also notable, the Eleanor N. Dana Cancer Center, which opened its doors in 2013, continues to thrive with visits increasing by 11.6% over the prior year. The center received the 2015 Outstanding Achievement Award from the American College of Surgeons' Commission on cancer and was one of only 20 accredited cancer programs in the U.S. to receive this national honor.

While UTMC is well positioned to sustain a strong financial position in the coming years, ongoing constraints on revenue are expected due to fiscal pressures from healthcare reform. The impact of insurance exchanges, managed care rates, and Medicaid expansion continues to cause uncertainty in the environment for hospitals nationwide. Management believes that much of the payment pressure facing UTMC can be offset by continuing to position itself to thrive in the changing market.

UTMC is placing considerable focus on productivity and cost reduction and will effectively manage expenses as reimbursements come under pressure. An essential part of reducing unnecessary treatment and costs is the effective use of electronic medical record systems. Allowing this to be possible, UTMC has successfully upgraded its EMR/EHR systems as part of the Health Information Technology for Economic and Clinical Health (HITECH) Act. During 2016, UTMC successfully demonstrated meaningful use of certified EMR/EHR technology meeting the Medicare requirements of stage 3. In addition, other cost cutting initiatives have been implemented during 2016 to allow for reduced costs of supplies. Specifically, UTMC has met the eligibility requirements and has been certified as a 340B drug provider as of April 1, 2016. The 340B Program is administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (OP/HRSA), a part of the U.S. Department of Health and Human Services (HHS). Cost savings under the program can amount to 25 percent of an organization's annual outpatient pharmaceutical cost in the initial year of participation, with savings being in perpetuity as long as the provider stays qualified for the program.

While facing the challenges of the ever changing healthcare environment, UTMC expects to improve its financial position and operating results during the upcoming year, and will continue to play a key role in supporting the University.

THE UNIVERSITY OF TOLEDO
Statements of Net Position (in thousands)
as of June 30, 2016 and 2015

	University		UT Foundation	
	2016	**2015**	**2016**	**2015**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 57,906	$ 52,424	$ 1,707	$ 1,548
Accounts receivable, net	109,893	105,757	729	937
Contributions receivable, net	-	-	3,821	3,043
Inventories	10,906	8,917	-	-
Notes receivable, net	3,189	2,745	-	-
Other	5,788	6,509	210	274
Total current assets	187,682	176,352	6,467	5,802
Noncurrent assets:				
Endowment and loan investments	55,316	60,479	-	-
Notes receivable, net	11,561	13,016	-	-
Long-term investments	149,735	164,322	227,376	236,886
Contributions receivable, net	-	-	16,785	16,928
Investments held by bond trustee	869	1,342	-	-
Capital assets, net	621,056	640,862	20,647	21,563
Rocket Innovations	3,623	4,280	-	-
UT Medical Assurance Company assets	37,198	40,174	-	-
Charitable remainder trusts and annuities	-	-	5,331	5,582
Cash surrender value of life insurance	-	-	1,575	1,566
Net pension asset	868	736	-	-
Other	1,555	1,701	701	278
Total noncurrent assets	881,781	926,912	272,415	282,803
Total assets	$ 1,069,463	$ 1,103,264	$ 278,882	$ 288,605
Deferred outflows:				
Deferred outflow of resources - derivatives	$ 14,981	$ 5,941	$ -	$ -
Deferred outflow of resources - pension	115,847	26,246	-	-
Deferred outflow of resources - refunding	15,199	16,559	-	-
Total deferred outflows	$ 146,027	$ 48,746	$ -	$ -

THE UNIVERSITY OF TOLEDO

Statements of Net Position (in thousands) - continued

as of June 30, 2016 and 2015

	University		UT Foundation	
	2016	**2015**	**2016**	**2015**
LIABILITIES				
Current liabilities:				
Accounts payable	$ 34,867	$ 31,159	$ 1,360	$ 1,081
Accrued liabilities	45,144	38,097	519	471
Unearned revenue	35,122	35,158	-	-
Deposits	1,790	1,042	-	-
Compensated absences - current portion	23,796	24,116	-	-
Long-term liabilities - current portion	17,055	16,671	338	317
Total current liabilities	157,774	146,243	2,217	1,869
Noncurrent liabilities:				
Compensated absences	9,246	8,747	-	-
UT Medical Assurance Company liabilities	11,076	20,663	-	-
Fair value of derivative investment	14,981	5,941	-	-
Other	7,032	7,936	-	-
Net pension liability	491,984	378,834	-	-
Long-term liabilities	283,431	299,674	17,235	15,717
Total noncurrent liabilities	817,750	721,795	17,235	15,717
Total liabilities	$ 975,524	$ 868,038	$ 19,452	$ 17,586
Deferred inflows:				
Deferred inflow of resources - pension	$ 23,159	$ 32,614	$ -	$ -
Total deferred inflows	$ 23,159	$ 32,614	$ -	$ -
NET POSITION				
Net investment in capital assets	$ 335,512	$ 341,396	$ 6,209	$ 7,403
Restricted for:				
Nonexpendable	12,986	12,985	117,011	112,120
Expendable	135,114	136,582	122,205	135,534
Unrestricted	(266,805)	(239,605)	14,005	15,962
Total net position	$ 216,807	$ 251,358	$ 259,430	$ 271,019

See notes to financial statements.

THE UNIVERSITY OF TOLEDO

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

For the Years Ended June 30, 2016 and 2015

	University		UT Foundation	
	2016	**2015**	**2016**	**2015**
REVENUES				
Operating revenues:				
Hospital patient service revenue, net of bad debt of $16,324 and $14,650 respectively	$ 295,408	$ 283,862	$ -	$ -
Student tuition and fees, net of student aid of $78,335 and $74,143 respectively	197,760	202,986	-	-
Federal grants and contracts	25,970	26,805	-	-
State grants and contracts	5,194	8,359	-	-
Local grants and contracts	696	1,039	-	-
Private grants and contracts	19,408	19,109	-	-
Sales and services	6,745	7,184	-	-
Auxiliary Enterprises, net of student aid of $2,610 and $2,387, respectively	55,586	57,294	-	-
Other patient services revenue	74,723	67,187	-	-
Contributions and support	-	-	14,947	13,716
Residency reimbursement	9,179	8,713	-	-
UT Medical Assurance Company net revenue	6,611	876	-	-
Academic Affiliation Investment	40,000	-	-	-
Other	16,414	18,873	9,361	9,618
Total operating revenues	753,694	702,287	24,308	23,334
EXPENSES				
Operating expenses:				
Salaries and wages	406,077	397,215	-	-
Benefits	152,316	128,880	-	-
Supplies	109,161	106,024	-	-
Travel and entertainment	14,855	14,295	-	-
Information and communication	16,747	15,836	-	-
Occupancy	24,072	21,895	-	-
Scholarship	27,324	25,881	-	-
Outside purchased services	105,434	103,755	-	-
Provision for doubtful accounts	2,717	2,942	-	-
Support to University	-	-	14,353	14,181
Fundraising and development	-	-	2,640	2,216
Management	-	-	4,262	4,004
Depreciation	58,231	58,060	504	450
Other	5,289	6,065	5,953	6,208
Total operating expenses	922,223	880,848	27,712	27,059
Operating loss	$ (168,529)	$ (178,561)	$ (3,404)	$ (3,725)

THE UNIVERSITY OF TOLEDO

Statements of Revenues, Expenses, and Changes in Net Position (in thousands) – continued

For the Years Ended June 30, 2016 and 2015

	University		UT Foundation	
	2016	**2015**	**2016**	**2015**
Operating loss	$ (168,529)	$ (178,561)	$ (3,404)	$ (3,725)
NONOPERATING REVENUES (EXPENSES)				
State share of instruction (SSI)	110,457	106,417	-	-
Loss after SSI	(58,072)	(72,144)	(3,404)	(3,725)
Federal grants and contracts	21,831	23,610	-	-
State grants and contracts	11,090	10,059	-	-
Gifts	3,775	3,710	-	-
Investment income/(loss)	(13,005)	4,706	(11,021)	6,153
Interest on debt	(13,160)	(13,605)	-	-
Asset disposal	(338)	(146)	-	-
Other	1,094	519	2,629	2,628
Total nonoperating revenues	11,287	28,853	(8,392)	8,781
Income/(loss) before other changes	(46,785)	(43,291)	(11,796)	5,056
Other changes				
Capital appropriations	12,362	9,562	-	-
Capital grants, gifts, and contracts	79	2,075	-	-
Capital transfer	(207)	(493)	207	493
Total other changes	12,234	11,144	207	493
Increase/(decrease) in net position	(34,551)	(32,147)	(11,589)	5,549
NET POSITION				
Net position at beginning of year	251,358	674,468	271,019	265,470
Change in accounting principle (see Note 1)	-	(390,963)	-	-
Net position at end of year	$ 216,807	$ 251,358	$ 259,430	$ 271,019

See notes to financial statements.

THE UNIVERSITY OF TOLEDO

Statements of Cash Flows (in thousands)

For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Tuition and fees	$ 197,718	$ 205,880
Grants and contracts	55,181	55,173
Hospital revenues	294,447	281,136
Sales and services of educational activities	4,419	7,645
Payments to suppliers and outside purchased services	(290,477)	(273,535)
Payments to employees	(489,035)	(480,448)
Loans issued to students	(1,952)	(2,266)
Collection of loans from students	2,963	2,324
Auxiliary Enterprise charges	55,620	53,739
Other (includes academic affiliation investment)	73,689	27,535
Net cash used in operating activities	(97,427)	(122,817)
Cash flows from non-capital financing activities		
State share of instruction	110,457	106,417
Student direct lending receipts	131,403	140,307
Student direct lending disbursements	(130,392)	(141,354)
Gifts, grants, and contracts	36,697	37,379
Agency transactions	748	508
Net cash provided by non-capital financing activities	148,913	143,257
Cash flows from capital and related financing activities		
Purchases of capital assets	(38,792)	(47,984)
Principal paid on capital debt	(16,802)	(16,204)
Capital appropriations	12,362	9,562
Capital grants and gifts	79	5,527
Interest paid on capital debt	(12,920)	(13,260)
Net cash used In capital and related financing activities	(56,073)	(62,359)
Cash flows from investing activities		
Interest on investments	7,451	23,805
Net sale of investments	2,618	3,781
Net cash provided by investing activities	$ 10,069	$ 27,586

THE UNIVERSITY OF TOLEDO

Statements of Cash Flows (in thousands) - continued

For the Years Ended June 30, 2016 and 2015

	2016	2015
Net increase (decrease) in cash	$ 5,482	$ (14,333)
Cash and cash equivalents - beginning of year	52,424	66,757
Cash and cash equivalents - end of year	$ 57,906	$ 52,424

	2016	2015
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (168,529)	$ (178,561)
Adjustments to reconcile operating loss to		
Net cash used in operating activities:		
Depreciation	58,231	58,060
Provision for patient bad debt	2,717	2,942
(Increase) decrease in assets:		
Accounts receivable, net	(4,340)	(202)
Inventories	(1,914)	(608)
Other current assets	644	(1,527)
Notes receivable, net	1,011	58
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	5,291	2,004
Unearned revenue	(46)	(2,742)
Compensated absences	180	1,682
Medical profession liability accrual	(4,634)	2,574
Net pension liability and pension deferrals	13,962	(6,497)
Net cash used in operating activities	$ (97,427)	$ (122,817)

See notes to financial statements.

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University is a leading research institution in the state of Ohio with nearly 20,000 students, 1,200 instructional faculty, and 3,100 staff members. The University is comprised of thirteen colleges: Arts and Letters; Business and Innovation; Education; Engineering; Graduate Studies; Health and Human Services; Honors; Law; Medicine and Life Sciences; Natural Sciences and Mathematics; Nursing; Pharmacy and Pharmaceutical Sciences, and University College. The University offers more than 350 undergraduate, graduate, and professional programs leading to degrees in over 60 instructional departments. The University operates the University of Toledo Medical Center (UTMC) which includes 319 registered beds and provides services to more than 11,000 admitted inpatients, 230,000 outpatient clinic patients and 37,000 emergency visit patients. UTMC specializes in kidney transplantation, cardiology, neurology, trauma care, orthopedic surgery, and cancer treatment.

ORGANIZATION

On December 6, 2005, the Boards of Trustees of both the former University of Toledo (UT) and the former Medical University of Ohio (MUO) adopted resolutions in favor of a proposed combination of UT and MUO. On December 17, 2005, the Ohio Board of Regents adopted a resolution in support of the proposed combination. House Bill 478, signed on March 31, 2006 by then Governor Bob Taft, combined UT and MUO as one state university, effective July 1, 2006, and named the resulting entity the University of Toledo (the University). The University is one of several state-supported universities in Ohio. The University is a component unit of the State of Ohio and is discretely presented in the State of Ohio's Comprehensive Annual Financial Report.

The University is classified as a state instrumentality under Internal Revenue Code Section 115 and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 through 514.

The University is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The University is currently governed by a 9-voting member board of trustees created through the combination of the previous existing boards of the two universities. The trustees are appointed to by the Governor with the advice and consent of the State Senate for overlapping nine-year terms. The Board includes two student non-voting members that are appointed for two-year terms.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States as prescribed by the GASB. The University is a public institution engaged in Business-type Activities. In accordance with GASB Statement No. 35 – *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*, the University presents Management's Discussion and Analysis; Statements of Net Position; Statements of Revenue, Expenses, and Changes in Net Position; Statements of Cash Flow; and Notes to the Financial Statements.

The financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61 *The Financial Reporting Entity: Omnibus*. This standard requires examination of significant operational or financial relationships with the University and establishes criteria for identifying and presenting component units of

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the organization. Based on this examination and application of the criteria, the University has identified four component units – the University of Toledo Foundation, the University of Toledo Physicians, Clinical Faculty, Inc. (UTP-CF), the University of Toledo Medical Assurance Company (UTMAC) and Rocket Innovations as described in the following paragraphs.

COMPONENT UNITS OF THE ORGANIZATION

University of Toledo Foundation

The University of Toledo Foundation is a legally separate, tax-exempt entity that acts primarily as a fund-raising organization to supplement the resources available to the University in support of its programs. The Foundation transferred approximately $14,400 and $14,200 during fiscal year 2016 and 2015, respectively to the University for both restricted and unrestricted purposes in support of its programs. Certain marketable investments of the University are pooled with marketable investments of the Foundation. The Foundation manages these funds and charges the University a management fee equal to 1.25% of the fair market value of the University's share of the pooled investments.

The Foundation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification 958-205, previously FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in the University's financial reporting entity for these differences.

In accordance with GASB Statement No. 61, the Foundation is reflected as a discretely presented component unit in the financial statements. A complete copy of the audited financial statements of the Foundation is available at the Foundation offices located near the campus of the University.

University of Toledo Physicians, Clinical Faculty, Inc.

Effective July 1, 2011, the University became the sole member of the once self-perpetuating board of the University of Toledo Clinical Faculty, Inc. which subsequently changed to University of Toledo Physicians Clinical Faculty, Inc. (UTP-CF). UTP-CF is the sole member of University of Toledo Physicians, LLC (UTP).

UTP-CF is a multi-specialty corporation which employs over 231 physicians in Northwest Ohio and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization provides physician services at the University of Toledo Medical Center and other local facilities in the following areas:

Anesthesia, Medicine, Neurology, Obstetrics, Orthopedics, Pathology, Pediatrics, Psychiatry, Radiology, Radiation Oncology, Rehabilitation, Surgery, Urology, Family Medicine, and Emergency Medicine. UTP-CF also provides administrative support, billing and collection services for physician services at UTMC. Total Operating Revenues for UTP-

(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CF, net of provision for doubtful accounts, were $89,094 and $86,521 for the fiscal years ending June 30, 2016 and 2015 respectively.

The consolidated financial statements of UTP-CF and its wholly-owned subsidiaries: University of Toledo Physicians, LLC, UTP Pathology Services, LLC and Northwest Ohio Medicine, Inc. have been prepared following the recommendations of FASB ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the UTP-CF financial information in the University's financial reporting entity for these differences. All transactions between the University and UTP-CF have been eliminated in the financial statements for the years ended June 30, 2016 and 2015.

In accordance with GASB Statement No. 61, UTP-CF financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format. Separate audited financial statements for UTP-CF are available at the UTP-CF offices located near the campus of the University.

University of Toledo Physicians Clinical Faculty, Inc.

Condensed Statements of Net Position

	2016	2015
ASSETS		
Current assets	$ 32,819	$ 28,197
Due from University of Toledo	1,568	2,661
Capital assets	830	748
Other assets	233	310
Total assets	35,450	31,916
LIABILITIES		
Current liabilities	11,051	8,569
Due to University of Toledo	968	586
Total liabilities	12,019	9,155
NET POSITION		
Unrestricted	23,431	22,761
Total net position	$ 23,431	$ 22,761

(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

University of Toledo Physicians Clinical Faculty, Inc. (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2016	2015
OPERATING REVENUES		
Net patient service revenue	$ 80,589	$ 73,614
Other	9,090	12,907
Total operating revenue	89,679	86,521
OPERATING EXPENSES		
Salaries, wages, and benefits	69,662	64,727
Depreciation	204	190
Other	19,070	19,101
Total operating expenses	88,936	84,018
Operating income	743	2,503
Total non-operating revenues	(73)	(55)
Increase in net position	670	2,448
Net position - beginning of the year	22,761	20,313
Net position - end of the year	$ 23,431	$ 22,761

Condensed Statements of Cash Flows

	2016	2015
Net cash flows from operating activities	$ 3,845	$ 1,095
Net cash flows from financing activities	(304)	(347)
Net cash flows from investing activities	16	446
Net increase in cash	3,557	1,194
Cash and cash equivalents - beginning of year	18,370	17,176
Cash and cash equivalents - end of year	$ 21,927	$ 18,370

University of Toledo Medical Assurance Company

In August 2005, the University created a captive insurance company, The University of Toledo Medical Assurance Company (SPC) ("UTMAC"), through a trust that is controlled by the Board of Trustees of UT. UTMAC was incorporated in the Cayman Islands and operates subject to the provisions of the Companies Law of the Cayman Islands. Under current Cayman Islands law, UTMAC is not obligated to pay taxes in the Cayman Islands on either income or capital gains. UTMAC provides an insurance vehicle exclusively for the insurance needs of the University, its staff, and affiliated physicians. In accordance with GASB Statement No. 61, UTMAC financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format. Separate audited financial statements for UTMAC are available at the UTMAC offices located near the campus of the University.

(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The University of Toledo Medical Assurance Company SPC

Condensed Statements of Net Position

	2016	2015
ASSETS		
Current assets	$ 4,659	$ 10,358
Other assets	32,539	29,816
Total assets	37,198	40,174
LIABILITIES		
Current liabilities	635	6,401
Long-term liabilities	10,441	14,262
Total liabilities	11,076	20,663
NET POSITION		
Unrestricted	26,122	19,511
Total net position	$ 26,122	$ 19,511

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2016	2015
Net premium revenue	$ 3,340	$ 2,946
Total operating expenses	(2,379)	9,422
Operating income/(loss)	5,719	(6,476)
Investment income	892	1,352
Increase/(decrease) in net position	6,611	(5,124)
Net position - beginning of the year	19,511	24,635
Net position - end of the year	$ 26,122	$ 19,511

Condensed Statements of Cash Flows

	2016	2015
Net cash flows from operating activities	$ 1,881	$ 8,547
Net cash flows from financing activities	-	(6,000)
Net cash flows from investing activities	(2,443)	(1,559)
Net increase/(decrease) in cash	(562)	988
Cash and cash equivalents - beginning of year	3,034	2,046
Cash and cash equivalents - end of year	$ 2,472	$ 3,034

Rocket Innovations

In February 2009, the University formed a nonprofit corporation called Science, Technology, and Innovation Enterprises which filed an amendment in December 2014 to change its name to Rocket Innovations (the Corporation). The University is the sole member of the Corporation which has been organized for charitable, educational, and scientific purposes within the scope of Section 501 (c)(3) of the Internal Revenue Code. The Corporation supports the University through investment in public and private economic development projects and promotes the interests of the University.

(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Corporation consists of equity investments (common stock, preferred stock, warrant options and promissory notes) valued at approximately $3,623 and $4,280 as of June 30, 2016 and 2015, respectively. Total cash available to help fund future investments for the years ended June 30, 2016 and 2015 was approximately $496 and $816, respectively. In accordance with GASB Statement No. 61, the Corporation's financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format.

Rocket Innovations

Condensed Statements of Net Position

	2016	2015
ASSETS		
Current assets	$ 775	$ 1,122
Other assets	3,623	4,280
Total assets	4,398	5,402
LIABILITIES		
Current liabilities	113	116
Total liabilities	113	116
NET POSITION		
Unrestricted	4,285	5,286
Total net position	$ 4,285	$ 5,286

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2016	2015
Total operating revenue	$ 221	$ 508
Total operating expenses	520	900
Operating loss	(299)	(392)
Investment income/(loss)	(702)	326
Decrease in net position	(1,001)	(66)
Net position - beginning of the year	5,286	5,352
Net position - end of the year	$ 4,285	$ 5,286

Condensed Statements of Cash Flows

	2016	2015
Net cash flows from operating activities	$ (366)	$ (674)
Cash and cash equivalents - beginning of year	1,101	1,775
Cash and cash equivalents - end of year	$ 735	$ 1,101

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits with banks. All investments with maturities less than 90 days are considered cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on an average cost basis.

Patient Revenue and Accounts Receivable

Patient accounts receivable and revenue are recorded at net realizable value when patient services are performed. The University has agreements with third-party payors that provide for payments to the University at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare and Medicaid: The University is a provider of services under the Medicare and Medicaid programs. The University is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient. The price varies depending on the type of illness or the patient's diagnostic related group classification. Capital costs, certain Medicare outpatient services, and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. Graduate medical education is reimbursed on a per diem basis under the Medicare program. The University receives payment for other Medicare outpatient services and certain inpatient costs on a reasonable cost basis.

- Other Payors: The University has also entered into payment agreements with certain commercial carriers to provide health care services. Payment to the University under these agreements is based on prospectively determined fixed prices, fee screens, or on a percentage of billed charges.

Provision is made in the financial statements for the differences between the University's standard rate charged for services rendered and third-party reimbursements and for estimated settlements based on third-party reimbursement contracts. Retroactive settlements resulting from third-party audits of filed cost reports are reflected in the financial statements in the year of settlement. These provisions and settlements are included in deductions from patient service revenue. There is at least a reasonable possibility that recorded estimates will change in the near-term. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The University believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Charity care includes services provided to persons who cannot afford healthcare because of inadequate resources or who are uninsured or underinsured. In addition to charity care, services are provided under Medicaid and other Welfare programs. Certain payments received under these programs are less than the cost of providing the service.

A summary of charity and uncompensated care, at cost, is as follows:

	Year Ended 6/30/2016	Year Ended 6/30/2015
Traditional charity care	$ 625	$ 538
Unpaid costs of traditional Medicaid programs	4,050	2,160
Unpaid costs of other welfare programs	16,147	17,442
Total charity and uncompensated care	$ 20,822	$ 20,140

Capital Assets

Capital assets are stated at historical cost or fair value at date of donation in the case of gifts. When capital assets are sold or otherwise disposed of, the carrying value of such assets is removed from the asset accounts, along with the related accumulated depreciation. Depreciation has been recorded in accordance with GASB. The University has a rare book collection and manuscript collection in the library that is not capitalized since it represents historical works of art that are held for exhibition, education, research, and public service**.** These collections are neither disposed of for financial gain nor encumbered in any means.

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will therefore not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the University consist of accumulated changes in the fair value of hedging derivative instruments, deferred losses on refunding of debt and applicable changes to net pension liability (see notes 8 and 9).

Pensions

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS) Pension Plan and additions to/deductions from STRS' and OPERS' fiduciary net position have been determined on the same basis as they are reported by STRS and OPERS. STRS and OPERS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements.

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Unearned Revenue

Summer term tuition and fees, and corresponding expenses relating to various sessions falling in the fiscal year are recognized in the fiscal year they occur. The portion of sessions falling into the next fiscal year are recorded as unearned revenue and prepaid expenses in the Statement of Net Position and will be recognized in the following year.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will therefore not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources for the University are attributable to collective changes in the net pension liability. See Note 9 for more details.

Net Position

Net position is classified into the three following categories:

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

Restricted: Net position subject to externally imposed constraints that they may be maintained permanently by the University, or net position whose use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time. Restricted net position is classified further as non-expendable and expendable. Non-expendable restricted net position contains externally imposed restrictions that stipulate the resources be maintained permanently. Expendable restricted net position is available for expenditure by the University but must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets.

Non-expendable restricted net position is categorized as shown below. Income from the underlying assets is available to support the activities within these categories.

Non-expendable restricted net position		2016		2015
Scholarships and fellowships	$	10,972	$	10,971
University purposes		2,014		2,014
Total	$	12,986	$	12,985

(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expendable restricted net position is categorized as shown below.

Expendable restricted net position	2016	2015
Capital projects	$ 20,454	$ 22,599
Debt service	20,845	19,100
Research	777	1,743
Scholarships and fellowships	40,693	45,800
University purposes	52,345	47,340
Total	$ 135,114	$ 136,582

Unrestricted: Net position available to the University for any lawful purpose of the institution. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. The University has committed unrestricted net position to provide for identified future needs, such as debt service, contractual obligations, capital outlay, academic programming, and post-employment benefits. In the determination of whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the University's practice to use restricted first.

Compensatory Time

Compensatory time may be given in lieu of overtime pay to classified employees who work in excess of the regular schedule. The liability and expense for future payouts are recorded at year end.

Compensated Absences

University employees earn vacation and sick leave based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and some are paid for sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitation are forfeited. The liability and expense incurred are recorded at year-end as long-term and short-term liabilities in the Statement of Net Position, and as a component of operating expense in the Statement of Revenues, Expenses, and Changes in Net Position.

Grants and Contracts

The University receives grants and contracts from Federal, State, and private agencies to fund research and other activities. Grants and contracts generally provide for the recovery of direct and indirect costs. The University recognizes revenues associated with grants and contracts as the related costs are incurred. Indirect cost recovery is recorded as a percentage of direct costs at negotiated fixed rates. Revenues received under grants and contracts are subject to the examination and retroactive adjustments by the awarding agency. Federal funds are subject to an annual audit per regulations in the OMB Uniform Guidance (OMB 2 CFR part 200, subpart F).

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating and Nonoperating Revenue

The University has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) patient service revenue; (3) sales and services of auxiliary enterprises, net of agency payments; and (4) most federal, state, and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis*

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or non-governmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

State Subsidies

The University receives student-based subsidy and other subsidies from the State. These subsidies are determined biennially and released annually based upon allocations determined by the Ohio General Assembly and the Ohio Board of Regents.

In addition to subsidies, the State provides capital appropriations for construction of major plant facilities on the campus. The financing of construction is obtained by the State through issuance of State revenue bonds. State funds are pledged for the repayment of the revenue bonds. In the event these funds are insufficient to retire the revenue bonds, a pledge exists to assess a special student fee to students of State assisted institutions of higher education. As a result of this financing arrangement, the outstanding debt relating to the revenue bonds is not included in the University's Statement of Net Position.

State appropriations are recognized when received. Restricted funds are recognized as revenue only to the extent expended.

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalized Interest

Interest on construction projects is capitalized until substantial completion of the project.

Endowments

The University's and the Foundation's Board of Trustees established an investment policy for the endowment and quasi endowments with the objectives of protecting principal and maximizing total investment return without assuming extraordinary risks. It is the goal of the University to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, (established at 4.0%) of the three year market average, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings.

Interest Rate Swap Agreements

The University has entered into various interest rate swap agreements in order to manage and hedge risks associated with interest. In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for the University's 2010 fiscal year end. This Statement requires derivative instruments (such as interest rate swap agreements) to be reported at fair value. In addition, for derivative instruments that qualify as effective hedges, changes in fair value will be reported as deferrals in the statement of net position, while changes in the fair value of the derivative instruments that do not qualify as effective hedges including investment derivative instruments, will be reported as non-operating revenue (expense) as a component of investment income. See Note 8 for relevant disclosures.

Investments Held By Bond Trustee

Investments held by bond trustee represent funds held by a third party to pay for capital additions and improvements.

Use of Estimates

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

New Accounting Principle

As of June 30, 2016, the University retrospectively applied GASB Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. See Note 4 for related disclosures.

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principle

Effective with the fiscal year ended June 30, 2015, the University adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions 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). In accordance with the statements, the University has reported a Net Pension Asset, a Net Pension Liability and a Deferred Outflow of Resources as a change in accounting principle adjustment totaling $390,963 to Unrestricted Net Position as of July 1, 2014. 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.

Reclassifications

Certain deferred outflows of resources totaling $26,246 related to OPERS and STRS which were presented with deferred inflows of resources of $6,368 in 2015 have been reclassified to their respective outflows of resources lines on the 2015 statement of net position.

NOTE 2 – CASH AND CASH EQUIVALENTS

The carrying amount of the University's cash and cash equivalents for all funds was $57,906 and $52,424 as of June 30, 2016 and 2015, respectively as compared to bank balances of $65,927 and $64,726 respectively. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $250 is covered by federal deposit insurance as of June 30, 2016 and 2015. This reflects an increase in the basic limit on federal deposit insurance coverage from $100 to $250 per depositor originally set to expire June 30, 2010 and since extended permanently with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The remaining balances of cash and cash equivalents are collateralized with single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the University, per the Ohio Revised Code 135.181B which requires that the total market value of the securities so pledged is at least equal to one hundred five percent of the total amount of all public deposits.

NOTE 3 – INVESTMENTS

University investments are categorized by the following: short-term investments, restricted investments, and long-term investments. Short-term investments are funds available for current operating expenses and capital projects with the vast majority of assets invested in fixed income instruments. Restricted investments include gifted endowment funds of the University held in an investment pool with gifted endowment funds of the Foundation. Long-term investments are considered institutional reserves emphasizing both capital preservation and long-term appreciation. The long-term investments consist of a mix of fixed income instruments and equities.

The Board approved revisions to the University's investment policy effective June 2012. The policy establishes investment objectives, strategies and measures for evaluation. The University's policy complies with the State of Ohio regulations provided by legislation.

The University's investment policy authorizes the investment of non-endowed funds other than Board Designated Reserves in the following investments:

- Obligation of the US Treasury and other federal agencies
- Municipal and state bonds
- Certificate of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds
- Commercial paper
- Bankers acceptances
- Corporate bonds and stock
- Asset backed securities
- Mortgage pools and mortgage related securities
- Guaranteed investment contract

The University's investment policy authorizes the investment of Board Designated Reserves and endowed funds in the following investments:

- Obligation of the US Treasury and other federal agencies
- Municipal and state bonds
- Certificate of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds
- Corporate bonds and stocks
- Mortgages and collateralized mortgage obligations
- Alternative investments

(Dollars in Thousands)

NOTE 3 – INVESTMENTS (continued)

The cost and fair values, exclusive of accrued interest, of investments at June 30, consisted of the following:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Corporate bonds	$ 872	$ 954	$ 1,040	$ 1,107
Corporate stock	32,360	34,224	104,118	137,279
Money market	8,104	8,105	29,448	29,448
Mutual funds - equity	69,710	78,550	1,452	2,177
Mutual funds - fixed income	25,917	25,863	31,857	31,128
Mutual funds - real estate	2,259	2,262	2,104	2,272
Partnerships and hedge funds	56,801	57,520	40,632	43,356
U.S. government and agencies	8,797	8,958	5,842	6,073
Total investments	204,820	216,436	216,493	252,840
Less: Investments considered cash equivalents	10,510	10,516	26,697	26,697
Total investments less cash equivalents	$ 194,310	$ 205,920	$ 189,796	$ 226,143

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires certain additional disclosures related to the interest rate, credit, foreign currency and custodial risks associated with interest-bearing investments as of June 30, 2016. At the present time, the University does not have formal policies addressing these types of risk.

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, 2016, the University had the following interest-bearing investments and maturities.

		Investment Maturity (in Years)			
Investment Type	Fair Value	< 1	1 - 5	6 - 10	> 10
U.S. government and agencies	$ 8,958	$ 449	$ 4,184	$ 495	$ 3,830
Corporate bonds	954	48	603	142	161
Total	$ 9,912	$ 497	$ 4,787	$ 637	$ 3,991

(Dollars in Thousands)

NOTE 3 – INVESTMENTS (continued)

As of June 30, 2015, the University had the following interest-bearing investments and maturities:

		Investment Maturity (in Years)			
Investment Type	Fair Value	< 1	1 - 5	6 - 10	> 10
U.S. government and agencies	$ 6,073		$ 1,476	$ 521	$ 4,076
Corporate bonds	1,107		664	299	144
Total	$ 7,180	$ -	$ 2,140	$ 820	$ 4,220

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by the nationally recognized statistical rating organizations (NRSRO's) 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 at June 30, 2016 are as follows:

Credit Rating (Moody's)	Total	U.S. Government & Agencies	Corporate Bonds
Aaa	$ 9,155	$ 8,958	$ 197
Aa	263	-	263
A	494	-	494
Total	$ 9,912	$ 8,958	$ 954

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

Credit Rating (Moody's)	Total	U.S. Government & Agencies	Corporate Bonds
Aaa	$ 6,126	$ 6,073	$ 53
Aa	396	-	396
A	658	-	658
Total	$ 7,180	$ 6,073	$ 1,107

(Dollars in Thousands)

NOTE 3 – INVESTMENTS (continued)

Concentration Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's investment policy requires investment pool direct placements to be sufficiently diversified and provides that no more than seven percent of its equity holdings and five percent of its fixed income holdings can be invested in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled five percent or more in 2016 or 2015.

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 risk associated with investments denominated in non-U.S. dollars at June 30, 2016 and 2015 is shown below.

	June 30, 2016 Common Stock	June 30, 2015 Common Stock
France (Euro)	$ 128	$ -
United Kingdom (GBP)	778	485
Total	$ 906	$ 485

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University had no exposure to custodial credit risk for the years ended June 30, 2016 and 2015.

The University of Toledo Foundation and Subsidiaries Investments

Investment securities are stated at fair value, some investments of the University of Toledo (University) and the University of Toledo Alumni Association (Alumni Association) are pooled with investments of the Foundation. The pooled investments are managed by the Foundation.

The following is the Foundation's portion of the pooled investments and the Foundation's non-pooled investments as of June 30. Not included in the following schedule are investments held in real estate in the amount of $593 as of June 30, 2016 and 2015, respectively.

(Dollars in Thousands)

NOTE 3 – INVESTMENTS (continued)

	2016		2015	
POOLED & NON-POOLED	Market	Cost	Market	Cost
Mutual funds, index funds, and ETF's - equities	$ 86,873	$ 82,434	$ 101,260	$ 80,120
Mutual funds and EFT's - fixed income	23,899	25,149	34,792	36,507
Common stocks	39,401	39,083	41,877	36,625
Hedge funds	45,885	48,774	32,398	31,266
Partnerships	19,622	19,773	15,003	14,303
U.S. government and agency issues	3,153	3,167	3,025	2,980
Mutual funds - real estate	-	-	2,484	2,360
Corporate bonds	1,479	1,386	1,513	1,468
Cash equivalents	4,344	4,344	3,805	3,805
Private closely held	2,126	2,126	136	136
Total investments	$ 226,782	$ 226,236	$ 236,293	$ 209,570

NOTE 4 – FAIR VALUE MEASUREMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where 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 lowest level input that is significant to the valuation. The University'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 University has the following recurring fair value measurements as of June 30, 2016 and 2015:

(Dollars in Thousands)

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using:		
	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Corporate bonds	$ 954		$ 954	
Corporate stock	34,224	$ 34,224		
Mutual funds - equity	78,550	78,550		
Mutual funds - fixed income	25,863	25,863		
Mutual funds - real estate	2,262	2,262		
U.S. Government and agencies	8,958		8,958	
Total investments by fair value level	$ 150,811	$ 140,899	$ 9,912	-
Investments measured at the net asset value (NAV):				
Hedge funds	$ 40,288			
Partnerships	17,232			
Total investments measured at the NAV	$ 57,520			
Total investments measured at fair value	$ 208,331			
Derivative instruments by fair value level:				
Interest rate swap liability	$ 14,981	$ -	$ 14,981	$ -
Total derivative instruments by fair value level	$ 14,981	$ -	$ 14,981	$ -

(Dollars in Thousands)

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using:		
	Balance at 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 by fair value level:				
Corporate bonds	$ 1,107		$ 1,107	
Corporate stock	137,279	$ 137,279		
Mutual funds - equity	2,177	2,177		
Mutual funds - fixed income	31,128	31,128		
Mutual funds - real estate	2,272	2,272		
U.S. Government and agencies	6,073		6,073	
Total investments by fair value level	$ 180,036	$ 172,856	$ 7,180	-
Investments measured at the net asset value (NAV):				
Hedge funds	$ 29,633			
Partnerships	13,723			
Total investments measured at the NAV	$ 43,356			
Total investments measured at fair value	$ 223,392			
Derivative instruments by fair value level:				
Interest rate swap liability	$ 5,941	$ -	$ 5,941	$ -
Total derivative instruments by fair value level	$ 5,941	$ -	$ 5,941	$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. The fair value of corporate bonds and issuances of the U.S. government and its agencies was determined primarily based on level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following section.

(Dollars in Thousands)

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

Investments in Entities that Calculate Net Asset Value per Share

The University holds shares or interests in investment companies at where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. At year end, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	June 30, 2016	June 30, 2015	June 30, 2016		
			Unfunded	Redemption	Redemption
	Fair Value	Fair Value	Commitments	Frequency	Notice Period
Siguler Guff Distressed Opportunities	$ 835	$ 1,170	$ 87	No restrictions	Notify Gen Ptr
Metropolitan Real Estate Partners	535	625	99	No restrictions	Notify Gen Ptr
Robeco Sam Clean Tech	719	632	200	No restrictions	Notify Gen Ptr
Aether Real Assets	1,051	778	330	No restrictions	Notify Gen Ptr
Kayne Anderson Energy	1,335	1,272	503	No restrictions	Notify Gen Ptr
Falcon Strategic Partners	1,681	1,282	3,675	No restrictions	Notify Gen Ptr
FEG Private Opportunities	11,034	7,964	17,500	No restrictions	Notify Gen Ptr
Rocket Ventures II	42	-	238	Quarterly	90 days
Fir Tree International Value	3,004	-	-	Annually	90 days
HBK	4,756	-	-	Quarterly	90 days
ClearArc Capital	5,386	-	-	No restrictions	30 days
Pennant Windward	4,998	5,724	-	Quarterly	60 days
Marble Arch	4,988	5,874	-	Semi-annually	60 days
Hoplite Offshore	5,506	6,036	-	Quarterly	60 days
Graham Capital Management	1,964	1,882	-	Wed & EOM	3 days
Kepos Alpha	1,909	1,836	-	Quarterly	65 days
Strategic Value Partners	3,249	3,390	-	Quarterly	95 days
Rimrock	4,528	4,891	-	Annually	120 days
Total	$ 57,520	$ 43,356	$ 22,632		

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

Fund Name	Investment Strategy
Siguler Guff Distressed Opportunities	A full spectrum of distressed investment approaches taking an influencing role in the reorganization process
Metropolitan Real Estate Partners	Value-added and opportunistic private real estate funds, mostly niche
Robeco Sam Clean Tech	Seeks the most attractive clean technology private equity managers and co-investments
Aether Real Assets	Focuses on investments in natural resources, alternative energy and infrastructure
Kayne Anderson Energy	Establishes significant investment positions in privately issued securities of energy companies to influence wealth creation
Falcon Strategic Partners	Seeks inefficiencies in the lower middle market to support long-term value creation
FEG Private Opportunities	A fund of funds structured to invest in three key market segments: global private equity, special situations and real assets
Rocket Ventures II	LLC investing in privately-held technology-related businesses
Fir Tree International Value	Multi-strategy hedge fund migrates to less efficient parts of the market seeking undiscovered value
HBK	Diversified multi-strategy fund favoring global emerging markets
ClearArc Capital	U.S. core income fund of diversified investments seeking to outperform the Barclays U.S. Aggregate Bond Index
Pennant Windward	Long/short equity hedge fund utilizing a research-driven approach to investing
Marble Arch	Long/short equity hedge fund investing in small and mid-cap, often overlooked, companies and run with a low net market exposure
Hoplite Offshore	Long/short equity hedge fund investing primarily in mid and large-cap stocks in North America and Europe
Graham Capital Management	Global macro hedge fund specializing in systematic and discretionary macro strategies
Kepos Alpha	Hedge fund allocating to three main strategies: macro statistical arbitrage, volatility trading and systematic event-driven
Strategic Value Partners	Hedge fund focusing on distressed event-driven deals with impending restructurings
Rimrock	Fixed income hedge fund using a multi-sector, fixed income relative value approach with moderate leverage

(Dollars in Thousands)

NOTE 5 – ACCOUNTS AND NOTES RECEIVABLE

The accounts and notes receivable, shown net of allowances for uncollectible accounts at June 30, 2016 and 2015 respectively, are summarized as follows:

	2016	2015
Accounts receivable:		
Tuition and fees	$ 9,093	$ 9,632
Patient services	59,889	60,327
Sales and services	14,944	5,849
Auxiliary services	2,399	1,755
Grants and contracts	23,568	28,194
Total accounts receivable - net of allowances	109,893	105,757
Notes receivable:		
Current	3,189	2,745
Non-current	11,561	13,016
Total notes receivable - net of allowances	14,750	15,761
Total accounts and notes receivable - net of allowances	$ 124,643	$ 121,518

Accounts receivable are for transactions relating to tuition and fees, patient services, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts totaling $22,104 and $16,537 for fiscal years 2016 and 2015, respectively. Student notes receivable are recorded net of allowance for uncollectible accounts of $760 as of June 30, 2016 and 2015, respectively.

(Dollars in Thousands)

NOTE 6 – CAPITAL ASSETS

Capital assets are recorded at cost or if acquired by gift at the fair market value as of the date of donation. Capital assets consist of the following as of June 30, 2016:

	Balance 2015	Additions	Reallocation/ Reductions	Balance 2016
Capital assets, not being depreciated:				
Land and land improvements	$ 22,363			$ 22,363
Construction in progress	17,661	$ 10,127	$ (5,339)	22,449
Total capital assets, not being depreciated	40,024	10,127	(5,339)	44,812
Capital assets, being depreciated:				
Land improvements	16,732		(120)	16,612
Infrastructure	156,159	11,682	(1,588)	166,253
Buildings	1,034,740		4,383	1,039,123
Equipment	221,036	16,983	(17,851)	220,168
Total capital assets, being depreciated	1,428,667	28,665	(15,176)	1,442,156
Less accumulated depreciation:	827,829	58,231	(20,148)	865,912
Total capital assets, being depreciated, net	600,838	(29,566)	4,972	576,244
Capital assets, net	$ 640,862	$ (19,439)	$ (367)	$ 621,056

Capital assets consist of the following as of June 30, 2015:

	Balance 2014	Additions	Reallocation/ Reductions	Balance 2015
Capital assets, not being depreciated:				
Land and land improvements	$ 22,363			$ 22,363
Construction in progress	19,210	$ 27,940	$ (29,489)	17,661
Total capital assets, not being depreciated	41,573	27,940	(29,489)	40,024
Capital assets, being depreciated:				
Land improvements	16,597		135	16,732
Infrastructure	151,527	3,326	1,306	156,159
Buildings	1,005,928		28,812	1,034,740
Equipment	206,993	16,718	(2,675)	221,036
Total capital assets, being depreciated	1,381,045	20,044	27,578	1,428,667
Less accumulated depreciation:	771,528	58,060	(1,759)	827,829
Total capital assets, being depreciated, net	609,517	(38,016)	29,337	600,838
Capital assets, net	$ 651,090	$ (10,076)	$ (152)	$ 640,862

(Dollars in Thousands)

NOTE 6 – CAPITAL ASSETS (continued)

Assets are classified as either for Academic or Hospital use. Academic assets are capitalized at a cost of $50 or greater with the exception of equipment and computer software, which are capitalized at a cost of $5 or greater. Academic asset depreciation and amortization on capital leases are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

Classification	Life
Infrastructure	10 to 25 years
Buildings	40 years
Building additions	10 to 40 years
Equipment	5 - 10 years

Hospital assets are capitalized with a cost of $5 or greater for equipment, buildings, and building additions based on increase of capacity, life, or operating efficiency of a capital asset. Hospital asset depreciation and amortization on capital leases are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

Classification	Life
Infrastructure	2 to 40 years
Buildings	5 to 40 years
Building additions	5 to 40 years
Equipment	3 to 20 years

NOTE 7 – DEBT

On June 27, 2013 the University issued $15,610 in General Receipts Bonds, Series 2013D through a direct placement with U.S. Bank National Association. Proceeds of the Series 2013D were used to fund the purchase of $15,050 of outstanding General Receipts Bonds, Series 2007B that have been tendered for purchase, to redeem on July 16, 2013 the outstanding General Receipts Bonds, Series 2005, and to pay cost of issuance of the Series 2013D Bonds. The Series 2013D Bonds bear interest at 72% of the one month LIBOR plus 0.50%.

On June 27, 2013, the University issued $34,180 in General Receipts Bonds, Series 2013C. Proceeds of the Series 2013C were used to advance refund General Receipts Bonds, Series 2009B, Build America Bonds at par due to a reduction in the federal subsidy and to pay cost of issuance of the Series 2013C Bonds. The Series 2013C Bonds bear a fixed rate of interest with an average yield of 4.03% and a final maturity of June 1, 2031.

On June 21, 2013 the University issued $86,485 in General Receipts Bonds, Series 2013B through a direct placement with PNC Bank, National Association. Proceeds of the Series 2013B were used to advance refund General Receipts Bonds, Series 2011A, and to pay the cost of issuance of the Series 2011A Bonds. Series 2013B Bonds bear interest at 72% of the one month LIBOR plus 0.39%.

NOTE 7 – DEBT (continued)

On June 7, 2013 the University issued $10,125 in General Receipts Bonds, Series 2013A through a direct placement with Capital One Public Funding, LLC. Proceeds of the Series 2013A were used to defease and advance refund the $9,635 outstanding General Receipts Bonds, Series 2004 and to pay the cost of issuance of the Series 2013A Bonds. The University has a cash flow savings of $904 and an economic gain of $790 from the advance refunding of Series 2004. Series 2013A bears interest at 1.99% with a final maturity of June 1, 2025.

On November 3, 2011 the University issued $47,640 in General Receipts Bonds, Series 2011B. Proceeds of the Series 2011B Bonds were, together with other available funds, to pay the cost of various improvements on the University's Health Science Campus, including reconstruction of existing facilities to house a comprehensive cancer center; expansions, renovations and improvements to the University of Toledo Medical Center, including reconstruction and renovation of patient rooms and operating rooms; renovations and improvements to Dowling Hall building for outpatient office space and clinical space; acquisition and installation of hardware and software for electronic medical records system; acquisition of medical equipment; and acquisition and installation of various other facility improvements. Additional proceeds of the Series 2011B Bonds were used to pay the costs related to the issuance of the Series 2011B Bonds. The Series 2011B Bonds bear a fixed rate of interest with an average yield of 4.41%.

On November 16, 2010 the University issued $45,460 in General Receipts Bonds, Series 2010. Proceeds of the Series 2010 Bonds were used to fund the purchase of $44,835 of outstanding General Receipts Bonds, Series 2005 that have been tendered for purchase, to pay a portion of the termination payments under interest rate hedges related to the Series 2005 Bonds, and to pay costs of issuance of the Bonds. The Series 2010 Bonds bear a fixed rate of interest with an average yield of 4.67%.

On July 15, 2009 the University issued $22,390 in General Receipts Bonds, Series 2009A (Tax-Exempt). The bonds were issued with a fixed rate of interest. Proceeds of the series 2009A Bonds were used to pay a portion of the costs of certain improvements to University facilities and the cost of refunding the University's Series 1998 General Receipts Bonds.

On July 11, 2008 the University issued $35,480 in General Receipts Bonds, Series 2008A which bear a fixed rate of interest with coupons ranging from 3% to 5% over the scheduled redemption period from June 1, 2009 through the final maturity of June 1, 2027. A financial guarantee insurance policy was issued concurrently with the delivery of the bonds by Assured Guaranty Corp.

On January 23, 2007 the University issued $46,595 in General Receipts Bonds, Series 2007A, with an average interest rate of 4.43%, to advance refund the General Receipts Bonds Series 2001, and current refund the General Receipt Bond Anticipation Notes Series 2006.

NOTE 7 – DEBT (continued)

On April 26, 2007, the University issued $49,900 in General Receipts Bonds, Series 2007B, to finance the rehabilitation and improvement of a facility to provide classrooms for undergraduates; the rehabilitation and improvement of the main library; and improvements to athletic facilities. Series 2007B bears interest based on the Auction Period Rate for each 35-day auction period. During fiscal year 2010 the University made two public tender offers for the 2007B Series Bonds. The University also tendered and repurchased 2007B Series Bonds in fiscal year 2013 from proceeds of the Series 2013D Bond issuance. Bonds repurchased and subsequently cancelled under these tender offers have been credited against the mandatory redemption schedule of the Series 2007B Bonds. The next scheduled principal redemption date on the series 2007B Bonds is currently June 1, 2036.

On March 29, 2005, the University issued $50,000 in General Receipts Bonds, Series 2005, at a variable rate of interest, for the construction and equipping of certain major expansions, renovations, and improvements at HSC. During fiscal year 2010 the University made two public tender offers for the 2005 Series Bonds. During fiscal year 2011 the University made an additional tender offer for the 2005 Series Bonds. The Bonds repurchased and subsequently cancelled under these tender offers have been credited against the mandatory redemption schedule of the Series 2005 Bonds. On July 16, 2013 the remaining $1,200 principal balance of the 2005 Series Bonds was redeemed from proceeds received from the Series 2013D issuance.

The principal and interest payments of all of the General Receipts Bonds are collateralized by the pledge of the general receipts of the University. The bond indentures have various covenants relating to reporting with which the University management believes they have complied.

The University has master lease obligations with financial institutions and other lease obligations relating to a scoreboard, building and other equipment with a capital cost of $3,043 and rates ranging from 1.71% to 4.09%. The balance of capital lease obligations was $853 and $452 for the years ended June 30, 2016 and 2015, respectively.

Interest expense, net of interest income, related to the borrowing is capitalized as part of the cost of construction. Interest expense on indebtedness was $13,160 and $13,605 for the years ended June 30, 2016 and 2015, respectively.

(Dollars in Thousands)

NOTE 7 – DEBT (continued)

Long-term liabilities consist of the following as of June 30, 2016:

	Due Dates	Interest Rate	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current
General Receipts Series 2007A, serial and term bonds Refund Series 2001 and Current refund Series 2006	2008-2036	4.0% to 5.0%	$ 36,725		$ 1,535	$ 35,190	$ 1,610
General Receipts Series 2007B, term bonds: Renovations for athletic, classrooms, and library	2031-2036	Variable	1,325		-	1,325	-
General Receipts Series 2008A, term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2027	3.0% to 5.0%	25,750		1,160	24,590	1,330
General Receipts series 2009A, serial and term bonds: Refund Series 1998, Hospital renovations and digital records	2010-2020	3.0% to 4.375%	10,850		2,760	8,090	2,875
General Receipts Series 2010, serial bonds: Refund of Series 2005 General Receipts Bonds	2013-2021	4.0% to 5.0%	34,100		3,730	30,370	3,710
General Receipts Series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	4.5% to 5.0%	46,500		1,195	45,305	1,250
General Receipts Series 2013A, private placement bonds Refund Series 2004	2014-2025	1.99%	8,595		785	7,810	800
General Receipts Series 2013B, private placement bonds Refund Series 2011A	2015-2032	Variable	84,100		3,510	80,590	3,705
General Receipts Series 2013C, serial bonds Refund Series 2009B	2019-2031	5.00%	34,180		-	34,180	-
General Receipts Series 2013D, private placement bonds Refund partial Series 2007B and all of Series 2005	2031-2036	Variable	15,610		-	15,610	-
Interest Rate Swap Contract (see Note 8)			18,158		1,585	16,573	1,430
Capital lease obligation	2002-2009	Various	452	943	542	853	345
Compensated absences			32,863	17,056	16,877	33,042	23,796
			$ 349,208	$ 17,999	$ 33,679	$ 333,528	$ 40,851
Less current portion long-term liabilities						40,851	
Long-term liabilities						$ 292,677	

(Dollars in Thousands)

NOTE 7 – DEBT (continued)

Long-term liabilities consist of the following as of June 30, 2015:

	Due Dates	Interest Rate	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Current
General Receipts Series 2007A, serial and term bonds Refund Series 2001 and Current refund Series 2006	2008-2036	4.0% to 5.0%	$ 38,190		$ 1,465	$ 36,725	$ 1,535
General Receipts Series 2007B, term bonds: Renovations for athletic, classrooms, and library	2031-2036	Variable	1,325		-	1,325	-
General Receipts Series 2008A, term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2027	3.0% to 5.0%	26,875		1,125	25,750	1,160
General Receipts series 2009A, serial and term bonds: Refund Series 1998, Hospital renovations and digital records	2010-2020	3.0% to 4.375%	13,520		2,670	10,850	2,760
General Receipts Series 2010, serial bonds: Refund of Series 2005 General Receipts Bonds	2013-2021	4.0% to 5.0%	38,535		4,435	34,100	3,730
General Receipts Series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	4.5% to 5.0%	47,640		1,140	46,500	1,195
General Receipts Series 2013A, private placement bonds Refund Series 2004	2014-2025	1.99%	9,365		770	8,595	785
General Receipts Series 2013B, private placement bonds Refund Series 2011A	2015-2032	Variable	86,485		2,385	84,100	3,510
General Receipts Series 2013C, serial bonds Refund Series 2009B	2019-2031	5.00%	34,180		-	34,180	-
General Receipts Series 2013D, private placement bonds Refund partial Series 2007B and all of Series 2005	2031-2036	Variable	15,610		-	15,610	-
Interest Rate Swap Contract (see Note 8)			19,858		1,700	18,158	1,654
Capital lease obligation	2002-2009	Various	849	-	397	452	342
Notes payable	1999-2018	Various	117	-	117	-	-
Compensated absences			31,180	17,570	15,887	32,863	24,116
			$ 363,729	$ 17,570	$ 32,091	$ 349,208	$ 40,787
Less current portion long-term liabilities						40,787	
Long-term liabilities						$ 308,421	

(Dollars in Thousands)

NOTE 7 – DEBT (continued)

Principal and interest on long-term debt are payable from general receipts. The obligations are generally callable. The future amounts of principal and interest payments required by the bond agreements are as follows:

	Principal	Interest	Swap Interest	Net Interest	Net P&I
2017	$ 16,710	$ 11,293	$ 1,426	$ 12,719	$ 29,429
2018	17,383	10,803	1,208	12,011	29,394
2019	17,713	10,117	1,129	11,246	28,959
2020	18,502	9,391	1,056	10,447	28,949
2021	19,214	8,806	890	9,696	28,910
2022-2026	71,417	34,258	4,570	38,828	110,245
2027-2031	64,584	19,481	4,035	23,516	88,100
2032-2036	74,110	3,418	1,126	4,544	78,654
TOTALS	$ 299,633	$ 107,567	$ 15,440	$ 123,007	$ 422,640

The future amounts of principal and interest payments required by the lease agreements are as follows:

	Principal	Interest	Total
2017	$ 345	$ 22	$ 367
2018	242	11	253
2019	155	5	160
2020	111	3	114
Total	$ 853	$ 41	$ 894

Contracts have been entered into for capital construction projects in an amount approximating $65,674. The estimated cost to complete construction in progress at June 30, 2016 is $15,680.

The University leases certain facilities and data processing, patient care, and other equipment under various non-cancelable operating lease agreements. Total operating lease expense was $1,965 and $2,088 in 2016 and 2015, respectively. At June 30, 2016, the University is committed to future minimum operating lease payments of $993 in 2017 and $486 in 2018.

NOTE 8 – INTEREST RATE SWAPS

In order to hedge against interest rate fluctuations on the Series 2002 variable rate bonds, the University entered into three interest rate derivative (Swap) agreements in November 2002. The current notional value of the three Swap agreements is $63,460. The three Swaps remain in effect and are now associated with the Series 2013B Bonds. The counterparty for these swaps is JP Morgan Chase. One Swap with a notional value of $11,335 expires on June 1, 2020, and the University pays a fixed rate of 5.000% to the counterparty and receives a variable rate of interest of 67% of one-month LIBOR from the counterparty. The other two Swaps with a combined notional value of $52,125 expire on June 1,

(Dollars in Thousands)

NOTE 8 – INTEREST RATE SWAPS (continued)

2032. The University pays a fixed rate of 3.888% to the counterparty and receives a variable rate of interest of 71% of one-month LIBOR from the counterparty on these two Swaps. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement's fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the three Swap agreements as of June 30, 2016 is a liability of $20,868 compared to a liability of $16,157 on June 30, 2015.

In April, 2007, the University entered into a Swap agreement with JP Morgan Chase that expires on June 31, 2036, in the notional amount of $33,250, to hedge a portion of the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2007B. $17,640 of the notional amount is now associated with the Series 2013B and the remaining $15,610 notional value is associated with the Series 2013D. Based on the Swap agreement, the University owes interest calculated at a fixed rate of 3.666% to the swap counterparty. In return, the counterparty owes the University interest at a variable rate based on 68% of one-month LIBOR. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement's fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the Swap agreement as of June 30, 2016 is a liability $10,686 compared to a liability of $7,942 on June 30, 2015.

Upon termination of any of the Swap agreements, a payment may be owed by the University to the Swap counterparty or by the Swap counterparty to the University, depending on the prevailing economic circumstances at the time of the termination.

Effective Date	Type	Objective	Notional Amount	Pays	Receives	Maturity Date	Counter Party Credit Rating	MTM @ 06/30/16	MTM @ 06/30/15
11/16/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 24,690	3.888%	71% Libor	6/1/32	Aa3/A+	$ (4,598)	$ (1,826)
11/19/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 27,435	3.888%	71% Libor	6/1/32	Aa3/A+	$ (5,110)	$ (2,030)
4/26/07	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 33,250	3.660%	68% Libor	6/1/36	Aa3/A+	$ (5,162)	$ (2,022)
12/1/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 11,335	5.000%	67% Libor	6/1/20	Aa3/A+	$ (111)	$ (63)
			$ 96,710					$ (14,981)	$ (5,941)

Interest rate swaps are classified as hedging derivative instruments, if the hedging instruments meet the criteria outlined in GASB 53, paragraph 27a and b, or as investment derivative instruments if they do not meet the criteria. All four of the swap agreements have been determined to be effective hedging derivative instruments as of both June 30, 2016 and June 30, 2015.

(Dollars in Thousands)

NOTE 8 – INTEREST RATE SWAPS (continued)

All of the University's hedging relationships in fiscal year 2012 were terminated in fiscal year 2013 and designated into new hedging relationships. In accordance to GASB 53 these swaps are considered hybrid instruments consisting of a financing element and an embedded derivative. The at-market amount of the swaps at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of ($14,981). The above-market amounts which equal $16,573 are considered borrowings and are included in long term debt which will be paid down by a portion of the swaps' periodic fixed payments.

As of the balance sheet date, the swap agreements can be summarized as follows:

	Change in Fair Value		Fair Value at June 30, 2016		Fair Value at June 30, 2015	
			Classification		Classification	
	2016	2015	Amount	Notional	Amount	Notional
Business-type activities						
Cash flow hedges:						
Pay-fixed interest rate swaps			Deferred charge		Deferred charge	
(receive-variable)	$ (9,040)	$ (3,660)	$ (14,981)	$ 96,710	$ (5,941)	$ 100,185

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Rating	Bear Stearns (JPM) 2002 (Swap A and B)	Bank One (JPM) 2002 (Swap C)	JPM 2007B
Aaa/AAA	Infinity	Infinity	Infinity
Aa1, Aa2, Aa3/AA+, AA, AA-	Infinity	Infinity	Infinity
A1/A	10,000	Infinity	Infinity
A2/A	10,000	Infinity	Infinity
A3/A-	10,000	Infinity	Infinity
Baa1/BBB+	5,000	5,000	5,000
Baa2/BBB	500	3,000	3,000
Baa3/BBB-	500	0	0
Below Baa3/BBB- or suspended, withdrawn or unrated	0	0	0

As of June 30, 2016 the University's net liability position is $31,554 exclusive of accrued interest in the amount of $295. The University has not been required to post collateral with any counterparty as of June 30, 2016.

NOTE 8 – INTEREST RATE SWAPS (continued)

It is the University's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Although the University originally executed interest rate swap agreements with multiple counterparties, four contracts, comprising approximately 100 percent of the net exposure to credit risk, are held with one company as the result of merger activity since 2002. That counterparty is rated Aa3/A+.

Interest rate risk - The University is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR or the Securities Industry and Financial Markets Association (SIFMA) swap decreases, the University's net payment on the swap increases.

Basis risk - The University is exposed to basis risk on its LIBOR-based interest rate swaps due to variable-rate payments received on these instruments based on a rate or index other than interest rates the University pays on its variable-rate debt, which, depending on the series is remarketed every 30 or 35 days.

Termination risk - The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

Rollover risk - The University is exposed to rollover risk on its LIBOR-based interest rate swaps that mature or may be terminated prior to the maturity of the hedged debt. When these hedging interest rate swaps terminate, or in the case of a termination option, if the counterparty exercises its option, the University will be re-exposed to the risks being hedged by the interest rate swaps. The University is exposed to rollover risk on portions of the receive-variable, pay-fixed interest rate swap scheduled to mature on June 1, 2020 which is matched with variable rate debt maturing June 1, 2032.

NOTE 9 – RETIREMENT BENEFITS

The University participates in the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS). Each is a statewide, cost-sharing, multiple-employer public employee retirement system governed by the Ohio Revised Code (ORC) that covers substantially all employees of the University. Each system has three retirement plan options available and provides retirement, survivor and disability benefits to plan members and their beneficiaries. The systems also provide post-employment healthcare benefits to retirees and beneficiaries. Employees may opt out of STRS or OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements. The ARP is a defined contribution plan using state-approved investment providers and does not include disability, health care or death benefits.

(Dollars in Thousands)

NOTE 9 – RETIREMENT BENEFITS (continued)

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

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

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

Contributions

STRS - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2015, the employer rate was 14% and the member rate was 12% of covered payroll. The statutory employer rate for fiscal 2016 and subsequent years is 14%. The statutory member contribution rate increased to 13% on July 1, 2015 and to 14% on July 1, 2016.

OPERS - The ORC provides statutory authority for member and employer contributions. Member contribution rates for plan year 2015 were 10% for the state and local division, 12% for the public safety division and 13% for the law enforcement division. Employer contribution rates for plan years 2016 and 2015 were 14% of covered payroll for the state and local division, and 18.1% of covered payroll for the law enforcement and public safety divisions. For the Traditional and Combined Plans, 2% of each employer's contribution is set aside for the funding of post-employment health care coverage.

ARP - The ORC provides statutory authority for member and employer contributions. Member contribution rates are the same as those required by the respective state retirement systems. For STRS-eligible employees who elect an ARP, the University contributes 9.5% of covered payroll to the selected investment provider and 4.5% to STRS. For OPERS-eligible employees who elect an ARP, the University contributes 13.23% of covered payroll to the selected investment provider and 0.77% to OPERS.

University contributions to the retirement plans for the year ended June 30 are summarized below.

Plan	2016	2015
STRS	$ 13,162	$ 13,840
OPERS	26,666	26,262
ARP	7,451	6,684
Total	$ 47,279	$ 46,786

NOTE 9 – RETIREMENT BENEFITS (continued)

Benefits

STRS - Plan benefits are established under Chapter 3307 of the ORC, 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 adjustments as the need or opportunity arises, depending on the retirement system's funding progress. STRS members have a choice of three retirement plans: a Defined Benefit (DB) plan, a Defined Contribution (DC) plan and a Combined Plan.

The Defined Benefit (DB) Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective Aug. 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 and five years of service on Aug. 1, 2026.

The Defined Contribution (DC) Plan allows members to place all their member contributions and the 9.5% portion of the 14% employer contribution into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% portion of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service.

DB and Combined Plan members are eligible for disability and death benefits based on specified criteria in the plan.

OPERS - Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS members have a choice of three retirement plans: the Traditional Pension Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/defined contribution plan; and the Member-Directed Plan, a defined contribution plan. All state and local governmental employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS.

Retirement benefits in the Traditional Pension Plan are calculated on a formula that considers age, years of service and final average salary. Depending on when they joined the plan, members with five years of service are eligible for retirement at either age 60 or 62, and members with 25 years of service are eligible for retirement at either age 55 or 57. The annual benefit is 2.2% of final average salary for the first 30 or 35 years of service, depending on when the member joined, and 2.5% for years of service in excess. Final average salary is based on the highest three or five years of earnings, depending on when the member joined. Members who retire before meeting the age and service requirements receive a percentage reduction in the benefit amount.

(Dollars in Thousands)

NOTE 9 – RETIREMENT BENEFITS (continued)

Law Enforcement and Public Safety members, as defined in ORC Chapter 145, are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed or Combined plans.

For the Member-Directed Plan, the amount available for benefits consists of the member's contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

Benefits in the Combined Plan consist of both an age-and-service formula and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Plan. The annual benefit is 1% of final average salary for the first 30 or 35 years of service, depending on when the member joined, and 1.25% for years of service in excess.

Members in the Traditional Pension Plan and Combined Plan are eligible for Disability, Survivor and Death benefits based on age and/or service criteria. Members of the Member-Directed Plan do not qualify for these ancillary benefits. A 3% cost-of-living adjustment is provided for retirement benefits under the Traditional Plan and the defined benefit portion of the Combined Plan.

Net Pension Liability, Deferrals, and Pension Expense – At June 30, 2016 and 2015, the University reported a liability for its proportionate share of the net pension liability of STRS and the OPERS traditional plan, as well as an asset for its proportionate share of the net pension asset of the OPERS combined plan and member-directed plan. The net pension liability and asset were measured as of July 1, 2015 and July 1, 2014 respectively for STRS and December 31, 2015 and December 31, 2014 respectively for the OPERS plans. The total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability or asset 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/(Asset)		Proportionate Share		
Plan	Date	2016	2015	2016	2015	Change
STRS	July 1	$ 251,992	$ 217,575	0.91%	0.89%	-0.02%
OPERS Traditional	December 31	239,992	161,259	1.39%	1.34%	-0.05%
OPERS Combined and Member-Directed	December 31	(868)	(736)	1.72%	1.91%	0.19%

For the year ended June 30, 2016 and 2015, the University recognized pension expense of $61,435 and $40,291, respectively.

(Dollars in Thousands)

NOTE 9 – RETIREMENT BENEFITS (continued)

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

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	$ 11,533	$ 4,991	$ -	$ 963
Difference between projected and actual investment earnings	70,693	18,122	-	31,603
Changes in proportion and differences between University contributions and proportionate share of contributions	7,415	46	-	48
Contributions after the measurement date	26,206	-	26,246	-
Total	$ 115,847	$ 23,159	$ 26,246	$ 32,614

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

Year Ended June 30	Amount
2017	$ 15,433
2018	16,522
2019	16,376
2020	18,351
2021	(40)
Thereafter	(160)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2017).

(Dollars in Thousands)

NOTE 9 – RETIREMENT BENEFITS (continued)

Actuarial Assumptions – The total pension liability is based on the results of an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

	STRS - as of 6/30/15	OPERS - as of 12/31/15
Valuation date	July 1, 2015	December 31, 2015
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	2.0 percent	3.0 percent
Salary increases	2.75 percent - 12.25 percent including inflation	4.25 percent - 10.05 percent including inflation
Price inflation	2.75 percent	3.0 percent
Investment rate of return	7.75 percent, net of investment expense	8.00 percent, net of investment expense
Experience study rate	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 Combined Mortality Table projected 20 years using Scale AA

	STRS - as of 6/30/14	OPERS - as of 12/31/14
Valuation date	July 1, 2015	December 31, 2015
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	2.0 percent	3.0 percent
Salary increases	2.75 percent - 12.25 percent including inflation	4.25 percent - 10.05 percent including inflation
Price inflation	2.75 percent	3.0 percent
Investment rate of return	7.75 percent, net of investment expense	8.00 percent, net of investment expense
Experience study rate	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 Combined Mortality Table projected 20 years using 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

(Dollars in Thousands)

NOTE 9 – RETIREMENT BENEFITS (continued)

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 as of 6/30/2015			OPERS as of 12/31/2015		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	31.00%	5.50%	Fixed Income	23.00%	2.31%
International Equity	26.00%	5.35%	Domestic Equity	20.70%	5.84%
Alternatives	14.00%	5.50%	Real Estate	10.00%	4.25%
Fixed Income	18.00%	1.25%	Private Equity	10.00%	9.25%
Real Estate	10.00%	4.25%	International Equity	18.30%	7.40%
Liquidity Reserves	1.00%	0.50%	Other Investments	18.00%	4.59%
Total	100.00%		Total	100.00%	

STRS as of 6/30/2014			OPERS as of 12/31/2014		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	31.00%	5.50%	Fixed Income	23.00%	2.31%
International Equity	26.00%	5.35%	Domestic Equity	19.90%	5.84%
Alternatives	14.00%	5.50%	Real Estate	10.00%	4.25%
Fixed Income	18.00%	1.25%	Private Equity	10.00%	9.25%
Real Estate	10.00%	4.25%	International Equity	19.10%	7.40%
Liquidity Reserves	1.00%	0.50%	Other Investments	18.00%	4.59%
Total	100.00%		Total	100.00%	

(Dollars in Thousands)

NOTE 9 – RETIREMENT BENEFITS (continued)

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

Plan	1.00 percent decrease		Current discount rate		1.00 percent increase	
STRS 6/30/2015	6.75%	$ 350,036	7.75%	$ 251,992	8.75%	$ 169,081
OPERS 12/31/2015	7.00%	382,367	8.00%	239,124	9.00%	118,346
Total		$ 732,403		$ 491,116		$ 287,427

Plan	1.00 percent decrease		Current discount rate		1.00 percent increase	
STRS 6/30/2014	6.75%	$ 311,483	7.75%	$ 217,575	8.75%	$ 138,161
OPERS 12/31/2014	7.00%	296,766	8.00%	160,523	9.00%	45,815
Total		$ 608,249		$ 378,098		$ 183,976

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 report.

Payable to the Pension Plan – The University reported a payable of $2,070 to OPERS at June 30, 2016 for the outstanding amount of contributions required for the year then ended.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 9, the Ohio Revised Code provides the statutory authority requiring the University to fund post-retirement health care through employer contributions to STRS and OPERS.

STRS provides access to health care coverage to eligible retirees who participated in the DB or Combined Plans and their eligible family members. Coverage under the current plan includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the Retirement Board has discretionary authority over how much, if any, of the associate health care costs will be absorbed by the plan. Under Ohio law, the funds to pay the health care costs may be deducted from the employer contributions. Effective July 1, 2014, no employer contributions are being allocated to post-employment health care.

OPERS provides post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. It is a multi-employer cost sharing plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit.

Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2014, state and local government employers contributed at 14% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. The portion of employer contributions allocated to health care was 2.0% during calendar year 2015.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004 was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 for each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

NOTE 11 – CONTINGENCIES AND COMMITMENTS

In the normal course of its activities, the University is a party to various legal actions. The University intends to vigorously defend itself against all claims and is of the opinion that the outcome of current legal actions will not have a material effect on the University's financial position.

The University participates in the Inter-University Council Insurance Consortium (IUC-IC). Since 1994, the IUC-IC Universities have purchased their property and casualty insurance on a group basis. The IUC-IC formalized their pooling in 2006 and created the Board of Governors. The Board of Governors is comprised of representatives from each University and is the decision making body for insurance issues of the group programs. There are 3 committees related to the insurance program that report to the Board of Governors: Underwriting, Loss Control and Audit. Underwriting and Loss Control have representation from each University. In 2009, a Director was hired to coordinate the activities of the IUC-IC and act as a facilitator to other IUC committees and university departments to address insurance and risk related issues.

Through the IUC-IC group, the University maintains property insurance with a $100 deductible and a pre-funded group pool deductible of $350 per occurrence; with an annual group aggregate stop loss of $700. Total insurable value for the University of Toledo is approximately $3,034,000.

NOTE 11 – CONTINGENCIES AND COMMITMENTS (continued)

The casualty portion of the IUC-IC program provides educator's legal liability, general liability and other miscellaneous coverage, and includes a $100 deductible. There is also a casualty group pool fund with dedicated limits for each member totaling $10,000 which consists of $1,000 by the members and $9,000 from reinsurance. Finally, there are general liability shared excess limits totaling $40,000. The educator's legal liability coverage has shared excess limits totaling $15,000 in excess of the pool. The University's contributions to IUC for property and casualty coverage totaled $983 and $940 for 2016 and 2015 respectively.

The University participates in a State pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund (the Plan), which pays workers' compensation benefits to beneficiaries who have been injured on the job. Losses from asserted and unasserted claims for the participating state agencies and universities in the Plan are accrued by the Ohio Bureau of Workers' Compensation (the Bureau) based on estimates that incorporate the preceding 5-year experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Participants in the Plan annually fund the worker's compensation liability based on rates set by the Bureau to collect the cash needed in subsequent fiscal years to pay the worker's compensation claims of participating State agencies and universities.

The University is also self-insured for unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University for outstanding claims and claims incurred but not reported under self-insurance programs have been based on the University's experience and actuarial valuation. The estimated value of these claims was $4,927 and $4,544 as of June 30, 2016 and 2015 respectively. Settlements have not exceeded insurance coverage in each of the past three years.

Academic Affiliation Agreement

On August 26, 2015 the University and ProMedica Health System (ProMedica) entered into an academic affiliation agreement for a period of 50 years. ProMedica is a non-profit health system located in Toledo, Ohio with facility locations in northwest Ohio and southeast Michigan. The agreement aligns the University's College of Medicine and Life Sciences with ProMedica to collaborate and support training of physicians and other healthcare professionals; achieve physician synergies; train the next generation of healthcare providers; extend academic and research capabilities to the community; and support the academic, training, and research missions of the University and its faculty.

As part of the agreement, ProMedica committed to a $40 million initial investment in the College of Medicine and Life Sciences to be paid in three installments ($22 million was received in August, 2015; $11 million was received in April, 2016; and $7 million is due on April 1, 2017). ProMedica will also make annual academic affiliation investments to support the academic mission of the College of Medicine and Life Sciences that will range from $12.5 million to $50 million over a five-year transition period beginning on July 1, 2016. After the transition period, annual academic affiliation payments will be based on ProMedica's annualized patient service revenue and is expected to be at least $50 million. ProMedica is also committing $250 million in capital spending to enhance the academic mission of the College of Medicine and Life Sciences.

(Dollars in Thousands)

NOTE 12 – MEDICAL PROFESSIONAL LIABILITY

In August 2005, the University created a captive insurance company, The University of Toledo Medical Assurance Company (SPC) ("UTMAC"), through a trust that is controlled by the Board of Trustees of UT. UTMAC was incorporated in the Cayman Islands and operates subject to the provisions of the Companies Law of the Cayman Islands. Under current Cayman Islands law, UTMAC is not obligated to pay taxes in the Cayman Islands on either income or capital gains. UTMAC provides an insurance vehicle exclusively for the insurance needs of the University, its staff, and affiliated physicians. UTMAC is blended in the University results.

UTMAC provides professional liability coverage to the University and the University of Toledo Physicians, LLC (UTP), which is an affiliated nonprofit, multi-specialty physician practice of UTMC. The captive provides a primary limit of $1,000 per occurrence and $3,000 in aggregate and an additional excess limit of $1,000 per occurrence and $2,000 in aggregate for the policy period July 1, 2015 to July 1, 2016. The retroactive date is July 1, 1987. UTMAC also provides excess coverage through commercial re-insurers for the University's professional liabilities with limits of $25,000 per occurrence and $25,000 in aggregate. Tail coverage is provided to physicians leaving UTP employment.

At June 30, 2016 and 2015, the University has accrued $9,389 discounted at 3.5% and $14,023 discounted at 3.5%, respectively, for asserted and unasserted claims based on the University's experience and studies performed by a consulting actuary. With respect to pending malpractice claims and legal action where the University is a defendant, it is the opinion of management that any potential liability in such actions will not materially affect the financial position of the University. Settlements have not exceeded insurance coverage in each of the past three years.

	2016	2015
Medical Professional Liability:		
Beginning balance	$ 14,023	$ 11,449
Provision for incurred claims	(2,989)	3,097
Payments for claims	(1,645)	(523)
Ending Balance	$ 9,389	$ 14,023

The above liability includes insurance coverage for UTP and has been funded by premiums paid by UTP to UTMAC. The UTMAC Liabilities presented in the Statement of Net Position include other trade liabilities in the amount of $66 and $19 for 2016 and 2015, respectively.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016 and 2015
(Dollars in Thousands)

NOTE 13 – FUNCTIONAL CLASSIFICATION OF EXPENSES

Operating expenses by functional classification for the year ended June 30, 2016 are summarized as follows:

	Payroll	Supplies	Services	Other	Total
Patient Services	$ 209,016	$ 86,901	$ 45,969	$ 15,408	$ 357,294
Instruction	188,747	5,269	2,602	6,337	202,955
Research	19,821	5,795	4,009	8,890	38,515
Public Service	5,786	287	2,342	1,039	9,454
Academic Support	16,350	1,857	13,637	2,992	34,836
Student Services	17,338	675	807	4,381	23,201
Institutional Support	62,101	1,567	9,256	(2,736)	70,188
Operation and Maintenance of Plant	14,788	3,190	1,921	18,872	38,771
Auxiliary Enterprises	19,767	3,620	24,341	16,468	64,196
	553,714	109,161	104,884	71,651	839,410
Student Aid					21,865
Depreciation					58,231
Provision for Bad Debts					2,717
Total Operating Expenses					922,223

Operating expenses by functional classification for the year ended June 30, 2015 are summarized as follows:

	Payroll	Supplies	Services	Other	Total
Patient Services	$ 199,026	$ 84,927	$ 46,692	$ 18,822	$ 349,467
Instruction	176,291	4,457	2,837	5,949	189,534
Research	20,504	6,074	4,549	9,611	40,738
Public Service	5,087	381	1,966	836	8,270
Academic Support	28,690	2,740	13,528	1,528	46,486
Student Services	16,788	776	425	3,391	21,380
Institutional Support	41,363	1,244	7,924	(3,111)	47,420
Operation and Maintenance of Plant	14,490	2,109	1,561	15,210	33,370
Auxiliary Enterprises	18,973	3,316	23,731	12,007	58,027
	521,212	106,024	103,213	64,243	794,692
Student Aid					25,154
Depreciation					58,060
Provision for Bad Debts					2,942
Total Operating Expenses					880,848

NOTE 14 – UPCOMING PRONOUNCEMENTS

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 STRS and OPERS 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 University's financial statements for the year ending June 30, 2018.

(Dollars in Thousands)

Required Supplementary Information

	2016		2015	
Schedule of Funding Progress	**STRS**	**OPERS**	**STRS**	**OPERS**
Plan year end	Jun 30, 2015	Dec 31, 2015	Jun 30, 2014	Dec 31, 2014
University's proportion of the collective net pension liability:				
Percentage	0.91%	1.38%	0.89%	1.34%
Amount	$ 251,992	$ 239,124	$ 217,575	$ 160,523
University's covered-employee payroll	$ 85,398	$ 185,470	$ 82,208	$ 176,615
University's proportionate share of the collective pension liability as a percentage of covered-employee payroll	295.08%	128.93%	264.66%	90.89%
Plan fiduciary net position as a percentage of the total pension liability	72.09%	81.19%	74.71%	86.53%

	2016		2015	
Schedule of Contributions	**STRS**	**OPERS**	**STRS**	**OPERS**
Statutorily required contribution	$ 13,162	$ 26,666	$ 13,840	$ 26,262
Contributions in relation to the actuarially determined contractually required contribution	$ 13,162	$ 26,666	$ 13,840	$ 26,262
Covered employee payroll	$ 83,566	$ 188,684	$ 85,403	$ 185,126
Contributions as a percentage of covered employee payroll	15.75%	14.13%	16.21%	14.19%

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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
University of Toledo

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 the University of Toledo and the discretely presented component unit of the University of Toledo (the "University") as of and for the year ended June 30, 2016, and related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 14, 2016. The University is a component unit of the State of Ohio. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University of Toledo'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 the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

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

To Management and the Board of Trustees
University of Toledo

Compliance and Other Matters

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

Plante & Moran, PLLC

October 14, 2016

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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
University of Toledo

Report on Compliance for Each Major Federal Program

We have audited University of Toledo's (the "University") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. University of Toledo'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 University of Toledo'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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 the University of Toledo'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 the University of Toledo's compliance.

To the Board of Trustees
University of Toledo

Opinion on Each Major Federal Program

In our opinion, the University of Toledo 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, 2016.

Report on Internal Control Over Compliance

Management of the University of Toledo 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 the University of Toledo'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 the Uniform Guidance, 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 the 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.

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

Plante & Moran, PLLC

October 14, 2016

Agency	CFDA#	Agency Number	Passed-through to Subrecipients	Fiscal Year 2016
STUDENT FINANCIAL AID CLUSTER				
U.S. Department of Education				
Federal Supplemental Educational Opportunity Grants FY 2017	84.007			$ 59,300
Federal Supplemental Educational Opportunity Grants FY 2016	84.007			869,067
Federal Workstudy FY2015	84.033			155,482
Federal Workstudy FY2016	84.033			974,483
Pell FY 2016	84.063			19,402,797
Pell Grant FY 2017	84.063			1,486,355
Teacher Education Assistance for College and Higher Education Grants FY 2016	84.379			202,957
Federal Direct Loans	84.268			130,393,135
Federal Perkins Loans	84.038			18,070,330
Total U.S. Department of Education				171,613,906
U.S. Department of Health and Human Services:				
Nurse Faculty Loan Program	93.264			311,092
TOTAL STUDENT FINANCIAL AID CLUSTER				**171,924,998**
RESEARCH AND DEVELOPMENT CLUSTER				
U.S. Department of Agriculture				
Support of Agricultural Research of Mutual Interest	10.001	58-3067-7-111		70
Examination of Factors Influencing Virus Disease in Floriculture Crops	10.001	58-3607-1-737		359,404
Characterization Pathogenicity of Great Lakes Strains of VHSV and Developing Tools to Study the Influence of Stress on Immune Function in Yellow Perch	10.001	58-3655-4-048		3,794
Biomonitoring of Nutritional and Environmental Stress in Plants	10.001	58-3607-4-026		51,461
Research Support Agreement-Acquisition of Goods and Services	10.001	58-3607-4-030		934
Research Support Agreement-Acquisition of Goods and Services	10.001	58-5082-5-014		5,684
Combating Viral Pathogens in the Great Lakes Region	10.001	58-5090-5-069		106,235
Genetic Detection & Geographic Analysis of Great Lakes Fish Infection by Viral Hemorrhagic Septicemia (VHS)	10.200	2010-38927-21048		(1,613)
Total U.S. Department of Agriculture				525,969
National Oceanic and Atmospheric Administration				
A Harmful Algal Bloom and Water Quality Data Management Program for Western Lake Erie	11.012	NA11NOS0120041		25,280
Characterization of Millimeterwave Ink Jet Printed Components on Flexible Substrates	11.013			11,108
Mapping Drain Tile and Modeling Agricultural Contribution to Nonpoint Source Pollution in the Western Lake Erie Basin Pass-through from: Ohio State University	11.417	NA14OAR4170067		39,805
Building Resilient Shorelines: Phase 2 Pass-through from: Ohio Department of Natural Resources	11.419	NA14NOS490072		12,168
Model Development for Supporting Mitigating Western Lake Erie Harmful and Nuisance Algal Blooms Pass-through from: University of Michigan	11.432	NA12OAR4320071		61,768
Forecasting Spread and Bioeconomic Impacts of Aquatic Invasive Species from Multiple Pathways to Improve Management and Policy in the Great Lakes Pass-through from: University of Notre Dame	11.478	NA10NOS4780218		375
Green Stormwater Infrastructure Planning in Lucas County, Ohio Pass-through from: Ohio State University	11.417	NA12OAR4170113	$ 3,470	13,200
Coastal Zone Management Awards Pass-through from: Ohio Department of Natural Resources	11.419	NA13NOS4190057	5,103	38,764
Early Bloom Mapping in Lake Erie Pass-through from: University of Michigan	11.432	NA12OAR4320071	5,700	5,700
Total National Oceanic and Atmospheric Administration			14,273	208,168
U.S. Department of Defense				
Computational Fluid Dynamic Analysis of Fan-In-Wing Configuration	12.300	N00014-14-1-0263		58,956
Hybrid Solid and Gas Phase Deposition of Hydrogenated Silicon for Photovoltaics	12.300	N00014-15-1-0066		46,698
New experiments towards understanding shock sensitivity of energetic materials	12.300	N00014-16-1-2058		32,030
Microcompounding equipment for creating thin, robust anion exchange membrances	12.431	W911NF-15-1-0404		149,327
MURI: An Integrated Multi-Scale Approach for Understanding Ion Transport in Complex Heterogeneous Organic Material	12.431	W911NF-10-1-0520		70,481
Salivary Biomarkers of Fatigue	12.800	FA9550-13-1-0187		183,456
High-resolution mass spectrometer for biomarker discovery	12.800	FA2386-14-1-3025		(740)
CFD Study of Stacked Tail Rotors	12.910	PO # 4900102520		20,733
Lightweight Flexible Solar Cells	12.800	FA9453-11-C-0253	66,644	109,658
An Embedded Health Monitoring System for Determining Readiness of Electronic Components Pass-through from: Nokomis, Inc.	12.000	HQ0147-15-C-7309		23,974
Development of Wave Bearings for High Speed Rotors Pass-through from: Teledyne	12.000	FA8650-09-D-2929-000		203,720
Great Lakes Hydrilla Risk Assessment Pass-through from: Ecology and Environment, Inc.	12.000	1003025.003		51,619
MPS Aerodynamic Configuration Refinements and Interaction Characteristics Tasks Pass-through from: AVX Aircraft Company	12.000	W911W6-13-2-0004		50,648
Development of a Wearable Biomarker Sensing Platform Pass-through from: Office of Naval Research	12.300	FA8650-15-2-6623		114,255
Notched Fatigue Bahavior of Aluminum under Constant and Variable Amplitude Multiaxial Loads Pass-through from: Integrated Systems Solutions, Inc.	12.300			85,844
Shear Fatigue Properties for Aerospace Materials Pass-through from: Technical Data Analysis	12.300	N68335-11-G-0033		2,840
Early Intervention to Reduce Alcohol Misuse and Abuse in the Ohio Army National Guard Pass-through from: University Hospitals of Cleveland	12.420	RES509314		47,229

Agency	CFDA#	Agency Number	Passed-through to Subrecipients	Fiscal Year 2016
Pre-, Peri-, and Post-deployment Trajectories and Mechanisms of Psychopathology, Psychological Health and Resilience over 9 Years of Prospective Follow-up in the Reserves Pass-through from: University Hospitals of Cleveland	12.420	W81XWH-15-1-0080		$ 79,219
Risk and Resilience Factors for Combat-Related Posttraumatic Psychopathology and Post Combat Adjustment Pass-through from: University Hospitals of Cleveland	12.420	W81XWH-10-1-0579		(19,492)
Development of Information Fusion and Visualization of Space Data Pass-through from: Dayton Area Graduate Studies Institute	12.800			551
Multifunctional Oxide Heterostructures for RF and Memory Devices Pass-through from: Dayton Area Graduate Studies Institute	12.800			35,169
Application of Wave Bearing Technology To Helicopter Transmissions Pass-through from: Bell Helicopter	12.910		$ 32,000	78,030
Total U.S. Department of Defense			98,644	1,424,205
U.S. Department of the Interior				
Development of a 3 to 4 year Controlled Release PZP Contraceptive Vaccine For Wild Horses	15.229	L10AC20431		120,019
Maumee River Lake Sturgeon Restoration Plan	15.650	F14AC00831		44,274
Investigating Nitrogen Deposition Effects on Biological Soil Crust Stability and Biogeochemical Cycling in Drylands	15.808	G13AC00252		5,847
Determining the contribution of Maumee River fisheries production to western Lake Erie stocks	15.808	G14AC00030		45,137
Food web structure and trophic transfer across Lake Erie's productivity gradient	15.808	G14AC00271		53,228
Food-web linkages between nearshore and offshore Lake Michigan (CSMI 2015)	15.808	G15AC00010		138,387
Grass carp spawning potential in the Sandusky River basin	15.808	G15AC00148		48,425
Assessment of Riverine Habitat Restoration in the St. Clair-Detroit Rivers System	15.808	G15AC000420		155,109
Vegetation Surveying in Support of Grass Carp Spawning Potential in the Sandusky River Basin	15.808	G15AC00310		45,260
Total U.S. Department of the Interior				655,686
U.S. Department of Justice				
Center for Student Advocacy & Wellness Pass-through from: Ohio Attorney General	16.575	2016-VOCA-22895871		2,053
Total U.S. Department of Justice				2,053
U.S. Department of State				
Collaboration on Curriculum, Faculty Development and Enhancing Students	19.021	S-TS 800-12-GR-095		84,952
Total U.S. Department of State				84,952
U.S. Department of Transportation				
Collaborating Toward the IT Highway: Linking Public and Private Investments in Intelligent Transportation Systems to Freight Flows and Supply Chain Performance Pass-through from: University of Wisconsin System	20.000	DTRT12-G-UTC19 Mod-7		6,584
National Transit Research Consortium led by the Mineta Transportation Institute Pass-through from: San Jose State University Research Foundation	20.701	DTRT12-G-UTC21		36,267
Total U.S. Department of Transportation				42,851
National Aeronautic Space Administration				
Developing Online Protocol Modules to Engage Citizen Scientists for GLOBE	43.001	NNX15AF94G		44,717
Observing the Formation of Disks: ALMA and HST observations of Edge-On Protostars	43.001	NNX14AD23G		116,216
Mission Earth: Fusing GLOBE with NASA Assets to Build Systemic Innovation in STEM Education	43.001	NNX16AC54A		137,624
H-alpha LEGUS: Unveiling the Interplay Between Stars, Star Clusters, and Ionized Gas	43.001	HST-GO-13773.001-A		54,649
Constraining the Cosmic-ray Acceleration and Gamma-ray Emission Processes in IC 443	43.001	HST-GO-13709.002-A		4,185
WFC3 Spectroscopy of Faint Young Companions to Orion Young Stellar Objects	43.001	HST-GO-13763.001-A		38,858
Characterizing the Energetics of the Youngest Protostars; FIFI-LS Spectroscopy of Herschel-Identified Extreme Class 0 Objects in Orion	43.001			3,187
Plant Occurence around Mid-M Dwarfs in the Kepler Field	43.002	RSA 1532435 - 15B-0280/85		2,732
Extended Durability of Materials in Advanced Propulsion and Power Systems for Aeronautic and Space Exploration	43.002	NNC07TA62T		204
Keith NASA Wage Account	43.002			72,600
Hyperspectral Imager Atmospheric Correction	43.002	NNC15MF73P		34,012
Ohio Space Grant Consortium (OSGC) Scholarships and Fellowships for Fellowships for 2006-2007 to University of Toledo	43.002			6,779
Herschel Orion Protostar Survey (HOPS)	43.002	1373141		30,958
Spitzer Space Telescope Combined: Probing Star and Planet Formation; A Wide-Field Survey for Low Mass Star Formation	43.002	1423858		27,162
Herschel Space Observatory Combined: PACS Imaging...; Anatomy of Class O...; A Deeper Look…; Probing the Inner Envelopes…	43.002	1427448		2,049
Herschel OT2 Combined: After the Fall: Probing Dust and Gas...; The Mass and Structure of Molecular Gas in the Small Megellanic Cloud...	43.002	1454672		49,604
Herschel Plank: PACS and SPIRE…; HYSOVAR11…; Characterizing the Energetics…; HIFI and Spire spectroscopy…	43.002	1456924		(4,058)
Towards a Resolution of Uncertainties in Calibrating Nebular Abundances	43.002	1489001		19,682
NASA Glenn Salary Clearing Account	43.002			108
Development and Application of Computational Tools for Turbomachinery Geometries	43.002	NNC13BA10B		237,844
Confirming Ultra-Cold (Teff	43.002	HST-GO-12544.01-A		12,185
Completing the Census of Ultracool Brown Dwarfs in the Solar Neighborhood using HST/WFC3	43.002	HST-G0-12970.02-A		68,220

Agency	CFDA#	Agency Number	Passed-through to Subrecipients	Fiscal Year 2016
LEGUS: Legacy ExtraGalactic UV Survey	43.002	HST-GO-13364.07-A		$ 9,223
Taming the Tepid Three	43.002			17,771
Experimental Characterization and Analysis of Advanced Materials and Aerospace Structural Components	43.002	NNC13BA10B		76,856
A Spitzer/HST Case Study of Weather on a Y Dwarf	43.003	HST-GO-14052.001-A		33,420
W014- TBD Pass-through from: Vantage Partners, LLC	43.001			23,039
W339-TDB Pass-through from: Vantage Partners, LLC	43.001			58
Analysis and Testing of Advanced Materials and Structures (85T.08) Pass-through from: Universities Space Research Association	43.001	NNC13BA10B		83,782
The SpeX Prism Library for Ultracool Dwarfs: A Resource for Stellar, Exoplanet and Galactic Science and Student-Led Research Pass-through from: University of California at San Diego	43.001	NNX15AI75G		7,472
Optimization of Protein Crystal Growth for Determination of Enzyme Mechanisms through Advanced Diffraction Techniques Pass-through from: Center for the Advancement of Science in Space	43.002	NNH11CD70A		19,155
Development of Advanced Computational Tools for the Simulation of Multistage Turbomachinery in Support of Aeropropulsion Pass-through from: Vantage Partners, LLC	43.002	NNC12BA01B		158,794
Computational and Experimental Work to Support FAP/SRW Engine Research Pass-through from: Vantage Partners, LLC	43.002	NNC12BA01B		(52)
Turbomachinery Computational Aero-Acoustics (CAA) Pass-through from: Vantage Partners, LLC	43.002	NNC12BA01B		155,542
Broad (OI) in Outflows: The GREAT Observations of Orion Protostars Pass-through from: Universities Space Research Association	43.002	NAS2-97001		1,610
Ground Data Acquisition & Processing for Hyperspectral Imaging of Harmful Algal Blooms (HABs) Pass-through from: AmericaView	43.002	NNC15VA80P		4,872
NASA-URSA-Balog Pass-through from: Universities Space Research Association	43.002			83,374
Aeroelastic Analysis for Boundary Layer Ingesting Inlet-Fan Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		239,281
Development of Ceramic Processing Methods for Aerospace Applications Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		118,909
Analysis and Testing of Advanced Materials and Structures Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		102,996
Advanced Aerospace Seals Research Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		225,961
Advanced Fuel Cells Research Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		82,219
Advanced Research and Technology Support Task Order IDIQ Subcontract Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		51,837
Advanced Aerospace Seals Research for Hypersonic Vehicle Applications Supporting Reimbursable SAA with AFRL-OYr1 Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		85,830
Experimental Characterization and Analysis of Advanced Materials and Aerospace Structural Components - OYr1 Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		74,605
Advanced Aerospace Seals Research for Reimbursable SAA with COI Ceramics	43.002			12,164
Advanced Aerospace Seals Research for Reimbursable SAA with Boeing Pass-through from: Universities Space Research Association	43.002			5,612
Brown Dwarf and Exoplanet Weather Forecasts: Are Y Dwarfs Partly Cloudy? Pass-through from: Jet Propulsion Laboratory	43.002	1472480		35,952
Stellar Life and Death in M83: A Hubble-Chandra Perspective Pass-through from: Space Telescope Science Institute	43.002	HST-GO-12513.07-A		(293)
Microstructural Analysis and Structure-Property Relationships in Advanced Metallic Materials Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		286,066
Extended Durability of Materials in Aerospace Propulsion and Power Systems Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		238,627
Analysis for Future Aircraft Propulsion Systems Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		133,555
Development of Computer Tomography and Digital Radiography for Aerospace Materials and Facilities Operations Pass-through from: Universities Space Research Association	43.002	NNC13BA10B		127,421
HICO Identification of Harmful Algal Blooms Pass-through from: Center for the Advancement of Science in Space	43.010	NNH11CD70A	$ 36,044	47,383
Total National Aeronautic Space Administration			36,044	3,502,558
National Science Foundation				
Engineering Senior Design Projects to Aid Persons with Disabilities	47.041	CBET 0931643		18,292
Mechanistic Analysis of Polyelectrolyte-Based Colloidal Drug Carriers	47.041	CBET-1133795		29,749
CAREER: Photodirected Assembly of Custom-Designed Polyelectrolyte Complexes	47.041	CBET-1150908		59,060
Collaborative Research: Integrated Vulnerability-Reliability Modeling and Analysis of Cyber-Physical Power Systems	47.041	ECCS-1128594		(217)
Simultaneous Isomerization and Reactive Extraction of Biomass Sugars for High Yield Production of Ketone Sugars	47.041	CBET-1236708		83,140
Understanding the Role of Biofilm on Disinfection By-Product Formation and Fate in the Water Distribution System	47.041	CBET - 1236433		75,909
Collaborative Research: Analysis of Decentralized Harvested Rainwater Systems using the Urban Water Infrastructure Sustainability Evaluation (uWISE) Framework	47.041	CBET-1236660		42,626
DMREF: Collaborative Research: Nitride Discovery - Creating the Knowledge Base for Hard Coating Design	47.041	CMMI-1234777		38,233
Collaborative Research: Enhancing Spectral Access via Directional Spectrum Sensing Employing 3D Cone Filterbanks: Interdisciplinary Algorithms and Prototypes	47.041	ECCS-1247946		74,091

Agency	CFDA#	Agency Number	Passed-through to Subrecipients	Fiscal Year 2016
EAGER: Localization in Ad-Hoc Wireless Networks: Investigation into Fusing Dempster-Shafer Theory and Support Vector Machines	47.041	ECCS-1309658		$ 31,822
EAGER: A Novel Approach to Fabricate Biomimetic Membranes Embedded with AquaporinZ	47.041	1308095		(582)
PFI: AIR Technology Translation - A Microwave Assisted Biomimetic Coating Technology for Polymer Implants	47.041	IIP-1312211		218
I:/URC: Technolgy Innovation for Novel Cost-reducing and Qualitiy Enhancing Musculskeletal Therapies	47.041	IIP-1361977		52,835
PFI:AIR - TT: Situational Awareness during Fire and Emergency (SAFE)	47.041	IIP-1414346		1,055
Planning Grant: I/UCRC for Sustainable Use of Greenhouse Gases	47.041	IIP-1362081		47
NSF/DOE Solar Hydrogen Fuel: New metal oxides for efficient hydrogen production via solar water splitting	47.041	CBET-1433401		260,086
Commercial Assesment and Development of a New Technology for Bio-sourced Nylon 11-13 Production	47.041	1535803		44,148
PFI:AIR - TT: Low Cost Method for Harvesting Algal Biomass from Dilute Cultures	47.041	1500256		3,460
PFI:AIR - TT: High Yield Production of Furans from Biomass Hydrolysates using a Hybrid Enzyme- and Chemo-catalytic Technology	47.041	1500273		43,599
I-Corps: Addressing Pulmonary Embolism with QuickFlow PE	47.041	1612607		21,816
I-Corps Teams: Wireless Sensor Network Based Localization and Navigation for Precision Agriculture	47.041	1638927		24,199
I-Corps: Quantitative Diagnosis of Sperm Quality	47.041			16,467
Market Interest in Perovskite Solar Cells	47.041			20,652
Networking Urban Resources with Teachers and University to enRich Early Childhood Science	47.046	DUE-1102808	$ 261,539	2,525,384
CAREER: 3-Iminophosphine Palladium Catalysts for Atom-efficient	47.049	CHE-0841611		1,129
The CepOB3b Young Cluster: A New Laboratory for Studying the Role of Environment...	47.049	AST-1009564	8,128	61,306
Umpolung Reactivity in Stereoselective Synthesis of 2-Deoxy Glycosides and Thioglycosides	47.049	CHE-1213352		58,748
SEP: Earth-abundant solar cells as a sustainable solar energy pathway	47.049	CHE-1230246	84,945	428,928
Quantitative characterization of weak interactions	47.049	CHE-1213329		121,566
SEP Collaborative: Alkaliphilic microalgae-based sustainable & scalable processes for renewable fuels and products	47.049	CHE-1230609		149,616
REU Site: Research Experiences for Undergraduates in Physics and Astronomy at The University of Toledo	47.049	PHY-1262810		35,810
Creation of Tools for the Study of Oxidative Damage to Nucleic Acids	47.049	CHE 1309135		108,182
Quantum theories of fundamental atomic and molecular processes and their applications	47.049	PHY-1306407		47,641
Exploring Ionic Liquids in Sample Preparation and Chromatographic Separations	47.049	CHE-1413199		13,697
Collaborative Research: A Data Reduction Tool for iSHELL	47.049	AST-1407464		19,322
Simulating Non-equilibrium Processes over Extended Time- and Length-Scales using Parallel Accelerated Dynamics	47.049	DMR-1410840		99,684
Collaborative Research: Variable Circumstellar Disks: Prevalence, Timescales, and Physical Mechanisms	47.049	AST-1412135		53,311
Stereoselective Construction of Difficult Glycosidic Linkages	47.049	1464787	15,458	69,629
DMREF: SusChEM: Collaborative Research: Rapid Design of Earth Abundant Inorganic Materials for Future PV's	47.049	1534686		54,433
The Birth and Death of Stellar Clusters: Uncloaking the Roles of Stars, Gas, and Physical Environment in Nearby Galaxies	47.049	1517819		10,321
Midwest Several Complex Variables Conference	47.049	1600121		31,713
Collaborative Research: Winter snow depth as a driver of microbial activity, nutrient cycling, tree growth and treeline advance in the Arctic	47.050	1503939		46,893
Mechanisms Controlling the Function and Development of Neuronal Nicotinic Synapses	47.074	IOS-0951549		87,147
Centriole Inheritance During Reproduction	47.074	MCB-1307613		13,671
Collaborative Research: Gene Diversity of the VHS Fish Virus: Evolution of Cellular Immune Response and Pathogenesis	47.074	IOS-1354806		133,066
REU Site: Undergraduate Research and Mentoring-Using the Lake Erie Sensor Network to Study Land-Lake Ecological Linkages	47.074	1461124		82,317
I-Corps: Wormbusters: Improving Agricultural Yields	47.074			22,951
LEADERS: Leadership for Educators: Academy for Driving Economic Revitalization in Science	47.076	DUE-0927996		1
CAREER: Teaching Practices That Support Fraction-Based Algorithmic Thinking	47.076	DRL-0952661		69,264
UT3 Noyce Scholarship Plus	47.076	DUE-1339954	69,837	123,157
Advancing Geospatial Thinking and Technologies in Grades 9-12: Citizen Mapping, Community Engagement, and Career Preparation in STEM	47.076	DRL-1433574		211,855
The Northern Ohio Alliance for Advancing Graduate Education in the Professoriate	47.076	1432878		5,830
International Collaborative Research: Desalination for Global Water Resources using Biofouling-Resistant Nanocomposite Membranes	47.079	1264039		(6)
Extreme Events Impacts on Water Quality in the Great Lakes: Prediction and Management of Nutrient Loading in a Changing Climate Pass-through from: University of Michigan	47.041	CBET-1313897		15,266
PIC Math Pass-through from: Mathematical Association of America	47.049	DMS-1345499		5,214
GEPR: Systems Approaches to Identify Gene Regulatory Networks in the Grasses Pass-through from: Ohio State University	47.074	IOS-1125620		32,008
Total National Science Foundation			439,907	5,679,759
U.S. Environmental Protection Agency				
Invasive Invertebrate Species Prevention, Detection, and Control: A New Next Generation Sequencing Assay	66.469	GL-00E01289-0		144,863
Maumee AOC, Wolf Creek: Passive Treatment Wetland to Improve Nearshore Health and Reduce Nonpoint Source Pollutants	66.469	GL-00E00823-0	10,500	109,285

Agency	CFDA#	Agency Number	Passed-through to Subrecipients	Fiscal Year 2016
Reduction of Sediment and Bacteria Loadings to Public Beaches at Maumee Bay State Park via Enhanced Riparian Habitat	66.469	GL-00E01148-0		$ 79,591
Early Detection DNA Technology for High Risk Invasive Fish Species	66.469	GL-00E01149-1		225,521
Invasive Species Prevention from Retailers via Metagenetics, Supply Chains, and Public/Stakeholder Engagement	66.469			3,064
Greenbox – Community-Based Food Waste-to-Energy	66.516	SU-83599901-0		8,964
The University of Toledo Pollution Prevention Grant Proposal	66.708	NP-00E01333	$ 6,250	45,841
The University of Toledo Pollution Prevention Grant Proposal	66.708	NP-00E01509-0	10,840	14,779
Lake Erie Bathing Beach Monitoring Pass-through from: Ohio Department of Health	66.742	CU-00E52606		7,667
Radon Web Site Pass-through from: Ohio Department of Health	66.032			11,584
Radon Web Site Pass-through from: Ohio Department of Health	66.032			16,171
Assessment of Nutrient/Eutrophication Dynamics in Western Lake Erie Pass-through from: Ohio Lake Erie Commission	66.459	LECFGLR14		35,677
Oak Openings Regional Invasive Species Strategy Pass-through from: Nature Conservancy	66.469	GL-00E01444		16,765
Total U.S. Environmental Protection Agency			27,590	719,772
Nuclear Regulatory Commission				
Joint Initiative in a New Type of Nuclear Radiation Detector	77.009	NRC-HQ-12-G-38-0042		34,682
Total Nuclear Regulatory Commission				34,682
U.S. Department of Energy				
Experimental Electron Density Distribution in Actinide Compounds - an Experimental Atoms in Molecules Approach	81.049	DE-SC0012403		99,476
Topic Area of Interest (C - Materials Processing): Fabrication and Processing of Next Generation Oxygen Carrier Materials for Chemical Looping Combustion	81.057	DE-FE008774		24,501
Integration of Nutrient and Water Recycling for Sustainable Algal Biorefineries	81.087	DE-EE0005993	827,620	1,084,300
Electronic and Optical Studies of Hydrogenase Single-walled Carbon Nanotube Biohybrids	81.117	DE-AC36-08GO28308		(17,515)
Adjuvanted Nanolipoprotein Particles for use in Enhancing the Protective Efficacy of Francisella tularensis Membrane Protein Antigens Pass-through from: Lawrence Livermore National Laboratory	81.123	B611059		147,803
Ultra high-efficiency and low-cost halide perovskite-based thin-film solar cells Pass-through from: Alliance for Sustainable Energy, LLC.	81.000	DE-AC36-08GO28308		117,226
Optical Evaluation of Photovoltaic Module Materials for Thermal Management Pass-through from: Alliance for Sustainable Energy, LLC.	81.000	DE-AC36-08GO28308		17,685
Development of Scanning Capacitance Microscopy/Spectroscopy for Nanometer-Resolution Characterization of Compound Thin Film Solar Cells Pass-through from: Alliance for Sustainable Energy, LLC.	81.087	DE-AC36-08GO28308		(903)
sDensity Functional Theory for FPACE II Project Approaching the Shockey-Queisser Limit with Epitaxial CdTe Pass-through from: Alliance for Sustainable Energy, LLC.	81.087	DE-AC36-08GO28308		39,344
High-Performance Perovskite-Based Solar Cells Pass-through from: Duke University	81.087	DE-EE0006712		26,748
High Sensibility Mapping of Stress via Anistropic Optics for Improved PV Manufacturing Pass-through from: Stanford University	81.087	DE-EE0004946		201,571
Novel Contact Materials for Improved Performance CdTe Solar Cells Pass-through from: University of Illinois at Chicago	81.087	DE-EE0005405		28,815
Growth, heat treatment, and theory of CdTe thin films Pass-through from: Battelle	81.089	DE-AC05-00OR22725		51,690
Total U.S. Department of Energy			827,620	1,820,741
U.S. Department of Education				
Transition Options in Postsecondary Settings for Students with Intellectual Dis. (TOPS) Pass-through from: Ohio State University	84.407	P407A100039		750
Total U.S. Department of Education				750
U.S. Department of Health and Human Services				
National Institutes of Health				
Preclinical in vitro and in vivo Screening Assays - Work Assignment #1 - Contract Administration and Management	93.000	N01-CN-HHSN261200433000C		11,649
The Chemoprevention of Colon Cancer in the Rat AOM Colon Model. Tissues for Surrogate Biomarker Studies and Testing of a Proliferative Index - Work Assignment #6	93.000	HHSN261200433000C		7,958
Genetic Elements Controlling Blood Pressure	93.000	R01 - HL - 020176		378,138
Receptor Na/K-ATPase Antagonists As Novel Therapeutics For Renal/Cardiac Diseases	93.000	1R01HL10901501		(10,466)
Genetics of Hypertension	93.000	R01HL105113		63,488
Identification of novel inhibitors of a Vibrio cholerae stress response pathway	93.000	R01 - HD - 075928		274,662
Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	93.837	U01 - HL - 071556		3,634
Task Order #006 CDiff 1 DMID 10-0008 PK (CRM)	93.000	HHSN272200800026C		32,823
Task Order #4 Colistin DMIM 10-0082 PK (CRM)	93.000	HHSN272200800026C		30,899
Multifunctional bone putty for craniomaxillofacial bone repair	93.121	R01 - DE - 023356		630,447
NOVEL CALCIUM SIGNALING PATHWAYS IN SALIVARY GLAND	93.121	R21 - DE - 023418		138,417
NIDCD-R03	93.173	R03 - DC - 013396		141,264
2702Evaluation of a Standard Acquisition Charge Model for Kidney Paired Donation	93.226	R18 - HS - 020610	246,488	327,040
Longitudinal MRI study of PTSD development from days to weeks after trauma	93.242	R21 - MH - 098198		8,566
The role of GLT1 in the modulation of alcohol-drinking behavior in P rats	93.273	R01 - AA - 019458		145,635
Methamphetamine Toxicity and Corticostriatal Glutamate	93.279	R01 - DA - 007606	401	425
Methamphetamine, Stress and Brain Endothelium	93.279	RDA035499A		220
Tool Building to Inform Structure-Functions Relationships in the Autonomic Nervous System	93.310	EB021790		161,809
TRIP13 AAA-ATPase overexpression in chromosomal instability and breast cancer	93.393	3 - R01 - CA - 169500		368,654
Development of Novel Inducers of Non-Apoptotic Cell Death to Target Glioblastoma	93.395	R01 - CA - 115495	327	260,502

Agency	CFDA#	Agency Number	Passed-through to Subrecipients	Fiscal Year 2016
Entirely Carbohydrate Vaccine Constructs and Their Application in Probing Glycoim	93.395	5 - R01 - CA - 156661		$ 393,212
An epigenetic link from CXCL12-CXCR4 axis through nuclear LASP-1 in breast cancer	93.396	7 - R21 - CA - 202176		96,549
RhoG Signaling in Invadopodia	93.396	1 - R21 - CA - 194776		5,813
Regulation of Invadopodia Formation by RhoG Specific GEFs and GAPs	93.396	1 - R15 - Ca - 199101		64,846
Mechanisms Driving Cortical Cytoskeleton Dynamics in Cancer Cell Invasion	93.396	R01 - CA - 151632		94,593
Mechanisms of subtelomere recombinations in telomerase deficient tumors	93.398	R00 - CA - 154889		281
Expansion of PA Training Program	93.514	T88hp20684-01-00		233,279
Digitalis-Induced Signaling by Cardiac Na+/K+-ATPase	93.837	5P01HL036573-22		166,144
Transcriptional Regulation of Angiotensinogen Gene	93.837	R01 - HL - 092558		32,228
Innovative Models for Mechanistic Studies of Novel Hypertension Genes	93.837	R01 - HL - 112641		725,853
TRPC3 Protein in Molecular and Cellular Events During Atherogenesis	93.837	R01 - HL - 111877		80,407
Na/K-ATPase reduction in renal disease-related caridac dysfunction	93.837	R01 - HL - 105649		386,048
CEACAM1: A link between metabolic and cardiovascular diseases	93.837	R01 - HL - 112248	$ 13,627	326,993
Aldosterone Synthase and Hypertension	93.837	1 - R01 - HL - 122742		822,813
Antioxidant-PPARalpha interaction reduces adiposity	93.837	K01 - HL - 125445		193,653
Non-coding Variants of Angiotensinogen Gene and Hypertension	93.837	1 - R01 - HL - 130344		126,461
Inherited genetic risk factors common to COPD and lung cancer	93.838	R01 - HL - 108016	14,148	55,992
Role of complement regulator properdin in the interaction between platelets and leukocytes	93.839	R01 - HL - 112937	15,174	369,881
ELANE and CSF3R Mutations in Severe Congenital Neutropenia	93.839	1 - R15 - HL - 112183		108,569
In vivo role of platelets in bacterial blood infection	93.839	R01 - HL - 122401		362,255
ICAM-1 in Augmenting Skeletal Muscle Growth	93.846	1 - R15 - AR - 064858		82,194
Regulation of Melanocyte Differentiation by SWI/SNF Chromatin Remodeling Enzymes	93.846	R01AR059379-01A1		20,407
Evaluating the role of Exogenous administration of micro RNA 29b to prevent Chronic Kidney Disease induced cardiac Fibrosis	93.847	F32 - DK - 104615		57,996
CEACAM and Insulin Action	93.847	R01 - DK - 054254		15,998
The Roles of Primary Cilia in Cardiovascular System	93.847	5 - R01 - DK - 080640		(4,805)
Role of JAK2-PAK1 Interaction in Prolactin-Dependent Signaling	93.847	R01 - DK - 088127		291,596
Chemotaxis to islets based on cellular insulin receptor expression	93.847	R15 - DK - 103196		196,039
Intravital assessment of Borrelia burgdorferi-immune cell interactions in skin	93.855	R56 - AI - 105128	4,017	208,714
Paralysis of Nematode Parasites	93.855	R15 - R15AI109573		124,398
Novel role of RNA signaling in cross-talk between autophagy and apoptosis	93.855	1 - R15 - AI - 119980		43,507
Development of Aspartate Pathway Inhibitors as Novel Antiobiotics	93.855	5 - R01 - A1077720		34,391
Immune Response to Pneumococcal Vaccine in HIV Infected Adults	93.855	5 - R01 - AI - 081558		(5,871)
Preclinical Development of a Tularemia Vaccine	93.855	R01 - AI - 093351		194,706
Role of TRIM79 in innate immunity to tick-borne encephalitis virus	93.855	K22 - AI - 099020		(86)
Understanding trehalose synthesis and utilization in mycobacteria	93.855	5 - R01 - AI - 105084		355,148
Risk stratification for sensitized patients in Kidney Paired Donation program	93.855	R21 - AI - 111579		177,150
Biochemical and Crystallographic Characterization of Nocturnin	93.859	1 - R15 - GM - 110679		98,669
Synthesis of Glycopeptide-based Cancer Antigen Vaccines	93.859	R15 - GM - 094734		111,881
Synthesis of Glycopeptide-based Cancer Antigen Vaccines	93.859	1R15GM09473401A1		(2,124)
Regulation of Sororin Function by Mitotic Phosphorylation	93.859	1 - R15 - GM - 100440		17,672
The Mechanism of Pericentriolar Material Assembly During Centrosome Biogenesis	93.859	R01 - GM - 098394		367,770
Chemobiologic Approach to NAADP Signaling	93.859	R15 - GM - 100444	6,129	64,614
MLK4 Regulation of MAPK Signaling	93.859	1 - R15 - GM - 102831		91,650
Modulation of Microtubule Dynamics in Axon Guidance	93.865	1 - R15 - HD - 080512		133,645
Defective melanocortin signaling underlying T2D-associated erectile dysfunction	93.865	R01 - HD - 081792		367,182
Ontogeny of the Phase II cytosolic sulfotransferases and adverse drug reactions	93.865	RHD071146A		39,466
Simultaneous Insulin and Leptin Signaling in POMC Neurons Promotes Fertility and Metabolic Homeostasis in Male Rodents	93.865	F31 - HD - 75608		31,499
Immune response to pneumococcal vaccination in aging HIV positive adults.	93.866	R01 - AG - 045973		31,357
Healthy Start Initiative: Eliminating Racial/Ethnic Disparities Pass-through from: Lucas County Reginoal Health District	93.926	H49MC27825-02-00		55,783
Healthy Relationships through Existing Support Groups Pass-through from: Lucas County Reginoal Health District	93.940	48-1-001-2-HP-06-13		21
Program Support - Phase 1 Clinical Trial Unit for Therapeutics Against Infectious Diseases. Task Order 001 Pass-through from: Clinical Research Management, Inc.	93.000	HHSN272200800026C		(30,573)
Phase 1 Open Label Trial of the Safety, Tolerability, and Genitourinary and Pharyngeal Pharmacokinetics of Solithramycin Pass-through from: Clinical Research Management, Inc.	93.000	Task Order 008-13-00		230,410
Catheter Ablation Versus Antiarrhythmic Drug Therapy for Atrial Fibrillation Trial (CABANA Trial) Pass-through from: Duke University	93.000	CABANA-PIVOTAL-068		1,190
A Phase I Open-Label Trial to Investigate the Pharmacokinetic Interaction Between Rifabutin or Rifampin and a Single Dose of TMC207 in Health Subjects" protocol (DMID Protocol Number: 10-0043), Task Order 005 Pass-through from: Clinical Research Management, Inc.	93.000	HHSN272200800026C		25,218
Neurobehavioral Moderators of Post-traumatic Disease Trajectories: Prospective MRI Study of Recent Trauma Survivors Pass-through from: New York University	93.242	13-A-00-001751-01		7,060
Ohio Human Trafficking Prevention Program Pass-through from: Ohio Department of Jobs and Family Services	93.590	2013G994551		1,080
Prevention of Cardiovascular Disease in Diabetes Mellitus Pass-through from: Case Western Reserve University	93.830	HHSN268201100027C		26,353
Receptor NA/K-APASE Antagonists as Novel Therapeutics for Renal/Cardiac Diseases Pass-through from: Marshall University Research Corporation	93.837	109015		19,707
Multi-faceted Approach to Modeling ACL Injury Mechanisms Pass-through from: Mayo Clinin	93.846	UOT-205886		11,975
Multi-faceted Approach to Modeling ACL Injury Mechanisms Pass-through from: Ohio State University	93.846	5 - R01 - AR - 056259		58,444

Agency	CFDA#	Agency Number	Passed-through to Subrecipients	Fiscal Year 2016
B. burgdorferi motility and chemotaxis in the development of Lyme disease Pass-through from: East Carolina University	93.846	A12-0090-S001, Amd 3		$ 96,484
Molecular characterization of novel insulin sensitizers Pass-through from: Scripps Research Institute	93.847	R01 - DK - 105825		131,365
Inflammatory Processes Driving Insulin Resistance in Polycystic Ovary Syndrome Pass-through from: University of Michigan	93.847	3003059245		789
Optimization and Simulation of Kidney Paired Donation Programs Pass-through from: University of Michigan	93.847	3002295226		19,509
Insulin Resistance Intervention after Stroke (IRIS) Trial Pass-through from: Yale University	93.853	U01 - NS - 44876		1,168
A Multi-Center, Double-Blind, Randomized Study Comparing the Combined Use of Interferon Beta-1a and Glatiramer Acetate to Either Agent Alone in Patients with Relapsing Remitting Multiple Sclerosis (CombiRx-Phase III) Pass-through from: Mount Sinai School of Medicine - New York City	93.853	1 - U01 - NS - 045719		405
Platelet-Oriented Inhibition in New TIA Pass-through from: Emmes Corporation	93.853	U01 - NS - 06285		1,008
Novel mechanisms for distal transport in developing and mature neurons Pass-through from: Stanford Research	93.853	SR-2014-24		24,431
New compounds to study neurological disorders related to autophagic dysfunction Pass-through from: Washington State University	93.853	R15 - NS - 093594		3,548
Randomized Open-label Phase II/III Multicenter Study of High-dose Immunosuppressive Therapy of Irradiation, Cyclophosphamide, ATGAM & Autologous Transplantation c/Auto-CD34+HPC vs IV Pulse Cyclophosphamide for Treatment of Severe Systemic Sclerosis(SCOT) Pass-through from: Duke University	93.855	N01 - AI - 05419 HHS0100201300		750
Total U.S. Department of Health and Human Services			$ 300,311	11,452,522
National Institutes of Health				
U.S. Department of Homeland Security				
Deposition of SdTe Thin Films Pass-through from: Lithium Innovations Company, LLC.	97.000			2,540
Total U.S. Department of Homeland Security				2,540
U.S. Agency for International Development				
The use of green nanoparticles as biofouling-resistant agent in RO desalination Pass-through from: Development Alternatives Inc.	98.001	1001624-14S-22614	6,659	33,651
Total U.S. Agency for International Development			6,659	33,651
Department of Defense				
Military Service Center Student Support	12.000			4,220
Assessment of Team Dynamics Using Adaptive Modeling of Biometric Data Pass-through from: Dayton Area Graduate Studies Institute	12.800			18,716
Total Department of Defense				22,936
National Science Foundation				
University of Toledo - Proposal for NSF I Corps Site at The Bancroft Innovators Center	47.070	CNS-1322026		48,012
Water Distribution Analysis Modules and Kits for Undergrad Education	47.076	DUE-1044823		(12,046)
Collaborative Research: Training Next Generation Faculty and Students to Address the Infrastructure Crisis	47.076	1323341		13,879
Graduate Teaching Fellows in STEM High School Education: An Environmental Science Learning Community at the Land-Lake Ecosystem Interface	47.076	DGE-0742395		942
Total National Science Foundation				50,787
Department of Health and Human Services				
Ryan White 340b Pharmacy Revenue Program UTMC	93.917			735,776
Ryan White 340b Pharmacy Revenue Program	93.917	340B		80
New Developments in the Assessment of Chemical Toxicology	93.103	1 - R13 - FD005368		3,750
AHEC Point of Service Maintenance and Enhancement	93.107	U77 - HP - 23072		(6,983)
AHEC Point of Service Maintenance and Enhancement	93.107	U77 - HP - 23072	340,520	534,422
AHEC Point of Service Maintenance and Enhancement	93.107	U77 - HP - 23072	253,850	333,818
American Society for Virology Meeting	93.855			12,000
American Society for Virology Meeting	93.855	R13 - A1 - 096720		14,000
Pass-through from:				
Healthy Relationships through Existing Support Groups Pass-through from: Lucas County Regional Health District	93.940	48-1-001-2-HP-06-13		79
Healthy Relationships through Existing Support Groups Pass-through from: Lucas County Regional Health District	93.940	48-1-001-2-HP-06-13		20,817
Healthy Relationships through Existing Support Groups Pass-through from: Lucas County Regional Health District	93.940	48-1-001-2-HP-06-13		19,143
Workforce Development Pass-through from: Ohio Department of Jobs and Family Services	93.645	G-1201OH1400		21,635
Child Welfare Workforce Professional Education Program Pass-through from: Ohio Department of Jobs and Family Services.	93.658	1501OHFOST		59,031
Total Department of Health and Human Services			594,370	1,747,568
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			**2,345,418**	**28,012,150**
TRIO CLUSTER				
U.S. Department of Education				
UT Student Support Services	84.042	P042A101389-14		43,960
UT Student Support Services	84.042A	P042A151332		182,981

Agency	CFDA#	Agency Number	Passed-through to Subrecipients	Fiscal Year 2016
Upward Bound Program	84.047A	P047A120141-15		$ 418,533
Total U.S. Department of Education				645,474
TOTAL TRIO CLUSTER				**645,474**
MEDICAID CLUSTER				
U.S. Department of Health and Human Services				
Federal Community Medicaid	93.778			587,600
MEDTAPP Healthcare Access (HCA) Initiative Community Health Worker Program	93.778	OMD201609	$ 418,535	467,765
UT Interprofessional Healthcare Provider Development	93.778	OMD201409	3,200	45,742
UT Interprofessional Healthcare Provider Development	93.778	OMD201409	269,662	1,697,160
MEDTAPP Healthcare Access (HCA) Initiative Phase 2-Round 1 Community Health Worker Program Pass-through from: Ohio State University	93.778	OMD201609		(12,511)
EXPANSION: MEDTAPP Healthcare Access (HCA) Initiative Community Health Worker Program Pass-through from: Ohio State University	93.778	OMD201609	67,367	150,759
Total U.S. Department of Health and Human Services			758,764	2,936,515
TOTAL MEDICAID CLUSTER			**758,764**	**2,936,515**
CHILD NUTRITION CLUSTER				
U.S. Department of Agriculture				
Upward Bound - Food Pass-through from: Ohio Department of Education	10.559			5,881
TOTAL CHILD NUTRITION CLUSTER				**5,881**
Workforce Investment Act (WIA) CLUSTER				
DEPARTMENT OF LABOR				
WIA - Workforce Investment ACT	17.278			3,266
Total Workforce Investment Act (WIA) CLUSTER				**3,266**
Fish and Wildlife Cluster				
U.S. Department of the Interior				
Hydroacoustic Determination of distribution and abundance of Lake Erie Walleye Pass-through from: Ohio State University	15.605	F-69-P		(419)
Hydroacoustic Determination of distribution and abundance of Lake Erie Walleye Pass-through from: Ohio State University	15.605	F-69-P		35,280
Total Fish and Wildlife Cluster				**34,861**
Highway Planning and Construction Cluster				
U.S. Department of Transportation				
Development of Transportation Asset Management Decision Support Tools	20.205			92,803
Task 7 - Preliminary Measurement and Analysis of Flexure and Shear Strain for a Carbon Fiber-Wrapped Pier Cap Pass-through from: Ohio University	20.205			275
Task 2 - Aluminum Truss Overhead Sign Support Flange Damage Assessment Pass-through from: Ohio University	20.205			1,873
Development of an Overlay Design Procedure for Composite Pavements Pass-through from: Ohio Department of Transportation	20.205	26027		91,415
Veteran's Glass Skyway Ice Dashboard Implementation Pass-through from: Ohio Department of Transportation	20.205		106,285	134,556
LUC-2-1682 Long Term Maintenance of the Anthony Wayne Suspension Bridge Main Cables Pass-through from: Ohio Department of Transportation	20.205	E150937		20,189
Highway Planning and Construction Cluster			**106,285**	**341,111**
Other Awards				
U.S. Department of Defense				
Airforce Institute of Technology (AFIT)	12.607			272,962
STARTALK CHELER Program for Chinese Heritage School Teachers and Administrators	12.900	H98230-15-1-0193		78,825
STARTALK CHELER Program for Chinese Heritage School Teachers and Administrators	12.900	H98230-16-1-0213		18,680
Total U.S. Department of Defense				370,467
U.S. Department of State Bureau of Educational and Cultural Affairs				
Institute of International Eduaction (Fulbright Programs)	19.401			950,113
Total U.S. Department of State Bureau of Educational and Cultural Affairs				950,113
National Aeronautics and Space Administration				-
Climate Change Education: Engaging Teachers and Students and Correcting Misperceptions using NASA data	43.008	NNX10AT44A		42,851
Total National Aeronautics and Space Administration				42,851
U.S. Department of Veterans Affairs				
Air Force R.O.T.C	64.120			16,360
Army R.O.T.C.	64.120			353,396
Air Force Tuition Assistance	64.120			15,750
Army Medical - H.P.S.P.	64.120			302,432
Army Tuition Assistance - Go Army Education	64.120			25,500
Coast Guard Tuition Assistance	64.120			750
Navy Medicine (NAVMED MPT & E)	64.120			67,387
Navy Tuitiion Assistance	64.120			14,750

University of Toledo

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Agency	CFDA#	Agency Number	Passed-through to Subrecipients	Fiscal Year 2016
Total U.S. Department of Veterans Affairs				$ 796,325
U.S. Department of Education				
DCTAG Award	84.370			94,237
TCM - Teaching Mentoring Communities (prev. Texas Migrant Council)	84.011			4,082
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Pass-through from: Ohio Department of Education	84.334			7,875
Bureau of Vocational Rehabilitation	84.126			123,858
The PARTNER Project	84.325	H325N110014-14	$ 35,742	160,971
Project LEA: Leading Educators in Advancing Inclusive Early Education	84.325	H325D130075-15		269,979
UToledo, UTeach, UTouch the Future (UT3)	84.336	P336B040031-06		25
Carl D. Perkins Grant FY 15 Pass-through from: Ohio Department of Education	84.048	63099		445
Carl D. Perkins Grant FY 16 Pass-through from: Ohio Department of Education	84.048	63099	55,275	75,190
Ohio New Learning Standards in Math & Science through a Technology Lens in NW Ohio Pass-through from: Ohio Board of Regents	84.367	14-46		58,044
Engineering for Migrant Students and Teachers -2015 Pass-through from: Ohio Department of Education	84.011			4,431
Engineering for Migrant Students and Teachers -2016 Pass-through from: Ohio Department of Education	84.011	63099		3,371
CTE Teacher Preparation and Retention Pass-through from: Ohio Department of Education	84.048	VEPD-CB-14-063099		(804)
CTE Teacher Preparation and Retention Pass-through from: Ohio Department of Education	84.048	VEPD-TPR-12-063099		90,452
Improving Instruction and Learning for Students with Disabilities and Other At-Rick Learners Pass-through from: Ohio Department of Education	84.323	14024		3,905
Graduate Studies Consortium for Listening and Spoken Language (GSCLSL) Pass-through from: University of Akron	84.325	H325K120356-15		120,787
Making Connections: Preparing Teachers to Integrate STEM	84.367	15-44		64,503
Total U.S. Department of Education			91,017	1,081,351
U.S. Department of Health and Human Services				
Occupational Health Training Grant	93.262	T01OH008605		7
NIOSH Training Grant Project: Industrial Hygiene-UniversityToledo	93.262	T01 - OH - 008605		67,214
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.918	5 - H76 - HA - 00732		(411)
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.918	H76 - HA - 00732		1,892
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.918	H76 - HA - 00732		341,482
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.918	H76 - HA - 00732		129,673
Program Income Account for Ryan White Part D Pass-through from: University of Toledo Physicians	93.918			3,898
Program Income Account for Ryan White Part C Pass-through from: University of Toledo Physicians	93.918			3,898
Child and Adolescent Psychiatry Residency and Training Program Pass-through from: Ohio Department of Mental Health	93.958	402-12-100-14-013		41
Preventing High-Risk Drinking and Drunkorexia Pass-through from: Ohio Department of Alcohol and Drug Addiction Services	93.959	99-8203-HEDUC-P-16-9		3,225
Total U.S. Department of Health and Human Services				550,919
U.S. Department of Health and Human Services				
National Institutes of Health				
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY)	93.153	H12HA248380301		60,631
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY)	93.153	H12 - HA - 24838		434,653
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY)	93.153			(23,255)
Total U.S. Department of Health and Human Services National Institutes of Health				472,029
Corporation for National and Community Service				
Government Training (Americorp)	84.006			35,749
Total Corporation for National and Community Service				35,749
Total Other			**91,017**	**4,299,804**
TOTAL FEDERAL EXPENDITURES			**3,301,484**	**208,204,060**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of University of Toledo under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of University of Toledo, it is not intended to and does not present the financial position, changes in net assets, or cash flows of University of Toledo.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Education 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.

Entity has not elected to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Adjustments and Transfers

During the year ended June 30, 2016, there were the following transfers of grant overpayments:

Transferred from	Amount	Transferred to
Federal Work Study	$ 301,911	FSEOG

Note 4 - Loans Balances

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule of federal expenditures. The balances of loans outstanding at June 30, 2016 consists of the following:

Cluster/Program Title	CFDA Number	Loan Balances
Federal Perkins Loans	84.038	$ 14,832,465
Nurse Faculty Loan Program	93.264	291,068
	Total	$ 15,123,533

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 2 CFR 200.516 (a)? ______ Yes __X__ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.268, 84.379, and 93.264	Student Financial Aid Cluster
93.778	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs: $1,086,103

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

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

University of Toledo
National Collegiate Athletics Association

Agreed-upon Procedures Report
Related to NCAA Constitution 3.2.4.15
June 30, 2016

University of Toledo
National Collegiate Athletics Association Report

Contents

Report Letter	1-17
Intercollegiate Athletics Program Statement of Revenue and Expenses	18
Notes to Intercollegiate Athletics Program Statement of Revenue and Expenses	19-20
Appendix A	21

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

Dr. Sharon Gaber, President
University of Toledo
Toledo, OH

We have performed the procedures enumerated below, which were agreed to by the president of the University of Toledo (the "Institution"), solely to assist you in evaluating whether the accompanying Intercollegiate Athletics Program statement of revenue and expenses (the "Statement") of the University of Toledo is in compliance with the National Collegiate Athletics Association (NCAA), Constitution 3.2.4.15 for the year ended June 30, 2016. The University of Toledo'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 Institution's internal control structure:

1) We met with the director of internal audit and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the Institution, the competence of personnel, and the protection of records and equipment.

2) We obtained the audited financial statements for the year ended June 30, 2016 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 Institution'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 Institution's financial statements. We performed the following procedures:

   i. We selected four 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 noted no exceptions. The ticket cash receipt amounts for the four transactions were as follows:

Event Date	Sporting Event	Ticket Sales Amount	Deposit Date
10/10/2015	Football - vs. Kent State	$ 6,379.50	10/12/2015
11/27/2015	Football - vs. Western Michigan	1,522.50	12/2/2015
1/12/2016	Men's Basketball - vs. Northern Illinois	456.00	1/13/2016
2/10/2016	Women's Basketball - Buffalo	2,027.00	2/11/2016

NCAA Reporting

B. **Procedure**: The Financial Report Submission to the NCAA is now due on January 15, 2017. We obtained the financial data detailing operating revenue, expenses, and capital related to the Institution's intercollegiate athletics program that will be submitted to the NCAA and agreed the amounts to the Intercollegiate Athletics Program statement of revenue and expenses included in the agreed-upon procedures for the reporting period.

   Results: We noted no discrepancies.

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

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

D. **Procedure**: We obtained the Institution's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports reported by the Institution meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and number of participants in each contest that is counted toward meeting the minimum contest requirement. We ensured that the Institution has properly reported these countable sports for revenue distribution purposes.

   Results: We noted no discrepancies in the sports reported as countable sports in the demographics report and the game schedules/squad lists. We verified the Institution met the minimum requirements of Bylaw 20.9.6.3 without exception.

Notes and Disclosures

E. **Procedure**: We obtained and described the Institution's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets in Note 1. We agreed the schedule to the Institution's general ledger. We obtained repayment schedules for all outstanding intercollegiate athletics debt maintained by the institution 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 Institution's general ledger, as applicable. The intercollegiate athletics debt and repayment schedules are disclosed in Note 2.

   Result: We noted no exceptions.

F. **Procedure**: We obtained and disclosed 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 contributions. We will obtain and disclose the value of endowments at the fiscal year end that are dedicated to the sole support of athletics. We will obtain and disclose the value of all pledges at the fiscal year end that support athletics. We will obtain and disclose the athletics department fiscal year-end fund balance.

   Result: There were no significant changes to endowment and plant funds. See Note 3 for disclosures.

Statement of Revenue and Expenses

G. **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 Institution's general ledger.

   Result: We noted no exceptions.

H. **Procedure**: We compared revenue and expenditure amounts from the statement to prior year amounts and budget estimates. We obtained and documented an understanding of any variations exceeding the lesser of $1 million or 10 percent of total revenue or expenses.

   Result: See Appendix A.

I. **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.

Revenue

J. **Procedure**: We agreed revenue reported in the statement during the reporting period to supporting schedules provided by the Institution.

Result: The supporting schedules provided by the Institution 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 Institution in the statement and related attendance figures and recalculated totals. The sample is disclosed in procedure A.4i.

Result: We noted no exceptions.

2) Student fees

Procedure: We agreed student fees reported by the Institution in the statement for the reporting period to student enrollments during the same reporting period. We obtained the Institution's methodology for allocating student fees to intercollegiate athletics programs and recalculated totals.

Result: We noted the total amount allocated to athletics agreed to the approved budgeted amount and is composed of the following elements:

Name	Amount
Athletics and Cheerleaders	$10,091,212
Fetterman Training Facility	104,100
Glass Bowl	55,436
Larimer Team Facility	254,067

3) Direct institutional support

Procedure: We agreed the direct institutional support recorded by the Institution during the reporting period with state appropriations, institutional authorizations and other corroborative supporting documentation and recalculated totals.

Result: We noted no exceptions.

4) Transfers back to the Institution

Procedure: We obtained a schedule of transfers back to Institution, agreed to permanent transfers back to the Institution from the athletics department, and recalculated totals.

Result: We noted no transfers back to the Institution.

5) Guarantees

Procedure: We selected a sample of five settlement reports for away games during the reporting period and agreed each selection to the Institution's general ledger and the statement. We selected a sample of five contractual agreements pertaining to revenue derived from guaranteed contests during the reporting period and agreed each selection to the Institution's general ledger and the statement. We also recalculated totals. We agreed a sample of five revenue receipts obtained from the revenue supporting schedules to supporting documentation, which included agreement to the related contractual agreement, payment received by the Institution, and the Institution's general ledger.

Result:

Event Date	Sporting Event	Guarantee Amount
3/30/2016	Baseball - Ohio State University	$ 1,000.00
11/25-28/2015	Men's Basketball - University of Alask Anchorage	40,000.00
12/5-6/2016	Women's Basketball - Arizona State University	7,000.00
9/12/2015	Football - University of Arkansas	1,000,000.00
2/26-28/2016	Baseball - UNC Charlotte	7,000.00

We obtained the respective contractual agreements, agreed amounts to the contracts, and agreed amounts to the Institution's general ledger.

6) Contributions

Procedure: We requested 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 general ledger detail for contribution revenue and noted there were no contributions over 10 percent.

7) Media rights

Procedure: We obtained and inspected all agreements related to the Institution's participation in revenue from broadcast, television, radio, and Internet rights. We agreed related revenue to the Institution's general ledger and the statement. We also recalculated totals.

Result: We selected the following revenue:

Revenue Source	Amount
Learfield (UT's media partner)	$ 1,032,410
Conference (MAC) Distribution	150,000

Procedures were performed without exception.

8) NCAA distributions

Procedure: We agreed 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: The distribution selected for testing was $281,467.60 on October 10, 2015. We traced the amount to the deposit ticket and general ledger detail. We noted no exceptions.

9) 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 agreed the related revenue to the Institution's general ledger and the statement.

Result: We selected the following distribution:

Date	Program	Distribution Amount
6/14/2016	Mid-American Conference	$1,200,000

We agreed the above distribution to documentation from the chief financial officer of Mid-American Conference, noting that the Institution was to receive a general distribution of $1,200,000. Procedures were performed without exception.

10) Program sales, concessions, novelty sales, and parking

Procedure: We agreed related revenue to the Institution's general ledger detail of program sales, concessions, novelty sales, and parking. We also recalculated totals.

Result: Procedures were performed without exception.

11) Royalties, licensing, advertisements, and sponsorships

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

Result: We selected the following transaction:

Date	Program	Amount
12/23/2015	Coca-Cola Sponsorship	$ 180,000

Procedures were performed without exception.

12) Sports camp revenue

Procedure: We requested sports camp contracts between the Institution and persons conducting the Institution sports camps or clinics during the reporting period. We obtained schedules of camp participants. We selected a sample of one individual camp participant cash receipt from the schedule of sports camp participants and agreed the selection to the Institution's general ledger and recalculated totals.

Result: We noted that the Institution has no sports camp contracts between the Institution and persons conducting the camps. Rather, the general employment agreement communicates the expectation that the coaches may lead sports camps during their tenure, and their compensation is structured to reflect that expectation. We agreed individual camp participant cash receipts to the total cash receipts listing for the day for the camp listed below and traced amount to the general ledger detail. We noted no exceptions. The individual participant selected was included in the following bulk transaction. We selected the following transaction:

Dates	Program	Camp Receipts
6/22-25/2016, 7/13-16/2016	Cullop's Kid's Camp	$ 10,852.00

13) Athletics-restricted endowment and investment income

Procedure: We obtained and inspected the endowment agreements for the four largest distributions. 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: Earnings on athletics endowments that were spent on athletics during the year totaled $11,200. We obtained and inspected the agreements for the Frank R. Butler Golf Scholarship Fund, the Roy and Gail Hummel Scholarship Fund, the Coaches Incentive Endowment Fund, and the Norman C. Kies Baseball Scholarship Fund. Procedures were performed without exception.

14) Bowl revenue

Procedure: We obtained and inspected agreements related to the Institution's revenue from post-season bowl participation. We agreed the related revenue to the Institution's general ledger and the statement and recalculated totals.

Result:

Date	Revenue Description	Expense Amount
6/24/2016	Bowl Stipend	$258,700.00
12/10/15 to 3/1/16	Bowl Ticket Sales	21,145.00

Procedures were performed without exception.

15) Other

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

Result: Procedures were performed without exception.

Expenses

K. **Procedure**: We agreed each expense reported in the statement during the reporting period to supporting schedules provided by the Institution. We agreed a sample of operating expense receipts obtained from the supporting schedules to supporting documentation as described in the procedures below.

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

We performed the following procedures for the indicated expense category:

1) Athletic Student Aid

Procedure: We selected a sample of 31 students from the listing of institutional student aid recipients during the reporting period (no less than 10 percent of the total student athletes since the Institution used 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 his or her 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, need 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, 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. A student athlete 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 towards grants-in-aid revenue distribution per sport hierarchy listed in the Division I manual.

iii. All equivalency calculations should be rounded to two decimal places. The NCAA Compliance Assistant software and the online 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 a semester. The "Period of Award" column on the NCAA Compliance Assistance squad list can identify those student athletes receiving aid for a particular semester.

v. If a sport is discontinued and the grant(s) are still being honored by the Institution, the grant(s) are included in the student-athlete aid for revenue distribution purposes.

vi. Student athletes receiving athletic aid who have exhausted their athletic eligibility or are inactive due to medical reasons should be included in the student-athlete aid total and correctly noted on the squad list.

vii. Only athletic aid 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 noted no exceptions. The students' accounts tested are summarized below:

Student Tested	Amount Disbursed	Student Tested	Amount Disbursed
1	$ 7,568	17	$ 25,904
2	10,380	18	15,582
3	6,468	19	14,126
4	11,628	20	35,242
5	35,242	21	19,404
6	25,904	22	14,182
7	35,242	23	35,242
8	25,904	24	25,904
9	25,904	25	25,904
10	17,028	26	3,368
11	25,904	27	11,482
12	25,904	28	14,168
13	35,242	29	9,014
14	25,904	30	24,965
15	25,904	31	15,820
16	25,904		

2) Guarantees

Procedure: We obtained and inspected five game settlement reports received by the Institution during the reporting period and agreed related expenses to the Institution's general ledger. We obtained and inspected the five contractual agreements pertaining to expenses recorded by the Institution from guaranteed contests during the reporting period. We agreed related amounts expensed by the Institution during the reporting period to the Institution's general ledger. We also recalculated totals.

Result: We noted no exceptions. We selected the following game settlement reports:

Date	Sporting Event	Expenses
9/3/2015	Men's Football - Stony Brook University	$ 325,000.00
11/7/2015	Women's Basketball - University of Findlay Exhibition Game	3,000.00
11/24/2015	Men's Basketball - West Virginia University	5,000.00
12/31/2015	Men's Football - Arkansas State University	250,000.00
11/25-27/2016	Men's Basketball - Challenge in Music City	15,000.00

3) Coaching salaries, benefits, and bonuses paid by the Institution and related entities

Procedure: We obtained and inspected a listing of coaches employed by the Institution and related entities during the reporting period. We selected a sample of five coaches' contracts that included 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 Institution 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 Institution and related entities expense recorded by the Institution in the statement during the reporting period, and recalculated totals. We compared and agreed the totals recorded to any employment contracts executed for the sample selected.

Result: We selected five coaches' contracts, including football, men's basketball, women's basketball, men's baseball, and women's soccer. We noted no exceptions.

4) Support staff/administrative salaries, benefits, and bonuses paid by the Institution and related entities

Procedure: We selected a sample of five support staff/administrative personnel employed by the Institution 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 Institution, and related entities expense recorded by the Institution in the statement during the reporting period. We also recalculated totals.

Result: We selected the following staff:

Staff	Staff Title
1	Senior Associate Athletic Director
2	Associate Director
3	Strength Coach
4	Associate Athletic Trainer - Football
5	Assistant Athletic Director

We noted no exceptions.

5) Recruiting

Procedure: We obtained the Institution'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 obtained and reviewed the University's recruiting expense policies. We agreed total recruiting expenses to detail list. Procedures were performed without exception.

6) Team travel

Procedure: We obtained the Institution'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 obtained and reviewed the University's team travel policies. We agreed total expenses reported to a detail list of travel expenses. Procedures were performed without exception.

7) Equipment, uniforms, and supplies

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of one transaction and agreed to supporting invoice. We recalculated totals.

Result: Procedures were performed without exception. We selected the following transaction:

Date	Expense Description	Expense Amount
11/27/2015	Training room - Medical supplies	$ 17,231.72

8) Game expenses

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of one transaction and agreed to supporting invoice. We recalculated totals.

Result: Procedures were performed without exception. We selected the following transaction:

Date	Expense Description	Expense Amount
10/14/2015	Parking Services - Men's Football Game	$ 5,007.43

9) Fundraising, marketing, and promotion

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of one transaction and agreed to supporting invoice. We recalculated totals.

Result: Procedures were performed without exception. We selected the following transaction:

Date	Expense Description	Expense Amount
7/7/2015	Crew and University Clothing	$1,811.27

10) Sports camp expenses

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of one transaction and agreed to supporting invoice. We recalculated totals.

Result: Procedures were performed without exception. We selected the following transaction:

Date	Expense Description	Expense Amount
9/18/2015	Clothing	$2,097.50

11) Spirit groups

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of one transaction and agreed to supporting invoice. We recalculated totals.

Result: Although less than .5 percent, we still performed procedures. Procedures were performed without exception. We selected the following transaction:

Date	Expense Description	Expense Amount
8/7/2015	Cheerleading Services	$ 1,880.00

12) 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 a sample of three facility payments, including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements). We agreed amounts recorded to amounts listed in the general ledger detail and recalculated totals.

Result: Procedures were performed without exception. We selected the following facility payments:

Expense Description	Expense Amount
Glass Bowl Facility	$ 50,971.00
Savage Arena	480,000.00
Larimer Renovation	1,000,000.00

13) Direct overhead and administrative support

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of five transactions and agreed to allocation journal entries. We recalculated totals.

Result: Procedures were performed without exception. We selected the following transactions:

Date	Expense Description	Expense Amount
9/30/2015	GB east stands design stage 900132	$ 200,000.00
10/15/2015	Transfer Out Miscellaneous	59,724.80
12/15/2015	Transfer Out Miscellaneous	10,026.60
1/15/2016	Utilities Charge Back - Electricity	40,300.00
1/15/2016	Utilities Charge Back - Electricity	46,750.00

14) Medical expenses and medical insurance

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of one transaction and agreed to related invoice. We recalculated totals.

Result: Procedures were performed without exception. We selected the following transaction:

Date	Expense Description	Expense Amount
7/21/2015	Insurance - General	$ 80,000.00

15) Memberships and dues

Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of one transaction and agreed to related invoice. We recalculated totals.

Result: Procedures were performed without exception. We selected the following transaction:

Date	Expense Description	Expense Amount
10/2/2015	National Association of Collegiate Directors of Athletics	$ 1,000.00

16) Bowl expenses

Procedure: We obtained general ledger detail and compared to the total expenses reported. We agreed a sample of two transactions to validate existence of the transaction and accuracy of recording and recalculate totals.

Date	Expense Description	Expense Amount
12/29/2015	Room and Meal Charges	$219,145.51
6/1/2016	Bowl Champions Expenses	38,084.00

Result: Procedures were performed without exception.

17) Student-athlete meals (non-travel)

Procedure: We obtained general ledger detail and compared to the total expenses reported. We agreed a sample of two transactions to validate existence of the transaction and accuracy of recording and recalculate totals.

Date	Expense Description	Expense Amount
11/30/2015	Post Game Meal - Men's Football	$ 2,510.00
10/31/2015	Post Game Meal - Men's Football	2,490.00

Result: Procedures were performed without exception.

18) Other operating expenses

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

Result: Procedures were performed without exception.

Affiliated and Outside Organizations

L. In preparation for our procedures related to the Institution's affiliated and outside organizations we:

1) 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.

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.

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

2) We also obtained documentation on the Institution's practices and procedures for monitoring the internal controls in place and financial activities of these organizations. We inquired of management on the procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the Institution's intercollegiate athletic program.

3) We obtained and inspected audited financial statements of the organization and any additional reports regarding internal controls and any corrective action taken in response to comments concerning the control environment that were provided to us by management.

Results: We obtained the following listing prepared by the Institution of all identified affiliated and outside organizations and agreed that list to the activities recorded in the Institution's financial statements and to the Intercollegiate Athletics Program statement of revenue and expenditures. We noted that two of the Institutions' finances are handled through the Institution's foundation, with only the Downtown Coaches Association being outside the control of the Institution. We noted the following activity with the three affiliated outside organizations:

	Beginning Cash Balance 06/30/15	Cash Receipts	Contribution to or on Behalf of Program	Ending Cash Balance 06/30/16
The Varsity T	$ 17,923	$ 19,684	$ 17,687	19,920
Group Downtown Coaches Association	1,629	231,400	230,484	2,545
Women's Basketball Fan Club	8,018	31,828	27,324	12,522
Total all funds	**$ 27,570**	**$ 282,912**	**$ 275,495**	**$ 34,987**

M. **Procedure**: For expenses on or on behalf of intercollegiate athletic programs by affiliated and outside organizations not under the Institution's accounting control, we obtained those organization's financial statements for the reporting period. We agreed the amounts reported to the organization's general ledger. We performed the following supplemental procedures:

1) We disclosed a summary of revenue and expenses for the organization. A summary of revenue and expenses is included below as of June 30, 2016:

Revenue	$ 231,400
Expenses	230,484
Net gain	$ 916

2) We agreed a sample of three operating revenue categories reported in the Institution's statement during the reporting period to supporting schedules provided by the Institution.

	Revenue Category	Amount
1	Dues/Contributions	$ 6,813.00
2	Men's Basketball 50/50	39,643.00
3	Women's Basketball 50/50	32,824.00

3) We agreed a sample of three operating revenue receipts obtained from the above operating revenue schedule to supporting documentation.

	Date	Amount
1	7/7/2015	$ 2,710.00
2	11/9/2015	508.00
3	1/19/2016	2,758.00

4) We agreed each operating expense category reported in the Institution's statement during the reporting period to supporting schedules provided by the Institution.

	Expense Account	Amount
1	Lunches - Aramark	$ 30,903
2	Miscellaneous Expenses (includes Accountant)	1,918
3	Football 50/50 Awards (after w/h)	47,035
4	Men's Basketball 50/50 Awards	16,534
5	Women's Basketball 50/50 Awards	14,445
6	High School 50/50	428
7	Concert 50/50	4,999
8	Pointstreak 50/50 Commission	15,900
9	50/50 IRS Withholding Payments	4,279
10	Miscellaneous 50/50 Expenses	100
11	Pointstreak Tech Fes 50/50 Exp.	1,917
12	Executive Compensation	4,600
13	50/50 Team Distribution	42,425
14	Athletic Department Distribution	45,000

5) We agreed a sample of three operating expenses obtained from the above operating expense supporting schedules to supporting documentation.

	Expense Account	Amount
1	Lunches - Aramark	$ 6,682.50
2	Women's Basketball 50/50 Awards	500.00
3	Concert 50/50	4,999.99

6) We directly confirmed cash balances recorded at the end of the reporting period by the organization and agreed to the related year-end bank reconciliations. The balance per the bank was $2,545.43.

7) We obtained and inspected minutes of the organization's governing bodies during the reporting period and selected a sample of three financial transactions discussed in the minutes.

	Meeting Date	Amount
1	8/3/2015	$ 3,600
2	9/8/2015	2,000
3	3/14/2016	25,000

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 the University of Toledo'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

November 21, 2016

University of Toledo
National Collegiate Athletics Association Report

Intercollegiate Athletics Program Statement of Revenue and Expenses
For the Year Ended June 30, 2016

	Men's Football	Men's Basketball	Women's Basketball	Other	Total
Operating Revenue					
Ticket sales	$ 1,171,344	$ 365,672	$ 241,615	$ 452,333	$ 2,230,964
Student fees	-	-	-	10,504,815	10,504,815
Direct institutional support	258,712	19,813	22,876	1,755,986	2,057,387
Guarantees	1,000,000	40,000	7,000	26,330	1,073,330
Contributions	-	-	-	2,418,287	2,418,287
Media rights	-	-	-	1,182,410	1,182,410
NCAA revenue	-	-	-	977,984	977,984
MAC revenue	-	-	-	1,287,503	1,287,503
Program sales concessions parking	251,401	84,202	36,491	197,756	569,850
Royalties ads sponsorships	(3,298)	-	-	707,456	704,158
Sports camp revenue	-	56,343	46,983	109,115	212,441
Athletics restricted endowment and investment income	10,100	1,100	-	-	11,200
Other	156,911	113,957	(1,001)	1,935,591	2,205,458
Bowl revenue	279,845	-	-	-	279,845
Operating Revenue Total	3,125,015	681,087	353,964	21,555,566	25,715,632
Operating Expense					
Athletic student aid	3,002,114	488,496	537,609	4,257,618	8,285,837
Guarantees	650,000	35,000	105,825	5,792	796,617
Coaching salaries	2,606,757	1,058,135	846,664	1,446,352	5,957,908
Support staff salaries	-	-	-	3,223,759	3,223,759
Recruiting	363,492	76,105	123,765	98,275	661,637
Team travel	585,685	178,099	223,712	1,195,994	2,183,490
Equipment uniforms supplies	523,613	63,775	43,024	991,427	1,621,839
Game expenses	497,394	275,563	122,040	123,958	1,018,955
Fundraising marketing and promotion	-	-	-	1,382,659	1,382,659
Sports camp expense	3,360	60,042	21,810	124,197	209,409
Spirit groups	-	-	-	90,699	90,699
Debt service	-	-	-	1,530,971	1,530,971
Direct overhead	14,407	1,944	2,627	502,250	521,228
Medical expenses and insurance	-	-	343	440,947	441,290
Memberships and dues	5,935	5,565	6,385	207,939	225,824
Student-athlete meals	216,227	22,692	11,346	80,368	330,633
Other operating expense	353,177	74,631	43,061	1,643,462	2,114,331
Bowl expense	494,783	-	-	-	494,783
Operating Expense Total	9,316,944	2,340,047	2,088,211	17,346,667	31,091,869
(Defiency) Excess of Revenue (Under) Over Expenditures	**$ (6,191,929)**	**$ (1,658,960)**	**$ (1,734,247)**	**$ 4,208,899**	**$ (5,376,237)**

Note 1 - Intercollegiate Athletics-related Assets

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

The current year capitalized additions and deletions to facilities during the year ending June 30, 2016 are as follows:

	Current Year Additions	Current Year Deletions
Football athletics facilities	$ 520,094	$ (964,571)
Other athletics facilities	23,950	(108,087)
Total athletics facilities	544,044	(1,072,658)
Other institutional facilities	$ 37,943,956	$ (19,349,342)

The total estimated book values of property, plant, and equipment, net of depreciation, of the Institution as of the year ending June 30, 2016 are as follows:

	Estimated Book Value
Athletically related property, plant, and equipment balance	$ 46,834,014
Institution's total property, plant, and equipment balance	620,226,000

Note 2 - Intercollegiate Athletics-Related Debt

The annual debt service and debt outstanding for the Institution as of the year ending June 30, 2016 is as follows:

	Annual Debt Service	Debt Outstanding
Athletically related facilities	$ 1,806,180	$ 40,691,516
Institution's total	29,796,000	423,534,000

The repayment schedule for all outstanding intercollegiate athletics debt maintained by the Institution during the year ending June 30, 2016 is as follows:

	Glass Bowl		Savage Hall		Practice Facility		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2017	$ 16,100	$ 22,125	$ 517,029	$ 771,348	$ -	$ 479,578	$ 533,129	$ 1,273,051	$ 1,806,180
2018	16,900	19,750	608,269	680,695	-	479,578	625,169	1,180,023	1,805,192
2019	17,750	17,325	567,718	719,777	416,778	479,578	1,002,246	1,216,680	2,218,926
2020	18,650	19,850	658,959	631,793	615,816	461,292	1,293,425	1,112,935	2,406,360
2021	19,450	17,300	618,407	663,611	642,533	434,273	1,280,390	1,115,184	2,395,574
Thereafter	-	-	14,020,611	5,263,895	8,324,873	2,449,905	22,345,484	7,713,800	30,059,284
Total	$ 88,850	$ 96,350	$16,990,993	$ 8,731,119	$10,000,000	$4,784,204	$27,079,843	$ 13,611,673	$ 40,691,516

Note 3 - Contributions

The value of all endowments dedicated to the sole support of athletics at June 30, 2016 is $3,084,574. The value of all pledges dedicated to the sole support of athletics at June 30, 2016 is $4,298,554. The athletic department fiscal year-end fund balance for the year ended June 30, 2016 is $0. There were no individual contributions of moneys, goods, or services received directly by the Institution’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 ending June 30, 2016.

Appendix A

Expenses	2015-16 Total	2014-15 Total	$ Change	% Change	Explanation of Variance per Management
Athletic student aid	$ 8,285,837	$ 7,231,195	$ 1,054,642	14.58%	Athletic Student Aid increased by $1,054,642 in fiscal year 2016 primarily due to the allowance by the NCAA of additional cost of attendance expenses. Athletes can now receive athletics scholarships for the full cost of attending college, including travel and other expenses. Previously, the cost of attendance expenses allowed only included tuition, room and board, required fees, and books.

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Dave Yost • Auditor of State

UNIVERSITY OF TOLEDO

LUCAS 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
DECEMBER 15, 2016

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