Ohio University

(a component unit of the State of Ohio)

Financial Statements

for the Years Ended June 30, 2016 and 2015

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Independent Auditor's Report

To the Board of Trustees
Ohio University

Report on the Financial Statements

We have audited the accompanying basic financial statements of Ohio University (the "University") and its discretely presented component unit as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University's financial statements as listed in the table of contents. These financial statements are reported as a component unit of the State of Ohio.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Trustees
Ohio University

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Ohio University as of June 30, 2016 and 2015 and the changes in its financial position and, where applicable, its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended June 30, 2016, the University adopted the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

As explained in Notes 2 and 18, the financial statements include investments that are not listed on national exchanges nor for which quoted market prices are available. These investments include limited partnerships, hedge funds, funds-of-funds, and commingled funds that are not mutual funds. Such investments totaled $70,693,685 (11.6 percent of University net position) and $71,357,380 (12.0 percent of University net position) and $98,483,206 (19.7 percent of discretely presented component unit net position) and $102,359,346 (20.0 percent of discretely presented component unit net position) at June 30, 2016 and 2015, respectively.

Other Matters

Required Supplementary Information

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

Other Information

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

To the Board of Trustees
Ohio University

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2016 on our consideration of Ohio University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ohio University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 6, 2016

Management's discussion and analysis (MD&A) provides an unaudited overview of the financial position and activities of Ohio University for the year ended June 30, 2016, with selected comparative information for the years ended June 30, 2015 and 2014. The financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when the related liability is incurred. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, footnotes, and this discussion are the responsibility of University management.

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

Financial Highlights

- The University's financial position remained strong, with assets of $1,663.8 million and liabilities of $1,116.6 million at June 30, 2016, compared to assets of $1,661.5 million and liabilities of $1,053.6 million at June 30, 2015. Net position, which represents the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, totaled $610.6 million at June 30, 2016 as compared to $594.7 million at June 30, 2015. The change in net position was a positive $16.0 million at June 30, 2016 as compared to $53.7 million at June 30, 2015. Factoring into the net position change is the new accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 68, which requires the recognition of a liability for the unfunded pension liability from the state retirement systems. The table below represents the activity for the University without the changes for the recognition of the pension liability.

  Changes in net position represent the University's results for the year and are summarized for the years ended June 30, 2016, 2015, and 2014 as follows:

(in thousands)	2016	2015	2014
Operating revenues and state appropriations	$ 692,996	$ 691,734	$ 645,062
Total expenses	738,418	706,750	677,961
Net results before items below	(45,422)	(15,016)	(32,899)
Net investment income (loss)	(4,401)	2,512	28,471
Gifts and other nonoperating revenues, net	65,794	66,162	68,788
Increase in net position	15,971	53,658	64,360
Less: Amounts related to changes in the unfunded pension liability included in expenses above	6,810	(6,080)	-
Increase in net position without effects of GASB 68	$ 22,781	$ 47,578	$ 64,360

- The unfunded pension liability will change each year resulting from changes in plan assumptions about economic and demographic factors, differences between actual and expected experience, and differences between actual and expected investment earnings. The current year impact from these factors is a decrease to net position of $6.8 million. The impact for fiscal year 2015 was an increase to net position of $6.1 million.
- Without the effects of the accounting standard related to the unfunded pension liability, net position for the University increased $22.8 million during fiscal year 2016 as compared to an increase of $47.6 million in fiscal year 2015.
- Net student tuition and fees increased $8.9 million in fiscal year 2016. This increase was caused by a combination of increased enrollment and tuition increases, but was partially offset by an increase in university scholarships.
- Investment income decreased $6.9 million in fiscal year 2016. The University's investment income is comprised of interest, dividends, realized gains (losses), and unrealized gains (losses). Investment income stems from two primary sources. First, the University's endowment assets, as well as a portion of its working capital, are invested in a long-term, broadly diversified portfolio. This "diversified pool" achieved a return of -3.15 percent for fiscal year 2016, underperforming its diversified benchmark of -1.17 percent for the same period. Additionally, a portion of the University's working capital is invested in a pool of investment-grade fixed income securities. This "liquidity pool" achieved a return of 4.30 percent for fiscal year 2016, underperforming the Barclays U.S. Aggregate Bond Index, which returned 6.00 percent for the same period.
- The University strategically issues debt to finance its facility and infrastructure investments. On November 14, 2014, the University issued a $250 million taxable bond with a final maturity in 100 years. Proceeds from this Century Bond are being used to establish a sustainable approach to investing in the University's buildings and infrastructure.
- Concurrent with the approval of the University's fiscal year 2017- fiscal year 2022 Capital Improvement Plan, the Board approved the issuance of tax exempt bonds not to exceed $170 million in fiscal year 2017. The majority of this debt issuance will fund the Capital Improvement Plan and projects previously approved by the Board.

Statement of Net Position

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

The following table depicts a summary of the composition of the statement of net position for the three years ended June 30, 2016:

(in thousands)	2016	2015	2014
Assets:			
Current assets	$ 369,134	$ 387,467	$ 426,004
Capital assets, net	967,952	909,397	765,845
Other assets	326,738	364,640	191,634
Total assets	1,663,824	1,661,504	1,383,483
Deferred outflows of resources	87,882	33,656	3,128
Liabilities:			
Current liabilities	131,161	133,767	135,173
Noncurrent liabilities	985,412	919,832	339,319
Total liabilities	1,116,573	1,053,599	474,492
Deferred inflows of resources	24,505	46,905	-
Total net position	$ 610,628	$ 594,656	$ 912,119

- **Assets** - Total assets grew by $2.3 million as a result of the following changes:
  - Cash and cash equivalents decreased $30.7 million due primarily to capital project expenditures and Century Bond debt service payments. Century Bond project capital expenditures of $5.9 million were payable to operating cash as of June 30, 2016 and reimbursed in fiscal year 2017 from the Century Bond proceeds. Capital expenditures for projects not paid from Century Bond proceeds will be partially reimbursed by a future bond issuance in fiscal year 2017. As of June 30, 2016, the University's operating cash has paid $10.7

million of the Century Bond debt service payment short-fall with the expectation that this will be reimbursed with future earnings and internal loan pool payments.

- Current investments increased $17.1 million partly because short-term and intermediate-term working capital investments earned $6.0 million of investment income, which was offset by investment losses of $2.9 million on long-term working capital investments. Cash totaling $13.7 million was also added to the working capital investment pools throughout the fiscal year.
- Restricted cash and cash equivalents decreased by $7.3 million due to the continued spending of the prior years' bond funds during fiscal year 2016.
- Noncurrent investments decreased by $25.2 million due to spending of the Century bond funds on construction projects.
- Capital assets increased by $58.6 million mainly due to spending on capital projects.

- **Deferred Outflows of Resources** - increased $54.2 million as a result of the following changes:
  - Deferred outflows of resources related to pensions increased $54.6 million mainly due to a difference between projected and actual earnings on pension plan investments as described in Note 11.
  - Deferred charge on refunding of bonds decreased $0.4 million. This deferred charge is being amortized over the life of the 2003 and 2004 bonds.

- **Liabilities** - Total liabilities increased by $63.0 million as a result of the following changes:
  - Net pension liability increased $83.8 million as described in Note 11. Although the University is required to record this liability, the University is not setting aside reserve cash balances or budgeting to fund this liability.
  - Long-term debt decreased $18.5 million. This decrease is due to principal payments on the existing bonds. Please see Note 7 for more information on issuances and repayments of debt.

- **Deferred Inflows of Resources** - decreased $22.4 million. The only item in this category is the deferral of items related to the unfunded pension liability. See Note 11 for more information.

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

Net position for the three years ended June 30, 2016 is displayed as follows:

(in thousands)	2016	2015	2014
Net Investment in capital assets	$ 651,057	$ 595,030	$ 536,487
Restricted:			
Nonexpendable	22,160	22,296	22,364
Expendable	32,063	34,539	39,670
Unrestricted	(94,652)	(57,209)	313,598
Total net position	$ 610,628	$ 594,656	$ 912,119

Total net position increased $16.0 million between fiscal year 2015 and 2016. Without the current year impact of the GASB 68 unfunded pension liability changes, that increase would have been $22.8 million. There is a long-term strategy in place to improve the University's financial strength and enable the continued pursuit of strategic priorities. This strategy encompassed prudent resource planning and utilization including:

- Conservative revenue forecasting

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

Statement of Revenues, Expenses, and Changes in Net Position

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

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

The following is a summary of the statement of revenue, expenses, and changes in net position for the three years ended June 30, 2016:

(in thousands)	2016	2015	2014
Operating revenue	$ 531,534	$ 532,706	$ 493,844
Operating expenses	709,898	687,922	667,830
Net operating loss	(178,364)	(155,216)	(173,986)
Net nonoperating revenue	175,305	190,085	218,639
Income (loss) before other revenue	(3,059)	34,869	44,653
Other revenue	19,030	18,789	19,707
Increase in net position	15,971	53,658	64,360
Adjustments to beginning net position	-	(371,120)	-
Net position - End of year	$ 610,628	$ 594,656	$ 912,119

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

- Operating revenue increased $1.2 million for fiscal year 2016. There were many factors causing this increase. Net student tuition and fee revenue increased $8.9 million.
- Federal grants and contracts included in the operating revenue category experienced a decrease of $2.8 million for fiscal year 2016 due to the cyclical nature of grant funding.
- Royalty revenue decreased $3.5 million and is offset by a corresponding decrease in royalty expense in the operating expense category of separately budgeted research.
- Other revenue sources decreased $4.9 million, of which $2.7 was related to the University's component units University Medical Associates, Inc. and Tech GROWTH Ohio Fund.
- Operating expenses increased $21.9 million partially due to the current year charge for the unfunded pension liability. In fiscal year 2015 there was a credit to pension expense of $6.1 million in operating expenses. In fiscal year 2016 there is a charge to pension expense of $6.8 million. This caused a $12.9 million increase to operating expenses from fiscal year 2015 to fiscal year 2016.
- Depreciation expense increased $5.1 million for fiscal year 2016 due to the increased capital expenditures in recent years.
- Net nonoperating revenue decreased $14.8 million mainly due to decreases in investment income of $6.9 million and increases in interest expense of $5.6 million. There was also a loss on disposal of facilities of $4.1 million in the other nonoperating expense line item related to three residence halls torn down during fiscal year 2016 as part of the Phase I Housing Development project. Offsetting those decreases were increases to state appropriations of $2.4 million.

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

A comparison of operating and nonoperating revenues for the three years ended June 30, 2016 is as follows:

(in thousands)	2016	% of Total	2015	% of Total	2014	% of Total
Student tuition and fees, net	$ 329,815	43.7%	$320,911	42.2%	$310,136	41.8%
State appropriations	161,462	21.4%	159,028	20.9%	151,217	20.4%
Auxiliary enterprises, net	102,532	13.6%	104,479	13.7%	90,614	12.2%
Gifts, grants, and contracts	63,665	8.4%	63,289	8.5%	66,986	9.0%
Pell grants	36,158	4.8%	38,067	5.0%	40,059	5.4%
Other sources	29,057	3.9%	33,977	4.5%	20,585	2.8%
Sales and services	15,657	2.1%	14,055	1.8%	16,291	2.2%
State capital appropriations	13,802	1.8%	13,957	1.8%	7,377	1.0%
Royalties	6,642	0.9%	10,133	1.3%	10,585	1.4%
Investment income (loss), net	(4,401)	-0.6%	2,512	0.3%	28,471	3.8%
Total operating and nonoperating revenues	$ 754,389	100.0%	$760,408	100.0%	$742,321	100.0%

Student tuition and fees, the largest of the revenue streams, comprises 43.7 percent of total revenues for fiscal year 2016. This is up from 42.2 percent of total revenue for fiscal year 2015, and up from 41.8 percent from 2014. State appropriations continue to increase and are up $2.4 million for fiscal year 2016.

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

A comparison of operating and nonoperating expenses for the three years ended June 30, 2016 is as follows:

(in thousands)	2016	% of Total	2015	% of Total	2014	% of Total
Instruction and departmental research	$ 259,123	35.1%	$248,199	35.1%	$254,676	37.6%
Auxiliary enterprises	82,930	11.2%	76,920	10.9%	72,783	10.7%
Academic support	80,761	10.9%	79,379	11.2%	77,510	11.4%
Institutional support	59,941	8.1%	60,032	8.5%	52,276	7.7%
Student services	56,039	7.7%	51,153	7.3%	41,073	6.1%
Operation and maintenance of plant	50,392	6.8%	52,841	7.5%	48,950	7.2%
Depreciation	43,021	5.8%	37,919	5.4%	36,429	5.4%
Separately budgeted research	38,952	5.3%	44,751	6.3%	45,196	6.7%
Public service	30,259	4.1%	28,081	4.0%	28,675	4.2%
Interest on debt	24,169	3.3%	18,554	2.6%	9,994	1.5%
Student aid	8,480	1.1%	8,648	1.2%	10,262	1.5%
Other nonoperating expense	4,351	0.6%	273	0.0%	137	0.0%
Total operating and nonoperating expenses	$ 738,418	100.0%	$706,750	100.0%	$677,961	100.0%

The biggest change is the increase of $10.9 million in the instruction and departmental research category. This increase is due to the functional allocation of costs for the unfunded pension liability as well as increased faculty salaries and benefits.

Student aid listed as a functional expenditure is when a student receives financial aid in excess of his or her tuition and fees for a given term, a disbursement will be issued that is considered student aid.

Statement of Cash Flows

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

A comparative summary of the statement of cash flows for the three years ended June 30, 2016 is as follows:

(in thousands)	2016	2015	2014
Cash (used in) provided by:			
Operating activities	$ (126,549)	$ (128,274)	$ (114,771)
Noncapital financing activities	212,748	200,480	208,616
Capital financing activities	(133,668)	53,552	(123,754)
Investing activities	9,493	(247,706)	(38,863)
Net (decrease) increase in cash	(37,976)	(121,948)	(68,772)
Cash - Beginning of year	81,654	203,602	272,374
Cash - End of year	$ 43,678	$ 81,654	$ 203,602

Capital Assets

The University made significant additions to capital assets during fiscal year 2016. These capital asset additions were financed with University funds, bond funds, state capital appropriations, gifts, and grants. The largest additions to capital during the fiscal year were the completion of the Phase I Housing Development project, creating five new student housing facilities, completion of the OUHCOM Dublin Campus Development project, creating a new campus for our nursing program, the completion of Phase II of the Schoonover Center Redevelopment, and the Park Place Tunnel repairs.

Major investments to construction in progress, which will greatly enhance the University's assets in fiscal year 2017, include $19.7 million in the McCracken Hall Renovation and Expansion project, $4.6 million in the Jefferson Hall Renovations project, $2.2 million in the Grover E112 Expansion project, and a $3.6 million investment in the on-going phases (projects) of the Energy Infrastructure Initiative, a campaign to upgrade/rehabilitate the aged infrastructures that provide steam, heating, cooling, and utilities to the campus overall.

Cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2016 total approximately $67.4 million.

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

Debt Administration

As of June 30, 2016, the University had $526.2 million in bonds and notes outstanding, compared to $543.3 million at the end of 2015. On November 14, 2014, the University issued a $250 million taxable Century Bond with annual interest payments and principal balloon maturity in 2114. The proceeds from the Century Bond will be used to establish a sustainable approach to investing in the University's buildings and infrastructure. Detailed information exists in Note 7 related to borrowings and retirements for fiscal years 2016 and 2015.

Ohio University takes its stewardship responsibility seriously and works diligently to manage the institution's resources effectively, including the use of debt to finance capital projects. The University is committed to using debt conservatively in order to maintain an acceptable credit rating and debt burden ratio. A solid debt rating and debt burden ratio is a key measurement of financial strength. Standard & Poor reaffirmed its long-term credit rating in December 2015 and Moody's reaffirmed its long-term credit rating in November 2014. Standard & Poor's Rating Services' long-term rating on Ohio University's outstanding general and subordinated general receipts bonds is an "A+" with a "stable" outlook and Moody's Investors Service's rating is an "Aa3" with a "stable" outlook.

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

Senate Bill 6 Ratios

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

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

The methodology for calculating the three ratios is as follows:

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

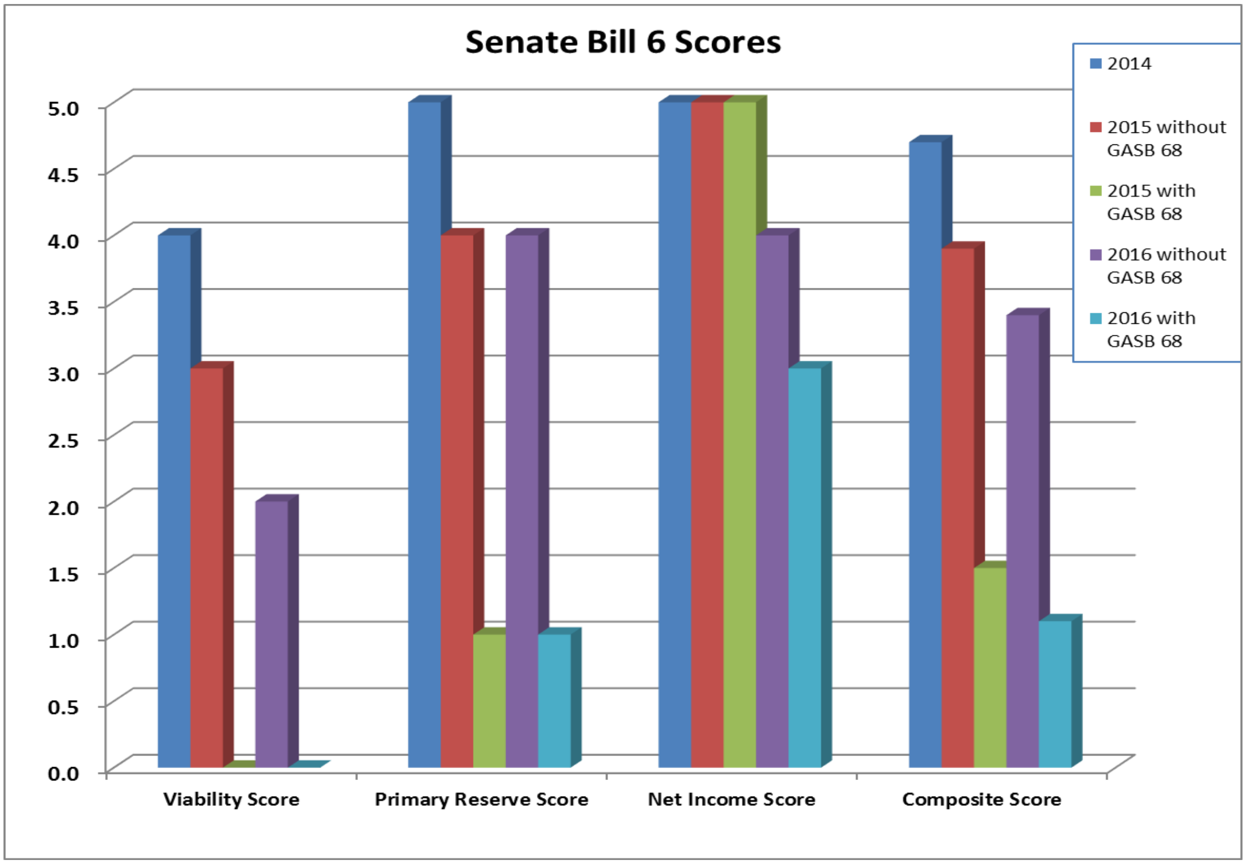
Based on the calculations, each ratio is assigned a score ranging from zero to five according to the table below. A score of 5 indicates the highest degree of fiscal strength in each category.

Scores	0	1	2	3	4	5
Viability Ratio	less than 0	0 to 0.29	0.30 to 0.59	0.6 to 0.99	1.0 to 2.5	greater than 2.5
Primary Reserve Ratio	less than -0.1	-0.1 to 0.049	0.05 to 0.099	0.10 to 0.249	0.25 to 0.49	0.5 or greater
Net Income Ratio	less than -.05	-0.05 to 0	0 to 0.009	0.01 to 0.029	0.03 to 0.049	0.05 or greater

Based on these scores, a summary score, termed the composite score, is determined, which is the primary indicator of fiscal health. The composite score equals the sum of the assigned viability score multiplied by 30 percent, the assigned primary reserve score multiplied by 50 percent, and the assigned net income score multiplied by 20 percent.

In an effort to appropriately recognize the incorporation of the GASB 68 unfunded pension liability elements as an accounting change rather than a structural change in the true financial condition of the institution, the Ohio Department of Higher Education will calculate institutional financial ratios from fiscal year 2015 onward both including and excluding associated impacts of GASB 68. Pursuant to administrative rule (126:3-1-01) established in response to Senate Bill 6 of the 122nd General Assembly, a composite score of or below 1.75 for two consecutive years results in an institution being placed on fiscal watch. For the purposes of this determination, the Chancellor will utilize composite scores excluding associated impacts of GASB 68.

We have presented the scores with and without the effects of GASB 68 as summarized below:



The viability ratio, which uses debt as the denominator, had decreased due to the Century Bond issuance in fiscal year 2015. The numerator, expendable net position, has decreased in fiscal year 2016 causing the lower score. The net income ratio decreased due to increased interest payments related to the Century Bond as well as increased operating expenses and decreased investment income. Overall the composite score decreased from 3.9 to 3.4 without the effects of GASB 68.

Economic Outlook

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

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

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

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

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

Requests for Information
This management’s discussion and analysis is intended to provide additional information for the reader of the audited financial statements that follow.

Further questions may be addressed to: Ohio University Controller’s Office, 204 West Union Street Office Center, Athens, Ohio 45701.

Statements of Net Position

	June 30, 2016		June 30, 2015	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	$ 36,621,749	$ 23,498,369	$ 67,329,945	$ 16,833,423
Investments	260,326,183	41,534,474	243,265,210	46,275,909
Accounts and pledges receivable, net	56,811,234	9,605,279	61,835,789	9,435,972
Interest and dividends receivable	749,763	65,392	345,895	79,546
Notes receivable, net	1,366,264	-	1,403,245	-
Prepaid expenses	10,502,990	1,371,979	10,302,272	1,467,571
Inventories	2,755,478	49,620	2,985,261	41,785
Total current assets	369,133,661	76,125,113	387,467,617	74,134,206
Noncurrent Assets				
Restricted cash and cash equivalents	7,055,643	4,946,298	14,323,886	4,156,544
Pledges receivable, net	-	8,520,499	-	10,529,743
Bequests receivable	-	7,917,850	-	2,706,305
Cash surrender value of life insurance	-	1,175,159	-	1,143,126
Charitable gift annuities and trusts	-	18,736,235	-	20,576,166
Investments - noncurrent	232,525,937	5,481,596	257,736,273	5,900,782
Endowment investments	74,947,734	380,174,696	80,602,914	400,352,874
Notes receivable - noncurrent, net	12,121,001	-	11,977,446	-
Assets held for sale	88,000	17,765,231	-	-
Capital assets, net	967,952,454	11,901,438	909,396,502	29,721,811
Total noncurrent assets	1,294,690,769	456,619,002	1,274,037,021	475,087,351
Total assets	1,663,824,430	532,744,115	1,661,504,638	549,221,557
Deferred Outflows of Resources				
Deferred outflows related to pensions	85,551,545	-	30,926,019	-
Deferred charge on refunding	2,330,920	-	2,729,687	-
Total deferred outflows of resources	87,882,465	-	33,655,706	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 1,751,706,895	$532,744,115	$ 1,695,160,344	$549,221,557

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

Statements of Net Position (Continued)

	June 30, 2016		June 30, 2015	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	$ 71,896,538	$ 2,355,375	$ 75,883,839	$ 2,994,409
Unearned revenue	34,092,741	-	33,839,326	-
Deposits and other liabilities	4,666,354	5,185,671	4,363,211	6,507,784
Long-term debt - current portion	18,917,322	1,219,900	18,307,342	1,201,300
Funds held on behalf of others	1,589,274	397,413	1,373,645	395,616
Total current liabilities	131,162,229	9,158,359	133,767,363	11,099,109
Noncurrent Liabilities				
Compensated absences	18,706,237	-	18,651,740	-
Other noncurrent liabilities	687,897	-	487,814	-
Long-term debt	525,839,511	23,915,000	544,297,018	25,134,900
Net pension liability	432,896,747	-	349,060,791	-
Refundable advances, federal student loans	7,281,752	-	7,333,999	-
Total noncurrent liabilities	985,412,144	23,915,000	919,831,362	25,134,900
Total liabilities	1,116,574,373	33,073,359	1,053,598,725	36,234,009
Deferred Inflows of Resources				
Deferred inflows related to pensions	24,504,999	-	46,905,355	-
Total deferred inflows of resources	24,504,999	-	46,905,355	-
Net Position				
Net investment in capital assets	651,056,598	10,323,262	595,029,592	7,542,155
Restricted:				
Nonexpendable	22,159,570	205,062,891	22,296,237	192,394,581
Expendable	32,062,922	286,234,157	34,539,384	312,421,371
Unrestricted	(94,651,567)	(1,949,554)	(57,208,949)	629,441
Total net position	610,627,523	499,670,756	594,656,264	512,987,548
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 1,751,706,895	$ 532,744,115	$ 1,695,160,344	$ 549,221,557

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

Ohio University

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2016 and 2015

	2016		2015	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
OPERATING REVENUE:				
Student tuition and fees	$ 404,587,892	$ -	$ 392,062,045	$ -
Less: Pell grants	(30,795,925)	-	(32,661,455)	-
Less: Other scholarships	(43,977,085)	-	(38,489,391)	-
Net Student tuition and fees	329,814,882	-	320,911,199	-
Auxiliary enterprises	114,302,148	-	114,799,222	-
Less: Pell grants-room and board	(2,532,849)	-	(2,328,069)	-
Less: Other scholarships-room and board	(9,237,197)	-	(7,992,024)	-
Net Auxiliary enterprises	102,532,102	-	104,479,129	-
Federal grants and contracts	24,023,414	-	26,843,597	-
State and local grants and contracts	10,485,203	-	8,633,612	-
Private grants and contracts	13,326,930	-	13,687,059	-
Royalties	6,641,811	-	10,133,481	-
Sales and services	15,657,406	-	14,054,755	-
Other sources	29,052,036	11,389,042	33,963,350	11,322,787
Total operating revenue	531,533,784	11,389,042	532,706,182	11,322,787
OPERATING EXPENSES:				
Educational and general:				
Instruction and departmental research	259,123,400	9,634,161	248,199,396	12,340,204
Separately budgeted research	38,951,805	1,088,280	44,750,624	621,428
Public service	30,258,913	377,706	28,081,220	464,248
Academic support	80,761,392	1,925,460	79,378,564	1,582,956
Student services	56,038,625	227,115	51,152,513	458,854
Institutional support	59,940,513	17,440,863	60,032,232	14,992,719
Operation and maintenance of plant	50,392,267	-	52,841,001	-
Student aid (including Pell grants of $2,829,193 in 2016 and $3,077,532 in 2015 for Ohio University)	8,479,525	5,947,293	8,647,508	5,240,972
Depreciation	43,020,802	1,789,592	37,919,010	1,838,981
Auxiliary enterprises	82,930,782	-	76,920,143	-
Operating expenses - Related entities	-	7,137,102	-	7,083,015
Total operating expenses	709,898,024	45,567,572	687,922,211	44,623,377
OPERATING LOSS	$ (178,364,240)	$ (34,178,530)	$ (155,216,029)	$ (33,300,590)

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

Statements of Revenues, Expenses, and Changes in Net Position (Continued)
Years Ended June 30, 2016 and 2015

	2016		2015	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
NONOPERATING REVENUE (EXPENSES):				
State appropriations	$ 161,462,302	$ -	$ 159,027,530	$ -
Federal grants - Pell	36,157,967	-	38,067,056	-
Federal grants - other nonexchange	2,044,478	-	1,937,952	-
State and local grants nonexchange	3,532,248	-	2,528,416	-
Private gifts	5,029,693	17,414,518	4,839,879	17,517,462
University support	-	5,261,952	-	4,116,877
Investment income (loss), net	(4,401,323)	(14,510,808)	2,511,783	(6,031,950)
Interest on debt	(24,168,870)	-	(18,554,472)	-
Other nonoperating expense	(4,351,097)	-	(272,925)	-
Net nonoperating revenue	175,305,398	8,165,662	190,085,219	15,602,389
INCOME (LOSS) BEFORE OTHER REVENUE	(3,058,842)	(26,012,868)	34,869,190	(17,698,201)
OTHER REVENUE:				
State capital appropriations	13,802,435	-	13,957,113	-
Capital grants and gifts	5,223,040	-	4,819,265	-
Additions to permanent endowments	4,626	12,696,076	12,382	13,680,523
Total other revenue	19,030,101	12,696,076	18,788,760	13,680,523
INCREASE (DECREASE) IN NET POSITION	15,971,259	(13,316,792)	53,657,950	(4,017,678)
NET POSITION:				
Beginning of year	594,656,264	512,987,548	912,118,724	517,005,226
Adjustment for change in accounting principle	-	-	(371,120,410)	-
Beginning of year, as restated	594,656,264	512,987,548	540,998,314	517,005,226
End of year	$ 610,627,523	$ 499,670,756	$ 594,656,264	$ 512,987,548

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

Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	Ohio University	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 330,462,474	$ 313,704,802
Grants and contracts	52,361,670	44,081,228
Payments to suppliers	(168,360,701)	(157,181,640)
Payments to or on behalf of employees	(455,904,737)	(438,857,001)
Payments for scholarships and fellowships	(40,300,378)	(32,194,451)
Loans issued to students	(2,904,854)	(2,698,558)
Collection of loans to students	2,661,777	2,463,741
Auxiliary enterprise sales	105,700,467	102,507,023
Royalties	7,720,373	10,678,481
Sales and services	20,112,792	9,400,738
Other receipts	21,902,225	19,821,218
Net cash used in operating activities	(126,548,892)	(128,274,419)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	161,462,302	159,027,530
Gifts and grants for other than capital purposes	46,769,002	47,385,685
Federal direct student loan program receipts	214,431,442	201,349,108
Federal direct student loan program disbursements	(211,709,516)	(204,386,868)
Student organization agency transactions	1,794,868	(2,895,199)
Net cash provided by noncapital financing activities	212,748,098	200,480,256
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds from capital debt	-	250,000,000
State capital appropriations	11,400,228	14,259,346
Capital grants and gifts received	4,632,994	4,895,932
Purchases of capital assets	(106,311,266)	(178,248,238)
Principal paid on capital debt and leases	(17,177,763)	(16,862,361)
Interest paid on capital debt and leases	(26,212,506)	(20,492,651)
Net cash (used in) provided by capital financing activities	(133,668,313)	53,552,028
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	200,414,589	389,284,843
Investment income	10,727,107	9,763,120
Purchase of investments	(201,649,028)	(646,754,405)
Net cash provided by (used in) investing activities	9,492,668	(247,706,442)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,976,439)	(121,948,577)
CASH AND CASH EQUIVALENTS - Beginning of year	81,653,831	203,602,408
CASH AND CASH EQUIVALENTS - End of year	$ 43,677,392	$ 81,653,831
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES -		
Construction in process in accounts payable	$ 16,282,600	$ 20,814,000

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

Statements of Cash Flows (Continued)
Years Ended June 30, 2016 and 2015

	Ohio University	
	2016	2015
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (178,364,240)	$ (155,216,029)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	43,020,802	37,919,010
Changes in operating assets and liabilities and deferred inflows of resources and deferred outflows of resources which provided (used) cash:		
Accounts receivable - Net	5,024,554	(2,934,575)
Notes receivable - Net	(106,573)	(225,971)
Prepaid expenses	(200,718)	917,763
Inventories	229,785	(137,827)
Deferred outflows of resources	(54,226,759)	(8,773,489)
Deferred inflows of resources	(22,400,356)	46,905,355
Accounts payable and accrued liabilities	(3,409,906)	577,902
Unearned revenue	144,186	1,330,314
Refunds and other liabilities	303,144	(4,424,723)
Net pension liability	83,437,189	(44,212,149)
NET CASH USED IN OPERATING ACTIVITIES	$ (126,548,892)	$ (128,274,419)

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

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

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

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

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

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

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

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

Investments - All investments are carried at fair value. Investments in publicly traded securities are stated at fair value as established by major securities markets. Nonpublicly traded investments are valued based on independent appraisals and estimates considering market prices of similar investments. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the statements of revenues, expenses, and changes in net position. Included in long-term investments is $221.5 million and $250.0 million of unspent bond proceeds as of June 30, 2016 and 2015, respectively, to be used to promote a sustainable approach to investing in the University's buildings and infrastructure.

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

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

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

Assets Held for Sale - Assets held for sale are recorded at the lower of cost or market value. At June 30, 2016, a small piece of Ohio University land located near the Housing For Ohio, Inc. facilities was for sale on the market. As required by accounting standards, these were classified on the balance sheet as assets held for sale.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Operating revenue include revenues from activities that have characteristics similar to exchange transactions. These include student tuition and fees (net of scholarship discounts and allowances), sales and services of auxiliary enterprises (net of scholarship discounts and allowances), and certain federal, state, local and private grants, and contracts. The presumption is that there is a fair exchange of value between all parties to the transaction.

- Nonoperating revenue includes revenue from activities that have the characteristics of nonexchange transactions, such as state appropriations, and certain federal, state, local and private gifts, and grants. The implication is that such revenues are derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

Scholarship Discounts and Allowances - Student tuition and fee revenue, and certain other payments recorded as auxiliary enterprises revenue, are net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the charge for tuition and fees, and the amount paid by students or by third parties on the students' behalf. Scholarship discounts and allowances were $86,543,056 (of which $74,773,010 is netted against student tuition and fees and $11,770,046 is netted against auxiliary enterprises revenue) and $81,470,939 (of which $71,150,846 is netted against student tuition and fees and

$10,320,093 is netted against auxiliary enterprises revenue) as of June 30, 2016 and 2015, respectively.

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

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

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

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

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

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

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

Reclassifications - Certain amounts from the prior year have been reclassified. On the statements of net position, the deferred inflows of resources related to pensions have been reclassified to deferred outflows of resources related to pensions in the amount of $30.9 million to accurately reflect the nature of these amounts separately. Net position has not been affected by this change.

Newly Adopted Accounting Pronouncements

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

- As of June 30, 2016, the University retrospectively applied Governmental Accounting Standards Board (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.

Newly Issued Accounting 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 OPERS and STRS plans. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2018.

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

As of June 30, 2016, the carrying amount of the University's cash and cash equivalents for all funds was $43,677,392 compared to bank balances of $43,574,103. As of June 30, 2015, the carrying amount of the University's cash and cash equivalents for all funds was $81,653,831 compared to bank balances of $84,450,744. The difference in carrying amounts and bank balances is caused by outstanding checks and deposits-in-transit. At June 30, 2016, of the bank balances, $16,341,903 is covered by the Federal Deposit Insurance Corporation (FDIC) and $27,232,200 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

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

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

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

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

The values of investments as of June 30, 2016 and 2015 are as follows:

Investment Type	2016	2015
Money markets	$ 24,624,756	$ 116,577,291
US government obligations	34,163,449	1,583,338
US government agency obligations	4,884,640	4,634,485
Mortgage-backed securities	20,362,568	169,289
Corporate bonds and notes	73,214,488	3,124,739
Municipal bonds	2,309,355	179,971,269
Bond mutual funds	144,199,641	2,112,609
Convertible notes	1,101,735	1,505,425
US common and preferred stock	4,658,457	1,439,786
US equity mutual funds	67,303,753	65,639,811
International equity mutual funds	94,838,266	106,461,556
Hedge funds	55,860,292	57,261,513
Real assets	28,081,181	29,893,891
Private equity funds	12,197,273	11,229,395
Total	$ 567,799,854	$ 581,604,397

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

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

As of June 30, 2016, maturities of the University's interest-bearing investments are as follows:

		Investment Maturities			
Investment Type	Market Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money markets	$ 24,624,756	$ 24,624,756	$ -	$ -	$ -
U.S. government obligations	34,163,449	140,822	30,323,029	-	3,699,598
U.S. government agency obligation:	4,884,640	516,017	4,368,623	-	-
Mortgage-backed securities	20,362,568	1,815	4,766,674	5,223,371	10,370,708
Corporate bonds and notes	73,214,488	9,662,192	57,722,663	3,262,515	2,567,118
Bond mutual funds	144,199,641	47,332,299	85,142,528	7,976,669	3,748,145
Municipal bonds	2,309,355	456,391	1,468,895	384,069	-
Convertible notes	1,101,735	1,101,735	-	-	-
Total	$ 304,860,632	$ 83,836,027	$ 183,792,412	$ 16,846,624	$ 20,385,569

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

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

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

The credit ratings of the University's interest-bearing investments as of June 30, 2016 are as follows:

	Market Value	Credit Quality (S&P) AAA	AA	A	BBB	BB	B	Unrated
Money markets	$ 24,624,756	$ 1,906,408	$ -	$ -	$ -	$ -	$ -	$ 22,718,348
U.S. government obligations	34,163,449	32,776,083	1,387,366	-	-	-	-	-
U.S. government agency obligations	4,884,640	-	4,884,640	-	-	-	-	-
Mortgage-backed securities	20,362,568	20,158,118	102,854	-	-	-	-	101,596
Corporate bonds and notes	73,214,488	32,838,817	9,553,572	14,553,966	15,367,735	-	-	900,398
Bond mutual funds	144,199,641	99,009	13,410,118	88,853,563	11,566,374	18,085,278	376,415	11,808,884
Municipal bonds	2,309,355	153,398	894,885	354,739	-	-	-	906,333
Convertible notes	1,101,735	-	-	-	-	-	-	1,101,735
Total	$ 304,860,632	$87,931,833	$ 30,233,435	$103,762,268	$26,934,109	$18,085,278	$376,415	$ 37,537,294

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

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

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. As of June 30, 2016 and 2015, the University had no custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2016 and 2015, there were no single-issuer investments that exceeded 5 percent of total investments.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University's exposure to foreign currency is limited to its investment in international equity mutual funds. The value of this investment was $94.8 million and $106.5 million as of June 30, 2016 and 2015, respectively.

Valuation of Alternative Investments - Because financial data for many private investments are not available until several months after fiscal year end, some reported alternative investment valuations represent an estimate of the June 30, 2016 value, while the remaining valuations represent March 31, 2016 reported valuations that have been adjusted by cash added to and cash distributed from these accounts through June 30. Management considers information that becomes available after the financial statements are compiled but before they are released, to determine whether an adjustment to the reported fair value of investments should be made. At June 30, 2016 and 2015, there was $73.1 million and $73.3 million, respectively, in investment assets reported at the estimated values described above.

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:

		Fair Value at Reporting Date Using		
	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservabl e Inputs (Level 3)
Investments by fair value level				
Fixed income investments				
US government obligations	$ 34,163,449	$ -	$ 34,163,449	$ -
US government agency obligations	4,884,640	-	4,884,640	-
Mortgage-backed securities	20,362,568	-	20,362,568	-
Corporate bonds and notes	73,214,488	-	73,214,488	-
Municipal bonds	2,309,355	-	2,309,355	-
Bond mutual funds	143,764,010	143,764,010	-	-
Subtotal fixed income investments	278,698,510	143,764,010	134,934,500	-
Public equity investments				
US common and preferred stock	3,336,864	3,336,864	-	-
US equity mutual funds	67,303,753	67,303,753	-	-
International equity mutual funds	90,286,707	90,286,707	-	-
Commodities	21,499,535	21,499,535	-	-
REITs	3,950,098	3,950,098	-	-
Subtotal public equity investments	186,376,957	186,376,957	-	-
Alternative investments				
Convertible notes	1,101,735	-	-	1,101,735
Direct private equity investments	1,321,593	-	-	1,321,593
Subtotal alternative investments	2,423,328	-	-	2,423,328
Total investments by fair value level	$ 467,498,795	$ 330,140,967	$ 134,934,500	$ 2,423,328
Investments measured at net asset value (NAV)				
Money market commingled funds	406,133			
Bond commingled funds	435,631			
International equity mutual funds	4,551,559			
Hedge funds	55,860,292			
Commodities	2,631,548			
Private equity funds	12,197,273			
Subtotal investments measured at NAV	76,082,436			
Total investments measured at fair value	$ 543,581,231			

	Balance at June 30, 2015	Fair Value at Reporting Date Using: 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				
Fixed income investments				
US government obligations	$ 1,583,338	$ -	$ 1,583,338	$ -
US government agency obligations	4,634,485	-	4,634,485	-
Mortgage-backed securities	169,289	-	169,289	-
Corporate bonds and notes	3,124,739	-	3,124,739	-
Municipal bonds	2,112,609	-	2,112,609	-
Bond mutual funds	43,014,289	43,014,289	-	-
Subtotal fixed income investments	54,638,749	43,014,289	11,624,460	-
Public equity investments				
US common and preferred stock	972,096	972,096	-	-
US equity mutual funds	65,639,811	65,639,811	-	-
International equity mutual funds	101,892,945	101,892,945	-	-
Commodities	23,735,459	23,735,459	-	-
REITs	3,295,389	3,295,389	-	-
Subtotal public equity investments	195,535,700	195,535,700	-	-
Alternative investments				
Convertible notes	1,505,425	-	-	1,505,425
Direct private equity investments	467,690	-	-	467,690
Subtotal alternative investments	1,973,115	-	-	1,973,115
Total investments by fair value level	$ 252,147,564	$ 238,549,989	$ 11,624,460	$ 1,973,115
Investments measured at net asset value (NAV)				
Bond commingled funds	136,956,980			
International equity mutual funds	4,568,611			
Hedge funds	57,261,513			
Commodities	2,863,043			
Private equity funds	11,229,395			
Subtotal investments measured at NAV	212,879,542			
Total investments measured at fair value	$ 465,027,106			

As of June 30, 2016 and 2015, the University invested in money market funds in the amounts of $24,218,623 and $116,577,291, respectively, which are not included in the table above.

Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of many investment income securities, including US government obligations, US government agency obligations, mortgage-backed securities, corporate bonds and notes, and municipal bonds, at June 30, 2016 and 2015 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 fair value of certain alternative investments, including convertible notes and direct private equity investments, at June 30, 2016 and 2015 was determined primarily based on level 3 inputs. The Organization estimates the fair value of these investments using the University's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

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 are as follows:

	June 30, 2016	June 30, 2015	June 30, 2016		
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Fixed income investments					
Money market mutual funds (1)	$ 406,133	$ -	$ -	Daily	None
Bond mutual funds (2)	435,631	136,956,980	-	Daily	1 day
International equity mutual funds (3)	4,551,559	4,568,611	-	Monthly	30 days
Hedge funds (4)	55,860,292	57,261,513	-	Quarterly	60 days
Commodities (5)	2,631,548	2,863,043	-	Monthly	10-30 days
Private equity funds (6)	12,197,273	11,229,395	15,502,825	None	None
Total	$ 76,082,436	$ 212,879,542	$ 15,502,825		

(1) Money market mutual funds invest in short-term debt securities such as US Treasury bills and commercial paper. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(2) Bond mutual funds include an open-ended commingled fund that invests in core fixed income securities, including US Treasury bonds, corporate bonds, mortgage-backed securities and other asset-backed securities. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(3) International equity mutual funds include a fund which seeks to achieve total return in excess of the MSCI Emerging Markets Index through investing in the world's emerging stock markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(4) Hedge funds include absolute and total return funds that are broadly diversified across managers, investment strategies, and investment venues. This asset category includes both fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

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

(6) Private equity funds are broadly diversified across managers, investment stages, geography, industry sectors, and company size. This asset category includes private equity, private real estate, and venture capital funds. It also includes individual fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value of the University's ownership interest in partners' capital. The investments in the private equity asset class above cannot be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next one to ten years.

Note 3 - Accounts Receivable

The composition of accounts receivable at June 30, 2016 and 2015 is summarized as follows:

	2016	2015
Student tuition and fees	$ 47,348,565	$ 45,024,279
Grants and contracts	11,724,963	15,494,857
Student loans	1,677,747	4,397,770
Other	9,565,729	9,409,829
Total accounts receivable	70,317,004	74,326,735
Less allowance for doubtful accounts	(13,505,770)	(12,490,946)
Accounts receivable, net	$ 56,811,234	$ 61,835,789

Note 4 - Notes Receivable

The University's notes receivable at June 30, 2016 and 2015 is net of allowance for doubtful accounts of $2,251,539 and $2,331,481, respectively. Principal repayment and interest terms vary. Federal loan programs are funded primarily through borrower repayments, federal contributions under Perkins, and various Health Professions loan programs.

The University distributed $211,709,516 and $204,386,868 for student loans through the U.S. Department of Education Federal Direct Lending program during the years ended June 30, 2016 and 2015, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying statement of cash flows.

The composition of notes receivable at June 30, 2016 and 2015 is as follows:

	2016	2015
Student loan program	$ 14,022,649	$ 13,867,795
Other	1,716,155	1,844,377
Total notes receivable	15,738,804	15,712,172
Less allowance for doubtful accounts	(2,251,539)	(2,331,481)
Notes receivable, net	13,487,265	13,380,691
Less current portion	(1,366,264)	(1,403,245)
Notes receivable - noncurrent, net	$ 12,121,001	$ 11,977,446

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Transfers	Retirements	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$ 24,978,824	$ -	$ (88,000)	$ -	$ 24,890,824
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	193,034,598	55,364,655	(179,677,146)	(1,304,338)	67,417,769
Works of art and historical treasures	17,054,933	29,050	-	-	17,083,983
Total capital assets not being depreciated	239,769,446	55,393,705	(179,765,146)	(1,304,338)	114,093,667
Capital assets being depreciated:					
Infrastructure	129,924,270	5,847,147	12,382,581	-	148,153,998
Buildings	948,554,863	27,776,281	167,294,565	(8,350,878)	1,135,274,831
Machinery and equipment	158,220,542	16,341,437	-	(11,123,670)	163,438,309
Library books and publications	76,490,515	952,696	-	(24,689)	77,418,522
Total capital assets being depreciated	1,313,190,190	50,917,561	179,677,146	(19,499,237)	1,524,285,660
Total capital assets	1,552,959,636	106,311,266	(88,000)	(20,803,575)	1,638,379,327
Less accumulated depreciation:					
Infrastructure	69,048,212	5,491,547	-	-	74,539,759
Buildings	390,789,471	27,091,093	-	(5,499,777)	412,380,787
Machinery and equipment	114,660,008	8,710,268	-	(10,485,048)	112,885,228
Library books and publications	69,065,443	1,727,894	-	(172,238)	70,621,099
Total accumulated depreciation	643,563,134	43,020,802	-	(16,157,063)	670,426,873
Total capital assets being depreciated, net	669,627,056	7,896,759	179,677,146	(3,342,174)	853,858,787
Capital assets, net	$ 909,396,502	$ 63,290,464	$ (88,000)	$ (4,646,512)	$ 967,952,454

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

	Balance July 1, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Capital assets not being depreciated:					
Land	$ 24,978,824	$ -	$ -	$ -	$ 24,978,824
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	68,714,560	134,485,672	(10,165,046)	(588)	193,034,598
Works of art and historical treasures	17,054,933	-	-	-	17,054,933
Total capital assets not being depreciated	115,449,408	134,485,672	(10,165,046)	(588)	239,769,446
Capital assets being depreciated:					
Infrastructure	122,474,568	6,383,353	1,066,349	-	129,924,270
Buildings	907,920,739	31,535,427	9,098,697	-	948,554,863
Machinery and equipment	154,554,505	8,493,889	-	(4,827,852)	158,220,542
Library books and publications	75,640,183	1,102,548	-	(252,216)	76,490,515
Total capital assets being depreciated	1,260,589,995	47,515,217	10,165,046	(5,080,068)	1,313,190,190
Total capital assets	1,376,039,403	182,000,889	-	(5,080,656)	1,552,959,636
Less accumulated depreciation:					
Infrastructure	64,160,314	4,887,898	-	-	69,048,212
Buildings	368,147,983	22,641,488	-	-	390,789,471
Machinery and equipment	110,491,804	8,466,228	-	(4,298,024)	114,660,008
Library books and publications	67,394,263	1,923,396	-	(252,216)	69,065,443
Total accumulated depreciation	610,194,364	37,919,010	-	(4,550,240)	643,563,134
Total capital assets being depreciated, net	650,395,631	9,596,207	10,165,046	(529,828)	669,627,056
Capital assets, net	$ 765,845,039	$ 144,081,879	$ -	$ (530,416)	$ 909,396,502

Note 6 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2016 and 2015 consisted of the following:

	2016	2015
Accrued payroll	$ 17,163,231	$ 17,229,198
Accrued workers' compensation	8,805,873	10,263,770
Accrued self-insurance claims	3,868,000	3,279,000
Accrued compensated absences - current portion	2,234,524	1,978,423
Accrued royalties	572,287	2,565,500
Other accrued liabilities	4,701,771	4,608,471
Vendor and other payables	34,550,852	35,959,477
Total accounts payable and accrued liabilities	$ 71,896,538	$ 75,883,839

Note 7 - Long-term Debt

The University's long-term debt at June 30, 2016 is summarized as follows:

	July 1, 2015	Additions	Reductions	June 30, 2016	Current
General receipts bonds - Series 2014	$ 250,000,000	$ -	$ -	$ 250,000,000	$ -
General receipts bonds - Series 2013	137,335,000	-	4,240,000	133,095,000	4,445,000
General receipts bonds - Series 2012A & B	24,725,448	-	1,716,619	23,008,829	1,747,346
General receipts bonds - Series 2012	70,850,000	-	5,850,000	65,000,000	5,975,000
General receipts bonds - Series 2009	14,615,000	-	2,655,000	11,960,000	2,770,000
General receipts bonds - Series 2008A & B	8,120,000	-	295,000	7,825,000	285,000
Subordinated general receipts bonds - Series 2006B	19,765,000	-	905,000	18,860,000	940,000
Subordinated general receipts bonds - Series 2006A	17,915,000	-	1,450,000	16,465,000	1,515,000
Total bonds and notes payable	543,325,448	-	17,111,619	526,213,829	17,677,346
Bond premiums	21,460,394	-	1,195,446	20,264,948	1,194,955
Bond discounts	(2,204,022)	-	(22,263)	(2,181,759)	(22,263)
Capital lease obligations	22,540	503,419	66,144	459,815	67,284
Total long-term debt	$ 562,604,360	$ 503,419	$ 18,350,946	$ 544,756,833	$ 18,917,322

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Details of the series are as follows:

Series	Interest Rate	Maturity Fiscal Year	Initial Issue Amount	Outstanding at June 30, 2016
2006A	3.50%-5.00%	2025	$ 28,145,000	$ 16,465,000
2006B	3.75%-5.00%	2037	29,170,000	18,860,000
2008A&B	4.17%-5.00%	2034	15,350,000	7,825,000
2009	2.00%-5.00%	2020	26,645,000	11,960,000
2012	2.00%-5.00%	2043	76,470,000	65,000,000
2012A&B	2.00%-5.00%	2028	28,640,370	23,008,829
2013	2.00%-5.00%	2044	145,170,000	133,095,000
2014	5.59%	2115	250,000,000	250,000,000
				$ 526,213,829

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2016 are summarized as follows:

Years Ending June 30	Principal	Interest	Total
2017	$ 17,677,346	$ 25,517,631	$ 43,194,977
2018	16,193,624	24,886,023	41,079,647
2019	16,275,461	24,309,382	40,584,843
2020	13,962,868	23,722,903	37,685,771
2021	10,825,856	23,265,395	34,091,251
2022-2026	55,514,636	109,653,297	165,167,933
2027-2031	46,469,038	98,629,442	145,098,480
2032-2036	38,570,000	89,079,344	127,649,344
2037-2041	37,090,000	80,311,438	117,401,438
2042-2115	273,635,000	1,028,842,875	1,302,477,875
Total	$ 526,213,829	$1,528,217,730	$2,054,431,559

The University has $459,815 in capital lease obligation that has a maturity date through fiscal year 2021 with an interest rate of 3.4 percent. These lease arrangements are being used to provide partial financing for certain equipment. Capital asset balances as of June 30, 2016 that are financed under capital leases are $503,419.

The scheduled maturities of these leases at June 30, 2016 are as follows:

Years Ending June 30	Minimum Lease Payments
2017	$ 81,864
2018	81,864
2019	81,864
2020	81,864
2021	178,314
Total minimum lease payments	505,770
Less amount representing interest	45,955
Net minimum capital lease payments	459,815
Less current portion	67,284
Noncurrent capital lease obligations	$ 392,531

Note 8 - Operating Leases

The University leases various facilities and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statements of net position. The total rental expense under these agreements was $3,751,363 and $1,988,963 for the years ended June 30, 2016 and 2015, respectively.

Future minimum payments for all significant operating leases with initial terms in excess of one year at June 30, 2016 are as follows:

Years Ending June 30	Minimum Lease Payments
2017	$ 2,973,377
2018	1,888,373
2019	2,240,537
2020	2,869,139
2021	2,816,224
2022-2031	24,946,159
Total minimum operating lease payments	$ 37,733,809

Note 9 - Operating Expenses by Natural Classification

The University reports operating expenses by functional classification on the statements of revenues, expenses, and changes in net position. Operating expenses by natural classification for the two years ended June 30, 2016 and 2015 are summarized as follows:

Year ended June 30, 2016	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction and departmental research	$ 227,929,877	$ 7,625,978	$ 16,627,395	$ 27,422	$ 6,912,728	$ 259,123,400
Separately budgeted research	23,802,856	7,246,991	5,688,214	6,122	2,207,622	38,951,805
Public service	20,098,842	4,429,110	4,920,055	128,298	682,608	30,258,913
Academic support	61,917,409	13,078,047	2,661,235	215,476	2,889,225	80,761,392
Student services	32,607,392	18,680,012	2,457,571	78,252	2,215,398	56,038,625
Institutional support	44,291,269	9,494,295	4,971,661	96,580	1,086,708	59,940,513
Operation and maintenance of plant	28,549,908	8,387,957	1,132,440	11,961,099	360,863	50,392,267
Auxiliary enterprises	51,494,868	23,286,608	942,154	3,357,993	3,849,159	82,930,782
Total	$ 490,692,421	$ 92,228,998	$ 39,400,725	$ 15,871,242	$ 20,204,311	$ 658,397,697
					Student Aid	8,479,525
					Depreciation	43,020,802
					Total Operating Expenses	$ 709,898,024

Year ended June 30, 2015	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction and departmental research	$ 216,888,225	$ 10,057,244	$ 15,256,509	$ 55,778	$ 5,941,640	$ 248,199,396
Separately budgeted research	21,356,474	7,883,387	13,210,115	7,203	2,293,445	44,750,624
Public service	19,718,250	5,491,752	2,073,629	107,370	690,219	28,081,220
Academic support	59,303,942	16,143,441	688,482	360,319	2,882,380	79,378,564
Student services	26,463,185	9,813,311	13,104,427	78,608	1,692,982	51,152,513
Institutional support	42,218,224	11,067,730	5,718,249	17,989	1,010,040	60,032,232
Operation and maintenance of plant	21,003,869	18,042,881	941,625	12,513,293	339,333	52,841,001
Auxiliary enterprises	41,341,374	27,660,673	971,514	3,737,270	3,209,312	76,920,143
Total	$ 448,293,543	$ 106,160,419	$ 51,964,550	$ 16,877,830	$ 18,059,351	$ 641,355,693
					Student Aid	8,647,508
					Depreciation	37,919,010
					Total Operating Expenses	$ 687,922,211

Note 10 - Compensated Absences

Per University policy, eligible salaried administrative appointments and administrative hourly employees earn vacation at the rate of 21 days per year with a maximum accrual of 32 days. Upon termination, they are entitled to a payout of their accumulated balance up to a maximum of 32 days. Hourly classified employees earn vacation at rates per years of service, ranging from 10 to 25 days per year. The accrual is equal to the amount earned in three years, up to a maximum of 600 hours, which is subject to payout upon termination.

Other hourly, non-exempt employees are also eligible to elect compensatory time off in lieu of overtime pay. The use of compensatory time is scheduled with supervisory approval or subject to payout upon termination or transfer to another department.

The estimated liability for accrued vacation and compensatory time at June 30, 2016 and 2015 was $13,998,141 and $13,404,558, respectively.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro rata monthly basis for salaried employees and on a pro rata hourly basis for classified hourly and administrative hourly employees). Salaried and administrative hourly employees with 10 or more years of service are eligible to receive a payout upon retirement of 25 percent of unused days up to a maximum of 30 days. Hourly classified employees with 10 or more years of service are eligible for payout upon retirement of 50 percent of unused days up to a maximum of 60 days, except for hourly classified employees under American Federation of State, County and Municipal Employees contract, where the maximum is 80 days.

The estimated liability for accrued sick leave at June 30, 2016 and 2015 was $6,942,620 and $7,225,605, respectively.

Compensated absences at June 30, 2016 and 2015 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2016	$20,630,163	$25,233,324	$ (24,922,726)	$20,940,761	$ 2,234,524
June 30, 2015	$17,813,712	$26,555,787	$ (23,739,336)	$20,630,163	$ 1,978,423

Note 11 - Retirement Plans

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

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

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

Member contributions are 10 percent of gross wages for all plans, set at the maximums authorized by the ORC.

The plans' 2016 and 2015 contribution rates on covered payroll to each system are:

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

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

	Employer Contributions		
	STRS Ohio	OPERS	ARP
2016	$ 14,809,723	$17,518,016	$ 10,882,643
2015	14,461,472	17,091,376	9,929,472

The payroll for employees covered by OPERS and STRS Ohio for the year ended June 30, 2016 was $163,491,464 and $145,513,486, respectively. The payroll for employees covered by OPERS and STRS Ohio for the year ended June 30, 2015 was $155,361,858 and $138,569,272, respectively. For the years ended June 30, 2016 and 2015, the University's total payroll was $343,725,637 and $331,322,479, respectively. Contributions made to OPEB were $2,450,630, $3,250,678, and $3,054,334 for the years ended June 30, 2016, 2015, and 2014, respectively.

Benefits Provided

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

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

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

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

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

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

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

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

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

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2016 and 2015, the University reported a liability for its proportionate share of the net pension liability of both STRS and OPERS. The net pension liability was measured as of June 30, 2015 for the STRS plan and December 31, 2015 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

	Measurement	Net Pension Liability		Proportionate Share		Percent
Plan	Date	2016	2015	2016	2015	Change
STRS	June 30	$ 274,039,342	$ 242,888,149	0.992%	0.999%	-0.007%
OPERS	December 31	$ 158,857,405	$ 106,172,642	0.910%	0.878%	0.032%
		$ 432,896,747	$ 349,060,791			

For the years ended June 30, 2016 and 2015, the University recognized pension expense of $50,136,890 and $35,590,653, respectively.

For the years ended June 30, 2016 and 2015, 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:		
Differences between expected and actual experience	$ 12,512,699	$ 2,338,329
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	46,749,649	5,692,955
Changes in proportion and differences between University contributions and proportionate share of contributions	2,915,607	-
University contributions subsequent to the measurement date	23,373,591	22,894,735
Total deferred outflows of resources	$ 85,551,545	$ 30,926,019

	2016	2015
Deferred inflows of resources:		
Differences between expected and actual experience	$ 3,175,540	$ 1,943,961
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	19,708,609	44,935,229
Changes in proportion and differences between University contributions and proportionate share of contributions	1,620,850	26,165
University contributions subsequent to the measurement date	-	-
Total deferred inflows of resources	$ 24,504,999	$ 46,905,355

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

Years ending June 30	Amount
2017	$ 6,707,765
2018	7,426,058
2019	7,228,964
2020	16,386,171
2021	(15,721)
Thereafter	(60,284)
	$ 37,672,953

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).

Actuarial Assumptions - The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement as of June 30, 2016:

	STRS - as of July 1, 2015	OPERS - as of December 31, 2015
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, including inflation	2.75 percent - 12.25 percent	4.25 percent - 10.05 percent
Inflation	2.75 percent	3.00 percent
Investments rate of return	7.75 percent, net of pension plan investment expense	8.00 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of 5 years ended December 31, 2010
Mortality basis	RP-2000 combined mortality table (Projection 2022-Scale AA)	RP-2000 mortality table projected 20 years using Projection Scale AA

The following actuarial assumptions, applied to all periods included in the measurement for the period ended June 30, 2015, were as follows:

	STRS - as of July 1, 2014	OPERS - as of December 31, 2014
Valuation date	July 1, 2014	December 31, 2014
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	2.0 percent	3.0 percent
Salary increases, including inflation	2.75 percent - 12.25 percent	4.25 percent - 10.05 percent
Inflation	2.75 percent	3.00 percent
Investments rate of return	7.75 percent, net of pension plan investment expense	8.00 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of 5 years ended December 31, 2010
Mortality basis	RP-2000 combined mortality table (Projection 2022-Scale AA)	RP-2000 mortality table projected 20 years using Projection Scale AA

Discount Rate - The discount rates used to measure the pension liabilities at June 30, 2016 and 2015 were 7.75 percent for STRS and 8.0 percent for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	STRS - as of 7/1/15			OPERS - as of 12/31/15	
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%	8.00%	Domestic Equity	20.70%	5.84%
International Equity	26.00%	7.85%	International Equity	18.30%	7.40%
Alternatives	14.00%	8.00%	Alternatives	10.00%	9.25%
Fixed Income	18.00%	3.75%	Fixed Income	23.00%	2.31%
Real Estate	10.00%	6.75%	Real Estate	10.00%	4.25%
Liquidity Reserves	1.00%	3.00%	Liquidity Reserves	18.00%	4.59%
	100.00%			100.00%	

	STRS - as of 7/1/14			OPERS - as of 12/31/14	
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%	Domestic Equity	23.00%	2.31%
International Equity	26.00%	5.35%	International Equity	19.90%	5.84%
Alternatives	14.00%	5.50%	Alternatives	10.00%	4.25%
Fixed Income	18.00%	1.25%	Fixed Income	10.00%	9.25%
Real Estate	10.00%	4.25%	Real Estate	19.10%	7.40%
Liquidity Reserves	1.00%	0.50%	Liquidity Reserves	18.00%	4.59%
	100.00%			100.00%	

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

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

Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS	6.75%	$380,661,318	7.75%	$ 274,039,342	8.75%	$183,874,565
OPERS	7.00%	253,602,738	8.00%	158,857,405	9.00%	78,958,741
		$634,264,056		$ 432,896,747		$262,833,306

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS and OPERS financial reports.

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

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of nine private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.5 percent for STRS Ohio and 0.77 percent for OPERS for the years ended June 30, 2016 and 2015. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

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

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

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

OPERS provides retirement, disability, and survivor benefits as well as postemployment healthcare coverage to qualifying members of its plans. A portion of each employer's contribution to OPERS is allocated for funding of postretirement health care. The portion of employer contributions, for all employers, allocated to health care was 2.0 percent during calendar year 2015.

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

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

The Board allocates employer contributions to the Health Care Stabilization Fund from which healthcare benefits are paid. Effective July 1, 2014, the Board discontinued allocating 1 percent of employer contributions to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was $3.454 billion on January 1, 2015, the date of the most recent information available from STRS Ohio.

For the fiscal year ended June 30, 2015, the date of the most recent information available from STRS, net healthcare costs paid by STRS Ohio were $672,600,000. There were 158,116 eligible benefit recipients.

Note 12 - Risk Management and Contingencies

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

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

Changes in the self-insurance claims liability for the three years ended June 30, 2016 are summarized as follows:

	2016	2015	2014
Accrued claims liability-beginning of year	$ 3,279,000	$ 3,388,000	$ 3,413,000
Incurred claims-net of favorable settlements	52,695,055	46,510,478	45,849,148
Claims paid	(52,106,055)	(46,619,478)	(45,874,148)
Accrued claims liability - end of year	$ 3,868,000	$ 3,279,000	$ 3,388,000

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

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

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

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

During the fiscal year ended June 30, 2014, the University entered into negotiations with the Ohio Bureau of Workers' Compensation to buy out the claims incurred prior to January 1, 2013. Negotiations are still ongoing. Amounts are included in accounts payable and accrued liabilities detailed in Note 6.

Note 13 - Capital Project Commitments

At June 30, 2016, the University is committed to future capital expenditures as follows:

Contractual commitments	$ 65,516,512
Estimated completion costs of projects	79,831,725
Total	$ 145,348,237
These projects will be funded by:	
State appropriations	$ 30,754,049
University funds (including bond funds)	111,243,792
Gifts, grants, and other	3,350,396
Total	$ 145,348,237

Note 14 - Other Noncurrent Liabilities

Refundable Advances for Federal Student Loans - Refundable advances for federal student loans for the two years ended June 30, 2016 are summarized as follows:

	Beginning Balance	Reductions - Net	Ending Balance	Current Portion
For the year ended:				
June 30, 2016	$ 7,333,999	$ (52,247)	$ 7,281,752	$ -
June 30, 2015	$ 7,394,403	$ (60,404)	$ 7,333,999	$ -

Note 15 - Pollution Remediation

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

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

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

Years Ending June 30	Minimum Payments
2017	$ 271,896
2018	5,000
2019	5,000
2020	5,000
2021	5,000
2022-2050	140,000
Total minimum payments	$ 431,896

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

Note 16 - Donor-restricted Endowments

Under the standard established by Section 1715.56 of the ORC, an institution may appropriate as much as is prudent of the realized and unrealized net appreciation of the fair value of the assets of the endowment fund over the historic dollar value of the fund for the uses and purposes for which an endowment fund is established. The University's endowment spending policy is based on the concept of total return, and the spending rate for fiscal years 2016 and 2015 was 6 percent, which included a 2 percent administrative fee.

The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the Board were $10,642,683 and $13,299,312 for June 30, 2016 and 2015, respectively. Those amounts are reported as restricted expendable net position

Note 17 - Net Position

Restricted and unrestricted net position for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Restricted - nonexpendable:		
Permanent endowments	$ 22,159,570	$ 22,296,237
Restricted - expendable:		
Sponsored programs and component units	$ 7,857,328	$ 7,234,141
Loans	9,797,199	9,425,013
Unspent endowment funds (available through the endowment spending policy)	1,434,792	1,295,684
Grant funded capital projects and debt service funds	2,330,920	3,285,234
Endowments- net income and appreciation	10,642,683	13,299,312
Total restricted - expendable	$ 32,062,922	$ 34,539,384
Unrestricted - allocated:		
Auxiliaries	$ 64,800,700	$ 55,773,889
Quasi endowments	46,471,261	49,100,166
Capital projects and reserves	39,154,148	119,239,801
GASB 68-unfunded pension liability	(371,850,201)	(365,040,127)
Ongoing academic and research programs, reserves, and component units	126,772,525	83,717,322
Total unrestricted - allocated	$ (94,651,567)	$ (57,208,949)

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

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

Note 18 - The Ohio University Foundation

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

The Foundation's wholly owned subsidiary, Inn-Ohio of Athens, Inc. (the "Inn"), owns and operates a 139-room hotel and restaurant facility in Athens, Ohio known as The Ohio University Inn (see Note 10).

Another controlled entity, Housing for Ohio, Inc. (“Housing”), constructed and operates a 182-unit student housing facility in Athens, Ohio (see Note 11). It has been granted tax-exempt status under Section 501(a)(3) of the Internal Revenue Code (the “Code”) as an organization described in Section 501(c)(3).

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

During 2009, the Foundation created three limited liability companies to receive property distributions from The Dolores H. Russ Trust for the benefit of the Russ College of Engineering. The three limited liability companies are Fritz J. and Dolores H. Russ Holdings LLC, Russ North Valley Road LLC, and Russ Research Center LLC. A fourth limited liability company, Russ Center North LLC, was established during 2016 for the purpose of purchasing and holding property adjacent to the Russ Research Center LLC. Collectively, these entities are referred to as the “Russ LLCs”. The limited liability companies are treated as disregarded entities for federal income tax purposes. The Foundation is the sole member of Fritz J. and Dolores H. Russ Holdings LLC. Fritz J. and Dolores H. Russ Holdings LLC is the sole member of Russ North Valley Road LLC, and Russ Research Center LLC, and Russ Center North LLC.

Summary of Significant Accounting Policies

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

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

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

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

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

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

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

Contributions of charitable gift annuities are reduced by the actuarially determined liability resulting from acceptance of the gift. Contributions are held in charitable trusts at the present value of their estimated future benefits to be received when the trust assets are distributed upon notification of the donor's death (see Note 9).

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using an assumed inflation rate at the time the pledge is made. The discount rate utilized was 2.69 and 2.86 percent for the years ended June 30, 2016 and 2015, respectively. Amortization of the discounts is included in contribution revenue. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

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

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

Investments - Investments in securities are recorded at fair value based on quoted market values, with changes in market value during the year reflected in the consolidated statements of activities. Investments not publicly traded are either stated at cost, which approximates market, or at appraised market values when applicable. Alternatives are recorded at their most recent available valuation as provided by the investment custodian. Purchases and sales of investments are accounted for as of the trade date. See Note 5 for the valuation policy for alternative investments.

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

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

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

Annually, or more frequently if events or circumstances change, a determination is made by management to ascertain whether property and equipment and intangibles have been impaired based on the sum of expected future undiscounted cash flows from operating activities. If the estimated net cash flows are less than the carrying amount of such assets, the Foundation will recognize an impairment loss in an amount necessary to write down the assets to a fair value as determined from expected future discounted cash flows. Based upon its most recent analysis, the Foundation has determined that no impairment to the carrying value of its long-lived assets existed at June 30, 2016 and 2015.

Cash - At times, cash may exceed federally insured amounts. The Foundation believes it mitigates risks by depositing cash with major financial institutions. The Foundation held $26,828,222 and $18,968,322 in cash that was uninsured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2016 and 2015, respectively.

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

Restricted Cash - Restricted cash represents cash that, under terms of the bond issue trust indenture agreement (the "Trust Indenture") (related to Housing for Ohio, Inc., see Note 11), is restricted for various purposes. In accordance with the terms of the Trust Indenture and related agreements, the proceeds from the bonds not used to construct the student housing facility and certain equipment and improvements were deposited with the trustee. The Foundation is also required to deposit all revenue directly into a designated revenue fund. The trustee is then authorized, without further direction from the Foundation, to transfer funds out of the revenue fund to other funds as outlined in the Trust Indenture.

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

Income Taxes - The Internal Revenue Service has determined that the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated income. The provision for income taxes for the Inn, including deferred tax expenses, totaled $155,700 and $156,506 for the years ended June 30, 2016 and 2015, respectively. The provision is mostly comprised of federal and city taxes. Of these amounts, $49,700 and $80,206 represent current tax expense for the years ended June 30, 2016 and 2015, respectively. The deferred taxes are a result of differences between book and tax depreciation and are presented as long-term other liabilities on the statements of financial position.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to June 30, 2013.

Fair Value of Financial Instruments - The carrying values of the Foundation's financial instruments in the accompanying consolidated statements of financial position approximate their respective estimated fair value at June 30, 2016 and 2015.

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

The fair values of short-term financial instruments, including cash equivalents and trade accounts receivable and payable, approximate the carrying amounts in the accompanying consolidated financial statements due to the short maturity of such instruments. The fair value of long-term obligations approximates the carrying amounts in the accompanying consolidated financial statements. The carrying value of the debt approximates fair value based on current borrowing rates. The inputs are based upon terms in contractual agreements. The fair value of these financial instruments is determined using Level 2 inputs (see Note 5).

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

Upcoming Accounting Pronouncements - During May 2014, the Financial Accounting Standards Board released Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606).* The amendments in the ASU clarify the principles for recognizing revenue and develop a common revenue standard for U.S. GAAP that removes inconsistencies and weaknesses in revenue requirements, provides a more robust framework for addressing revenue issues, improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, provides more useful information to users of financial statements through improved disclosure requirements, and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The Foundation will be required to adopt and implement this accounting update as of and for the year ending June 30, 2020.

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU did not significantly change the accounting requirements for lessors, and accordingly, application of the new lease standard is not expected to have a significant effect on the Foundation's financial statements. The new lease guidance will be effective for the Foundation's year ending June 30, 2021.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in August 2016. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Foundation's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Foundation is currently evaluating the impact this standard will have on the financial statements.

Net Assets

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

Unrestricted net assets as of June 30, 2016 and 2015 are available for the following purposes:

	2016	2015
Designated:		
Board-designated 1804 grants	$ -	$ 8,552
Designated underwater accounts	(335,966)	(12,377)
Subtotal designated	(335,966)	(3,825)
Undesignated:		
The Inn	4,978,526	4,644,351
Housing	1,259,166	315,436
Other	(2,883,207)	(1,634,529)
Subtotal undesignated	3,354,485	3,325,258
Total unrestricted net assets	$ 3,018,519	$ 3,321,433

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

Temporarily restricted net assets as of June 30, 2016 and 2015 are available for the following purposes:

	2016	2015
Academic support	$ 13,465,046	$ 14,656,172
Alumni relations	156,396	227,952
Fundraising and developme	835,313	841,831
Institutional support	10,933,002	12,877,689
Instruction and departmental	201,540,398	216,585,362
Intercollegiate athletics	7,247,619	6,489,711
Public service	634,724	576,748
Research	2,308,202	2,474,275
Student aid	52,870,308	60,681,301
Student services	1,598,338	1,860,493
Total	$ 291,589,346	$ 317,271,534

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

Permanently restricted net assets as of June 30, 2016 and 2015 are available for the following purposes:

	2016	2015
Academic support	$ 10,008,327	$ 9,814,599
Alumni relations	69,808	20,348
Fundraising and developmer	107,173	106,718
Institutional support	3,441,686	3,435,413
Instruction and departmental research	82,768,178	80,523,523
Intercollegiate athletics	2,001,564	1,959,091
Public service	1,372,343	1,371,273
Research	1,339,295	1,200,825
Student aid	100,931,387	91,065,442
Student services	3,023,130	2,897,349
Total	$ 205,062,891	$ 192,394,581

Pledges Receivable

The following amounts are included in pledges receivable for unconditional promises to give at June 30, 2016 and 2015:

At June 30, 2016	Temporarily Restricted	Permanently Restricted	Total
Gross amounts due in:			
Less than one year	$ 5,737,984	$ 4,483,210	$ 10,221,194
One to five years	7,156,566	2,834,338	9,990,904
More than five years	1,090,267	-	1,090,267
Gross pledges receivable	13,984,817	7,317,548	21,302,365
Less allowance for uncollectible pledges	(1,635,708)	(855,883)	(2,491,591)
Less discount to present value	(1,027,979)	(236,605)	(1,264,584)
Total pledges receivable - Net	$ 11,321,130	$ 6,225,060	$ 17,546,190

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

The allowance for uncollectible contributions is a general valuation based on the percentage of prior years' pledge write-offs. Specific pledges deemed uncollectible are charged against the allowance for uncollectible pledges in the period in which the determination is made. Both the general allowance and the specific write-offs are reported as a loss on fair value of pledges receivable in the statement of activities. As of June 30, 2016, the Foundation has approximately $91.0 million in numerous outstanding pledges that are considered to be intentions to give and are contingent upon future events. These pledges are not accrued as pledges receivable or recognized as revenue because they do not represent unconditional promises to give. It is not practicable to estimate the ultimate realizable value of these commitments or the period over which they might be collected.

Fair Value Measurements

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

The Foundation reports investments and split-interest agreements at estimated fair value, in accordance with the fair value hierarchy prescribed by Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value, as follows:

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

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

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

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the least observable input that is significant to the valuation. The Foundation’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The Foundation’s fair value assets by level, at June 30, 2016 and 2015 are summarized in the following tables:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2016

		Fair Value at Reporting Date Using		
	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				
Fixed-income investments:				
Money market mutual funds	$ 25,516,167	$ 25,488,677	$ 27,490	$ -
Bonds and bond mutual funds	42,136,162	40,752,956	1,383,206	-
TIPS mutual funds	15,140,564	15,140,564	-	-
Subtotal fixed income	82,792,893	81,382,197	1,410,696	-
Public equity investments:				
Domestic large-cap equity	78,911,942	78,911,942	-	-
Domestic small-cap equity	10,230,220	10,230,220	-	-
REITs	6,221,617	6,221,617	-	-
Developed international equity	85,736,678	85,736,678	-	-
Emerging markets international equity	39,801,986	29,019,806	10,782,180	-
Commodities	25,012,224	25,012,224	-	-
Subtotal public equity	245,914,667	235,132,487	10,782,180	-
Alternative investments:				
Commodities (1)	6,233,869	-	-	6,233,869
Hedge funds (2)	62,357,529	-	-	62,357,529
Private equity funds (3)	23,680,333	-	-	23,680,333
Private real estate funds (4)	3,518,716	-	-	3,518,716
Venture capital funds (5)	2,692,759	-	-	2,692,759
Subtotal alternative investments	98,483,206	-	-	98,483,206
Total investments	$ 427,190,766	$ 316,514,684	$ 12,192,876	$ 98,483,206
Split-interest Agreements Assets				
Charitable gift annuity assets				
Money market mutual funds	$ 46,416	$ 851	$ 45,565	$ -
Bonds and bond mutual funds	770,206	529,325	240,881	-
Domestic equity	504,268	504,268	-	-
International equity	395,973	395,973	-	-
REITs	152,257	152,257	-	-
Total charitable gift annuity assets	$ 1,869,120	$ 1,582,674	$ 286,446	$ -
Charitable trust assets				
Money market mutual funds	402,842	-	402,842	-
Bonds and bond mutual funds	9,059,645	9,059,645	-	-
Domestic equity	2,675,752	2,675,752	-	-
International equity	2,338,722	2,338,722	-	-
REITs	1,300,781	1,300,781	-	-
Private real estate	490,000	-	-	490,000
Other (6)	599,373	-	-	599,373
Total charitable trust assets	$ 16,867,115	$ 15,374,900	$ 402,842	$ 1,089,373
Total split-interest agreements	$ 18,736,235	$ 16,957,574	$ 689,288	$ 1,089,373
Total fair value measurements	$ 445,927,001	$ 333,472,258	$ 12,882,164	$ 99,572,579

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

		Fair Value at Reporting Date Using		
	June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fixed-income investments:				
Money market mutual funds	$ 21,834,284	$ 21,803,580	$ 30,704	$ -
Bonds and bond mutual funds	44,223,672	41,416,786	2,806,886	-
TIPS mutual funds	14,717,852	14,717,852	-	-
Subtotal fixed income	80,775,808	77,938,218	2,837,590	-
Public equity investments:				
Domestic large-cap equity	81,326,912	81,326,912	-	-
Domestic small-cap equity	11,110,312	11,110,312	-	-
REITs	5,226,169	5,226,169	-	-
Developed international equity	98,229,378	98,229,378	-	-
Emerging markets international equity	45,229,034	33,998,744	11,230,290	-
Commodities	28,272,606	28,272,606	-	-
Subtotal public equity	269,394,411	258,164,121	11,230,290	-
Alternative investments:				
Commodities (1)	7,037,763	-	-	7,037,763
Hedge funds (2)	65,338,993	-	-	65,338,993
Private equity funds (3)	20,214,090	-	-	20,214,090
Private real estate funds (4)	6,905,218	-	-	6,905,218
Venture capital funds (5)	2,863,282	-	-	2,863,282
Subtotal alternative investments	102,359,346	-	-	102,359,346
Total investments	$ 452,529,565	$ 336,102,339	$ 14,067,880	$ 102,359,346
Split-interest Agreements Assets				
Charitable gift annuity assets				
Money market mutual funds	$ 44,113	$ -	$ 44,113	$ -
Bonds and bond mutual funds	1,007,485	733,749	273,736	-
Domestic equity	655,458	655,458	-	-
International equity	516,822	516,822	-	-
REITs	184,380	184,380	-	-
Total charitable gift annuity assets	$ 2,408,258	$ 2,090,409	$ 317,849	$ -
Charitable trust assets				
Money market mutual funds	608,429	-	608,429	-
Bonds and bond mutual funds	9,546,930	9,546,930	-	-
Domestic equity	2,961,079	2,961,079	-	-
International equity	2,572,695	2,572,695	-	-
REITs	1,296,427	1,296,427	-	-
Private real estate	490,000	-	-	490,000
Other (6)	692,348	-	-	692,348
Total charitable trust assets	$ 18,167,908	$ 16,377,131	$ 608,429	$ 1,182,348
Total split-interest agreements	$ 20,576,166	$ 18,467,540	$ 926,278	$ 1,182,348
Total fair value measurements	$ 473,105,731	$ 354,569,879	$ 14,994,158	$ 103,541,694

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

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

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

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

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

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

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

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the fiscal years ended June 30, 2016 and 2015, there were no transfers between levels of the fair value hierarchy.

Additional information on the changes in Level 3 assets is summarized in the tables below as of June 30, 2016 and 2015:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2016

	Fair Value Measurements Using Significant Unobservable Inputs (Level		
		Alternative Investments	
	Total Level 3 Investments	Commodities	Hedge Funds
Beginning balance	$ 102,359,346	$ 7,037,763	$ 65,338,993
Gains (losses) included in changes in net assets:			
Realized gains (losses)	1,628,074	(8,333)	(1,708)
Unrealized gains (losses)	(5,420,273)	(714,840)	(2,260,229)
Total gains (losses)	(3,792,199)	(723,173)	(2,261,937)
Purchases and sales:			
Purchases	4,981,807	-	-
Sales	(5,065,748)	(80,721)	(719,526)
Total purchases and sales	(83,941)	(80,721)	(719,526)
Ending balance	$ 98,483,206	$ 6,233,869	$ 62,357,530

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)		
	Alternative Investments (Continued)		
	Private Equity Funds	Private Real Estate Funds	Venture Capital Funds
Beginning balance	$ 20,214,090	$ 6,905,218	$ 2,863,282
Gains (losses) included in changes in net assets:			
Realized gains (losses)	1,177,965	460,150	-
Unrealized gains (losses)	233,001	(2,404,676)	(273,529)
Total gains (losses)	1,410,966	(1,944,526)	(273,529)
Purchases and sales:			
Purchases	4,868,301	10,500	103,006
Sales	(2,813,025)	(1,452,476)	-
Total purchases and sales	2,055,276	(1,441,976)	103,006
Ending balance	$ 23,680,332	$ 3,518,716	$ 2,692,759

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)
	Split-interest Agreements
	Charitable Trust Assets
Beginning balance	$ 1,182,348
Change in value of split-interest agreements included in changes in net assets:	
Change in actuarial estimate	(92,978)
Total change in value	(92,978)
Ending balance	$ 1,089,370

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

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

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

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

Investments in Entities that Calculate Net Asset Value per Share

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

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

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

Level 2 and Level 3 Investments Reported at Net Asset Value at June 30, 2016

	Fair Value	Redemption Frequency	Redemption Notice Period	Estimated Termination Date (Fiscal Year)	Unfunded Commitment
Fixed-income investments:					
Money market mutual funds (Level 2)	$ 27,490	daily	none	not applicable	$ -
Bonds and bond mutual funds (Level 2)	1,383,206	daily	1 day	not applicable	-
Subtotal fixed income	1,410,696				-
Public equity investments:					
Emerging markets international equity mutual funds (Level 2)	10,782,180	monthly	30 days	not applicable	-
Alternative investments:					
Commodities (Level 3)	6,233,869	monthly	10 - 30 days	not applicable	-
Hedge funds (Level 3)	62,357,529	quarterly	60 days	not applicable	-
Private equity funds (Level 3)	23,680,333	not liquid	not liquid	2016 - 2024	27,651,697
Private real estate funds (Level 3)	3,425,911	not liquid	not liquid	2016 - 2018	259,345
Venture capital funds (Level 3)	2,692,759	not liquid	not liquid	2016 - 2018	65,082
Subtotal alternative investments	98,390,401				27,976,124
Total investments	$ 110,583,277				$ 27,976,124

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

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

Donor-restricted and Board-designated Endowments

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

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

(1) The duration and preservation of the fund

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

(3) General economic conditions

(4) The possible effect of inflation and deflation

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

(6) Other resources of the Foundation

(7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (335,966)	$ 112,642,204	$ 195,404,518	$ 307,710,756
Board-designated (quasi) endowment created with donor-restricted funds	-	94,776,466	-	94,776,466
Total funds	$ (335,966)	$ 207,418,670	$ 195,404,518	$ 402,487,222

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Market value - Beginning of the year	$ (12,377)	$ 241,237,888	$ 181,034,433	$ 422,259,944
Net realized and unrealized gains and losses and investment income	(323,589)	(12,730,529)	(285,017)	(13,339,135)
Contributions	-	-	14,655,102	14,655,102
Spending policy transfer	-	(14,808,044)	-	(14,808,044)
Transfers to board-designated endowments	-	913,437	-	913,437
Administrative fee	-	(7,194,082)	-	(7,194,082)
Market value - End of the year	$ (335,966)	$ 207,418,670	$ 195,404,518	$ 402,487,222

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

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

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

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

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the contributed value that the donor or UPMIFA requires the Foundation to retain as the corpus. These funds are known as “underwater accounts.” In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $335,966 and $12,377 as of June 30, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations and allowable distributions made over time.

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the long-term purchasing power of the endowment assets. Endowment assets include donor-restricted funds that are held in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to outperform, over rolling 36-month periods, a composite benchmark of appropriately weighted indices, while maintaining acceptable risk levels. The Foundation anticipates the endowment funds will provide an average rate of return of approximately 6.9 percent annually, gross of investment management fees of approximately 0.6 percent. Actual returns in any given year may vary from this amount.

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

Spending Policy - For the fiscal year ended June 30, 2016, the Foundation's spending policy stipulated that 6 percent of a three-year moving average of the market value of the endowment was available to spend, with 2 percent of the amount being set aside to support the Foundation's administrative expenses. The spending rate applied to all endowment accounts except underwater accounts, where spending was limited to 1 percent of a three-year moving average of the market value. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow the endowment to grow at an average of 0.9 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through investment returns and new gifts.

Property and Equipment

As of June 30, 2016 and 2015, property and equipment are as follows:

	2016	2015
Land	$ 3,026,223	$ 2,488,895
Land improvements	893,723	880,910
Building and building improvements	13,545,590	40,804,333
Furnishings, fixtures, and equipment	5,039,773	6,376,639
Construction in progress	61,878	80,943
Subtotal	22,567,187	50,631,720
Less accumulated depreciation and amortization	(10,665,749)	(20,909,909)
Property and equipment - Net	$11,901,438	$ 29,721,811

Total depreciation expense of $1,789,592 and $1,838,981 was recorded in fiscal years 2016 and 2015, respectively.

Support from Related Organizations

During 2016 and 15, the University paid certain payroll costs amounting to $3,837,612 and $4,116,887, and additional costs of $1,424,340 and $0, respectively, for the Foundation's Development Office, Office of Alumni Relations, and Accounting Office. The support costs paid by the University are reflected in the consolidated statements of activities as University support, with a like amount included in expenses.

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

The Foundation has a noncontrolling economic interest in Ohio South East Enterprise Development Fund, Inc. (SEED), a tax-exempt organization under Code Section 501(c)(4). SEED was created in July 1994 for the purpose of supporting the scientific and technological research, educational activities, and economic development of Ohio University. Currently, the Foundation is the named beneficiary of SEED's assets in the event that the entity is dissolved. Distributions from SEED are reflected in the consolidated statements of activities as gifts and contributions in the year they are received. However, SEED did not make any distributions to the Foundation during 2016 or 2015.

Split-interest Agreements

Charitable Gift Annuities - Under charitable gift annuity agreements, all assets are held by the Foundation. Therefore, the Foundation has recorded the donated assets at fair value and the liabilities to the donor or his/her beneficiaries discounted to the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the contribution is the difference between the asset and liability and is recorded as contribution revenue. The Foundation uses the Internal Revenue Service (IRS) discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable gift annuity is established at the beginning of the agreement. The discount rate applied to gift annuities held at June 30, 2016 and 2015 ranged from 1.2 to 8.2 percent.

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

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

In instances where the donor has not specifically reserved the right to change the remainderman, and the Foundation serves as the trustee, the Foundation will recognize the fair market value of the assets of the trust, as well as a liability for the net present value of future payments to be distributed by the Foundation to the donor or his/her designated beneficiaries. The amount of the contribution is the difference between the asset and liability at the inception of the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable remainder trust is established at the beginning of the agreement. The discount rate applied to charitable remainder trusts held at June 30, 2016 and 2015 ranged from 2.0 to 8.2 percent.

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

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

Lead Trusts - Charitable lead trusts provide an income stream to the Foundation for a set period of time established by the donor. The income stream is recorded at the net present value of the payments. Once the set period of time ends, the Foundation will no longer receive the income stream and the remaining principal is transferred back to the donor. If the Foundation serves as trustee, an asset and a liability will be recorded for the trust. The asset is booked at the fair market value. The liability is recorded at fair market value less the net present value of the income stream. If the Foundation does not serve as trustee, only the asset, at the net present value of the income stream, will be recorded for the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the income stream. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable lead trust is established at the beginning of the agreement. The discount rate applied to the lead trusts held at June 30, 2016 and 2015 ranged from 1.07 to 5.16 percent.

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

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

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

Inn-Ohio of Athens, Inc.

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

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

Operations - The Inn's operations for the years ended June 30, 2016 and 2015 are summarized below:

	2016	2015
Revenue	$ 5,239,926	$ 5,275,949
Operating and general expenses	4,132,439	4,048,312
Depreciation and amortization	751,841	672,005
Interest expense - Net	14,726	7,469
Provision for income taxes	155,700	156,506
Total expenses	5,054,706	4,884,292
Net income	185,220	391,657
Realized gains on investments	-	43,869
Other comprehensive income (losses)	148,955	(48,029)
Change in net assets	$ 334,175	$ 387,497

The Foundation has entered into a management agreement with a property manager to operate the Inn. The manager's compensation is a base fee plus 15 percent of the hotel's net available operating profit as defined in the management agreement.

In fiscal years 2016 and 2015, base management fees incurred by the Inn with respect to the Manager were $100,000 per year and incentive fees were $137,762 and $170,964, respectively.

Property and Equipment - Property and equipment of the Inn as of June 30, 2016 and June 30, 2015 consists of the following:

	2016	2015
Land	$ 323,978	$ 197,300
Land improvements	893,723	880,910
Buildings	7,416,194	7,237,852
Furnishings, fixtures, and equipment	4,645,909	4,358,956
Construction in progress	61,878	80,943
Total property and equipment	13,341,682	12,755,961
Less accumulated depreciation and amortization	(8,001,500)	(7,369,634)
Net property and equipment	$ 5,340,182	$ 5,386,327

Debt Obligations - Long-term debt of the Inn as of June 30, 2016 and June 30, 2015 consists of the following:

	2016	2015
Term loan - Principal due through June 2021, interest at 3.31 percent through June 2016 and adjusted thereafter	$ 1,759,900	$ 2,051,200
Less current portion of long-term debt	(309,900)	(291,300)
Total	$ 1,450,000	$ 1,759,900

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

A significant portion of the property and equipment is pledged as collateral for the term loan. The interest rate on the term loan was fixed at 6.20 percent through June 2011 and was adjusted to 3.31 percent as of July 1, 2011. The interest rate will be adjusted to the index rate as defined in the agreement plus 1.40 percent in June 2016, effectively, 2.50 percent.

Maturities of long-term debt at June 30, 2016 are set forth in the following schedule:

Years Ending June 30	Amount
2017	$ 309,900
2018	329,600
2019	350,500
2020	373,000
2021	396,900
Thereafter	-
Total	$ 1,759,900

The fair value of the debt obligations approximates the carrying value at June 30, 2016 and 2015.

Housing for Ohio, Inc.

In November 1999, the Foundation established Housing, a limited liability company and 501(c)(3) corporation, with the purpose of acquiring, developing, constructing, and operating a 182-unit student-housing rental project which contains 580 beds. The property, known as

University Courtyard Apartments (the “Project”), is located in Athens, Ohio on property owned by the University and leased to Housing. The facility is managed and operated by a private entity.

Operations - Housing’s operations for the years ended June 30, 2016 and 2015 are summarized below:

	2016	2015
Revenue	$3,555,528	$3,362,031
Operating and general expenses	1,492,802	1,435,563
Depreciation and amortization	741,173	861,596
Interest expense and bond fees	176,740	161,820
Tax and insurance	201,083	174,966
Total expenses	2,611,798	2,633,945
Change in net assets	$ 943,730	$ 728,086

Property and Equipment - Property and equipment of Housing as of June 30, 2016 and 2015 consists of the following:

	2016	2015
Student housing facility and improvements	$ -	$ 27,483,760
Furnishings and equipment	-	1,623,819
Total property and equipment	-	29,107,579
Less accumulated depreciation	-	11,147,822
Net property and equipment	$ -	$ 17,959,757

During the fiscal year, Housing committed to a plan that will ultimately result in the sale of all of Housing’s assets and eventual dissolution of the Housing itself. In April 2016, Housing was notified that it was the successful bidder on the ground beneath the improvements already owned by Housing. That same month, Housing began marketing the property, including the ground and improvements, for sale.

Before the end of the fiscal year, Housing paid a deposit on the ground, which is recorded as prepaid expense on the statement of financial position. The ground purchase transaction was closed in September 2016. As a result of this transaction, the ground lease will be terminated.

As a result of the marketing efforts noted above, Housing identified several potential buyers and entered into a letter of intent with one potential buyer during June 2016. Based on the purchase offers received on the property, Housing has not recognized impairment during 2016, as the offer prices have exceeded the carrying value of the property. Housing is currently in negotiations with the potential buyer with the intent to execute a purchase and sale agreement. Because Housing expects the sale to be completed within one year, the capital assets of Housing expected to be sold have been classified as property held for sale on the statement of financial position.

Housing intends to use the proceeds from the sale to retire the outstanding bonds. Upon dissolution of Housing, any remaining assets will be distributed to the Foundation.

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

The average interest rates for the years ended June 30, 2016 and 2015 were 0.13 percent and 0.04 percent, respectively and the actual interest rates at June 30, 2016 and 2015 were 0.46 percent and 0.10 percent, respectively.

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

Principal payments for the bonded debt for the years subsequent to June 30, 2016 are summarized as follows:

Years Ending June 30	Principal
2017	$ 960,000
2018	1,010,000
2019	1,065,000
2020	1,125,000
2021	1,185,000
Thereafter	18,030,000
Total	$23,375,000

Debt issuance costs are included in property on the consolidated statements of financial position and are amortized over the term of the 2000 Bonds. Amortization was $26,158 during each of the years ended June 30, 2016 and 2015.

Required Supplementary Information

Schedule of University's Proportionate Share of the Net Pension Liability
June 30, 2016 and 2015

STRS

	2016	2015
University's proportion of the collective STRS net pension liability:		
Percentage	0.992%	0.999%
Amount	$274,039,342	$242,888,149
University's covered-employee payroll	$ 87,599,050	$ 86,635,900
University's proportional share of the collective pension liability, as a percentage of the University's covered-employee payroll	312.83%	280.36%
Plan fiduciary net position as a percentage of the total pension liability	72.09%	74.71%

OPERS

	2016	2015
University's proportion of the collective OPERS net pension liability:		
Percentage	0.910%	0.878%
Amount	$158,857,405	$106,172,642
University's covered-employee payroll	$121,248,226	$109,873,095
University's proportional share of the collective pension liability, as a percentage of the University's covered-employee payroll	131.02%	96.63%
Plan fiduciary net position as a percentage of the total pension liability	81.19%	86.53%

Schedule of University Contributions
June 30, 2016 and 2015

STRS

	2016	2015
Statutorily required contribution	$ 14,809,723	$ 14,461,472
Contributions in relation to the actuarially determined contractually required contribution	$ 14,809,723	$ 14,461,472
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$105,783,736	$103,296,229
Contributions as a percentage of covered employee payroll	14.00%	14.00%

OPERS

	2016	2015
Statutorily required contribution	$ 17,518,016	$ 17,091,376
Contributions in relation to the actuarially determined contractually required contribution	$ 17,518,016	$ 17,091,376
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$124,772,192	$121,733,448
Contributions as a percentage of covered employee payroll	14.04%	14.04%

Notes to Required Supplementary Information
June 30, 2016 and 2015

Changes of benefit terms. There were no changes in benefit terms affecting the STRS and OPERS plans for the plan years ended June 30, 2015 and December 31, 2015, respectively.

Changes of assumptions. There were no changes in assumptions or plan amendments affecting the STRS and OPERS plans for the plan years ended June 30, 2015 and December 31, 2015, respectively.

Supplementary Information

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

Independent Auditor's Report

To Management and the Board of Trustees
Ohio University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio University (the "University") and its discretely presented component unit, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's financial statements, and have issued our report thereon dated October 6, 2016.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

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

Plante & Moran, PLLC

October 6, 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
Ohio University

Report on Compliance for Each Major Federal Program

We have audited Ohio University'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. Ohio University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Ohio University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

To the Board of Trustees
Ohio University

Opinion on Each Major Federal Program

In our opinion, Ohio University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Ohio University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ohio University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 6, 2016

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

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER				
DEPARTMENT OF EDUCATION				
Direct Programs:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A153342/163342/173342	$ -	$ 1,065,863
Federal Work-Study Program	84.033	P033A153342	-	970,214
Federal Perkins Loans Outstanding	84.038	UNKNOWN	-	11,211,093
Federal Pell Grant Program	84.063	P063P150345/160345/170345	-	36,157,967
		P268K150345/160345/170345		
Federal Direct Student Loan	84.268	P268K156641/166641/176641	-	214,431,442
TEACH Grant	84.379	P379T150345/160345/170345	-	1,061,297
Total Department of Education			-	264,897,876
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Primary Care Loans (HPSL) Outstanding	93.342	UNKNOWN	-	1,877,504
Disadvantaged Student Loans Outstanding	93.342	UNKNOWN	-	2,650,624
Total Department of Health and Human Services			-	4,528,128
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			**-**	**269,426,004**
RESEARCH AND DEVELOPMENT CLUSTER				
DEPARTMENT OF AGRICULTURE				
Direct Programs:				
US Department of Agriculture	10.001	58-1230-3-500, 58-1230-4-010	-	10,150
US Department of Agriculture	10.001	58-8020-5-006	-	13,068
US Department of Agriculture	10.001	58-8040-5-006	-	38,410
US Department of Agriculture	10.XXX	15-JV-11242309-078	-	18,317
Total Department of Agriculture			-	79,945
DEPARTMENT OF DEFENSE				
Direct Programs:				
US Army:				
US Army Construction Engineering Research Laboratory	12.630	W9132T-12-2-0006	-	18,881
US Army Rdecom Acquisition Center	12.431	W911NF-11-1-0358	-	9,232
US Army Corp of Engineers	12.XXX	W912DR-14-P-0053	-	42,369
US Army Corp of Engineers	12.XXX	W912DR-16-2-0002	-	23,317
			-	93,799
Defense Advanced Research Projects Agency				
Space And Naval Warfare Systems Center	12.910	N66001-16-1-4040	-	28,991
Subtotal Direct Programs			-	122,790
Pass-Through Programs From:				
William Marsh Rice University	12.431	R17832	-	131,408
Ohio State University	12.XXX	60018316	-	2,933
Berriehill Research Corporation	12.XXX	OU-S2001	-	314,914
Subtotal Pass-Through Programs			-	449,255
Total Department of Defense			-	572,045
DEPARTMENT OF EDUCATION				
Direct Programs:				
US Department of Education	84.324A	R324A120272	30,306	70,573
US Department of Education	84.305A	R305A140356	359,331	752,886
Subtotal Direct Programs			389,637	823,459

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
DEPARTMENT OF EDUCATION (cont.)				
Pass-Through Programs From:				
University of South Carolina	84.324	R324A120003	$ -	$ 23,520
Ohio State University	84.350C	R53291	-	21,901
Ohio Department of Education	84.395A	ARRA-PO 14666	-	(23)
Ohio State University	84.395A	ARRA-60035141-OU	-	69,001
Subtotal Pass-Through Programs			-	114,399
Total Department of Education			389,637	937,858
DEPARTMENT OF ENERGY				
Direct Programs:				
US Department of Energy	81.049	DE-FG02-93ER40756	-	370,207
US Department of Energy	81.049	DE-FG02-88ER40387	-	289,371
US Department of Energy	81.049	DE-FG02-02ER46012	-	4,656
US Department of Energy	81.049	DE-FG02-06ER46317	-	165,744
US Department of Energy	81.049	DE-SC0004084	-	4,543
US Department of Energy	81.049	DE-SC0014329	-	147,642
US Department of Energy	81.089	DE-FE0026315	66,980	204,736
US Department of Energy	81.112	DE-NA0001837	-	108,456
US Department of Energy	81.112	DE-NA0002905	-	117,066
US Department of Energy	81.XXX	UNKNOWN	-	112,154
US Department of Energy	81.135	UT19100	-	22,737
Subtotal Direct Programs			66,980	1,547,312
Pass-Through Programs From:				
Research Partnership to Secure Energy For America (RPSEA)	81.XXX	11122-60	-	467,978
Argonne National Laboratory	81.XXX	4F-31323	-	9,600
Argonne National Laboratory	81.XXX	6F-31462	-	1,666
Jefferson Science Associates, LLC	81.XXX	PO 16-P0303	-	38,267
Subtotal Pass-Through Programs			-	517,511
Total Department of Energy			66,980	2,064,823
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
National Institute of Health				
National Institute of Health	93.121	1R15DE023668-01A1	-	188,498
National Institute of Health	93.173	R01DC010883	197,534	250,116
National Institute of Health	93.173	1R15DC014587-01	-	48,058
National Institute of Health	93.173	R03DC013388	-	58,884
National Institute of Health	93.213	R01AT006978	-	381,620
National Institute of Health	93.286	1R21EB022356-01A1	-	39,504
National Institute of Health	93.393	R01CA086928	-	14,278
National Institute of Health	93.837	1R56HL119180-01A1	23,304	295,239
National Institute of Health	93.837	1R01HL127766-01A1	38,151	73,193
National Institute of Health	93.846	1R21AR063909-01A1	-	154,750
National Institute of Health	93.846	1R21AR064430-01A1	-	122,051
National Institute of Health	93.847	1R15DK102115-01	-	95,620
National Institute of Health	93.847	7R01DK101711-02	10,051	182,694
National Institute of Health	93.847	7R01DK089182-06	17,191	103,042
National Institute of Health	93.853	1R15NS081629-01A1	-	199,415
National Institute of Health	93.855	1R15AI103887-01A1	-	92,686
National Institute of Health	93.855	1R15AI105749-01A1	32,888	76,575
National Institute of Health	93.855	1R15AI105721-01A1	-	192,149
National Institute of Health	93.859	RGM116098A	-	85,330

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2016

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont.)				
National Institute of Health	93.866	1R01AG044424-01A1	$ 27,787	$ 300,912
National Institute of Health	93.879	G13LM010878	-	5,359
National Institute of Health	93.989	D43TW008261	55,491	99,873
			402,397	3,059,846
Health Resources and Services Administration				
Health Resources And Services Administration	93.912	D06RH26831-03-00	29,737	184,888
Health Resources And Services Administration	93.912	D04RH28409-01-00	4,078	200,714
			33,815	385,602
Subtotal Direct Programs			436,212	3,445,448
Pass-Through Programs From:				
National Rural Health Association	93.155	UA9RH19333	-	62,281
Brigham And Women's Hospital	93.837	107223	-	1,750
The Trustees of Indiana University	93.847	IN-4685559-OU	-	4,703
Boston University	93.847	4500002018.00	-	4,625
New Jersey Institute of Technology	93.853	NP9961095	-	64,964
Subtotal Pass-Through Programs			-	138,323
Total Department of Health and Human Services			436,212	3,583,771
DEPARTMENT OF THE INTERIOR				
Pass-Through Programs From:				
Maryland Department of Natural Resources	15.XXX	UNKNOWN	-	6,609
Bowling Green State University	15.815	10009292-OU	-	14,150
Maryland Department of Natural Resources	15.634	KOOP6400413	-	8,818
Total Department of the Interior			-	29,577
DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Federal Aviation Administration				
Federal Aviation Administration	20.108	10-G-018	-	77,328
Federal Aviation Administration	20.108	12-G-004	-	407
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	-	144,097
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	-	401
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	-	2,129
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	-	25,551
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	-	95,102
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	-	55,246
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	-	234,641
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	-	509,080
Federal Aviation Administration	20.XXX	DTFAWA-10-D-00020	-	277,495
			-	1,421,477
US Department of Transportation				
US Department of Transportation	20.724	DTPH56-13-H-CAAP08	-	29,223
Subtotal Direct Programs			-	1,450,700
Pass-Through Programs From:				
Tri Environmental	20.514	UNKNOWN	-	29,793
Total Department of Transportation			-	1,480,493

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2016

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Direct Programs:				
NASA Shared Services Center	43.003	NNX15AJ69G	$ 25,666	$ 61,796
NASA Goddard Space Flight Center	43.001	SCEX22015D	-	35,310
NASA Shared Services Center	43.007	NNX13AR39G	-	21,915
NASA Langley Research Center	43.001	NNX12AP28A	109,096	156,935
NASA Shared Services Center	43.003	NNX13AM48G	31,609	195,920
NASA Shared Services Center	43.001	NNX16AB04G	-	18,477
Subtotal Direct Programs			166,371	490,353
Pass-Through Programs From:				
Ohio Aerospace Institute	43.008	UNKNOWN	-	7,000
Subtotal Pass-Through Programs			-	7,000
Total National Aeronautics and Space Administration			166,371	497,353
NATIONAL SCIENCE FOUNDATION				
Direct Programs:				
National Science Foundation	47.049	PHY-1308299	-	59,579
National Science Foundation	47.076	DGE-0947813	-	261,340
National Science Foundation	47.076	DGE-1060934	-	37,711
National Science Foundation	47.075	BCS-1010118	-	9,950
National Science Foundation	47.078	ANT-1043576	-	13,728
National Science Foundation	47.074	IOS-1050154	-	5,065
National Science Foundation	47.070	CCF-1054339	-	136,252
National Science Foundation	47.049	DMR-1056493	-	40,442
National Science Foundation	47.050	OCE-1061973	-	5,123
National Science Foundation	47.074	DBI-1062327	-	5,039
National Science Foundation	47.041	CBET-1106118	-	36,751
National Science Foundation	47.049	AST-1109576	-	3,939
National Science Foundation	47.070	IIS-1117489	-	75,609
National Science Foundation	47.049	CHE-1112250	-	4,452
National Science Foundation	47.075	BSC-1127164	-	1,842
National Science Foundation	47.041	CBET-1126350	-	11,343
National Science Foundation	47.041	ECCS-1129010	-	(2,002)
National Science Foundation	47.078	ANT-1142104	-	24,600
National Science Foundation	47.074	IOS-1145887	-	5,570
National Science Foundation	47.049	CHE-1149367	-	146,032
National Science Foundation	47.076	DUE-1154126	-	98,093
National Science Foundation	47.074	EF-1206750	8,922	42,671
National Science Foundation	47.049	DMR-1206636	-	85,065
National Science Foundation	47.049	PHY-1229373	-	68,784
National Science Foundation	47.075	BCS-1228258	4,417	40,045
National Science Foundation	47.049	CHE-1230961	-	11,256
National Science Foundation	47.041	EEC-1242154	-	37,499
National Science Foundation	47.XXX	MCB-1521664	-	11,987
National Science Foundation	47.075	BCS-125070	-	780
National Science Foundation	47.050	EAR-1305610	-	21,973
National Science Foundation	47.050	EAR-1305609	-	5,587
National Science Foundation	47.070	CNS-1318981	-	37,591
National Science Foundation	47.074	DBI-1337443	-	18,656
National Science Foundation	47.050	PLR-1341621	-	90,062
National Science Foundation	47.050	PLF-1341602	-	159,173
National Science Foundation	47.041	ECCS-1342657	-	33,705

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2016

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
NATIONAL SCIENCE FOUNDATION (cont.)				
National Science Foundation	47.050	EAR-1349825	$ -	$ 62,059
National Science Foundation	47.049	DMS-1418787	-	75,958
National Science Foundation	47.070	CCF-1420718	-	34,498
National Science Foundation	47.049	PHY-1458244	-	172,627
National Science Foundation	47.076	DUE-1452606	-	12,603
National Science Foundation	47.074	DBI-1455554	-	71,437
National Science Foundation	47.074	IOS-1456810	-	15,349
National Science Foundation	47.074	IOS-1456503	-	49,737
National Science Foundation	47.049	DMR-1506836	-	22,088
National Science Foundation	47.049	DMR-1508325	-	116,552
National Science Foundation	47.049	DMR-1507670	-	127,761
National Science Foundation	47.049	CHE-1507321	-	66,296
National Science Foundation	47.070	CCF-1513606	-	40,241
National Science Foundation	47.075	SES1522924	-	34,030
National Science Foundation	47.049	PHY-1306137	-	101,388
National Science Foundation	47.049	PHY-1306376	-	170,668
National Science Foundation	47.049	DMR-1108285	-	6,302
National Science Foundation	47.074	IOS-1146789	-	55,336
National Science Foundation	47.041	IIP-1362075	-	96,731
National Science Foundation	47.041	CBET-0547165	-	588
National Science Foundation	47.049	PHY 1614479	-	2,002
Subtotal Direct Programs			13,339	2,979,543
Pass-Through Programs From:				
Norfolk State University	47.049	F1040050	-	16,141
Rochester Institute of Technology	47.076	PO 164785	-	745
Old Dominion University Research Foundation	47.075	16-218-100580-010	-	137,118
Subtotal Pass-Through Programs			-	154,004
Total National Science Foundation			13,339	3,133,547
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			**1,072,539**	**12,379,412**
CHILD NUTRITION CLUSTER				
DEPARTMENT OF AGRICULTURE				
Pass-Through Programs From:				
Ohio Department of Education	10.559	UNKNOWN	-	28,598
TOTAL CHILD NUTRITION CLUSTER			**-**	**28,598**
ECONOMIC DEVELOPMENT CLUSTER				
Pass-Through Programs From:				
Appalachian Partnership for Economic Growth	11.307	TECG20140295	**-**	**1,143**
TOTAL ECONOMIC DEVELOPMENT CLUSTER			**-**	**1,143**
FISH AND WILDLIFE CLUSTER				
DEPARTMENT OF THE INTERIOR				
Pass-Through Programs From:				
Commonwealth of Kentucky Department of Fish And Wildlife Resources	15.605	UNKNOWN	**-**	**880**
TOTAL FISH AND WILDLIFE CLUSTER			**-**	**880**

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				
DEPARTMENT OF TRANSPORTATION				
Pass-Through Programs From:				
Ohio Department of Transportation	20.205	27233	$ -	$ 31,592
Ohio Department of Transportation	20.205	19137	-	28,022
Ohio Department of Transportation	20.205	27225	-	27,445
Ohio Department of Transportation	20.205	27043	398	31,443
University of Akron	20.205	OU-01957	-	9,067
Ohio Department of Transportation	20.205	27236, 27236A	-	102,345
Ohio Department of Transportation	20.205	27234	16,049	33,005
University of Akron	20.205	02336-OU	-	7,647
Fayette County Engineer's Office	20.205	FAY-CR4-1.60	-	10,010
Ohio Department of Transportation	20.205	27231	-	45,304
Ohio Department of Transportation	20.205	25160	11,479	29,906
Ohio Department of Transportation	20.205	25364	97,265	143,140
Ohio Department of Transportation	20.205	26651	-	20,575
Ohio Department of Transportation	20.205	26656	-	214,584
Ohio Department of Transportation	20.205	26608	12,331	65,372
Ohio Department of Transportation	20.205	26620	-	122,995
Ohio Department of Transportation	20.205	26595	23,561	57,617
Ohio Department of Transportation	20.205	26597	25,752	87,689
Ohio Department of Transportation	20.205	26830	-	42,536
Texas A&M University	20.205	26923	-	52,001
Ohio Department of Transportation	20.205	27180	19,792	77,139
Ohio Department of Transportation	20.205	27695	-	9,696
Iowa State University	20.205	26586	-	3,063
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			206,627	1,252,193
SPECIAL EDUCATION (IDEA) CLUSTER				
DEPARTMENT OF EDUCATION				
Pass-Through Programs From:				
University of Dayton Research Institute	84.027	RSC15087	-	76,606
University of Dayton Research Institute	84.027	RSC16016	-	21,080
Ohio Department of Education	84.027A	PO 13944	-	13,944
TOTAL SPECIAL EDUCATION (IDEA) CLUSTER			-	111,630
TRIO CLUSTER				
DEPARTMENT OF EDUCATION				
Direct Programs:				
US Department of Education	84.042A	P042A100511-14	-	21,927
US Department of Education	84.042A	P042A150073	-	271,622
US Department of Education	84.047A	P047A121446-15/16	-	348,769
TOTAL TRIO CLUSTER			-	642,318
TANF CLUSTER				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs From:				
Battelle For Kids	93.558	JFSFTF15	-	(96)
TOTAL TANF CLUSTER			-	(96)

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2016

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
MEDICAID CLUSTER				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs From:				
Ohio State University	93.778	60051005	$ -	$ 210,000
Ohio State University	93.778	60051005	-	342,671
Ohio State University	93.778	60051005	-	93,071
Ohio Department of Jobs and Family Services	93.778	G1415-06-0354	-	33
Ohio Department of Jobs and Family Services	93.778	G1617-06-0273	-	862
Ohio State University	93.778	60051005	-	26,344
Northeast Ohio Medical University	93.778	60051005	-	5,749
TOTAL MEDICAID CLUSTER			**-**	**678,730**
OTHER PROGRAMS				
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Pass-Through Programs From:				
Ohio Commission on Service and Volunteerism	94.006	15AFH-1502-16-OC068	-	289,553
Ohio Commission on Service and Volunteerism	94.006	12AFH-1502-15-OC068	-	6,289
Rural Action Inc	94.006	UNKNOWN	-	1,100
Total Corporation for National and Community Service			-	296,942
DEPARTMENT OF AGRICULTURE				
Pass-Through Programs From:				
Ohio State University	10.500	2012-48703-20123	-	135,304
Appalachian Partnership for Economic Growth	10.773	TECG20140295	-	1,143
Total Department of Agriculture			-	136,447
DEPARTMENT OF COMMERCE				
Direct Programs:				
National Institute of Standards and Technology	11.609	70NANB14H052	17,117	144,730
			17,117	144,730
Pass-Through Programs From:				
Bowling Green State University	11.303	10008059-OU	-	66,514
Purdue University	11.303	4112-66291	-	5,938
Appalachian Partnership for Economic Growth	11.611	TECG20140295	-	3,497
Subtotal Pass-Through Programs			-	75,949
Total Department of Commerce			17,117	220,679
DEPARTMENT OF DEFENSE				
Direct Programs:				
National Security Agency	12.900	H98230-16-1-0139	-	3,564
			-	3,564
Pass-Through Programs From:				
Ohio Development Services Agency	12.002	UNKNOWN	-	308,742
Total Department of Defense			-	312,306

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2016

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS (cont.)				
DEPARTMENT OF EDUCATION				
Direct Programs:				
US Department of Education	84.021A	P021A1550027	$ -	$ 44,000
Subtotal Direct Programs			-	44,000
Pass-Through Programs From:				
Southern Local School District (Perry County)	84.010	UNKNOWN	-	8,223
Southern Local School District (Perry County)	84.010	UNKNOWN	-	39,288
Western Local School District	84.010	UNKNOWN	-	3,064
Bellaire Local School District	84.215E	UNKNOWN	-	5,750
Federal Hocking Local School District	84.287	6630	-	130,833
Trimble Local School District	84.287	6934	-	186,130
Southern Local School District (Perry County)	84.287	8062	-	128,226
Southern Local School District (Perry County)	84.287	8998	-	174,656
Alexander Local School District	84.287	9027	-	181,161
Federal Hocking Local School District	84.287	9112	-	169,870
Athens City School District	84.287	6949	-	172,359
Gallia-Vinton Educational Service Center	84.366	UNKNOWN	-	5,646
Gallia-Vinton Educational Service Center	84.366B	UNKNOWN	-	21,689
Ohio Department of Higher Education	84.367	UNKNOWN	-	(230)
Ohio Department of Higher Education	84.367	UNKNOWN	-	143,894
Ohio Department of Higher Education	84.367	15.37	-	33,564
Ohio Department of Higher Education	84.367	14-16	-	30,535
Ohio Department of Higher Education	84.367B	15-38	-	2,410
National Writing Project Corporation	84.376D	UNKNOWN	-	(456)
Miami University	84.395	ARRA-GO2121-OU	-	14,063
Ohio Department of Higher Education	84.334	UNKNOWN	-	8,400
Subtotal Pass-Through Programs			-	1,459,075
Total Department of Education			-	1,503,075
DEPARTMENT OF ENERGY				
Direct Programs:				
US Department of Energy	81.214	DE-EM0000357	-	267,633
US Department of Energy	81.214	DE-EM0004147	-	715
Subtotal Direct Programs			-	268,348
Pass-Through Programs From:				
Pacific Northwest National Laboratory	81.XXX	236339 and 236340	-	16,381
Subtotal Pass-Through Programs			-	16,381
Total Department of Energy			-	284,729
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Centers for Disease Control				
Centers for Disease Control and Prevention	93.262	2T03OH009841-04	-	82,842
			-	82,842
Health Resources and Services Administration				
Health Resources and Services Administration	93.243	G02HP27951	15,000	110,074
Health Resources and Services Administration	93.358	A10HP25166	-	357,136
			-	467,210
Subtotal Direct Programs			15,000	550,052

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2016

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS (cont.)				
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont.)				
Pass-Through Programs From:				
Ohio Department of Jobs and Family Services	93.086	C-1617-17-0531	$ -	$ 4,066
Ohio Department of Health	93.092	DOH01-0000043298	33,415	103,999
The University of Toledo	93.107	F2016-88	-	99,478
Ohio Department of Alcohol and Drug Addiction	93.243	UNKNOWN	-	38,931
Ohio Department of Health	93.243	H79SM059345	-	724
Ohio Department of Mental Health	93.243	99-60205-SSHS-P-15-1470/1547	3,686	63,454
Ohio Department of Mental Health	93.243	99-13510-SPFPFS-P-15-15151	-	403,572
Ohio Department of Mental Health	93.243	99-13510-PREV-P-16-162020	-	32,394
Fairfield County Family, Adult & Children First Council	93.276	UNKNOWN	-	4,022
University of South Carolina	93.283	15-2767	2,019	311,576
Ohio Department of Health	93.283	UNKNOWN	-	3,289
Ohio Department of Jobs And Family Services	93.590	G-1617-22-0501	-	4,294
Ohio Department of Jobs and Family Services	93.590	G-1617-22-0533	-	402
Ohio Department of Jobs and Family Services	93.645	G1415-06-0354	-	1,526
Ohio Department of Jobs and Family Services	93.645	G1617-06-0273	-	16,761
Ohio Department of Jobs and Family Services	93.658	G1415-06-0354	-	1,568
Ohio Department of Jobs and Family Services	93.658	G1617-06-0273	-	18,287
Ohio Department of Jobs and Family Services	93.659	G1415-06-0354	-	814
Ohio Department of Jobs and Family Services	93.659	G1617-06-0273	-	26,784
Ohio Department of Jobs and Family Services	93.667	G1617-06-0273	-	86
National AHEC Organization	93.733	UNKNOWN	-	12,286
Athens City-County Health Department	93.757	UNKNOWN	-	2,000
Washington County Health Department	93.757	UNKNOWN	-	2,000
Trinity Hospital Twin City	93.910	UNKNOWN	-	4,193
Trinity Hospital Twin City	93.912	UNKNOWN	-	(13)
Trinity Hospital Twin City	93.912	UNKNOWN	-	3,396
Ohio Department of Health	93.994	UNKNOWN	-	46,283
University of South Florida	93.XXX	175797	-	505
Subtotal Pass-Through Programs			39,120	1,206,677
Total Department of Health and Human Services			54,120	1,756,729
DEPARTMENT OF JUSTICE				
Direct Programs:				
US Department of Justice	16.525	2009-WA-AX-0003	-	17,041
Subtotal Direct Programs			-	17,041
Pass-Through Programs From:				
Ohio Attorney General's Office	16.575	UNKNOWN	-	126,469
Ohio Department of Youth Services	16.816	5AS3550	-	1,805
Turning Point Applied Learning Ctr	16.817	UNKNOWN	3,965	14,857
Subtotal Pass-Through Programs			3,965	143,131
Total Department of Justice			3,965	160,172
DEPARTMENT OF LABOR				
Direct Programs:				
US Department of Labor	17.268	HG-22714-12-60-A-39	-	1,394,399
Pass-Through Programs From:				
Appalachian Partnership for Economic Growth	17.268	TECG20140295	-	1,143
Total Department of Labor			-	1,395,542

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2016

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS (cont.)				
STATE OCOG REVENUE				
Direct Programs:				
US Department of State	19.401	S-ECAGD-13-CA-100(CD)	$ -	$ 201,330
US Department of State	19.451	S-ECAGD-14-CA-1116	-	236,851
US Department of State	19.401	S-ECAGD-16-CA-1049	-	35,641
Subtotal Direct Programs			-	473,822
Pass-Through Programs From:				
Institute Of International Education	19.400	UNKNOWN	-	140,544
Total Department of State			-	614,366
DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Federal Aviation Administration	20.106	3-39-0006-019-2014	-	19,434
Federal Aviation Administration	20.106	3-39-0006-020-2015	-	60,995
Total Department of Transportation			-	80,429
DEPARTMENT OF VETERANS AFFAIRS				
Direct Programs:				
Veterans Affairs Medical Center	64.XXX	UNKNOWN	12,690	12,690
Total Department of Veterans Affairs			12,690	12,690
ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through Programs From:				
Ohio Environmental Protection Agency	66.605	EPA01-000005312	-	39,829
Ohio Environmental Protection Agency	66.460	14(h)EPA-32	33,595	77,977
Total Environmental Protection Agency			33,595	117,806
NATIONAL ENDOWMENT FOR THE ARTS				
Pass-Through Programs From:				
Ohio Humanities Council	45.163	QU16-005	-	2,919
Total National Endowment for the Arts			-	2,919
SMALL BUSINESS ADMINISTRATION				
Pass-Through Programs From:				
Ohio Development Services Agency	59.037	OSBG-16-324	-	94,262
Ohio Development Services Agency	59.037	OSBG-15-224C	-	41,412
Appalachian Partnership for Economic Growth	59.037	UNKNOWN	-	57,543
Ohio Development Services Agency	59.037	OSBG-16-324B/OSBG-16-324C	-	5,346
Total Small Business Administration			-	198,563
TOTAL OTHER PROGRAMS			**121,487**	**7,093,394**
GRAND TOTAL FEDERAL AWARDS			**$ 1,400,653**	**$ 291,614,206**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Ohio University under programs of the federal government for the year ended June 30, 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 Ohio University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Ohio University.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Noncash Assistance

During the year ended June 30, 2016, Ohio University did not receive any nonmonetary assistance.

Note 4 - Catalog of Federal Domestic Assistance (CFDA) Numbers

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

Note 5 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, in the year ended June 30, 2016, the University expended $129,556 of the 2014-2015 Federal Work Study (FWS) Program (84.033) award carried forward to the 2015-2016 award year. The University also carried forward $102,939 of the 2015-2016 FWS Program (84.033) to be expended in the 2016-2017 award year.

Note 5 - Adjustments and Transfers (Continued)

During the year ended June 30, 2016, the University transferred $314,533 of the 2015-2016 FWS Program (84.033) award to the Supplemental Educational Opportunity Grant (SEOG) Program (84.007). In addition, the University did not expend any of the 2014-2015 SEOG Program (84.007) award carried forward to the 2015-2016 award year. The University did not carry forward any of the 2015-2016 SEOG Program (84.007) to be expended in the 2016-2017 award year.

Note 6 - 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 expenditures of federal awards. The balances of loans outstanding at June 30, 2016 consist of the following:

Cluster/Program Title	CFDA Number	Loan Balances
Federal Perkins Loans Outstanding	84.038	$ 9,618,658
Primary Care Loans (HPSL) Outstanding	93.342	1,711,401
Disadvantaged Student Loans Outstanding	93.342	2,125,048
	Total	$ 13,455,107

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 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 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, 84.063, 84.268, 84.379, and 93.342	Student Financial Assistance Cluster
Various	Research and Development Cluster
20.205	Highway Planning and Construction Cluster

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

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

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None