



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





# Dave Yost • Auditor of State

Board of Trustees  
University of Toledo  
2801 W. Bancroft Street  
Mail Stop 454  
Toledo, OH 43606-3390

We have reviewed the *Independent Auditor's Report* of the University of Toledo, Lucas County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

January 8, 2016

**This page intentionally left blank.**

**TABLE OF CONTENTS**

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Consolidated Statements of Net Position	16
Consolidated Statements of Revenue, Expenses, and Changes in Net Position	18
Consolidated Statements of Cash Flows	20
Notes to the Financial Statements	22
Required Supplementary Information	61
Report on Internal Controls and Compliance	62
Report on Compliance for Federal Programs	64
Schedule of Expenditures of Federal Awards	66
Notes to Schedule of Expenditures of Federal Awards	79
Schedule of Findings and Questioned Costs	83

## Independent Auditor's Report

To the Board of Trustees  
University of Toledo

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited under *Government Auditing Standards*.

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

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

To the Board of Trustees  
University of Toledo

### **Opinions**

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

### **Emphasis of Matter**

As discussed in Note 1 to the basic financial statements, effective July 1, 2014, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. In accordance with Statement No. 68, the College is now recognizing its unfunded pension benefit obligation as a liability on the statement of net position for the first time. This statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). Our opinion is not modified with respect to this matter.

### **Other Supplemental Information**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3-14, schedule of pension funding progress, and schedule of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Toledo's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

To the Board of Trustees  
University of Toledo

The accompanying other supplemental information, the schedule of expenditures of federal awards, is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015 on our consideration of the University of Toledo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Toledo's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

October 13, 2015



**The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Toledo for the year ended June 30, 2015 with comparative information for the years ended June 30, 2014 and 2013. The MD&A should be read in conjunction with the accompanying audited financial statements and footnotes.**

## **ABOUT THE UNIVERSITY OF TOLEDO**

The University is a leading research institution in the state of Ohio with over 20,000 students, 1,500 instructional faculty, and 4,000 staff members. The University is comprised of fifteen colleges: Adult and Lifelong Learning; Business; Communication and the Arts; Education; Engineering; Graduate Studies; Health Science; Honors; Language, Literature, & Social Sciences; Law; Medicine and Life Sciences; Natural Sciences & Mathematics; Nursing; Pharmacy and Pharmaceutical Services, and Social Justice and Human Services. The University offers more than 350 undergraduate, graduate, and professional programs leading to degrees in over 60 instructional departments. The University operates the University of Toledo Medical Center (UTMC) which includes 319 registered beds and provides services to over 11,000 admitted patients, 211,000 outpatient clinic patients and 36,000 emergency visit patients. UTMC specializes in kidney transplantation, cardiology, neurology, trauma care, orthopedic surgery, and cancer treatment.

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

The following financial statements reflect all assets, deferred inflows/outflows, liabilities, and net position of the University and the University of Toledo Foundation (Foundation), the University's discretely presented component unit. The Foundation is a legally separate entity with a primary function of fund-raising to supplement the resources that are available to the University in support of its programs. The Foundation is governed by a separate board of trustees which is self-perpetuating and consists of graduates and friends of the University. Nearly all the assets of the Foundation are restricted by donors to activities of the University. The University does not control the timing or amount of receipts from the Foundation. The University of Toledo Physicians Clinical Faculty, Inc. (UTP-CF) meets the criteria under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and is therefore shown in a blended presentation. UTP-CF provides administrative support, billing, and collection services for physician services at the University.

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

## **ABOUT THE FINANCIAL STATEMENTS**

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



discretely presented.

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

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

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

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

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

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

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

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

#### **Impact of GASB Statement No. 68**

The University adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions. GASB 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. GASB Statement No. 68 did not require restatement of prior financial statements, but did result in a reduction of the beginning balance of the University's unrestricted net position of \$391 million. The University also recorded a net pension liability in long-term liabilities of \$378.8 million as of June 30, 2015. The University has a negative unrestricted net position of \$239.6 million as of June 30, 2015 as a direct result of the adoption of GASB Statement No. 68.

## FINANCIAL HIGHLIGHTS AND KEY TRENDS

The University's net position was significantly impacted by the implementation of GASB 68. The University reflects a negative \$239.6 million unrestricted net position as of June 30, 2015, as a result of reflecting the net pension liability of the state retirement plans. The University has a restricted expendable net position of \$136.6 million and a restricted non-expendable net position of \$13 million as of June 30, 2015. Net investment in capital is \$341.4 million. The following sections provide additional details on the University's 2015 financial position and results and a look ahead at significant economic conditions that are expected to affect the University in the future.

### STATEMENTS OF NET POSITION

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

University maintains prudent levels of debt and sufficient liquidity

Summary Statements of Net Position (in thousands)			
	2015	2014	2013
<b>Assets</b>			
Cash and temporary investments	\$ 52,424	\$ 66,757	\$ 66,131
Current receivables, inventories, and prepaid expenses	123,928	121,109	127,896
<b>Total current assets</b>	<b>176,352</b>	<b>187,866</b>	<b>194,027</b>
Endowment and loan investments	60,479	61,700	54,004
Long-term investments	164,322	189,970	185,924
Capital assets, net of accumulated depreciation	640,862	651,090	652,952
Net pension asset	736	-	-
Other non-current assets	60,513	59,336	63,693
<b>Total non-current assets</b>	<b>926,912</b>	<b>962,096</b>	<b>956,573</b>
<b>Total assets</b>	<b>\$1,103,264</b>	<b>\$1,149,962</b>	<b>\$1,150,600</b>
<b>Deferred outflows</b>			
Deferred outflow of resources - derivatives	\$ 5,941	\$ 2,281	\$ 345
Deferred outflow of resources - refunding	16,559	17,920	19,272
<b>Total deferred outflows</b>	<b>\$ 22,500</b>	<b>\$ 20,201</b>	<b>\$ 19,617</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 69,256	\$ 70,820	\$ 75,231
Other current liabilities	76,902	78,089	83,239
<b>Total current liabilities</b>	<b>146,158</b>	<b>148,909</b>	<b>158,470</b>
Bonds, notes, and leases	299,759	316,466	332,549
Net pension liability	378,834	-	-
Other long-term liabilities	43,287	30,320	28,709
<b>Total non-current liabilities</b>	<b>721,880</b>	<b>346,786</b>	<b>361,258</b>
<b>Total liabilities</b>	<b>\$ 868,038</b>	<b>\$ 495,695</b>	<b>\$ 519,728</b>
<b>Deferred inflows</b>			
Deferred inflow of resources - pension	\$ 6,368	\$ -	\$ -
<b>Total deferred inflows</b>	<b>\$ 6,368</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net position</b>			
Net investment in capital assets	\$ 341,396	\$ 340,450	\$ 332,188
Restricted – non-expendable	12,985	13,831	13,830
Restricted - expendable	136,582	133,661	141,922
Unrestricted	(239,605)	186,526	162,549
<b>Total net position</b>	<b>\$ 251,358</b>	<b>\$ 674,468</b>	<b>\$ 650,489</b>

## Current Assets

**Current assets** (\$176.4 million) decreased \$11.5 million (-6.1%) in 2015 impacted by lower cash and temporary investments and slightly higher receivables and other assets. **Cash and temporary investments** (\$52.4 million) decreased by \$14.3 million on lower cash flow from operations, but the University's liquidity still provides a sufficient level of working capital. The **Statements of Cash Flows**, which is discussed later in more detail, will provide additional information regarding the sources and uses of cash.

## Non-current Assets

**Endowments** (\$60.5 million) and **long-term investments** (\$164.3 million) decreased \$1.2 million and \$25.6 million, respectively. The long-term investments were impacted by modest investment returns and the use of institutional reserves for routine and capital projects. The University's board designated reserves and endowment investment portfolios are pooled with assets of the Foundation and the Alumni Association and had a 2.3% return for 2015 (17.9% return in 2014). University institutional reserves, not included in the investment pool, had a 2.6% return for 2015 (19.7% return in 2014). **Other non-current Assets** (\$60.5 million) increased due to higher asset values for the Medical Assurance Company and Rocket Innovations offset by the use of funds held by bond trustee for capital project. **Capital Assets**, (\$640.9 million) including the University land, buildings, infrastructure, improvements, and equipment decreased by \$10.2 million during 2015 as capital spending was lower than depreciation expense.

The major capital projects completed or in process during 2015:



**Renovations to Larimer Athletic Complex:** A \$5 million renovation project from private funding, that includes an upgraded academic center; a dynamic new entryway; a players' lounge; enhanced locker room area; modernized weight room; renovated offices; and new coaches' meeting rooms.

The renovation project was completed in the Fall of fiscal year 2015.

**Honors Academic Village:** A \$37.7 million student housing project financed through a public-private partnership with Collegiate Housing Foundation (CHF), a non-profit corporation founded to support colleges and universities in providing housing and otherwise assisting in their educational missions. The project consists of 153 units (492 beds) offering semi-suite and suite style units with an equal mix of single and double occupancy accommodations. The dormitory will cater to students enrolled in the Jesup Scott Honors College. CHF established CHF-Toledo, LLC to construct and own the student housing project. American Campus Community (ACC) will serve as the developer of the project and manager of the housing facility. The University is the ground lessor with the facility reverting to the University upon termination of the ground lease and full repayment of the debt. The Village will be open for Fall of fiscal year 2016.



## Deferred Outflows

Deferred outflow of resources (\$22.5 million) increased by \$2.3 million from the change in the mark-to-market valuation for the derivative interest rate swap instruments (\$3.6 million increase) offset by a reduction in the deferred charge on debt refunding (\$1.4 million).

## Current Liabilities

Current liabilities (\$146 million) decreased \$2.8 million in 2015 primarily due to lower accounts payable to vendors (decline of \$2.4 million); lower unearned revenue (decline of \$2.7 million); and an offset by increases in accruals and current portion of long-term liabilities.

## Non-current Liabilities

Total non-current liabilities (\$721.9 million) were materially impacted by the implementation of GASB 68 wherein the University recorded a net pension liability of \$378.8 million. Bonds, notes, and leases (\$299.8 million) decreased \$16.7 million based on scheduled principal payments on outstanding issuances and amortization of interest rate swap contracts. The University currently holds four interest rate swap instruments. The University entered into interest rate hedge agreements at the same time as the issuance of certain variable rate debt, with the intent of creating a partial synthetic fixed rate debt structure. The University continues to maintain prudent levels of debt.

## Prior Years Highlights

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

In 2013 the University had total assets of \$1.15 billion and deferred outflows \$19.6 million. The total asset increase of approximately \$4.8 million is highlighted by increases in long-term investments (\$11.9 million), endowment and loan investments (\$5.7 million), and capital assets (\$9.7 million). Decreases were noted in accounts receivable (\$12.3 million) and investments held by bond trustee (\$20.9 million). Total liabilities were \$519.7 million, a decrease of approximately \$12.3 million, significantly impacted by lower other long-term liabilities (decline of \$14.3 million) due to the change in the fair value of interest rate swap agreements. Net assets were \$650.5 million reflecting an increase of \$9.3 million.





## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Hospital volume increases in patient days, surgeries, and emergency visits

GASB 68 impact – significant adjustment to beginning net position

Summary of Revenues, Expenses, and Changes in Net Position			
(in thousands)	2015	2014	2013
<b>Operating revenues:</b>			
Hospital, net	\$ 283,862	\$ 261,444	\$ 257,044
Tuition and fees, net	206,292	208,897	215,322
Grants and contracts	55,312	60,689	64,089
Auxiliary	53,988	49,366	54,235
Other patient services revenue	67,187	69,626	66,844
Other	35,646	38,040	32,698
<b>Total operating revenue</b>	<b>702,287</b>	<b>688,062</b>	<b>690,232</b>
<b>Operating expenses:</b>			
Salaries, wages, and benefits	526,095	510,675	512,892
Supplies	106,024	91,957	94,883
Outside purchased services	103,755	99,093	94,924
Depreciation	58,060	56,596	53,829
Other	86,914	85,364	81,554
<b>Total operating expenses</b>	<b>880,848</b>	<b>843,685</b>	<b>838,082</b>
<b>Operating Loss</b>	<b>\$ (178,561)</b>	<b>\$ (155,623)</b>	<b>\$ (147,850)</b>
<b>Non-operating revenues (expenses):</b>			
State share of instruction and grants & contracts	\$ 143,796	\$ 141,875	\$ 144,376
Investment income	4,706	40,672	31,652
Interest on debt	(13,605)	(14,025)	(14,848)
Change in value of derivative instrument	-	-	3,104
Asset disposal	(146)	(153)	(17,263)
Other	519	(911)	206
<b>Total non-operating revenues</b>	<b>135,270</b>	<b>167,458</b>	<b>147,227</b>
<b>Other changes</b>			
Capital appropriations	9,562	11,487	6,842
Other	1,582	657	3,073
<b>Total other changes</b>	<b>11,144</b>	<b>12,144</b>	<b>9,915</b>
<b>Increase/(decrease) in net position</b>	<b>(32,147)</b>	<b>23,979</b>	<b>9,292</b>
Net position - beginning of the year	674,468	650,489	641,197
Change in accounting principle	(390,963)		
<b>Net position - end of the year</b>	<b>\$ 251,358</b>	<b>\$ 674,468</b>	<b>\$ 650,489</b>

## Operating Revenues

Operating revenues (\$702.3 million) increased by \$14.2 million driven by hospital-related revenues. Hospital (\$283.9 million) and other patient service revenues (\$67.2 million) reflected an increase of \$22.4 million (8.6%) and decrease of \$2.4 million (-3.5%), respectively. The Hospital experienced volume increases in patient days, surgeries, and emergency visits. Tuition and fees (\$206.3 million) was impacted by lower enrollment and higher scholarship that offset the tuition and fee increases. Auxiliary revenue (\$54 million) increased by \$4.6 million (9.4%) from residence life and athletic conference revenue. Other revenue (\$35.6 million) decreased by \$2.4 million relating to sales and services, UT medical assurance captive, and other operating sources.

## Operating Expenses

Total operating expenses (\$880.8 million) increased \$37.2 million (4.4%). Salaries, wages and benefits (\$526.1 million) increased \$15.4 million (3%) due to cost of living adjustments; bargaining unit settlements; and hospital volume increases combined with patient service initiatives. Supplies (\$106 million) increased \$14.1 million (15.3%) driven by hospital volume increases and healthcare-related supply price increases. Outside purchased services (\$103.8 million) increased \$4.7 million due to one-time contractual services. Depreciation (\$58.1 million) increased \$1.5 million.



## Non-operating Revenue and Expense

**Total non-operating revenues** (\$135.3 million) decreased \$32.2 million due to lower investment returns in 2015. As previously mentioned, the University's board designated reserves and endowment investment portfolios had a 2.3% return for 2015 (17.9% return in 2014) and the institutional reserves had a 2.6% return for 2015 (19.7% return in 2014). **State Share of Instruction (SSI)** (\$106.4 million) increased by \$3 million in 2015.

## Other Changes

**Total other changes** (\$11.1 million) decreased \$1 million with **state capital appropriations** (\$9.6 million) decreasing by \$1.9 million, offset by increases in **capital grants, gifts, and contracts and capital transfers** of \$0.9 million.

## Change in Accounting Principle

The University recorded an adjustment to net position of a negative \$391 million relating to the implementation of GASB Statement No. 68 and the recording of a net pension liability relating to the state pension retirement plans.

## Prior Years Highlights

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

In 2013, the University experienced an increase in net position of \$9.3 million. Operating revenues were \$690.2 million, a slight increase of \$0.5 million. Hospital revenue increased by \$8.7 million; tuition and fees were virtually flat; and auxiliary revenue declined (\$10.5 million) due to the bookstore operations transitioning to the Foundation and lower housing occupancy. Operating expenses were \$838.1 million, an increase of \$16.3 million most notably in salaries, wages, and benefits (\$6.3 million). Non-operating net revenue of \$147.2 million included \$144.4 million from state subsidy and grants; investment income of \$31.7 million; and asset disposal write-off of \$17.3 million. Other changes were \$9.9 million including state capital appropriations of \$6.8 million.

## STATEMENTS OF CASH FLOWS

Summary of Cash Flows (in thousands)			
	2015	2014	2013
Net cash flows from operating activities	\$ (122,817)	\$ (100,365)	\$ (84,713)
Net cash flows from non-capital financing activities	143,257	143,968	147,924
Net cash flows from capital and related financing activities	(62,359)	(71,391)	(73,052)
Net cash flows from investing activities	27,586	28,414	13,193
Net increase/(decrease) in cash	\$ (14,333)	\$ 626	\$ 3,352

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

### Prior Year Highlights

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

In 2013, cash and cash equivalents increased \$3.4 million. The University had net cash used in operating activities of \$84.7 million and \$147.9 million in non-capital financing activities that includes state share of instruction and gifts, grants and contracts. Total net cash outflows from capital and related financing activities were \$73.1 million including funds expended on capital assets of \$81 million funded partially by new debt issued in 2013. Net cash inflow from investments was \$13.2 million.

### Higher Education and the University

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





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

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

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

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

The University has completed an affiliation agreement in fiscal year 2016 between the University's College of Medicine and Life Sciences and ProMedica Health System, a locally owned health system in northwest Ohio and southeast Michigan with a network of hospitals, physicians, health care professionals, researchers, and specialty clinics and facilities. The partnership will ensure long-term strength and expansion of educational and financial opportunities for the University's College of Medicine and Life Sciences. ProMedica's Toledo Hospital and Toledo's Children's Hospital will become academic medical centers and University students and residents will train at the ProMedica facilities. ProMedica will provide the University with significant financial support for operations and capital investment.

The University's strategic enrollment initiatives to improve the student profile, retention rates, and enrollment diversification have been successful despite overall enrollment decline. The University focused recruiting efforts on honors, out-of-state, international, and on-line students and realized growth in each of those demographics. With the changes to a performance-based state subsidy model, the University re-launched its honors program under the Jesup Scott Honors College brand to attract more well-prepared students. The Jesup Scott Honors College presents students with personalized success coaches and unique opportunities and experiences. In conjunction with the Honors College enhancements, the University, through a public-private partnership, leased land to a

not-for-profit foundation to construct a new student housing facility to cater to the Honors students as well as deliver a housing experience that meets the changing demands of our students. The University has shown growth in its honors program and is experiencing recent highs in retention. The University is developing a comprehensive strategic plan for enrollment, recruiting, branding, and marketing that will advance the institution and address the enrollment decline experienced over the last several years.

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

### **Healthcare and the University**

UTMC operates within the healthcare industry and is therefore obligated to abide by regulations set by numerous governing agencies. These federal, state, and local governmental organizations are responsible for the administration of health planning programs and for the policies developed to regulate the manner in which healthcare is provided, administered, and paid for nationally and locally. Such agencies include The Centers for Medicare and Medicaid (CMS), who oversees the majority of the regulations and subsidizes medical coverage through the Medicare and Medicaid programs. Department of Health and Human Services (HHS) is another body which protects the public from certain health risks and provides programs for public health and welfare. In addition, non-profit organizations like The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) serve as accreditation institutions and employ a scoring system that affects Medicare reimbursements. As a result, the healthcare industry is sensitive to legislative and regulatory policies and changes from these agencies as it is affected by reductions and limitations in governmental spending for such programs.

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

The following highlights some of the key provisions in the regulatory climate applicable to UTMC:

- **Health Care Reform:** The Patient Protection and Affordable Care Act (PPACA) has provisions that will be phased in through year 2020. Once fully implemented, it is anticipated to significantly reform the entire healthcare industry and result in providing healthcare coverage for millions of uninsured individuals. Expansion of healthcare insurance coverage depends on successful startup of healthcare exchanges and success of the individual mandate. If people choose not to comply with the individual mandate, and



elect to pay the penalty, the effect will be the reduction of the potential number of patients covered by health insurance. To date, 28 states have opted for the expansion of Medicaid with the State of Ohio implementing January 1, 2014. Ultimately, the majority of states will likely expand Medicaid coverage given that the Federal government will cover 90% of the additional cost. Federal health care reform under PPACA includes cuts in hospital reimbursements in addition to many regulations that have yet to be clarified. Thus, hospitals and healthcare systems like UTMC will be faced with ongoing regulatory and legislative changes for an extensive period of time.

- **Medicare/Medicaid Reimbursement:** The challenge facing the hospital and healthcare industry is the reduction in reimbursement from all major payers, both governmental and private, as the healthcare industry remains under pressure from policymakers, industry, and the general public to reduce costs. A significant portion of UTMC's revenues are derived from the Medicare and Medicaid programs. Most Medicare services are provided through a fixed rate per case program under reimbursement methods such as Inpatient Prospective Payments, Outpatient Services, and Physician Payment. In the future, Medicare reimbursement payments will be based on not only the quantity but the quality of care delivered to patients. The State of Ohio determines the level of reimbursement for Medicaid services provided by Ohio healthcare entities. Many state budgets remain stressed and Medicaid accounts for the largest share of spending in most states, indicating that Medicaid spending is likely to come under more pressure.
- **Health Information Technology for Economic and Clinical Health (HITECH) Act:** The HITECH Act provisions of the ARRA include incentives for certain healthcare providers, including hospitals, to implement and utilize Electronic Health Records (EHR) for meaningful users of EHR in accordance with published standards. The financial incentives include percent compensation increased based upon the Medicare and Medicaid billings generated by the provider. The HITECH Act also imposes penalties such as reduction in the Medicare and Medicaid reimbursements if the eligible provider is not a "meaningful user" of certified EHR technology by 2015. Although UTMC has a strategic plan to continue its own implementation and upgrade of the EMR/EHR systems to achieve ARRA (HITECH Act), it is still undeterminable whether it will be a meaningful user until it is ultimately defined. UTMC successfully upgraded its systems and achieved Phase 1 meaningful use by UTP and UTMC which will allow each entity to receive the maximum Phase 1 incentive.

In the future, the following factors may affect the operations and financial performance of healthcare providers, including UTMC:

- Compressed economic limits of government funding will result in lower reimbursement rates in not only patient care but also in medical innovation development.
- Value based purchasing will tie reimbursement penalties to a variety of factors, including patient satisfaction. New reimbursement methodologies will provide incentives for meeting quality and reporting goals.
- Hospitals face a multi-year transition period of operating under reimbursement methodologies that reward volume (fee-for-service) and that reward quality and cost incentives.
- Medicare reimbursement will be reduced for hospitals that have more readmissions than expected for heart attacks, heart failure, and pneumonia patients. This measure does not account for planned readmissions or readmissions that are beyond the hospital's control

such as patients who don't take prescribed medicines or those who fail to keep follow-up appointments after being released.

- Accountable Care Organizations (ACOs) could be inevitable in the future for hospitals to help contain costs and to remain competitive in the healthcare industry. Future reimbursement methodologies could bundle payments for services in which the hospital receives a single payment that must be shared with physicians and other post-acute providers.
- Hospitals are increasingly pursuing vertical integration in order to generate savings through better care coordination among different categories of providers (hospitals, rehabilitation centers, nursing homes, home health, etc.) The challenge will be to not only provide quality care but to get paid for all the services provided as well. In addition, payment rates could possibly be impacted due to increased consolidation.
- The aging population and the expansion of insurance will increase patient volumes in the coming years.
- Pronounced shift of inpatient admissions to less profitable outpatient services and observation stays, which are typically reimbursed at a lower rate than inpatient care.
- The future supply of qualified healthcare professionals may not be ample enough to support a hospital's operations. Therefore, it will need to increase the compensation expenses offered to these professionals in order to obtain and/or retain them.
- Health reform is pressuring providers to be more cost conscious. UTMC along with other healthcare providers will be held more accountable for costs as well as performance while coping with new tax and government payment regulations.

**THE UNIVERSITY OF TOLEDO**  
**Statements of Net Position (in thousands)**  
**as of June 30, 2015 and 2014**

	<u>University</u>		<u>UT Foundation</u>		<u>TOTAL</u>	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 52,424	\$ 66,757	\$ 1,548	\$ 1,770	\$ 53,972	\$ 68,527
Accounts receivable, net	105,757	104,860	937	955	106,694	105,815
Contributions receivable, net	-	-	3,043	3,213	3,043	3,213
Inventories	8,917	8,437	-	-	8,917	8,437
Notes receivable, net	2,745	2,958	-	-	2,745	2,958
Other	6,509	4,854	274	268	6,783	5,122
<b>Total current assets</b>	<b>176,352</b>	<b>187,866</b>	<b>5,802</b>	<b>6,206</b>	<b>182,154</b>	<b>194,072</b>
<b>Noncurrent assets:</b>						
Endowment and loan investments	60,479	61,700	-	-	60,479	61,700
Notes receivable, net	13,016	12,861	-	-	13,016	12,861
Long-term investments	164,322	189,970	236,886	232,179	401,208	422,149
Contributions receivable, net	-	-	16,928	18,852	16,928	18,852
Investments held by bond trustee	1,342	4,714	-	-	1,342	4,714
Capital assets, net	640,862	651,090	21,563	19,328	662,425	670,418
Rocket Innovations	4,280	3,659	-	-	4,280	3,659
UT Medical Assurance Company assets	40,174	36,255	-	-	40,174	36,255
Charitable remainder trusts and annuities	-	-	5,582	5,823	5,582	5,823
Cash surrender value of life insurance	-	-	1,566	1,556	1,566	1,556
Net pension asset	736	-	-	-	736	-
Other	1,701	1,847	278	350	1,979	2,197
<b>Total noncurrent assets</b>	<b>926,912</b>	<b>962,096</b>	<b>282,803</b>	<b>278,088</b>	<b>1,209,715</b>	<b>1,240,184</b>
<b>Total assets</b>	<b>\$1,103,264</b>	<b>\$1,149,962</b>	<b>\$ 288,605</b>	<b>\$ 284,294</b>	<b>\$1,391,869</b>	<b>\$1,434,256</b>
<b>Deferred outflows:</b>						
Deferred outflow of resources - derivatives	\$ 5,941	\$ 2,281	\$ -	\$ -	\$ 5,941	\$ 2,281
Deferred outflow of resources - refunding	16,559	17,920	-	-	16,559	17,920
<b>Total deferred outflows</b>	<b>\$ 22,500</b>	<b>\$ 20,201</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,500</b>	<b>\$ 20,201</b>

**THE UNIVERSITY OF TOLEDO**  
**Statements of Net Position (in thousands) - continued**  
**as of June 30, 2015 and 2014**

	University		UT Foundation		TOTAL	
	2015	2014	2015	2014	2015	2014
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 31,159	\$ 33,602	\$ 1,081	\$ 2,070	\$ 32,240	\$ 35,672
Accrued liabilities	38,097	37,218	471	342	38,568	37,560
Unearned revenue	35,158	37,869	-	-	35,158	37,869
Deposits	1,042	534	-	-	1,042	534
Compensated absences - current portion	24,116	23,603	-	-	24,116	23,603
Long-term liabilities - current portion	16,671	16,083	317	278	16,988	16,361
<b>Total current liabilities</b>	<b>146,243</b>	<b>148,909</b>	<b>1,869</b>	<b>2,690</b>	<b>148,112</b>	<b>151,599</b>
<b>Noncurrent liabilities:</b>						
Compensated absences	8,747	7,577	-	-	8,747	7,577
UT Medical Assurance Company liabilities	20,663	11,621	-	-	20,663	11,621
Fair value of derivative investment	5,941	2,281	-	-	5,941	2,281
Other	7,936	8,841	-	-	7,936	8,841
Net pension liability	378,834	-	-	-	378,834	-
Long-term liabilities	299,674	316,466	15,717	16,134	315,391	332,600
<b>Total noncurrent liabilities</b>	<b>721,795</b>	<b>346,786</b>	<b>15,717</b>	<b>16,134</b>	<b>737,512</b>	<b>362,920</b>
<b>Total liabilities</b>	<b>\$ 868,038</b>	<b>\$ 495,695</b>	<b>\$ 17,586</b>	<b>\$ 18,824</b>	<b>\$ 885,624</b>	<b>\$ 514,519</b>
<b>Deferred inflows:</b>						
Deferred inflow of resources - pension	\$ 6,368	\$ -	\$ -	\$ -	\$ 6,368	\$ -
<b>Total deferred inflows</b>	<b>\$ 6,368</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,368</b>	<b>\$ -</b>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 341,396	\$ 340,450	\$ 7,403	\$ 4,841	\$ 348,799	\$ 345,291
Restricted for:						
Nonexpendable	12,985	13,831	112,120	105,696	125,105	119,527
Expendable	136,582	133,661	135,534	137,877	272,116	271,538
Unrestricted	(239,605)	186,526	15,962	17,056	(223,643)	203,582
<b>Total net position</b>	<b>\$ 251,358</b>	<b>\$ 674,468</b>	<b>\$ 271,019</b>	<b>\$ 265,470</b>	<b>\$ 522,377</b>	<b>\$ 939,938</b>

See notes to financial statements.

**THE UNIVERSITY OF TOLEDO**  
**Statements of Revenues, Expenses, and Changes in Net Position (in thousands)**  
**For the Years Ended June 30, 2015 and 2014**

	University		UT Foundation		TOTAL	
	2015	2014	2015	2014	2015	2014
<b>REVENUES</b>						
<b>Operating revenues:</b>						
Hospital patient service revenue, net of bad debt of \$14,650 and \$12,782 respectively	\$ 283,862	\$ 261,444	\$ -	\$ -	\$ 283,862	\$ 261,444
Student tuition and fees, net of student aid of \$70,838 and \$67,103 respectively	206,292	208,897	-	-	206,292	208,897
Federal grants and contracts	26,805	30,226	-	-	26,805	30,226
State grants and contracts	8,359	9,768	-	-	8,359	9,768
Local grants and contracts	1,039	970	-	-	1,039	970
Private grants and contracts	19,109	19,725	-	-	19,109	19,725
Sales and services	7,184	7,618	-	-	7,184	7,618
Auxiliary Enterprises, net of student aid of \$5,693 and \$5,703, respectively	53,988	49,366	-	-	53,988	49,366
Other patient services revenue	67,187	69,626	-	-	67,187	69,626
Contributions and support	-	-	13,716	17,809	13,716	17,809
Residency reimbursement	8,713	8,900	-	-	8,713	8,900
UT Medical Assurance Company net revenue	876	3,390	-	-	876	3,390
Other	18,873	18,132	9,618	9,506	28,491	27,638
<b>Total operating revenues</b>	<b>702,287</b>	<b>688,062</b>	<b>23,334</b>	<b>27,315</b>	<b>725,621</b>	<b>715,377</b>
<b>EXPENSES</b>						
<b>Operating expenses:</b>						
Salaries and wages	397,215	380,198	-	-	397,215	380,198
Benefits	128,880	130,477	-	-	128,880	130,477
Supplies	106,024	91,957	-	-	106,024	91,957
Travel and entertainment	14,295	13,296	-	-	14,295	13,296
Information and communication	15,836	14,833	-	-	15,836	14,833
Occupancy	21,895	18,684	-	-	21,895	18,684
Scholarship	25,881	26,294	-	-	25,881	26,294
Outside purchased services	103,755	99,093	-	-	103,755	99,093
Provision for doubtful accounts	2,942	3,415	-	-	2,942	3,415
Support to University	-	-	14,181	11,427	14,181	11,427
Fundraising and development	-	-	2,216	1,840	2,216	1,840
Management	-	-	4,004	2,595	4,004	2,595
Depreciation	58,060	56,596	450	454	58,510	57,050
Other	6,065	8,842	6,208	7,650	12,273	16,492
<b>Total operating expenses</b>	<b>880,848</b>	<b>843,685</b>	<b>27,059</b>	<b>23,966</b>	<b>907,907</b>	<b>867,651</b>
<b>Operating income/(loss)</b>	<b>\$ (178,561)</b>	<b>\$ (155,623)</b>	<b>\$ (3,725)</b>	<b>\$ 3,349</b>	<b>\$ (182,286)</b>	<b>\$ (152,274)</b>

**THE UNIVERSITY OF TOLEDO**  
**Statements of Revenues, Expenses, and Changes in Net Position (in thousands) – continued**  
**For the Years Ended June 30, 2015 and 2014**

	University		UT Foundation		TOTAL	
	2015	2014	2015	2014	2015	2014
<b>Operating income/(loss)</b>	\$ (178,561)	\$ (155,623)	\$ (3,725)	\$ 3,349	\$ (182,286)	\$ (152,274)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
State share of instruction (SSI)	106,417	103,357	-	-	106,417	103,357
<b>Income/(loss) after SSI</b>	(72,144)	(52,266)	(3,725)	3,349	(75,869)	(48,917)
Federal grants and contracts	23,610	24,781	-	-	23,610	24,781
State grants and contracts	10,059	10,514	-	-	10,059	10,514
Gifts	3,710	3,223	-	-	3,710	3,223
Investment income	4,706	40,672	6,153	36,335	10,859	77,007
Interest on debt	(13,605)	(14,025)	-	-	(13,605)	(14,025)
Asset disposal	(146)	(153)	-	-	(146)	(153)
Other	519	(911)	2,628	2,475	3,147	1,564
<b>Total nonoperating revenues</b>	<b>28,853</b>	<b>64,101</b>	<b>8,781</b>	<b>38,810</b>	<b>37,634</b>	<b>102,911</b>
<b>Income (loss) before other changes</b>	<b>(43,291)</b>	<b>11,835</b>	<b>5,056</b>	<b>42,159</b>	<b>(38,235)</b>	<b>53,994</b>
<b>Other changes</b>						
Capital appropriations	9,562	11,487	-	-	9,562	11,487
Capital grants, gifts, and contracts	2,075	656	-	-	2,075	656
Capital transfer	(493)	-	493	-	-	-
Addition to permanent endow ment	-	1	-	-	-	1
<b>Total other changes</b>	<b>11,144</b>	<b>12,144</b>	<b>493</b>	<b>-</b>	<b>11,637</b>	<b>12,144</b>
<b>Increase/(decrease) in net position</b>	<b>(32,147)</b>	<b>23,979</b>	<b>5,549</b>	<b>42,159</b>	<b>(26,598)</b>	<b>66,138</b>
<b>NET POSITION</b>						
Net position at beginning of year	674,468	650,489	265,470	223,311	939,938	873,800
Change in accounting principle (see Note 1)	(390,963)	-	-	-	(390,963)	-
Net position at end of year	<u>\$ 251,358</u>	<u>\$ 674,468</u>	<u>\$ 271,019</u>	<u>\$ 265,470</u>	<u>\$ 522,377</u>	<u>\$ 939,938</u>

See notes to financial statements.



**THE UNIVERSITY OF TOLEDO**  
**Statements of Cash Flows (in thousands)**  
**For the Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Tuition and fees	\$ 205,880	\$ 208,314
Grants and contracts	55,173	60,795
Hospital revenues	281,136	261,915
Sales and services of educational activities	7,645	7,369
Payments to suppliers and outside purchased services	(273,535)	(256,285)
Payments to employees	(473,951)	(465,324)
Loans issued to students	(2,266)	(2,012)
Collection of loans from students	2,324	2,944
Auxiliary Enterprise charges	53,739	49,194
Other	27,535	32,725
Net cash used in operating activities	<u>(116,320)</u>	<u>(100,365)</u>
<b>Cash flows from non-capital financing activities</b>		
State share of instruction	106,417	103,357
Student direct lending receipts	140,307	150,228
Student direct lending disbursements	(141,354)	(148,001)
Gifts, grants, and contracts	37,379	38,519
Agency transactions	508	(135)
Net cash provided by non-capital financing activities	<u>143,257</u>	<u>143,968</u>
<b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	(47,984)	(54,897)
Principal paid on capital debt	(16,204)	(15,664)
Capital appropriations	9,562	11,487
Capital grants and gifts	5,527	1,236
Interest paid on capital debt	(13,260)	(13,553)
Net cash used in capital and related financing activities	<u>(62,359)</u>	<u>(71,391)</u>
<b>Cash flows from investing activities</b>		
Interest on investments	23,805	24,328
Purchase of investments	(2,716)	4,086
Net cash provided by investing activities	<u>\$ 21,089</u>	<u>\$ 28,414</u>

**THE UNIVERSITY OF TOLEDO**  
**Statements of Cash Flows (in thousands) - continued**  
**For the Years Ended June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Net increase (decrease) in cash</b>	\$ (14,333)	\$ 626
Cash and cash equivalents - beginning of year	66,757	66,131
Cash and cash equivalents - end of year	\$ 52,424	\$ 66,757
	<b>2015</b>	<b>2014</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (178,561)	\$ (155,623)
Adjustments to reconcile operating loss to		
Net cash used in operating activities:		
Depreciation	58,060	56,596
Provision for patient bad debt	2,942	3,415
(Increase) decrease in assets:		
Accounts receivable, net	(202)	2,755
Inventories	(608)	176
Other current assets	(1,527)	(691)
Notes receivable, net	58	932
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	2,004	(2,640)
Unearned revenue	(2,742)	(4,618)
Compensated absences	1,682	(105)
Medical profession liability accrual	2,574	(562)
Net cash used in operating activities	\$ (116,320)	\$ (100,365)

See notes to financial statements.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

The University is a leading research institution in the state of Ohio with nearly 20,000 students, 1,200 instructional faculty, and 3,100 staff members. The University is comprised of fifteen colleges: Adult and Lifelong Learning; Business; Communication and the Arts; Education; Engineering; Graduate Studies; Health Science; Honors; Language, Literature, & Social Sciences; Law; Medicine and Life Sciences; Natural Sciences & Mathematics; Nursing; Pharmacy and Pharmaceutical Services, and Social Justice and Human Services. The University offers more than 350 undergraduate, graduate, and professional programs leading to degrees in over 60 instructional departments. The University operates the University of Toledo Medical Center (UTMC) which includes 319 registered beds and provides services to more than 11,000 admitted inpatients, 211,000 outpatient clinic patients and 36,000 emergency visit patients. UTMC specializes in kidney transplantation, cardiology, neurology, trauma care, orthopedic surgery, and cancer treatment.

---

**ORGANIZATION**

---

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

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

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

---

**BASIS OF PRESENTATION**

---

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

The financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61 *The Financial Reporting Entity: Omnibus*. This standard requires examination of significant operational or financial relationships with the University and establishes criteria for identifying and presenting component units of the organization. Based on this examination and application of the criteria, the University has identified four component units – the University of Toledo Foundation, the University of Toledo Physicians, Clinical Faculty, Inc. (UTP-CF), the University of Toledo Medical Assurance Company (UTMAC) and Rocket Innovations as described in the following paragraphs.

---

**COMPONENT UNITS OF THE ORGANIZATION**

---

**University of Toledo Foundation**

The University of Toledo Foundation is a legally separate, tax-exempt entity that acts primarily as a fund-raising organization to supplement the resources available to the University in support of its programs. The Foundation transferred approximately \$14,200 and \$11,400 during fiscal year 2015 and 2014, respectively to the University for both restricted and unrestricted purposes in support of its programs. Certain marketable investments of the University are pooled with marketable investments of the Foundation. The Foundation manages these funds and charges the University a management fee equal to 1.25% of the fair market value of the University's share of the pooled investments.

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

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

**University of Toledo Physicians, Clinical Faculty, Inc.**

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

UTP-CF is a multi-specialty corporation which employs over 223 physicians in Northwest Ohio and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization provides physician services at the University of Toledo Medical Center and other local facilities in the following areas:

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

Anesthesia, Medicine, Neurology, Obstetrics, Orthopedics, Pathology, Pediatrics, Psychiatry, Radiology, Radiation Oncology, Rehabilitation, Surgery, Urology, Family Medicine, and Emergency Medicine. UTP-CF also provides administrative support, billing and collection services for physician services at UTMC. Total Operating Revenues for UTP-CF, net of provision for doubtful accounts, were \$86,521 and \$85,099 for the fiscal years ending June 30, 2015 and 2014 respectively.

The consolidated financial statements of UTP-CF and its wholly-owned subsidiaries: University of Toledo Physicians, LLC, UTP Pathology Services, LLC and Northwest Ohio Medicine, Inc. have been prepared following the recommendations of FASB ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the UTP-CF financial information in the University’s financial reporting entity for these differences. All transactions between the University and UTP-CF have been eliminated in the financial statements for the years ended June 30, 2015 and 2014.

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

**University of Toledo Physicians Clinical Faculty, Inc.**

**Condensed Statements of Net Position**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current assets	\$ 28,197	\$ 26,622
Due from University of Toledo	2,661	2,554
Capital assets	748	614
Other assets	310	788
<b>Total assets</b>	31,916	30,578
<b>LIABILITIES</b>		
Current liabilities	8,569	9,234
Due to University of Toledo	586	1,031
<b>Total liabilities</b>	9,155	10,265
<b>NET POSITION</b>		
Unrestricted	22,761	20,313
<b>Total net position</b>	\$ 22,761	\$ 20,313

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

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

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES</b>		
Net patient service revenue	\$ 73,614	\$ 76,267
Other	12,907	8,832
Total operating revenue	<u>86,521</u>	<u>85,099</u>
<b>OPERATING EXPENSES</b>		
Salaries, wages, and benefits	64,727	63,419
Depreciation	190	173
Other	19,101	21,413
Total operating expenses	<u>84,018</u>	<u>85,005</u>
Operating income	2,503	94
Total non-operating revenues	<u>(55)</u>	<u>5,282</u>
Increase in net position	2,448	5,376
Net position - beginning of the year	20,313	14,937
Net position - end of the year	<u>\$ 22,761</u>	<u>\$ 20,313</u>

**Condensed Statements of Cash Flows**

	<u>2015</u>	<u>2014</u>
Net cash flows from operating activities	\$ 1,095	\$ 677
Net cash flows from financing activities	(347)	(322)
Net cash flows from investing activities	446	5,346
Net increase in cash	<u>1,194</u>	<u>5,701</u>
Cash and cash equivalents - beginning of year	17,176	11,475
Cash and cash equivalents - end of year	<u>\$ 18,370</u>	<u>\$ 17,176</u>

**University of Toledo Medical Assurance Company**

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

**The University of Toledo Medical Assurance Company SPC**

**Condensed Statements of Net Position**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets	\$ 10,358	\$ 3,312
Other assets	29,816	32,944
<b>Total assets</b>	<u>40,174</u>	<u>36,256</u>
<b>LIABILITIES</b>		
Current liabilities	6,401	109
Long-term liabilities	14,262	11,512
<b>Total liabilities</b>	<u>20,663</u>	<u>11,621</u>
<b>NET POSITION</b>		
Unrestricted	19,511	24,635
<b>Total net position</b>	<u>\$ 19,511</u>	<u>\$ 24,635</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2015</u>	<u>2014</u>
Net premium revenue	\$ 2,946	\$ 2,453
Total operating expenses	9,422	1,679
Operating income/(loss)	(6,476)	774
Investment income	1,352	2,616
Increase/(decrease) in net position	(5,124)	3,390
Net position - beginning of the year	24,635	21,245
Net position - end of the year	<u>\$ 19,511</u>	<u>\$ 24,635</u>

**Condensed Statements of Cash Flows**

	<u>2015</u>	<u>2014</u>
Net cash flows from operating activities	\$ 8,547	\$ 680
Net cash flows from financing activities	\$ (6,000)	\$ -
Net cash flows from investing activities	(1,559)	(480)
Net increase in cash	988	200
Cash and cash equivalents - beginning of year	2,046	1,846
Cash and cash equivalents - end of year	<u>\$ 3,034</u>	<u>\$ 2,046</u>

**Rocket Innovations**

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

The Corporation consists of equity investments (common stock, preferred stock, warrant options and promissory notes) valued at approximately \$4,280 and \$3,660 as of June 30, 2015 and 2014, respectively. Total cash available to help fund future investments for the years ended June 30, 2015 and 2014 was approximately \$816 and \$1,517, respectively. In accordance with GASB Statement No. 61, the Corporation's financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format.

**Rocket Innovations**

**Condensed Statements of Net Position**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets	\$ 1,122	\$ 1,805
Other assets	4,280	3,660
<b>Total assets</b>	<u>5,402</u>	<u>5,465</u>
<b>LIABILITIES</b>		
Current liabilities	116	113
<b>Total liabilities</b>	<u>116</u>	<u>113</u>
<b>NET POSITION</b>		
Unrestricted	5,286	5,352
<b>Total net position</b>	<u>\$ 5,286</u>	<u>\$ 5,352</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2015</u>	<u>2014</u>
Total operating revenue	\$ 508	\$ 245
Total operating expenses	900	1,009
Operating income	(392)	(764)
Investment income	326	(2,867)
Decrease in net position	(66)	(3,631)
Net position - beginning of the year	5,352	8,983
Net position - end of the year	<u>\$ 5,286</u>	<u>\$ 5,352</u>

**Condensed Statements of Cash Flows**

	<u>2015</u>	<u>2014</u>
Net cash flows from operating activities	\$ (674)	\$ (1,279)
Cash and cash equivalents - beginning of year	1,775	3,054
Cash and cash equivalents - end of year	<u>\$ 1,101</u>	<u>\$ 1,775</u>



**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

---

**SIGNIFICANT ACCOUNTING POLICIES**

---

**Cash and Cash Equivalents**

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

**Inventories**

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

**Patient Revenue and Accounts Receivable**

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

- Medicare and Medicaid: The University is a provider of services under the Medicare and Medicaid programs. The University is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient. The price varies depending on the type of illness or the patient's diagnostic related group classification. Capital costs, certain Medicare outpatient services, and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. Graduate medical education is reimbursed on a per diem basis under the Medicare program. The University receives payment for other Medicare outpatient services and certain inpatient costs on a reasonable cost basis.
- Other Payors: The University has also entered into payment agreements with certain commercial carriers to provide health care services. Payment to the University under these agreements is based on prospectively determined fixed prices, fee screens, or on a percentage of billed charges.

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

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

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

	Year Ended 6/30/2015	Year Ended 6/30/2014
Traditional charity care	\$ 538	\$ 1,232
Unpaid costs of traditional Medicaid programs	2,160	3,486
Unpaid costs of other welfare programs	17,442	7,643
<b>Total charity and uncompensated care</b>	<b>\$ 20,140</b>	<b>\$ 12,361</b>

**Capital Assets**

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

**Deferred Outflows of Resources**

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

**Pensions**

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS) Pension Plan and additions to/deductions from STRS' and OPERS' fiduciary net position have

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

been determined on the same basis as they are reported by STRS and OPERS. STRS and OPERS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Unearned Revenue**

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

**Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will therefore not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources for the University are attributable to collective changes in the net pension liability. See Note 8 for more details.

**Net Position**

Net position is classified into the three following categories:

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

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

Unrestricted: Net position available to the University for any lawful purpose of the institution. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. The University has committed unrestricted net position to provide for identified future needs, such as debt service, contractual obligations,

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

capital outlay, academic programming, and post-employment benefits. In the determination of whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the University's practice to use restricted first.

**Compensatory Time**

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

**Compensated Absences**

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

**Grants and Contracts**

The University receives grants and contracts from Federal, State, and private agencies to fund research and other activities. Grants and contracts generally provide for the recovery of direct and indirect costs. The University recognizes revenues associated with grants and contracts as the related costs are incurred. Indirect cost recovery is recorded as a percentage of direct costs at negotiated fixed rates. Revenues received under grants and contracts are subject to the examination and retroactive adjustments by the awarding agency. Federal funds are subject to an annual OMB Circular A-133 audit.

**State Subsidies**

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

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

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

**Capitalized Interest**

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

**Endowments**

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

**Interest Rate Swap Agreements**

The University has entered into various interest rate swap agreements in order to manage and hedge risks associated with interest. In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for the University's 2010 fiscal year end. This Statement requires derivative instruments (such as interest rate swap agreements) to be reported at fair value. In addition, for derivative instruments that qualify as effective hedges, changes in fair value will be reported as deferrals in the statement of net position, while changes in the fair value of the derivative instruments that do not qualify as effective hedges including investment derivative instruments, will be reported as non-operating revenue (expense) as a component of investment income. See Note 7 for relevant disclosures.

**Investments Held By Bond Trustee**

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

**Use of Estimates**

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

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

**Change in Accounting Principle**

Effective with the fiscal year ended June 30, 2015, the University adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the statements, the University has reported a Net Pension Asset, a Net Pension Liability and a Deferred Outflow of Resources as a change in accounting principle adjustment totaling \$390,963 to Unrestricted Net Position as of July 1, 2014. June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

Effective with the fiscal year ended June 30, 2014, the University adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The carrying amount of the University's cash and cash equivalents for all funds was \$52,424 and \$66,757 as of June 30, 2015 and 2014, respectively as compared to bank balances of \$64,726 and \$73,904 respectively. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$250 is covered by federal deposit insurance as of June 30, 2015 and 2014. This reflects an increase in the basic limit on federal deposit insurance coverage from \$100 to \$250 per depositor originally set to expire June 30, 2010 and since extended permanently with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The remaining balances of cash and cash equivalents are collateralized with single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the University, per the Ohio Revised Code 135.181B which requires that the total market value of the securities so pledged is at least equal to one hundred five percent of the total amount of all public deposits.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 3 – INVESTMENTS**

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

The Board approved revisions to the University's investment policy effective May 2011. The policy establishes investment objectives, strategies and measures for evaluation. The University's policy complies with the State of Ohio regulations provided by legislation.

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

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

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

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 3 – INVESTMENTS (continued)**

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

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Money Market	\$ 29,448	\$ 29,448	\$ 42,354	\$ 42,354
Corporate bonds and mortgage-backed	1,040	1,107	1,094	1,188
Corporate stock	104,014	137,175	118,389	171,679
Mutual funds - fixed income	31,857	31,128	39,404	31,102
Mutual funds - equity	1,452	2,177	1,491	2,181
Partnerships and hedge funds	40,736	43,460	26,810	29,455
U.S. Government	1,562	1,633	1,223	1,296
U.S. Government agency	4,280	4,440	3,693	15,527
Real estate	2,104	2,272	2,666	2,666
Total investments	216,493	252,840	237,124	297,448
Less: Investments considered cash equivalents	26,697	26,697	41,064	41,064
Total investments less cash equivalents	\$ 189,796	\$ 226,143	\$ 196,060	\$ 256,384

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires certain additional disclosures related to the interest rate, credit, foreign currency and custodial risks associated with interest-bearing investments as of June 30, 2015. At the present time, the University does not have formal policies addressing these types of risk.

*Interest Rate Risk*

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

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

Investment Type	Fair Value	Investment Maturity (in Years)			
		< 1	1 - 5	6 - 10	> 10
US Government	\$ 1,633		\$ 969	\$ 476	\$ 188
US Government agencies	4,440		507	45	3,888
Corporate bonds	1,107		664	299	144
Total	\$ 7,180	\$ -	\$ 2,140	\$ 820	\$ 4,220



**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 3 – INVESTMENTS (continued)**

As of June 30, 2014, the University had the following interest-bearing investments and maturities:

Investment Type	Fair Value	Investment Maturity (in Years)			
		< 1	1 - 5	6 - 10	> 10
US Government	\$ 1,296		\$ 856	\$ 239	\$ 201
US Government agencies	15,527		2,808	98	12,621
Corporate bonds	1,188		619	419	150
<b>Total</b>	<b>\$ 18,011</b>	<b>\$ -</b>	<b>\$ 4,283</b>	<b>\$ 756</b>	<b>\$ 12,972</b>

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by the nationally recognized statistical rating organizations (NRSRO's) such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

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

Credit Rating (Moody's)	Total	US		
		Government Agencies	US Government	Corporate Bonds
Aaa	\$ 6,126	\$ 4,440	\$ 1,633	\$ 53
Aa	396			396
A	658			658
<b>Total</b>	<b>\$ 7,180</b>	<b>\$ 4,440</b>	<b>\$ 1,633</b>	<b>\$ 1,107</b>

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

Credit Rating (Moody's)	Total	US		
		Government Agencies	US Government	Corporate Bonds
Aaa	\$ 16,329	\$ 14,980	\$ 1,296	\$ 53
Aa	905	547		358
A	777			777
<b>Total</b>	<b>\$ 18,011</b>	<b>\$ 15,527</b>	<b>\$ 1,296</b>	<b>\$ 1,188</b>

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 3 – INVESTMENTS (continued)**

*Concentration Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's cash investment policy provides that investment pool direct placements are to be sufficiently diversified and provides that no more than 10 percent of its assets can be in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled 10 percent or more in 2015 or 2014.

*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University's exposure to foreign currency risk associated with investments denominated in non-U.S. dollars at June 30, 2015 and 2014 is shown below.

	June 30, 2015 Common Stock	June 30, 2014 Common Stock
France (Euro)	\$ -	\$ 127
United Kingdom (GBP)	485	752
Total	\$ 485	\$ 879

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment of \$3 million in real estate is not evidenced by securities that exist in physical or book entry form. The remaining investments are uninsured and unregistered with securities held by the counter party's trust department or agent in the University's name.

**The University of Toledo Foundation and Subsidiaries Investments**

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

The following is the Foundation's portion of the pooled investments and the Foundation's non-pooled investments as of June 30. Not included in the following schedule are investments held in real estate in the amount of \$593 as of June 30, 2015 and 2014, respectively.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 3 – INVESTMENTS (continued)**

POOLED & NON-POOLED	2015		2014	
	Market	Cost	Market	Cost
Mutual funds, index funds, and ETF's - equities	\$ 101,260	\$ 80,120	\$ 110,547	\$ 79,626
Mutual funds and EFT's - fixed income	34,792	36,507	34,205	33,909
Common stocks	41,877	36,625	38,935	33,000
Hedge funds	32,398	31,266	20,488	18,819
Partnerships	15,003	14,303	10,739	10,103
U.S. government and agency issues	3,025	2,980	3,366	3,319
Mutual funds - real estate	2,484	2,360	2,350	2,199
Mutual funds - commodities	-	-	1,959	2,126
Corporate bonds	1,513	1,468	1,593	1,522
Cash equivalents	3,805	3,805	7,305	7,305
Private closely held	136	136	99	99
<b>Total investments</b>	<b>\$ 236,293</b>	<b>\$ 209,570</b>	<b>\$ 231,586</b>	<b>\$ 192,027</b>

**NOTE 4 – ACCOUNTS AND NOTES RECEIVABLE**

The accounts and notes receivable, shown net of allowances for uncollectible accounts at June 30, 2015 and 2014 respectively, are summarized as follows:

	2015	2014
Accounts receivable:		
Tuition and fees	\$ 9,632	\$ 8,298
Patient services	60,327	57,125
Sales and services	5,849	6,100
Auxiliary services	1,755	1,566
Grants and contracts	28,194	31,771
<b>Total accounts receivable - net of allowances</b>	<b>105,757</b>	<b>104,860</b>
Notes receivable:		
Current	2,745	2,958
Non-current	13,016	12,861
<b>Total notes receivable - net of allowances</b>	<b>15,761</b>	<b>15,819</b>
<b>Total accounts and notes receivable - net of allowances</b>	<b>\$ 121,518</b>	<b>\$ 120,679</b>

Accounts receivable are for transactions relating to tuition and fees, patient services, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts totaling \$16,537 and \$13,882 for fiscal years 2015 and 2014, respectively. Student notes receivable are recorded net of allowance for uncollectible accounts of \$760 as of June 30, 2015 and 2014, respectively.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 5 – CAPITAL ASSETS**

Capital assets are recorded at cost or if acquired by gift at the fair market value as of the date of donation. Capital assets consist of the following as of June 30, 2015:

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

Capital assets consist of the following as of June 30, 2014:

	Balance 2013	Additions	Reallocation/ Reductions	Balance 2014
<b>Capital assets, not being depreciated:</b>				
Land and land improvements	\$ 22,363			\$ 22,363
Construction in progress	29,984	\$ 29,255	\$ (40,029)	19,210
Total capital assets, not being depreciated	52,347	29,255	(40,029)	41,573
<b>Capital assets, being depreciated:</b>				
Land improvements	16,239		358	16,597
Infrastructure	147,302	614	3,611	151,527
Buildings	970,949		34,979	1,005,928
Equipment	188,588	25,028	(6,623)	206,993
Total capital assets, being depreciated	1,323,078	25,642	32,325	1,381,045
Less accumulated depreciation:	722,473	56,596	(7,541)	771,528
Total capital assets, being depreciated, net	600,605	(30,954)	39,866	609,517
<b>Capital assets, net</b>	<b>\$ 652,952</b>	<b>\$ (1,699)</b>	<b>\$ (163)</b>	<b>\$ 651,090</b>

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 5 – CAPITAL ASSETS (continued)**

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

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

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

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

**NOTE 6 – DEBT**

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

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

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 6 – DEBT (continued)**

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

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

On May 31, 2011 the University issued \$86,340 in General Receipts Bonds, Series 2011A through a direct placement with JPMorgan Chase Bank, N.A. Proceeds of the Series 2011A were used to retire the outstanding General Receipts Bond Anticipation Notes, Series 2010 at maturity on June 1, 2011, to refund the outstanding Series 2008B General Receipts Bonds redeemed on June 1, 2011, and to pay the cost of issuance of the Series 2011A Bonds. Series 2011A bears interest at 74% of the sum of one month LIBOR plus 1.3%. The Series 2011A Bonds were refunded with proceeds from the Series 2013D Bonds.

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

On July 15, 2009 the University issued \$22,390 in General Receipts Bonds, Series 2009A (Tax-Exempt) and \$37,430 in General Receipts Bonds, Series 2009B (Federally Taxable – Build America Bonds). Both series were issued with a fixed rate of interest. Proceeds of the series 2009A Bonds will be used to pay a portion of the costs of certain improvements to University facilities and the cost of refunding the University's Series 1998 General Receipts Bonds. Proceeds of the Series 2009B Bonds will be used to pay a portion of the costs of certain improvements to University facilities as well as the cost of issuance related to both series. The Series 2009B Bonds were refunded by the issuance of the Series 2013C Bonds.

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 6 – DEBT (continued)**

the delivery of the bonds by Assured Guaranty Corp.

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

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

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

On March 1, 2004, the University issued \$14,110 General Receipts Bonds, Series 2004 to refund and redeem the General Receipt Bonds, Series 1994 and to pay cost of issuance on the Series 2004 Bonds. The Series 2004 Bonds were refunded from the proceeds of the Series 2013A Bonds.

In order to hedge against interest rate fluctuations on the Series 2002 variable rate bonds, the University entered into three interest rate derivative (Swap) agreements in November 2002. The current notional value of the three Swap agreements is \$66,935. The three Swaps remain in effect and are now associated with the Series 2013B Bonds. The counterparty for these swaps is JP Morgan Chase. One Swap with a notional value of \$14,810 expires on June 1, 2020, and the University pays a fixed rate of 5.000% to the counterparty and receives a variable rate of interest of 67% of one-month LIBOR from the counterparty. The other two Swaps with a combined notional value of \$52,125 expire on June 1, 2032. The University pays a fixed rate of 3.888% to the counterparty and receives a variable rate of interest of 71% of one-month LIBOR from the counterparty on these two Swaps. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement's fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the three Swap agreements as of June 30, 2015 is a liability of \$16,157 compared to a liability of \$15,038 on June 30, 2014.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 6 – DEBT (continued)**

In April, 2007, the University entered into a Swap agreement with JP Morgan Chase that expires on June 31, 2036, in the notional amount of \$33,250, to hedge a portion of the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2007B. \$17,640 of the notional amount is now associated with the Series 2013B and the remaining \$15,610 notional value is associated with the Series 2013D. Based on the Swap agreement, the University owes interest calculated at a fixed rate of 3.666% to the swap counterparty. In return, the counterparty owes the University interest at a variable rate based on 68% of one-month LIBOR. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement's fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the Swap agreement as of June 30, 2015 is a liability \$7,942 compared to a liability of \$7,099 on June 30, 2014.

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

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

The University has master lease obligations with financial institutions and other lease obligations relating to a scoreboard, building and other equipment with a capital cost of \$2,100 and rates ranging from 1.71% to 4.09%. The balance of capital lease obligations was \$452 and \$849 for the years ended June 30, 2015 and 2014, respectively.

Interest expense, net of interest income, related to the borrowing is capitalized as part of the cost of construction. Interest expense on indebtedness was \$13,605 and \$14,025 for the years ended June 30, 2015 and 2014, respectively.



**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 6 – DEBT (continued)**

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

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 6 – DEBT (continued)**

Long-term liabilities consist of the following as of June 30, 2014:

	Due Dates	Interest Rate	Balance			Balance	
			June 30, 2013	Additions	Retirements	June 30, 2014	Current
General Receipts Series 2005, term bonds: HSC expansion and renovations	2030	Variable	\$ 1,200	\$ -	\$ 1,200	-	
General Receipts Series 2007A, serial and term bonds Refund Series 2001 and Current refund Series 2006	2008-2036	4.0% to 5.0%	39,580		1,390	38,190	1,465
General Receipts Series 2007B, term bonds: Renovations for athletic, classrooms, and library	2031-2036	Variable	1,325		-	1,325	-
General Receipts Series 2008A, term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2027	3.0% to 5.0%	28,155		1,280	26,875	1,125
General Receipts series 2009A, serial and term bonds: Refund Series 1998, Hospital renovations and digital records	2010-2020	3.0% to 4.375%	16,115		2,595	13,520	2,670
General Receipts Series 2010, serial bonds: Refund of Series 2005 General Receipts Bonds	2013-2021	4.0% to 5.0%	44,880		6,345	38,535	4,435
General Receipts Series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	4.5% to 5.0%	47,640		-	47,640	1,140
General Receipts Series 2013A, private placement bonds Refund Series 2004	2014-2025	1.99%	10,125		760	9,365	770
General Receipts Series 2013B, private placement bonds Refund Series 2011A	2015-2032	Variable	86,485		-	86,485	2,385
General Receipts Series 2013C, serial bonds Refund Series 2009B	2019-2031	5.00%	34,180		-	34,180	-
General Receipts Series 2013D, private placement bonds Refund partial Series 2007B and all of Series 2005	2031-2036	Variable	15,610		-	15,610	-
Interest Rate Swap Contract			21,549		1,691	19,858	1,680
Capital lease obligation	2002-2009	Various	1,236	-	387	849	397
Notes payable	1999-2018	Various	132	-	15	117	16
Compensated absences			31,285	16,319	16,424	31,180	23,603
			\$ 379,497	\$ 16,319	\$ 32,087	\$ 363,729	\$ 39,686
Less current portion long-term liabilities						39,686	
Long-term liabilities						\$ 324,043	

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 6 – DEBT (continued)**

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

	Principal	Interest	Swap Interest	Net Interest	Net P&I
2016	\$ 16,329	\$ 11,966	\$ 6,364	\$ 18,330	\$ 34,659
2017	16,795	11,438	6,162	17,600	34,395
2018	17,433	10,875	5,943	16,818	34,251
2019	17,798	10,262	5,715	15,977	33,775
2020	18,590	9,543	5,611	15,154	33,744
2021-2025	75,095	37,566	4,531	42,097	117,192
2026-2030	68,816	22,119	4,636	26,755	95,571
2031-2036	85,037	5,250	2,935	8,185	93,222
<b>TOTALS</b>	<b>\$ 315,893</b>	<b>\$ 119,019</b>	<b>\$ 41,897</b>	<b>\$ 160,916</b>	<b>\$ 476,809</b>

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

	Principal	Interest	Total
2016	\$ 342	\$ 30	\$ 372
2017	110	4	114
Total	\$ 452	\$ 34	\$ 486

Contracts have been entered into for capital construction projects in an amount approximating \$52,869. The estimated cost to complete construction in progress at June 30, 2015 is \$8,541.

The University leases certain facilities and data processing, patient care, and other equipment under various non-cancelable operating lease agreements. Total operating lease expense was \$2,088 and \$1,826 in 2015 and 2014, respectively. At June 30, 2015, the University is committed to future minimum operating lease payments of \$1,575 in 2016; \$1,053 in 2017; \$546 in 2018 and \$60 in 2019.

**Honors Housing**

The University entered an agreement on May 1, 2014 with CHF-Toledo, L.L.C. (CHF) to lease property on which a 142,000 square foot, four (4) story, 153-unit (492 bed) residence hall (Project) will be developed and managed by American Campus Communities. CHF entered into a fixed price construction contract with Marous Brothers Construction for the construction of the Project. The Project, with an estimated cost of \$37.7 million, is on land owned by the University and leased to CHF for a 42-year term. At the conclusion of the 42-year term, the property will vest to the University or another non-profit corporation designated by the University which qualifies as a 501(c) (3) organization under the Internal Revenue Code. The University will account for the ground lease as an operating lease. The residence hall opened in August 2015 for the Fall semester.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 7 – INTEREST RATE SWAPS**

The University currently holds four interest rate swap instruments. The University entered into these interest rate hedge agreements at the same time and as the issuance of certain variable rate debt, with the intent of creating a partial synthetic fixed rate debt structure, at an interest rate that is lower than if fixed rate debt were to have been issued directly.

Effective Date	Type	Objective	Notional Amount	Pays	Receives	Maturity Date	Counter Party Credit Rating	MTM @ 06/30/15	MTM @ 06/30/14
11/16/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	\$ 24,690	3.888%	71% Libor	6/1/32	Aa3/A+	\$ (1,826)	\$ (678)
11/19/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	\$ 27,435	3.888%	71% Libor	6/1/32	Aa3/A+	\$ (2,030)	\$ (754)
4/26/07	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	\$ 33,250	3.660%	68% Libor	6/1/36	Aa3/A+	\$ (2,022)	\$ (780)
12/1/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	\$ 14,810	5.000%	67% Libor	6/1/20	Aa3/A+	\$ (63)	\$ (69)
			<u>\$ 100,185</u>					<u>\$ (5,941)</u>	<u>\$ (2,281)</u>

Interest rate swaps are classified as hedging derivative instruments, if the hedging instruments meet the criteria outlined in GASB 53, paragraph 27a and b, or as investment derivative instruments if they do not meet the criteria. All four of the swap agreements have been determined to be effective hedging derivative instruments as of both June 30, 2015 and June 30, 2014.

All of the University's hedging relationships in fiscal year 2012 were terminated in fiscal year 2013 and designated into new hedging relationships. In accordance to GASB 53 these swaps are considered hybrid instruments consisting of a financing element and an embedded derivative. The at-market amount of the swaps at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of \$5,941. The above-market amounts which equal \$18,158 are considered borrowings and included in long term debt which will be paid down by a portion of the swaps' periodic fixed payments.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 7 – INTEREST RATE SWAPS (continued)**

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

	Change in Fair Value		Fair Value at June 30, 2015		Fair Value at June 30, 2014	
	2015	2014	Classification		Classification	
			Amount	Notional	Amount	Notional
Business-type activities						
Cash flow hedges:						
Pay-fixed interest rate sw aps			Deferred charge		Deferred charge	
(receive-variable)	\$ (3,660)	\$ (1,936)	\$ (5,941)	\$ 100,185	\$ (2,281)	\$ 102,070

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

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

As of June 30, 2015 the University’s net liability position is \$24,099 exclusive of accrued interest in the amount of \$275. The University has not been required to post collateral with any counterparty as of June 30, 2015.

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 7 – INTEREST RATE SWAPS (continued)**

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

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

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

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

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

**NOTE 8 – RETIREMENT BENEFITS**

University employees are covered by one of three retirement systems. The University faculty is covered by the State Teachers Retirement System of Ohio (STRS). Other employees are covered by the Ohio Public Employees Retirement System (OPERS). These entities are statewide, cost-sharing, multi-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC). Each system has three retirement plan options available to its members and each system provides retirement, survivor and disability benefits to plan members and their beneficiaries. The systems also each provide post-employment healthcare benefits to retirees and beneficiaries. Employees may opt out of STRS or OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

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

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

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 8 – RETIREMENT BENEFITS (continued)**

---

State Teachers Retirement System of Ohio

---

STRS is a statewide retirement plan for licensed teachers and other faculty members and provides a choice of three retirement plan options. Plan benefits are established under Chapter 3307 of the ORC, as amended by Substitute Senate Bill 342 in 2012, which gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the cost-of-living adjustments as the need or opportunity arises, depending on the retirement system's funding progress.

The Defined Benefit (DB) Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring Aug. 1, 2013, or later, the first 2% is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective Aug. 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 and five years of service on Aug. 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may receive a disability benefit. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Eligible survivors of members who die before service retirement may qualify for monthly benefits and a death benefit is payable to the beneficiary of each deceased retired member who participated in the plan.

The ORC provides statutory authority for employee and employer contributions. Member contribution rates were 12% and 11% of gross wages for fiscal years 2015 and 2014 respectively. The statutory member contribution rate will be increased 1% each year until it reaches 14% on July 1, 2016. The employer contribution rate was 14% of covered payroll for both 2015 and 2014. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 8 – RETIREMENT BENEFITS (continued)**

The University's total employer contributions to STRS for the years ended June 30, 2015 and 2014 were \$13,840 and \$12,855, respectively.

---

Ohio Public Employees Retirement System

---

OPERS administers three separate pension plans as described below:

**Traditional Pension Plan** – a cost sharing, multiple-employer defined benefit pension plan.

**Member-Directed Plan** – a defined contribution plan in which the member invests both member and employer contributions.

**Combined Plan** – a combination defined benefit/defined contribution plan.

Authority to establish and amend benefits is provided by Chapter 145 of the ORC. Retirement benefits in the Traditional Plan are based on age, final average salary and service credits. Members who retire before meeting the age and service requirements receive a percentage reduction in the benefit amount. For the Member-Directed Plan, the amount available for benefits consists of the member's contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Benefits in the Combined Plan consist of both an age-and-service formula and a defined contribution element. A 3% cost-of-living adjustment is provided for retirement benefits under the Traditional Plan and the defined benefit portion of the Combined Plan.

Members in the Traditional and Combined Plans are eligible for Disability, Survivor and Death benefits based on age and/or service criteria. Members of the Member-Directed Plan do not qualify for these ancillary benefits.

The ORC provides statutory authority for member and employer contributions. Member contribution rates for plan year 2014 were 10% for the state and local division, 12% for the public safety division and 13% for the law enforcement division. Employer contribution rates for plan year 2014 were 14% of covered payroll for the state and local division, and 18.1% of covered payroll for the law enforcement and public safety divisions. For the Traditional and Combined Plans, 2% of each employer's contribution is set aside for the funding of post-employment health care coverage.

The University's required and actual contributions to OPERS for 2015 and 2014 respectively were \$26,262 and \$27,379.



**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 8 – RETIREMENT BENEFITS (continued)**

Alternative Retirement Plan

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement plan (ARP) for academic and administrative university employees of public institutions of higher education who are currently covered by the STRS or OPERS. The University of Toledo board of trustees adopted such a plan effective April 1999.

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS or OPERS and who elect to participate in the alternate retirement plan must contribute their share of retirement contributions to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers are required to remit employer contributions to STRS Ohio at a rate of 4.5%. The employer contribution is the lower of a rate determined by independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. OPERS does not require an employer contribution for employees electing an ARP. The University plan provides these employees with immediate plan vesting.

ARP is a defined contribution plan under IRS section 401(a). The University's total employer contribution to ARP for the years ended June 30, 2015 and 2014 were \$6,684 and \$6,419, respectively.

**Net Pension Liability, Deferrals, and Pension Expense** – At June 30, 2015, the University reported a liability for its proportionate share of the net pension liability of STRS and the OPERS traditional plan, as well as an asset for its proportionate share of the net pension asset of the OPERS combined plan. The net pension liability and asset were measured as of July 1, 2014 for STRS and December 31, 2014 for the OPERS plan. The total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability or asset was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability/(Asset)		Proportionate Share		
		2015	2014	2015	2014	Change
STRS	July 1	\$ 217,575	\$ 258,477	0.89%	0.89%	0.00%
OPERS Traditional	December 31	161,259	157,617	1.34%	1.34%	0.00%
OPERS Combined	December 31	(736)	(201)	1.91%	1.91%	0.00%

For the year ended June 30, 2015 and 2014, the University recognized pension expense of \$40,291 and \$44,285, respectively.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 8 – RETIREMENT BENEFITS (continued)**

At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ -	\$ 963
Difference between projected and actual investment earnings	-	31,603
Differences between proportionate share and contributions	-	49
Contributions after measurement date	26,246	-
<b>Total</b>	<b>\$ 26,246</b>	<b>\$ 32,615</b>

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

Year Ended	
June 30	Amount
2016	\$ (7,614)
2017	(7,614)
2018	(6,509)
2019	(6,286)
2020	(4,500)
Thereafter	(92)

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 8 – RETIREMENT BENEFITS (continued)**

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

	STRS - as of 6/30/14	OPERS - as of 12/31/14
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	2.75 percent - 12.25 percent including inflation	4.25 percent - 10.05 percent including inflation
Inflation	2.75 percent	3.75 percent
Investment rate of return	7.75 percent, net of investment expense	8.00 percent, net of investment expense
Experience study rate	Period of 5 years ended July 1, 2012	Period of 5 years ended December 31, 2010
Mortality basis	RP-2000 Combined Mortality Table (Projection 2022-Scale AA)	RP-2000 Combined Mortality Table projected 20 years using Scale AA

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

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 8 – RETIREMENT BENEFITS (continued)**

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

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

Plan	1.00 percent decrease		Current discount rate		1.00 percent increase	
STRS	6.75%	\$ 311,483	7.75%	\$ 217,575	8.75%	\$ 138,161
OPERS	7.00%	296,766	8.00%	160,523	9.00%	45,815
<b>Total</b>		<u>\$ 608,249</u>		<u>\$ 378,098</u>		<u>\$ 183,976</u>

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

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 8, the Ohio Revised Code provides the statutory authority requiring the University to fund post-retirement health care through employer contributions to PERS and STRS. PERS provides post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. It is a multi-employer cost sharing plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

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

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

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

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

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

STRS provides access to health care coverage to eligible retirees who participated in the DB or Combined Plans and their eligible family members. Coverage under the current plan includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the Retirement Board has discretionary authority over how much, if any, of the associate health care costs will be absorbed by the plan. Under Ohio law, the funds to pay the health care costs may be deducted from the employer contributions. The STRS board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund, from which payments for health care benefits are paid.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 10 – CONTINGENCIES AND COMMITMENTS**

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

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

Through the IUC-IC group, the University maintains property insurance with a \$100 deductible and a pre-funded group pool deductible of \$350 per occurrence; with an annual group aggregate stop loss of \$700. Total insurable value for the University of Toledo is approximately \$3,031,000.

The casualty portion of the IUC-IC program provides educator's legal liability, general liability and other miscellaneous coverage, and includes a \$100 deductible. There is also a casualty group pool fund with dedicated limits for each member totaling \$10,000 which consists of \$1,000 by the members and \$9,000 from reinsurance. Finally, there are general shared excess limits totaling \$40,000. The educator's legal liability coverage has shared excess limits totaling \$15,000 in excess of the pool. The University's contributions to IUC for property and casualty coverage totaled \$940 and \$924 for 2015 and 2014 respectively.

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

The University is also self-insured for unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University for outstanding claims and claims incurred but not reported under self-insurance programs have been based on the University's experience and actuarial valuation. The estimated value of these claims was \$4,544 and \$3,677 as of June 30, 2015 and 2014 respectively. Settlements have not exceeded insurance coverage in each of the past three years.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 11 – MEDICAL PROFESSIONAL LIABILITY**

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

UTMAC provides professional liability coverage to the University and the University of Toledo Physicians, LLC (UTP), which is an affiliated nonprofit, multi-specialty physician practice of UTMAC. The captive provides a primary limit of \$1,000 per occurrence and \$3,000 in aggregate and an additional excess limit of \$1,000 per occurrence and \$2,000 in aggregate for the policy period July 1, 2014 to July 1, 2015. The retroactive date is July 1, 1987. UTMAC also provides excess coverage through commercial re-insurers for the University’s professional liabilities with limits of \$25,000 per occurrence and \$25,000 in aggregate. Tail coverage is provided to physicians leaving UTP employment.

At June 30, 2015 and 2014, the University has accrued \$14,023 discounted at 3.5% and \$11,449 discounted at 3.5%, respectively, for asserted and unasserted claims based on the University’s experience and studies performed by a consulting actuary. With respect to pending malpractice claims and legal action where the University is a defendant, it is the opinion of management that any potential liability in such actions will not materially affect the financial position of the University. Settlements have not exceeded insurance coverage in each of the past three years.

	2015	2014
Medical Professional Liability:		
Beginning balance	\$ 11,449	\$ 12,163
Provision for incurred claims	3,097	1,744
Payments for claims	(523)	(2,458)
Ending Balance	<u>\$ 14,023</u>	<u>\$ 11,449</u>

The above liability includes insurance coverage for UTP and has been funded by premiums paid by UTP to UTMAC. The UTMAC Liabilities presented in the Statement of Net Position include other trade liabilities in the amount of \$19 and \$14 for 2015 and 2014, respectively.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 12 – FUNCTIONAL CLASSIFICATION OF EXPENSES**

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

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

Operating expenses by functional classification for the year ended June 30, 2014 are summarized as follows:

	Payroll	Supplies	Services	Other	Total
Patient Services	\$ 184,203	\$ 71,788	\$ 44,187	\$ 18,003	\$ 318,181
Instruction	170,738	4,649	2,491	5,181	183,059
Research	23,611	6,800	6,464	10,825	47,700
Public Service	4,364	361	1,521	691	6,937
Academic Support	26,843	2,390	7,352	924	37,509
Student Services	16,889	724	454	3,339	21,406
Institutional Support	46,680	578	13,911	(5,686)	55,483
Operation and Maintenance of Plant	14,158	1,494	1,064	16,435	33,151
Auxiliary Enterprises	18,259	3,173	21,184	11,980	54,596
	<u>505,745</u>	<u>91,957</u>	<u>98,628</u>	<u>61,692</u>	<u>758,022</u>
Student Aid					25,652
Depreciation					56,596
Provision for Bad Debts					3,415
Total Operating Expenses					<u>843,685</u>



**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**NOTE 13 – SUBSEQUENT EVENTS**

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

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

**NOTE 14 – UPCOMING PRONOUNCEMENTS**

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

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

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**  
**(Dollars in Thousands)**

**Required Supplementary Information**

<b>Schedule of Funding Progress</b>	<b>2015</b>	
	<b>STRS</b>	<b>OPERS</b>
Plan year end	June 30, 2014	December 31, 2014
University's proportion of the collective net pension liability:		
Percentage	0.89%	1.34%
Amount	\$ 217,575	\$ 160,523
University's covered-employee payroll	\$ 82,208	\$ 176,615
University's proportional share of the collective pension liability as a percentage of covered-employee payroll	264.66%	90.89%
Plan fiduciary net position as a percentage of the total pension liability	74.71%	86.53%
<b>Schedule of Contributions</b>	<b>2015</b>	
	<b>STRS</b>	<b>OPERS</b>
Statutorily required contribution	\$ 13,840	\$ 26,262
Contributions in relation to the actuarially determined contractually required contribution	\$ 13,840	\$ 26,262
Contribution deficiency/(excess)	\$ -	\$ -
Covered employee payroll	\$ 85,403	\$ 185,126
Contributions as a percentage of covered employee payroll	16.21%	14.19%

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

Independent Auditor's Report

To Management and the Board of Trustees  
University of Toledo

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Toledo and its discretely presented component unit (the "University") as of and for the year ended June 30, 2015, and related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 13, 2015. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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

To Management and the Board of Trustees  
University of Toledo

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Plante & Moran, PLLC*

October 13, 2015

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

Independent Auditor's Report

To the Board of Trustees  
University of Toledo

**Report on Compliance for Each Major Federal Program**

We have audited University of Toledo's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2015. University of Toledo's major federal program is 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 its federal program.

***Auditor's Responsibility***

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

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

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

***Opinion on Each Major Federal Program***

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

To the Board of Trustees  
University of Toledo

### **Report on Internal Control Over Compliance**

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

*Plante & Moran, PLLC*

October 13, 2015

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
<b>STUDENT FINANCIAL AID CLUSTER</b>			
Department of Education:			
Federal Pell Grant FY 2014	84.063	P063P130350	\$ 14,359
Federal Workstudy FY 2014	84.033	P033A133381	202,464
Federal Workstudy FY2015	84.033		808,707
FY 2015 Federal Pell Grant	84.063		21,093,086
FSEOG FY 2015	84.007		672,334
FSEOG FY 2016	84.007		53,600
Pell FY 2016	84.033		1,544,061
Federal Teach Grant FY 2014	84.379		232,545
Perkins Loans Issue and Outstanding	84.038		15,968,406
Direct loans	84.268		141,421,109
Total Department of Education			<u>182,010,671</u>
U.S. Department of Health and Human Services:			
Nurse Faculty Loan Program issued and outstanding	93.264	2 - E01HP12956	53,750
<b>TOTAL STUDENT FINANCIAL AID CLUSTER</b>			<b>182,064,421</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>			
U.S. Department of Agriculture:			
Research Support Agreement	10.001	58-3607-4-006	2,881
Support of Agricultural Research of Mutual Interest	10.001	58-3067-7-111	193
Biomonitoring of Nutritional and Environmental Stress in Plants	10.001	58-3607-4-020	28,039
Examination of Factors Influencing Virus Disease in Floriculture Crops	10.001	58-3607-1-737	128,973
Characterization Pathogenicity of Great Lakes Strains of VHSV and Developing Tools to Study the Influence of Stress on Immune Function in Yellow Perch	10.001	58-3655-4-048	157,206
Biomonitoring of Nutritional and Environmental Stress in Plants	10.001	58-3607-4-026	54,624
Research Support Agreement-Acquisition of Goods and Services	10.001	58-3607-4-030	10,066
Monitoring Agricultural Sewage Sludge, 2009	10.200	2009-38898-20002	1
Genetic Detection & Geographic Analysis of Great Lakes Fish Infection by Viral Hemorrhagic Septicemia (VHS)	10.200	2010-38927-21048	60,216
Monitoring Agricultural Sewage Sludge, 2010	10.200	2010-38898-20963	42,806
USDA/ARS VHS Research Pass-through from: University of Wisconsin-Milwaukee	10.001	58-3655-9-748	8,205
Building an Operational Tillage Information System (OpTIS) Pass-through from: Applied GeoSolutions, LLC	10.212	2011-33610-30827	924
U.S. Department of Agriculture - Forestry Service:			
Evaluation of Terrestrial Condition Assessment of Restorations for Forest Service Lands	10.679	AG-3187-P-12-0061	732
Phytoremediation of Brownfields in Toledo, Ohio Pass-through from: Ohio Department of Natural Resources	10.665		59,501
U.S. Department of Commerce:			
A Harmful Algal Bloom and Water Quality Data Management Program for Western Lake Erie	11.000		12,479
Development and Implementation of a New Molecular Test for Active VHS Infection in Fish Pass-through from: Ohio State University	11.417	NA10OAR4170074	112,415
Mapping Drain Tile and Modeling Agricultural Contribution to Nonpoint Source Pollution in the Western Lake Erie Basin Pass-through from: Ohio State University	11.417	NA14OAR170067	35,704
Green Stormwater Infrastructure Planning in Lucas County, Ohio Pass-through from: Ohio State University	11.417	NA12OAR4170113	51,060
A Tool for Predicting the Spread of Invasive Species by Ballast Water Pass-through from: Ohio State University	11.417	NA10OAR4170074	9,954
Coastal modification implications for fish communities Pass-through from: Ohio Department of Natural Resources	11.419	N14NOS4200077	9,481
Early Bloom Mapping in Lake Erie Pass-through from: University of Michigan	11.432	NA12OAR4320071	44,508

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
Forecasting Spread and Bioeconomic Impacts of Aquatic Invasive Species from Multiple Pathways to Improve Management and Policy in the Great Lakes Pass-through from: University of Notre Dame	11.478	NA10NOS4780218	5,570
U.S. Department of Defense:			
Military Service Center Student Support	12.000		10,440
Bulk Material Defects and Reliability of SIC Power Devices	12.100		63,485
Reliability Assessment of Gallium Nitride (GaN) Power Switch	12.300	N00014-12-1-0338	27,090
Computational Fluid Dynamic Analysis of Fan-In-Wing Configuration	12.300	N00014-14-1-0263	68,026
Lightweight Flexible Solar Cells	12.800	FA9453-11-C-0253	365,192
Salivary Biomarkers of Fatigue	12.800	FA9550-13-1-0187	218,281
High-resolution mass spectrometer for biomarker discovery	12.800	FA2386-14-1-3025	754,260
Risk and Resilience Factors for Combat-Related Posttraumatic Psychopathology and Post Combat Adjustment Pass-through from: University Hospitals of Cleveland			
Notched Fatigue Behavior of Aluminum under Constant and Variable Amplitude Multiaxial Loads Pass-through from: Integrated Systems Solutions, Inc.	12.420	W81XWH-10-1-0579	41,496
Toledo Harbor Offshore Dredging Study Pass-through from: Limno-Tech, Inc.	12.300		98,467
	12.100	EE-004054-0001-05TTO	(3,670)
Development of Methodology for Generating Distance and Commodity Flow Tables into and through the Great Lakes Basin Pass-through from: Ecology and Environment, Inc.			
	12.114	EE-004080-0001-OTTO	9,961
Great Lakes Hydrilla Risk Assessmen Pass-through from: Ecology and Environment, Inc.			
	12.000	1003025.003	16,735
Development of Wave Bearings for High Speed Rotors Pass-through from: Teledyne			
Transient Electromagnetic Simulator for EMP Survivability Analysis of Packaged Electronic Systems Pass-through from: Imaging Systems Technology	12.000	FA8650-09-D-2929-000	48,345
Development of Information Fusion and Visualization of Space Data Pass-through from: Dayton Area Graduate Studies Institute	12.800	13112	19,995
CFD Study of Stacked Tail Rotors Pass-through from: Bell Helicopter	12.800		23,215
Application of Wave Bearing Technology To Helicopter Transmissions Pass-through from: Bell Helicopter	12.910	PO # 4900102520	59,066
	12.910		574,604
U.S. Department of the Interior:			
Development of a 3 to 4 year Controlled Release PZP Contraceptive Vaccine For Wild Horses			
	15.229	L10AC20431	115,360
Studies on Presence, Influence and Control of Biofilms on Desalination Membranes			
Maumee River Lake Sturgeon Restoration Plan	15.506		5,827
Investigating Nitrogen Deposition Effects on Biological Soil Crust Stability and Biogeochemical Cycling in Drylands	15.650	F14AC00831	36,517
Determining the contribution of Maumee River fisheries production to western Lake Erie stocks	15.808	G13AC00252	37,865
Food web structure and trophic transfer across Lake Erie's productivity gradient	15.808	G14AC00030	111,080
Food-web linkages between nearshore and offshore Lake Michigan (CSMI 2015)	15.808	G14AC00271	16,098
Grass carp spawning potential in the Sandusky River basin	15.808	G15AC00010	36,306
Hydroacoustic Determination of distribution and abundance of Lake Erie Walleye Pass-through from: Ohio State University	15.808	G15AC00148	551
	15.605	F-69-P	95,990
Using new tools to better understand and predict harmful cyanobacterial algal blooms in Lake Erie and Ohio inland lakes Pass-through from: Ohio Water Development Authority			
Lake Coring with IGS Pass-through from: Indiana University	15.805		(42)
	15.808	1442004	2,871
U.S. Department of State:			
Collaboration on Curriculum, Faculty Development and Enhancing Students Pass-through from: U.S. Department of State	19.021	S-TS 800-12-GR-095	65,326
U.S. Department of Transportation:			
Analyzing Regional Freight Information Resources Pass-through from: University of Wisconsin - Madison	20.000	DTRT06-G-0020	83,688



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

Agency	CFDA #	Agency Number	Fiscal Year 2015
USDOT-RITA University Transportation Centers Program Pass-through from: University of Wisconsin-Milwaukee	20.000	DTRT12-G-UTC19	17,717
Making Freight-Centric Communities More Livable: Measuring the Impact of Advanced Technologies Pass-through from: University of Wisconsin - Madison	20.000	DTRT12-G-UTC19	(11,149)
Collaborating Toward the IT Highway: Linking Public and Private Investments in Intelligent Transportation Systems to Freight Flows and Supply Chain Performance Pass-through from: University of Wisconsin System	20.000	DTRT12-G-UTC19 Mod-7	77,508
Development of Transportation Asset Management Decision Support Tools Pass-through from:	20.205		73,445
Development of an Overlay Design Procedure for Composite Pavements Pass-through from: Ohio Department of Transportation	20.205	E131417	47,061
Veteran's Glass Skyway Ice Dashboard Implementation Pass-through from: Ohio Department of Transportation	20.205		75,786
National Transit Research Consortium led by the Mineta Transportation Institute Pass-through from: San Jose State University Research Foundation	20.701	DTRT12-G-UTC21	29,600
<b>National Aeronautics and Space Administration:</b>			
Developing Online Protocol Modules to Engage Citizen Scientists for GLOBE Govt Training	43.001	NNX15AF94G	27,510
Development of Life Prediction and Probabilistic Analysis Tools for High Temperature Composites	43.001		61,083
NICMOS Imaging of Protostars in the Orion A Cloud: The Role of Environment in Star Formation Space Telescope Science Institute	43.002	NNC07TA69T	(2,977)
Herschel Orion Protostar Survey (HOPS) Jet Propulsion Laboratory	43.002	HST GO 11548.01-A 1373141	15,856 37,438
Herschel OT1 Combined: Beyond the Peak; Water in NGC 891 Jet Propulsion Laboratory	43.002	1427378	71,689
Precision Age-Dating of Star Clusters in Stephan's Quintet Space Telescope Science Institute	43.002	HST-GO-12301.01-A	13,682
Spitzer Space Telescope Combined: Probing Star and Planet Formation; A Wide-Field Survey for Low Mass Star Formation Jet Propulsion Laboratory	43.002	1423858	2,379
Herschel Space Observatory Combined: PACS Imaging...; Anatomy of Class O...; A Deeper Look...; Probing the Inner Envelopes... Jet Propulsion Laboratory	43.002	1427448	40,295
Herschel OT2 Combined: After the Fall: Probing Dust and Gas...; The Mass and Structure of Molecular Gas in the Small Magellanic Cloud... Jet Propulsion Laboratory	43.002	1454672	111,141
Development and Application of Computational Tools for Turbomachinery Geometries	43.002	NNC13BA10B	223,731
Observing the Formation of Disks: ALMA and HST observations of Edge-On Protostars The Geometry of Stellar Winds and Shock Structure in V444 Cyg Pass-through from: University of Denver	43.002	NNX14AD23G	28,732
Inspiring Student Science Interest Through Real-World Climate Change Projects Pass-through from: Ohio Space Grant Consortium	43.001	NNX13AF40G	350
	43.001		(520)
LCLUC Synthesis: Ecosystem-Society Interactions on a Changing Mongolian Plateau Analysis and Testing of Advanced Materials and Structures Pass-through from: Universities Space Research Association	43.001	NNX14AD85G	40,959
Upgrading Spextool, a Data Reduction Package for SpeX on the NASA IRTF Pass-through from: University of Hawaii	43.001	NNC13BA10B	66,640
H-alpha LEGUS: Unveiling the Interplay Between Stars, Star Clusters, and Ionized Gas Pass-through from: Space Telescope Science Institute	43.001	HST-GO-13773.001-A	25,034
Constraining the Cosmic-ray Acceleration and Gamma-ray Emission Processes in IC 443 Pass-through from: Space Telescope Science Institute	43.001	HST-GO-13709.002-A	5,533
Ohio Space Grant Consortium (OSGC) - Scholarships and Fellowships for Fellowships for 2006-2007 to University of Toledo Ohio Aerospace Institute	43.002		12,250
Advanced Aerospace Seals Research Pass-through from: University of Akron	43.002	NNC08CA35C	468
Ultraluminous X-Ray Sources in the Most Metal Poor Galaxies Pass-through from: Space Telescope Science Institute	43.002	HST-GO-12018.02-A	289
Contribution of Massive Stars to the Production of Neutron Capture Elements Pass-through from: Space Telescope Science Institute	43.002	HST-AR-12123.01-A	9,999

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
Frequency Steered Acoustic Transducer Pass-through from: Genziko, Inc.	43.002	NNX11CB85C	(4,370)
Development of Advanced Computational Tools for the Simulation of Multistage Turbomachinery in Support of Aeropropulsion Pass-through from: Vantage Partners, LLC	43.002	NNC12BA01B	149,460
Computational and Experimental Work to Support FAP/SRW Engine Research Pass-through from: Vantage Partners, LLC	43.002	NNC12BA01B	23,577
Herschel Plank: PACS and SPIRE...; HYSOVAR11...; Characterizing the Energetics...; HIFI and Spire spectroscopy... Pass-through from: Jet Propulsion Laboratory	43.002	1456924	30,669
The Nature of Multiple Main Sequence Turn-Offs and Dual Red Clumps Pass-through from: Space Telescope Science Institute	43.002	HST-GO-12257-03-A	(5,150)
Stellar Life and Death in M83: A Hubble-Chandra Perspective Pass-through from: Space Telescope Science Institute	43.002	HST-GO-12513.07-A	(60)
Turbomachinery Computational Aero-Acoustics (CAA) Pass-through from: Vantage Partners, LLC	43.002	NNC12BA01B	82,136
Confirming Ultra-Cold (Teff Pass-through from: Space Telescope Science Institute	43.002	HST-GO-12544.01-A	2,523
Diffuse X-ray Emission From Massive Star Clusters in the Antennae Pass-through from: Smithsonian Astrophysical Observatory	43.002	NAS8-03060	9,912
Brown Dwarf and Exoplanet Weather Forecasts: Are Y Dwarfs Partly Cloudy? Pass-through from: Jet Propulsion Laboratory	43.002	1472480	107,155
Completing the Census of Ultracool Brown Dwarfs in the Solar Neighborhood using HST/WFC3 Pass-through from: Space Telescope Science Institute	43.002	HST-GO-12970.02-A	118,477
Optimization of Protein Crystal Growth for Determination of Enzyme Mechanisms through Advanced Diffraction Techniques Pass-through from: Center for the Advancement of Science in Space	43.002	NNH11CD70A	70,162
Origin of massive outer gas reservoirs in early-type galaxies Pass-through from: Jet Propulsion Laboratory	43.002	1476005	5,436
Microstructural Analysis and Structure-Property Relationships in Advanced Metallic Materials Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	278,539
Extended Durability of Materials in Aerospace Propulsion and Power Systems Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	188,765
Analysis for Future Aircraft Propulsion Systems Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	94,007
Development of Computer Tomography and Digital Radiography for Aerospace Materials and Facilities Operations Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	116,755
Aeroelastic Analysis for Boundary Layer Ingesting Inlet-Fan Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	243,009
Development of Ceramic Processing Methods for Aerospace Applications Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	117,531
Analysis and Testing of Advanced Materials and Structures Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	223,123
Advanced Aerospace Seals Research Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	218,069
Advanced Fuel Cells Research Pass-through from: Universities Space Research Association	43.002	0455513TA91T01.00C10	211,299
Prototype Heart Pump Motor using a Conical Bearingless Motor Pass-through from: Vantage Partners, LLC	43.002	VPL-14-001	10,904
Advanced Aerospace Seals Research for Reimbursable Space Act Agreement with GE Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	42,548
Advanced Aerospace Seals Research for Reimbursable Space Act Agreement with U.S. Army Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	36,629
LEGUS: Legacy ExtraGalactic UV Survey Pass-through from: Space Telescope Science Institute	43.002	HST-GO-13364.07-A	10,696
Evaluation of Additively Manufactured Components Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	45,856
Development of Computed Tomography and Digital Radiography for Aerospace Materials and Facilities Operations in Support of the Aerojet Additive Manufacturing Space Act Agreement Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	32,674

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
Experimental Characterization and Analysis of Advanced Materials and Aerospace Structural Components Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	165,878
Advanced Research and Technology Support Task Order IDIQ Subcontract Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	51,064
Advanced Aerospace Seals Research for Hypersonic Vehicle Applications Supporting Reimbursable SAA with AFRL-OYr1 Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	33,284
Experimental Characterization and Analysis of Advanced Materials and Aerospace Structural Components - OYr1 Pass-through from: Universities Space Research Association	43.002	NNC13BA10B	60,269
HICO Identification of Harmful Algal Blooms Pass-through from: Center for the Advancement of Science in Space	43.010	NNH11CD70A	101,180
National Science Foundation:			
A Facile Pretreatment Strategy for Recovering Sugars and Lignin Effectively from a Variety of Lignocellulosic Feedstocks	47.041	CBET-0933250	675
A Study on the Microstructure and the Properties of Zinc Nitride and Zinc-Oxy-Nitride Films and Heterostructures for Photovoltaic and Other Applications	47.041	CMMI-0928440	(515)
Engineering Senior Design Projects to Aid Persons with Disabilities	47.041	CBET 0931643	36,475
Fundamental Investigation of Pulsed Laser Irradiation Metal Oxide Gas Sensor Performance	47.041	CMMI-0933069	7,409
CAREER: Plasmons for Solar Energy Harvesting	47.041	CBET-0955148	(7,039)
New Methodologies for System-Level Electromagnetic Compatibility (EMC) Analysis of Electronic Systems	47.041	CMMI 1000744	49,640
3D Multi-Scale Modeling of Thin Film Photovoltaics	47.041	CBET 1066749	37,816
BRIGE: Transition Metal Oxide Based Multifunctional Nanoelectronic Memristor Devices	47.041	ECCS-1125743	4,492
Mechanistic Analysis of Polyelectrolyte-Based Colloidal Drug Carriers	47.041	CBET-1133795	66,564
CAREER: Photodirected Assembly of Custom-Designed Polyelectrolyte Complexes	47.041	CBET-1150908	67,833
Collaborative Research: Integrated Vulnerability-Reliability Modeling and Analysis of Cyber-Physical Power Systems	47.041	ECCS-1128594	108,354
Simultaneous Isomerization and Reactive Extraction of Biomass Sugars for High Yield Production of Ketone Sugars	47.041	CBET-1236708	6,793
Understanding the Role of Biofilm on Disinfection By-Product Formation and Fate in the Water Distribution System	47.041	CBET - 1236433	65,458
Collaborative Research: Analysis of Decentralized Harvested Rainwater Systems using the Urban Water Infrastructure Sustainability Evaluation (uWISE) Framework	47.041	CBET-1236660	64,155
DMREF: Collaborative Research: Nitride Discovery - Creating the Knowledge Base for Hard Coating Design	47.041	CMMI-1234777	55,446
Collaborative Research: Enhancing Spectral Access via Directional Spectrum Sensing	47.041	ECCS-1247946	21,826
Employing 3D Cone Filterbanks: Interdisciplinary Algorithms and Prototypes	47.041	ECCS-1254271	68,133
CAREER: Novel Nanoelectronic Reconfigurable Synaptic Memory Devices	47.041	1312465	50
I-Corps: Injectable Bone Graft Substitute Materials	47.041	1312465	50
EAGER: Localization in Ad-Hoc Wireless Networks: Investigation into Fusing Dempster-Shafer Theory and Support Vector Machines	47.041	ECCS-1309658	80,176
EAGER: A Novel Approach to Fabricate Biomimetic Membranes Embedded with AquaporinZ	47.041	1308095	39,006
I-Corps: A Generation-3 Shape Memory Alloy Actuated Ankle Foot Orthosis	47.041	IIP-1343505	20,128
PFI: AIR Technology Translation - A Microwave Assisted Biomimetic Coating Technology for Polymer Implants	47.041	IIP-1312211	12,756
Optimal Joint Spectrum Allocation and Scheduling for Cognitive Radio Networks	47.041	1310551	52,498
I-/URC: Technology Innovation for Novel Cost-reducing and Quality Enhancing Musculoskeletal Therapies	47.041	IIP-1361977	33,803
I-Corps: Commercial Assessment and Development of Anti-Fouling Composite Coating	47.041	IIP-1401396	8,496
PFI:AIR - TT: Situational Awareness during Fire and Emergency (SAFE)	47.041	IIP-1414346	73,438

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
Planning Grant: I/UCRC for Sustainable Use of Greenhouse Gases	47.041	IIP-1362081	1,214
NSF/DOE Solar Hydrogen Fuel: New metal oxides for efficient hydrogen production via solar water splitting	47.041	CBET-1433401	105,902
Commercial Assesment and Development of a New Technology for Bio-sourced Nylon 11-13 Production	47.041	1535803	5,852
Networking Urban Resources with Teachers and University to enRich Early Childhood Science	47.046	DUE-1102808	2,159,798
CAREER: 3-Iminophosphine Palladium Catalysts for Atom-efficient	47.049	CHE-0841611	12,158
REU Site: Research Experiences for Undergraduates in Physics and Astronomy at The University of Toledo	47.049	PHY-1004649	17,333
REU Site Exploring Structure of Molecules and Materials	47.049	CHE-1004921	4,832
Interfacial Assembly of Nanoparticles and Their Interactions	47.049	CHE-1012896	(5,717)
The CepOB3b Young Cluster: A New Laboratory for Studying the Role of Environment...	47.049	AST-1009564	51,911
Umpolung Reactivity in Stereoselective Synthesis of 2-Deoxy Glycosides and Thioglycosides	47.049	CHE-1213352	91,907
SEP: Earth-abundant solar cells as a sustainable solar energy pathway	47.049	CHE-1230246	424,474
Quantitative characterization of weak interactions	47.049	CHE-1213329	124,425
SEP Collaborative: Alkaliphilic microalgae-based sustainable & scalable processes for renewable fuels and products	47.049	CHE-1230609	152,667
MRI: Acquisiton of a THz Spectroscopic Ellipsometer	47.049	DMR-1228917	530,000
REU Site: Research Experiences for Undergraduates in Physics and Astronomy at The University of Toledo	47.049	PHY-1262810	73,494
Creation of Tools for the Study of Oxidative Damage to Nucleic Acids	47.049	CHE 1309135	101,119
Quantum theories of fundamental atomic and molecular processes and their applications	47.049	PHY-1306407	36,244
Exploring Ionic Liquids in Sample Preparation and Chromatographic Separations	47.049	CHE-1413199	93,114
Simulating Non-equilibrium Processes over Extended Time- and Length-Scales using Parallel Accelerated Dynamics	47.049	DMR-1410840	73,824
Collaborative Research: Variable Circumstellar Disks: Prevalence, Timescales, and Physical Mechanisms	47.049	AST-1412135	9,024
CNH: Ecosystems and Societies of Outer and Inner Mongolia: Divergent Trajectories and Coevolution	47.050	ICER-1313761	42,927
University of Toledo - Proposal for NSF I Corps Site at The Bancroft Innovators Center	47.070	CNS-1322026	84,028
An Innovative Model for a New Advanced Energy Workforce	47.041	IIP-0917981	62,634
NSF IPA Assignment - Min Song	47.041	CNS-1240341-001	61,116
The UT3 Noyce Scholarship Program	47.076	DUE-0733767	(18,527)
Collaborative Research: Training Next Generation Faculty and Students to Address the Infrastructure Crisis	47.076	1323341	4,445
Graduate Teaching Fellows in STEM High School Education: An Environmental Science Learning Community at the Land-Lake Ecosystem Interface	47.076	DGE-0742395	92,951
A Digital/VLSI Test and Reliable Computing Research Laboratory	47.070	CNS-0958298	(962)
EAGER: Collaborative Research: Time Critical Localization in Mobile Networks	47.070	CNS-1248381	20,969
Collaborative Research: SaTC: STARSS: Exploiting Spintronics for Security, Trust and Authentication	47.070	CNS-1441733	3,014
Collaborative Research: MSB: Microbial Control of Litter Decay at the Cellulose-Lignin Interface	47.074	DEB-0918718	3,591
Mechanisms Controlling the Function and Development of Neuronal Nicotinic Synapses	47.074	IOS-0951549	55,267
Regulation of Type II Restriction-Modification Systems	47.074	964728	41
Assembly, Disassembly and Function of the Mitotidc Checkpoint Complex	47.074	MCB-1052413	25,388
Collaborative Research: Gene Diversity of the VHS Fish Virus: Evolution of Cellular Immune Response and Pathogenesis	47.074	IOS-1354806	68,428
REU Site: Undergraduate Research and Mentoring-Using the Lake Erie Sensor Network to Study Land-Lake Ecological Linkages	47.074	1461124	52,307
LEADERS: Leadership for Educators: Academy for Driving Economic Revitalization in Science	47.076	DUE-0927996	473,787
CAREER: Teaching Practices That Support Fraction-Based Algorithmic Thinking	47.076	DRL-0952661	101,278
Water Distribution Analysis Modules and Kits for Undergrad Education	47.076	DUE-1044823	70,405

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
UT3 Noyce Scholarship Plus	47.076	DUE-1339954	88,783
Advancing Geospatial Thinking and Technologies in Grades 9-12: Citizen Mapping, Community Engagement, and Career Preparation in STEM	47.076	DRL-1433574	91,479
International Collaborative Research: Desalination for Global Water Resources using Biofouling-Resistant Nanocomposite Membranes	47.079	1264039	18,368
ARRA - CAREER: The Life Cycle of Star Clusters: New Windows into Star Formation and Galaxy Evolution	47.082	AST-0847467	(156)
Extreme Events Impacts on Water Quality in the Great Lakes: Prediction and Management of Nutrient Loading in a Changing Climate Pass-through from: University of Michigan	47.041	CBET-1313897	49,254
GEPR: Systems Approaches to Identify Gene Regulatory Networks in the Grasses Pass-through from: Ohio State University	47.074	IOS-1125620	129,763
GEPR: Systems Approaches to Identify Gene Regulatory Networks in the Grasses Pass-through from: Ohio State University	47.074	MCB-1307613	235,870
Seamless Transition from Academia to Real-world (STAR): A Collaborative Partnership to Producing Industry Ready Graduates Pass-through from: University of Cincinnati	47.076	DUE-1141120	628
US Egypt Cooperative Research: Evaluating Subsidence in the Nile Delta Using Radar Interferometry Pass-through from: Western Michigan University	47.079	OISE-1103843	10,160
			-
U.S. Environmental Protection Agency: Invasive Invertebrate Species Prevention, Detection, and Control: A New Next Generation Sequencing Assay	64.469	GL-00E01289-0	73,533
Prevention of Surface Water Contamination from Biosolids Application	66.469	GL-00E00519-0	(185)
Reduction of Sediment and Bacteria Loadings to Public Beaches at Maumee Bay State Park via Enhanced Riparian Habitat	66.469	GL-00E01148-0	247,085
Early Detection DNA Technology for High Risk Invasive Fish Species	66.469	GL-00E01149-1	205,460
The University of Toledo Pollution Prevention Grant Proposal	66.708	NP-01E00915-1	75,817
The University of Toledo Pollution	66.708	NP-00E01333	18,903
Radon Web Site Pass-through from: Ohio Department of Health	66.032		14,143
Radon Web Site Pass-through from: Ohio Department of Health	66.032		18,809
Assessment of Nutrient/Eutrophication Dynamics in Western Lake Erie Pass-through from: Ohio Lake Erie Commission	66.459	LECFGLR14	93,585
Nearshore Fish Sampling Program Development Pass-through from: Ohio Department of Natural Resources	66.469		(112)
Maumee AOC, Wolf Creek: Passive Treatment Wetland to Improve Nearshore Health and Reduce Nonpoint Source Pollutants	66.469	GL-00E00823-0	111,066
UT Tree Filter Bioretention Demonstration Pass-through from: Ohio Environmental Protection Agency	66.469	12GLRI-LUCA-21S	34,746
Bathing Beach Monitoring Project, Maumee Bay State Park Pass-through from: Ohio Department of Health	66.472		6,516
Lake Erie Bathing Beach Monitoring Pass-through from: Ohio Department of Health	66.742	CU-00E52606	1,878
U.S. Nuclear Regulatory Commission: Joint Initiative in a New Type of Nuclear Radiation Detector	77.009	NRCHQ12G380042	115,128
U.S. Department of Energy: Experimental Electron Density Distribution in Actinide Compounds - an Experimental Atoms in Molecules Approach	81.049	DE-SC0012403	86,875
Topic Area of Interest (C - Materials Processing): Fabrication and Processing of Next Generation Oxygen Carrier Materials for Chemical Looping Combustion	81.057	DE-FE008774	71,309
Electron Microscopy Study of Photovoltaic Materials Alliance for Sustainable Energy LLC	81.087	DE-AC36-08GO28308	38
Growth, Heat Treatment and Theory of CdTe Thin Films	81.087	XEJ-2-22052-01	(6,251)
Integration of Nutrient and Water Recycling for Sustainable Algal Biorefineries	81.087	DE-EE0005993	490,573
CIGS Materials and Device Analysis Pass-through from: United States Photovoltaic Manufacturing Consortium, Inc.	81.000	DE-EE0004947	36,729
Ultra high-efficiency and low-cost halide perovskite-based thin-film solar cells Pass-through from: Alliance for Sustainable Energy LLC	81.000	DE-AC36-08GO28308	79,165

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
Biophysical Constraints and Resource Use Limitations for Maximizing Biofuel Pass-through from: University of Wisconsin - Madison	81.049	DE-FC02-07ER64494	68,236
Transparent Back Contacts for Thin CdTe-Based Tandem Cells Pass-through from: Lucintech, Inc.	81.049	DE-SC0006349	18,966
Novel Contact Materials for Improved Performance CdTe Solar Cells Pass-through from: University of Illinois at Chicago	81.087	DE-EE0005405	55,092
High Throughput CIGS Solar Cell Fabrication via Ultra-thin Absorber Layer w/Optical Confinement and (Cd, CBD)-Free Feterojunction Partner Pass-through from: Old Dominion University Research Foundation	81.087	12-161-316341	39,332
Development of a Low Cost, Residential Plug and Play PV System Pass-through from: North Carolina State University	81.087	2013-0013-01	29
Critical Research for Cost-Effective Photoelectrochemical Production of Hydrogen Pass-through from: Midwest Optoelectronics LLC	81.087	DE-FG36-05GO15028	15,408
UT Expertise for SRI/DOE Solar Energy Evolution and Diffusion Studies (SEED) Project Pass-through from: SRI International	81.087	DE-EE006130	8,890
NREL/Alliance-University of Toledo-Joint Appointment (Yanfa Yan) Pass-through from: Alliance for Sustainable Energy LLC	81.087	DE-AC36-08GO28308	29,302
sDensity Functional Theory for FPACE II Project Approaching the Shockley-Queisser Limit with Epitaxial CdTe Pass-through from: Alliance for Sustainable Energy LLC	81.087	DE-AC36-08GO28308	136,100
In Situ Spectroscopic Ellipsometry for Monitoring and Control of Copper Indium Gallium Diselenide Deposition Pass-through from: Alliance for Sustainable Energy LLC	81.087	DE-AC36-08GO28308	(2,735)
Development of Scanning Capacitance Microscopy/Spectroscopy for Nanometer-Resolution Characterization of Compound Thin Film Solar Cells Pass-through from: Alliance for Sustainable Energy LLC	81.087	DE-AC36-08GO28308	14,401
High-Performance Perovskite-Based Solar Cells Pass-through from: Duke University	81.087	DE-EE0006712	70,478
Spiral Wound Module Design for CO2 Capture Pass-through from: Membrane Technology & Research	81.089	DE-FE0007553	50,600
Growth, heat treatment, and theory of CdTe thin films Pass-through from: Battelle	81.089	DE-AC05-00OR22725	81,694
Adjuvanted Nanolipoprotein Particles for use in Enhancing the Protective Efficacy of Francisella tularensis Membrane Protein Antigens Pass-through from: Lawrence Livermore National Laboratory	81.123	B611059	150,563
U.S. Department of Education: Transition Options in Postsecondary Settings for Students with Intellectual Dis. (TOPS) Pass-through from: Ohio State University	84.407	P407A100039	9,662
U.S. Department of Health and Human Services: Ohio Human Trafficking Prevention Program Pass-through from: Ohio Department of Jobs and Family Services	93.590	2013G994551	13,916
Ohio Human Trafficking Prevention Program Pass-through from: Ohio Department of Jobs and Family Services	93.645	G-1201OH1400	84,694
National Institutes of Health: Preclinical in vitro and in vivo Screening Assays - Work Assignment #1 - Contract Administration and Management	93.000	N01-CN-HHSN261200433000C	14
The Chemoprevention of Colon Cancer in the Rat AOM Colon Model. Tissues for Surrogate Biomarker Studies and Testing of a Proliferative Index - Work Assignment #6	93.000	HHSN261200433000C	5,015
Marinobufagenin as a Target for DIGIBIND in Hypertensive Patients with End-Stage Renal Disease	93.000	263-MA-707136	58,542
Catheter Ablation Versus Antiarrhythmic Drug Therapy for Atrial Fibrillation Trial (CABANA Trial) Pass-through from: Duke University	93.000		3,309
Program Support - Phase 1 Clinical Trial Unit for Therapeutics Against Infectious Diseases. Task Order 001 Pass-through from: Clinical Research Management, Inc.	93.000	HHSN272200800026C	201,212

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
Receptor Na/K-ATPase Antagonists As Novel Therapeutics For Renal/Cardiac Diseases	93.000	1R01HL10901501	(53,286)
Genetics of Hypertension	93.000	R01HL105113	295,626
A Phase I Open-Label Trial to Investigate the Pharmacokinetic Interaction Between Rifabutin or Rifampin and a Single Dose of TMC207 in Health Subjects” protocol (DMID Protocol Number: 10-0043), Task Order 005 Pass-through from: Clinical Research Management, Inc.	93.000	HHSN272200800026C	284,370
Lorazepam Efficacy and Safety Study Pass-through from: Children's National Medical Center	93.000	N01 - HD-4-3393	32,207
NICHD International and Domestic Pediatric and Maternal HIV Studies Coordinating Center	93.000	HHSN267200800001C	5,078
Pass-through from: Westat Corporation	93.000		
Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL) National Institutes of Health	93.000	U01 - HL - 071556	505,933
Identification of novel inhibitors of a Vibrio cholerae stress response pathway	93.000	R01 - HD - 075928	215,727
Genetic Elements Controlling Blood Pressure National Institutes of Health	93.000	R01 - HL - 020176	700,765
MORE-CARE Visiting Nurse Association of Mid-Ohio	93.000		1,995
Task Order #006 CDiff 1 DMID 10-0008 PK (CRM) Pass-through from: Clinical Research Management, Inc.	93.000	HHSN272200800026C	202,377
Task Order #4 Colistin DMIM 10-0082 PK (CRM) Pass-through from: Clinical Research Management, Inc.	93.000	HHSN272200800026C	173,872
Ryan White 340b Pharmacy Prgm	93.000	340B	6,062
Ryan White 340b Pharmacy Prgm UTMC	93.000		300,818
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY) National Institutes of Health	93.000		68,288
AHEC Point of Service Maintenance and Enhancement National Institutes of Health	93.000	U77 - HP - 23072	446,435
AHEC Point of Service Maintenance and Enhancement National Institutes of Health	93.107	U77 - HP - 23072	295,846
Multifunctional bone putty for craniomaxillofacial bone repair	93.121	R01 - DE - 023356	119,734
NOVEL CALCIUM SIGNALING PATHWAYS IN SALIVARY GLAND	93.121	1R21DE023418-01A1	189,427
NIDCD-R03 National Institutes of Health	93.173	7 - R03 - DC - 013396	131,697
2702Evaluation of a Standard Acquisition Charge Model for Kidney Paired Donation National Institutes of Health	93.226	RHS020610A	454,941
Longitudinal MRI study of PTSD development from days to weeks after trauma	93.242	R21 - MH - 098198	145,166
Neurobehavioral Moderators of Post-traumatic Disease Trajectories: Prospective MRI Study of Recent Trauma Survivors Pass-through from: New York University	93.242	13-A-00-001751-01	5,329
The role of GLT1 in the modulation of alcohol-drinking behavior in P rats National Institutes of Health	93.273	R01 - AA - 019458	122,130
Methamphetamine Toxicity and Corticostriatal Glutamate National Institutes of Health	93.279	R01 - DA - 007606	298,766
Methamphetamine, Stress and Brain Endothelium	93.279	R01 - DA - 035499	386,160
TRIP13 AAA-ATPase overexpression in chromosomal instability and breast cancer National Institutes of Health	93.393	1 - R01 - CA - 169500	98,952
Standardized Gene Expression Core Facility Development National Institutes of Health	93.394	5 - R24 - CA - 095806	(1,426)
Development of Novel Inducers of Non-Apoptotic Cell Death to Target Glioblastoma National Institutes of Health	93.395	R01 - CA - 115495	305,684
Entirely Carbohydrate Vaccine Constructs and Their Application in Probing Glycoim	93.395	5 - R01 - CA - 156661	329,226
Mechanisms Driving Cortical Cytoskeleton Dynamics in Cancer Cell Invasion	93.396	R01 - CA - 151632	206,800
Invadopodia assembly in pancreatic tumor-associated fibroblasts	93.396	7 - R03 - CA - 161136	7,328
Mechanisms of subtelomere recombinations in telomerase deficient tumors	93.398	R00 - CA - 154889	258,516
Toledo Community Clinical Oncology Program (TCCOP) Pass-through from: Toledo Community Hospital Oncology Program	93.399		12,353
Expansion of PA Training Program National Institutes of Health	93.514	T88hp20684-01-00	220,000
Prevention of Cardiovascular Disease in Diabetes Mellitus Pass-through from: Case Western Reserve University/Case Medical Center	93.830	HHSN268201100027C	37,103
Digitalis-Induced Signaling by Cardiac Na+/K+-ATPase National Institutes of Health	93.837	5P01HL036573-22	476,965

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
PROspective Multicenter Imaging Study for Evaluation of Chest Pain (PROMISE Trial) Pass-through from: Duke University	93.837	R01 - HL - 098237	(750)
Innovative Models for Mechanistic Studies of Novel Hypertension Genes	93.837	R01 - HL - 112641	563,829
TRPC3 Protein in Molecular and Cellular Events During Atherogenesis	93.837	R01 - HL - 111877	379,455
Na/K-ATPase reduction in renal disease-related cardiac dysfunction	93.837	R01 - HL - 105649	363,576
CEACAM1: A link between metabolic and cardiovascular diseases	93.837	R01 - HL - 112248	139,577
Transcriptional Regulation of Angiotensinogen Gene National Institutes of Health	93.837	R01 - HL - 092558	47,116
Aldosterone Synthase and Hypertension	93.837		484,128
Antioxidant-PPARalpha interaction reduces adiposity	93.837	K01 - HL - 125445	78,785
Receptor NA/K-APASE Antagonists as Novel Therapeutics for Renal/Cardiac Diseases Pass-through from: Marshall University Research Corporation	93.837	109015	78,039
Phosphodiesterase Type 5 Inhibition with Tadalafil Changes Outcomes in Heart Failure (PITCH-HF)	93.837		577
Prevention of Cardiovascular Disease in Diabetes Mellitus Pass-through from: Case Western Reserve University/Case Medical Center	93.838	N01 - HC - 95181	137
Inherited genetic risk factors common to COPD and lung cancer National Institutes of Health	93.838	R01 - HL - 108016	410,562
ELANE and CSF3R Mutations in Severe Congenital Neutropenia	93.839	1 - R15 - HL - 112183	175,789
In vivo role of platelets in bacterial blood infection	93.839	R01 - HL - 122401	367,649
Role of complement regulator properdin in the interaction between platelets and leukocytes National Institutes of Health	93.839	R01 - HL - 112937	296,580
Regulation of Melanocyte Differentiation by SWI/SNF Chromatin Remodeling Enzymes	93.846	R01AR059379-01A1	170,684
B. burgdorferi motility and chemotaxis in the development of Lyme disease Pass-through from: East Carolina University	93.846	5R01AR060834	92,719
Multi-faceted Approach to Modeling ACL Injury Mechanisms Pass-through from: Ohio State University	93.846	5 - R01 - AR - 056259	100,260
ICAM-1 in Augmenting Skeletal Muscle Growth National Institutes of Health	93.846	1 - R15 - AR - 064858	19,945
The Roles of Primary Cilia in Cardiovascular System	93.847	5 - R01 - DK - 080640	25,151
Role of JAK2-PAK1 Interaction in Prolactin-Dependent Signaling	93.847	R01 - DK - 088127	231,865
CEACAM and Insulin Action National Institutes of Health	93.847	R01 - DK - 054254	56,743
Identification of New Mechanistic Biomarkers of Adverse Responses to Acetaminophen Pass-through from: Arkansas Children's Hospital Research Institute	93.847	R01 - DK - 081406	1,691
Cellular function and structure of primary cilia	93.847		39,705
Optimization and Simulation of Kidney Paired Donation Programs Pass-through from: University of Michigan	93.847	3002295226	24,158
Interstitial Cystitis: Elucidation of Psychophysiologic and Autonomic Character Pass-through from: Case Western Reserve University/Case Medical Center	93.847	DK - 083538	21,116
Inflammatory Processes Driving Insulin Resistance in Polycystic Ovary Syndrome Pass-through from: University of Michigan	93.847	3003059245	42,180
Chemotaxis to islets based on cellular insulin receptor expression	93.847	R15 - DK - 103196	111,618
Evaluating the role of Exogenous administration of micro RNA 29b to prevent Chronic Kidney Disease induced cardiac Fibrosis National Institutes of Health	93.847	F32 - DK - 104615	40,596
A Multi-Center, Double-Blind, Randomized Study Comparing the Combined Use of Interferon Beta-1a and Glatiramer Acetate to Either Agent Alone in Patients with Relapsing Remitting Multiple Sclerosis (CombiRx-Phase III) Pass-through from: Mount Sinai School of Medicine - New York City	93.853	1 - U01 - NS - 045719	5,002
The Coordination of Netrin Signal Transduction	93.853	1 - R15 - NS - 075738	51,105
Platelet-Oriented Inhibition in New TIA Pass-through from: Emmes Corporation	93.853	U01 - NS - 06285	2,730
CRMP2 mediated signaling in cortical development and neurological function Pass-through from: Sanford Research	93.853		36,123
Randomized Open-label Phase II/III Multicenter Study of High-dose Immunosuppressive Therapy of Irradiation, Cyclophosphamide, ATGAM & Autologous Transplantation c/Auto-CD34+HPC vs IV Pulse Cyclophosphamide for Treatment of Severe Systemic Sclerosis(SCOT) Pass-through from: Duke University	93.855	N01 - AI - 05419	750
Locomotion in Parasitic Nematodes National Institutes of Health	93.855	2 - R56 - AI - 072644	42,411



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

Agency	CFDA #	Agency Number	Fiscal Year 2015
Dysregulation of Innate Immune Responses by <i>Borrelia burgdorferi</i> : A Role for IL-10 National Institutes of Health	93.855	R01 - AI - 073452	(2,422)
Development of Aspartate Pathway Inhibitors as Novel Antibiotics	93.855	5 - R01 - A1077720	245,077
Immune Response to Pneumococcal Vaccine in HIV Infected Adults	93.855	5 - R01 - AI - 081558	(19,560)
Improvement in Paired Donation Program	93.855	R01 - AI - 090244	(22,512)
Preclinical Development of a Tularemia Vaccine	93.855	R01 - AI - 093351	296,872
American Society for Virology Meeting	93.855	R13 - A1 - 096720	1,000
Selective Agents to Block Virulence in Gram-negative Pathogens	93.855	5 - R21 - AI - 098702	1,009
Role of TRIM79 in innate immunity to tick-borne encephalitis virus	93.855	K22 - AI - 099020	54,150
Understanding trehalose synthesis and utilization in mycobacteria	93.855	5 - R01 - AI - 105084	313,279
Risk stratification for sensitized patients in Kidney Paired Donation program	93.855	R21 - AI - 111579	177,632
Intravital assessment of <i>Borrelia burgdorferi</i> -immune cell interactions in skin National Institutes of Health	93.855	R56 - AI - 105128	155,416
Paralysis of Nematode Parasites National Institutes of Health	93.855	R15 - R15AI109573	554
Phase 1 Open Label Trial of the Safety, Tolerability, and Genitourinary and Pharyngeal Pharmacokinetics of Solithramycin Pass-through from: Clinical Research Management, Inc.	93.855	Task Order 008-13-00	1,242
Synthesis of Glycopeptide-based Cancer Antigen Vaccines	93.859	1R15GM09473401A1	58,532
Regulation of Sororin Function by Mitotic Phosphorylation	93.859	1 - R15 - GM - 100440	38,993
The Mechanism of Pericentriolar Material Assembly During Centrosome Biogenesis	93.859	1R01GM098394-01A1	257,068
Chemobiologic Approach to NAADP Signaling	93.859	R15 - GM - 100444	110,352
MLK4 Regulation of MAPK Signaling	93.859	1 - R15 - GM - 102831	81,326
Biochemical and Crystallographic Characterization of Nocturnin National Institutes of Health	93.859	1 - R15 - GM - 110679	34,915
Synthesis of Glycopeptide-based Cancer Antigen Vaccines National Institutes of Health	93.859	R15 - GM - 094734	739
Novel Role of Base Excision Repair and Mismatch Repair in Cisplatin Sensitivity Pass-through from: Wayne State University	93.859	WSU14072	12,548
Mechanism of transport of secretory vesicles in regulated secretory pathway National Institutes of Health	93.865	5 - K22 - HD - 056137	1,900
Ontogeny of the Phase II cytosolic sulfotransferases and adverse drug reactions	93.865	RHD071146A	21,268
Simultaneous Insulin and Leptin Signaling in POMC Neurons Promotes Fertility and Metabolic Homeostasis in Male Rodents	93.865	F31 - HD - 75608	41,798
Modulation of Microtubule Dynamics in Axon Guidance National Institutes of Health	93.865	1 - R15 - HD - 080512	77,303
Defective melanocortin signaling underlying T2D-associated erectile dysfunction National Institutes of Health	93.865	1 - R01 - HD - 081792	24,241
Bone Loss with Aging Occurs Due to Increased PPAR-g Activity in Marrow Stem Cells National Institutes of Health	93.866	5 - R01 - AG - 028935	(3,042)
Immune response to pneumococcal vaccination in aging HIV positive adults.	93.866	R01 - AG - 045973	352,137
Healthy Start Initiative: Eliminating Racial/Ethnic Disparities Pass-through from: Lucas County Regional Health District	93.926	H49MC27825-02-00	68,086
Healthy Relationships through Existing Support Groups Pass-through from: Lucas County Regional Health District	93.940	48-1-001-2-HP-06-13	19,421
Healthy Relationships through Existing Support Groups Pass-through from: Lucas County Regional Health District	93.940	48-1-001-2-HP-06-13	15,792
Options 2014 Pass-through from: Lucas County Regional Health District	93.940	4810012HP0613	7,642
The use of green nanoparticles as biofouling-resistant agent in RO desalination Pass-through from: Development Alternatives Inc	98.001	1001624-14S-22614	23,476
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER</b>			<b>31,805,378</b>
<b>TRIO CLUSTER</b>			
UT Student Support Services	84.042	P042A101389-14	218,062
Upward Bound	84.047	P047A070851-10	(38)
Upward Bound Program	84.047A	P047A120141	402,344
<b>TOTAL TRIO CLUSTER</b>			<b>620,368</b>

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
<b>MEDICAID CLUSTER</b>			
Federal Community Medicaid	93.778		597,843
MEDTAPP YR3 Pass-through from: Ohio Colleges of Medicine Government Resource Center MEDTAPP Healthcare Access (HCA) Initiative Phase 2-Round 1 Community Health Worker Program Pass-through from: Ohio State University	93.778	OMD201409	1,986,447
	93.778		451,026
<b>MEDICAID CLUSTER TOTAL</b>			<b>3,035,316</b>
<b>CHILD NUTRITION CLUSTER</b>			
Upward Bound Food Program - Pass through from Ohio Department of Education	10.559		412
<b>CHILD NUTRITION CLUSTER TOTAL</b>			<b>412</b>
<b>OTHER</b>			
Department of Defense:			
A.C.E.S.	12.607		13,000
Air Force Insitute of Technology	12.607		239,661
STARTALK CHELER Program for Chinese heritage school teachers and administrators	12.900	H98230-14-1-0248	81,395
STARTALK CHELER Program for Chinese Heritage School Teachers and Administrators	12.900	H98230-15-1-0193	4,528
Total Department of Defense			338,584
National Aeronautics and Space Administration:			
Climate Change Education: Engaging Teachers and Students and Correcting Misperceptions using NASA data	43.008	NNX10AT44A	12,294
Department of State Bureau of Educational and Cultural Affairs:			
Institute of International Education (Fulbright)	19.401		889,544
Total Department of State Bureau of Educational and Cultural Affairs			889,544
Department of Veteran Affairs:			
Army HPSP	64.120		292,073
Marine Corp	64.120		4,500
Naval Educational Training	64.120		15,500
Navy Medical	64.120		85,633
Army ROTC	64.120		300,218
Air Force ROTC	64.120		30,493
Go Army	64.120		52,752
Total Department of Veteran Affairs			781,169
Department of Education:			
Council on Rural Services	84.011		6,245
Texas Migrant Council	84.011		4,000
Bureau of Vocational Rehabilitation	84.126		142,413
The PARTNER Project	84.325	H325N110014A	131,129
Project LEA: Leading Educators in Advancing Inclusive Early Education	84.325	H325D130075	287,283
UToledo, UTeach, UTouch the Future (UT3)	84.336	P336B040031-06	419
Engineering for Migrant Students and Teachers Pass-through from: Ohio Department of Education	84.011		20,425
Engineering for Migrant Students and Teachers Pass-through from: Ohio Department of Education	84.011		1,942
Engineering for Migrant Students and Teachers Pass-through from: Ohio Department of Education	84.011		8,080
Carl D. Perkins Grant FY 14 Pass-through from: Ohio Department of Education	84.048		1,408
CTE Teacher Preparation and Retention Pass-through from: Ohio Department of Education	84.048	VEPD-CB-14-063099	77,881
Carl D. Perkins Grant FY 15 Pass-through from: Ohio Department of Education	84.048	63099	83,948
Engineering for Migrant Students and Teachers Pass-through from: Ohio Department of Education	84.149		157

# University of Toledo

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

Agency	CFDA #	Agency Number	Fiscal Year 2015
Improving Instruction and Learning for Students with Disabilities and Other At-Risk Learners Pass-through from: Ohio Department of Education	84.323	14024	1,265
Graduate Studies Consortium for Listening and Spoken Language (GSCLSL) Pass-through from: University of Akron	84.325	H325K120356-14	121,613
Ohio New Learning Standards in Math & Science through a Technology Lens in NW Ohio Pass-through from: Ohio Board of Regents	84.367	14-46	38,039
Total Department of Education			926,247
Department of Health and Human Services			
Occupational Health Training Grant National Institutes of Health	93.262	T010H008605	16,980
Child and Adolescent Psychiatry Residency and Training Program Pass-through from: Ohio Department of Mental Health	93.958	402-12-100-14-013	466
Child and Adolescent Psychiatry Residency and Training Program Pass-through from: Ohio Department of Mental Health	93.958	402-12-100-14-013	31,189
Alcohol and Substance Abuse Program Pass-through from: Ohio Department of Alcohol and Drug Addiction Services	93.959	99-8203-HEDUC-P-12-9	3,789
Regional Comprehensive Genetic Services Pass-through from: Ohio Department of Health - Federal Pass-Through Funds	93.994	04840011GS0714	(1,074)
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY) National Institutes of Health	93.153		(105,082)
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY) National Institutes of Health	93.153	H12HA248380301	460,473
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program National Institutes of Health	93.918	5 - H76 - HA - 00732	1,205
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program National Institutes of Health	93.918	H76 - HA - 00732	123,532
Program Income Account for Ryan White Part D Pass-through from: University of Toledo Physicians	93.918		3,350
Program Income Account for Ryan White Part C Pass-through from: University of Toledo Physicians	93.918		1,093
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program National Institutes of Health	93.918	6 - H76 - HA - 00732	(3)
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program National Institutes of Health	93.918	6 - H76 - HA - 00732	(4,784)
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program National Institutes of Health	93.918	H76 - HA - 00732	343,996
Total Department of Health and Human Services			875,130
<b>Total Other</b>			<b>3,822,968</b>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>\$ 221,348,863</b>

# University of Toledo

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

### Note 1 - Basis of Presentation

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

### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for 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 represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

### Note 3 - Adjustments and Transfers

During the year ended June 30, 2015, there were the following transfers of grant overpayments:

<u>Transferred from</u>	<u>Amount</u>	<u>Transferred to</u>
Federal Work Study	\$ 202,939	FSEOG

# University of Toledo

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

### Note 4 – Subrecipient Awards

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

CFDA Number	Agency	Description	Current Year Transferred to Subrecipient
11.417	American Rivers	Green Stormwater Infrastructure Planning in Lucas County, Ohio	\$ 3,119.00
11.432	Blue Water Satellite, Inc.	Early Bloom Mapping in Lake Erie	36,300.00
12.100	Research Foundation Of SUNY	Bulk Material Defects and Reliability of SIC Power Devices	13,352.00
12.100	Argonne National Laboratory	Bulk Material Defects and Reliability of SIC Power Devices	31,260.00
12.800	Ohio State University	Lightweight Flexible Solar Cells	55,703.00
12.800	Rochester Institute of Technology	Lightweight Flexible Solar Cells	123,916.00
12.910	NASA John H. Glenn Research Center	Application of Wave Bearing Technology To Helicopter Transmissions	55,000.00
20.205	Mexam Technologie Corp	Development of Transportation Asset Management Decision Support Tools	7,000.00
20.205	Professional Service Industries Inc	Development of an Overlay Design Procedure for Composite Pavements	5,180.00
20.205	University of Cincinnati	Veteran's Glass Skyway Ice Dashboard Implementation	59,930.00
43.001	Regents of The University of Michigan	LCLUC Synthesis: Ecosystem-Society Interactions on a Changing Mongolian Plateau	3,239.00
43.001	Michigan Technological University	HICO Identification of Harmful Algal Blooms	37,014.00
47.041	Northwest State Community College	An Innovative Model for a New Advanced Energy Workforce	16,000.00
47.041	Wright State University	An Innovative Model for a New Advanced Energy Workforce	18,001.00
47.041	Oklahoma State University	New Methodologies for System-Level Electromagnetic Compatibility (EMC) Analysis of Electronic Systems	22,185.00
47.041	Kayos Enterprise Inc	PFI: AIR - TT: Situational Awareness during Fire and Emergency (SAFE)	51,645.00
47.046	Mentzer, Gale C..	Networking Urban Resources with Teachers and University to enRich Early Childhood Science	225,653.00
47.049	University of Rochester	The CepOB3b Young Cluster: A New Laboratory for Studying the Role of Environment...	12,570.00
47.049	Michigan State University	SEP: Earth-abundant solar cells as a sustainable solar energy pathway	72,422.00
47.05	Auburn University	CNH: Ecosystems and Societies of Outer and Inner Mongolia: Divergent Trajectories and Coevolution	29,531.00
47.076	University of Dayton	Water Distribution Analysis Modules and Kits for Undergrad Education	22,840.00
47.076	Mentzer, Gale C..	UT3 Noyce Scholarship Plus	67,803.00
66.469	TMACOG	Maumee AOC, Wolf Creek: Passive Treatment Wetland to Improve Nearshore Health and Reduce Nonpoint Source Pollutants	5,991.00

# University of Toledo

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

### Note 4 – Subrecipient Awards (Continued)

CFDA Number	Agency	Description	Current Year Transferred to Subrecipient
66.469	Blanchard Landscape Inc	UT Tree Filter Bioretention Demonstration	1,395.00
66.469	Miller Bros Construction Inc	UT Tree Filter Bioretention Demonstration	16,552.00
66.469	Stormtree	UT Tree Filter Bioretention Demonstration	9,000.00
66.708	CIFT	The University of Toledo Pollution Prevention Grant Proposal	16,450.00
66.708	TechSolve, Inc.	The University of Toledo Pollution Prevention Grant Proposal	21,000.00
81.087	Clearas Water Recovery	Integration of Nutrient and Water Recycling for Sustainable Algal Biorefineries	2,356.00
81.087	Montana State University	Integration of Nutrient and Water Recycling for Sustainable Algal Biorefineries	191,282.00
81.087	University of North Carolina at Chapel Hill	Sustainable Algal Biorefineries	\$ 29,483.00
84.325	Cuyahoga Community College	The PARTNER Project	2,849.00
84.325	Stark State College	The PARTNER Project	6,366.00
84.325	University of North Carolina at Chapel Hill	The PARTNER Project	3,378.00
84.408	Terra State Community College	Carl D. Perkins Grant FY 15	58,849.00
93.000	Bryan Area Health Education Center	AHEC Point of Service Maintenance and Enhancement	30,943.00
93.000	LAHEC	AHEC Point of Service Maintenance and Enhancement	53,889.00
93.000	NEOUCOM	AHEC Point of Service Maintenance and Enhancement	127,691.00
93.000	Ohio University	AHEC Point of Service Maintenance and Enhancement	72,388.00
93.000	SAHEC	AHEC Point of Service Maintenance and Enhancement	85,939.00
93.107	Bryan Area Health Education Center	AHEC Point of Service Maintenance and Enhancement	6,470.00
93.107	LAHEC	AHEC Point of Service Maintenance and Enhancement	47,838.00
93.107	NEOUCOM	AHEC Point of Service Maintenance and Enhancement	104,364.00
93.107	Northeastern Ohio Universities	AHEC Point of Service Maintenance and Enhancement	46,037.00
93.107	Ohio University	AHEC Point of Service Maintenance and Enhancement	24,882.00
93.107	SAHEC	AHEC Point of Service Maintenance and Enhancement	35,673.00
93.107	University of Cincinnati	AHEC Point of Service Maintenance and Enhancement	12,012.00
93.226	Regents of The University of Michigan	2702Evaluation of a Standard Acquisition Charge Model for Kidney Paired Donation	6,079.00
93.226	Alliance for Paired Donation	2702Evaluation of a Standard Acquisition Charge Model for Kidney Paired Donation	346,441.00
93.226	Arbor Research Collaborative for Health	2702Evaluation of a Standard Acquisition Charge Model for Kidney Paired Donation	2,604.00
93.242	Regents of The University of Michigan	Longitudinal MRI study of PTSD development from days to weeks after trauma	14,070.00
93.279	University of Cincinnati	Methamphetamine Toxicity and Corticostriatal Glutamate Development of Novel Inducers of Non-Apoptotic Cell Death to Target Glioblastoma	20,193.00
93.395	Regents of The University of Michigan	UT Interprofessional Healthcare Provider Development	8,529.00
93.778	Northeast Ohio Medical University	MEDTAPP Healthcare Access (HCA) Initiative Phase 2-Round 1 Community Health Worker Program	109,097.00
93.778	Hospital Council of Northwest Ohio		304,184.00

# University of Toledo

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

### Note 4 – Subrecipient Awards (Continued)

CFDA Number	Agency	Description	Current Year Transferred to Subrecipient
93.778	Mercy College of Ohio	MEDTAPP Healthcare Access (HCA) Initiative Phase 2- Round 1 Community Health Worker Program	30,000.00
93.778	North Central State College	MEDTAPP Healthcare Access (HCA) Initiative Phase 2- Round 1 Community Health Worker Program	69,762.00
93.837	Portland State University	Digitalis-Induced Signaling by Cardiac Na <sup>+</sup> /K <sup>+</sup> -ATPase	48,209.00
93.837	Temple University	CEACAM1: A link between metabolic and cardiovascular diseases	19,140.00
93.838	Medical University of South Carolina	Inherited genetic risk factors common to COPD and lung cancer	(12,767.00)
93.838	Henry Ford Health System	Inherited genetic risk factors common to COPD and lung cancer	18,938.00
93.855	East Carolina University	Intravital assessment of <i>Borrelia burgdorferi</i> -immune cell interactions in skin	8,584.00
93.859	Regents University of Minnesota	Chemobiologic Approach to NAADP Signaling	16,338.00
98.001	Georgia Institute of Technology	The use of green nanoparticles as biofouling-resistant agent in RO desalination	5,292.00
Total amount provided to subrecipients			<u>\$ 2,997,433.00</u>

# University of Toledo

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

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes  No

#### Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

Yes  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.063, 84.007, 84.033, 84.038, 84.268, 84.379 and 93.264	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,178,533

Auditee qualified as low-risk auditee?  Yes  No



# **University of Toledo**

---

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

### **Section II - Financial Statement Audit Findings**

None

### **Section III - Federal Program Audit Findings**

None

**This page intentionally left blank.**

**University of Toledo**  
**National Collegiate Athletics Association**

---

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

# **University of Toledo National Collegiate Athletics Association**

---

## **Contents**

Report Letter	1-16
Intercollegiate Athletics Program Statement of Revenue and Expenditures	17
Notes to Intercollegiate Athletics Program Statement of Revenue and Expenditures	18-19
Appendix A	20-21

## Independent Accountants' Report on the Application of Agreed-upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by the President of the University of Toledo (the "Institution"), solely to assist you in evaluating whether the accompanying Intercollegiate Athletics Program Statement of Revenue and Expenditures is in compliance with the National Collegiate Athletics Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2015. The University of Toledo's management is responsible for the statement of revenue and expenditures (the "statement") and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### **Agreed-upon Procedures Related to the Statement of Revenue and Expenditures**

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

#### **Internal Control Structure**

- A. In preparation for our procedures related to the Institution's internal control structure:
- 1) We met with the Director of Internal Audit and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the Institution, the competence of personnel, and the protection of records and equipment.
  - 2) We obtained the audited financial statements for the year ending June 30, 2015 and noted there were no additional reports regarding internal controls and any corrective action taken in response to comments concerning the internal control structure.
  - 3) We obtained any documentation of the accounting systems and procedures unique to the intercollegiate athletics department.

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

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

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

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

Event Date	Sporting Event	Ticket Sales Amount	Deposit Date
9/6/2014	Football vs. Missouri	\$ 2,417.50	9/16/2014
9/27/2014	Football vs. Central Michigan	2,700.00	10/8/2014
1/24/2015	Men's Basketball vs. Bowling Green	2,579.00	1/30/2015
2/7/2015	Women's Basketball vs. Ball State	1,198.00	2/17/2015

### **NCAA Reporting**

B. **Procedure:** The Financial Report Submission to the NCAA is now due on January 15, 2016. We obtained the financial data detailing operating revenue, expenses, and capital related to the Institution's intercollegiate athletics program that will be submitted to the NCAA and agreed the amounts to the Intercollegiate Athletics Program Statement of Revenue and Expenses included in the agreed upon procedures for the reporting period.

**Results:** We noted no discrepancies.

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

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

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

### **Notes and Disclosures**

D. **Procedure:** We obtained and described the Institution's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets in Note 1. We agreed the schedule to the Institution's general ledger. We obtained repayment schedules for all outstanding intercollegiate athletics debt maintained by the institution during the reporting period. We recalculated annual maturities (consisting of principal and interest) provided in the schedules obtained and agreed the total annual maturities to supporting documentation and the Institution's general ledger, as applicable. The intercollegiate athletics debt is disclosed in Note 2.

**Result:** We noted no exceptions.

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

**Result:** We noted there were no additions or changes to endowment and plant funds that exceeded 10 percent.

### **Statement of Revenue and Expenditures**

F. **Procedure:** We obtained the Intercollegiate Athletics Program Statement of Revenue and Expenditures for the reporting period, prepared by management, and agreed all amounts back to the Institution's general ledger.

**Result:** We noted no exceptions.

G. **Procedure:** We compared revenue and expenditure amounts from the statement to prior year amounts and budget estimates. We obtained and documented any variations exceeding \$100,000 and 10 percent of total revenue.

**Result:** See Appendix A for actual variances. For budget variances, we noted none exceeding 10 percent and \$100,000.

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

**Result:** See procedures below. Step J.13 listed on the engagement letter was not performed as it was less than .5 percent of total expenses.

## **Revenues**

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

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

- 1) **Ticket Sales**

**Procedure:** We agreed tickets sold for football, men's basketball, and women's basketball events during the reporting period, including complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Institution in the statement and related attendance figures and recalculated totals. Sample is disclosed in procedure A.4i.

**Result:** We noted no exceptions.

- 2) **Student Fees**

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

**Result:** We noted no exceptions.

- 3) **Direct Institutional Support**

**Procedure:** We agreed the direct institutional support recorded by the Institution during the reporting period to documentation from the budget office for the authorization of direct institutional support and recalculated totals.

**Result:** In the current year, the University approved \$2,326,835 of institutional support for NCAA.

- 4) **Guarantees**

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



**Result:**

Event Date	Sporting Event	Guarantee Amount
March 31, 2015	Baseball - University of Michigan	\$ 2,000.00
April 15, 2015	Baseball - University of Notre Dame	1,000.00
December 29, 2014	Men's Basketball - Duke University	85,000.00
February 27 - March 1, 2015	Softball - Arizona State University	2,000.00
April 8, 2015	Softball - Michigan State University	1,000.00

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

5) Contributions

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

**Result:** We obtained the general ledger detail for contribution revenue and noted there were no contributions over 10 percent.

6) NCAA Distributions

**Procedure:** We agreed the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and recalculated totals.

**Result:** Procedures were performed without exception.

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

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

**Result:** Procedures were performed without exception.

8) Royalties, Licensing, Advertisements, and Sponsorships

**Procedure:** We obtained and inspected a sample of two agreements and a total of 13 transactions related to the Institution's participation in revenue from royalties, advertisements, and sponsorships during the reporting period. We agreed the related revenue to the Institution's general ledger and recalculated totals.

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

**Result:** We obtained and inspected a sample of two agreements and a total of 13 transactions. Current year revenue related to these agreements and transactions represented 67.4 percent of the royalty, licensing, advertisements, and sponsorships revenue. We selected the following licensing/sponsorship transactions:

Date	Program	Receipt Amount
June 27, 2015	Multi-media Rights	\$ 622,135.00
December 19, 2014	Multi-media Rights	368,000.00
November 26, 2014	Chairbacks	2,492.00
November 26, 2014	Chairbacks	420.00
November 26, 2014	Chairbacks	560.00
November 26, 2014	Chairbacks	280.00
November 26, 2014	Chairbacks	336.00
September 30, 2014	Chairbacks	60.00
September 16, 2014	Chairbacks	56.00
August 31, 2014	Chairbacks	558.00
August 31, 2014	Chairbacks	532.00
August 8, 2014	Chairbacks	47.00
July 24, 2014	Chairbacks	9.00

Procedures were performed with the exception that only two agreements were inspected since the other agreements are low-dollar barter agreements.

9) Sports Camp Revenue

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

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

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

<u>Date</u>	<u>Program</u>	<u>Camp Receipts</u>
June 30, 2015	Rockets Summer Baseball Camp	\$ 10,895.50

10) Other

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

**Result:** We noted no exceptions.

**Expenditures**

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

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

We performed the following procedures for the indicated expenditure category:

I) Athletic Student Aid

**Procedure:** We selected a sample of 37 students (at least 10 percent of the total student athletes since the Institution uses NCAA's Compliance Assistance software to prepare athletic aid detail) from the listing of institutional student aid recipients during the reporting period. We obtained individual student account detail for each selection and agreed total aid allocated from the related aid award letter to the student's account and recalculated totals.

- a. We performed a check of each student selected to ensure that their information was reported accurately in either the NCAA's Compliance Assistant software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:
  - i. The equivalency value for each student-athlete in all sports, including head-count sports, need to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount, which is the total cost for tuition, fees, books, and room and board for an academic year, as the denominator. If using the NCAA Compliance Assistant software, this equivalency value should already be calculated on that squad list labeled "Rev. Dist. Equivalent Award."
  - ii. If an athlete participates in more than one sport, the Rev. Dist. Equivalent Award can only be included in one sport. NCAA Compliance Assistant software will place an asterisk by the student-athlete within the sport that is not countable towards grants-in-aid revenue distribution.
  - iii. All equivalency calculations should be rounded to two decimal places. The NCAA Compliance Assistant software and the on-line summary form will automatically round to two decimal places.

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

- iv. The full grant amount should be the full cost of tuition for an academic year, not a semester.
- v. If a sport is discontinued and the grants are still being honored by the Institution, the grants may be included in the total.
- vi. Student-athletes receiving athletic aid who have exhausted their athletics eligibility or are inactive due to medical reasons should be included in the grants-in-aid calculation, marked properly on the squad list and on the Grants-in-Aid submission form.
- vii. Only athletic grants awarded in sports in which the NCAA conducts championship competitions, emerging sports for women, and football should be included in the calculations.

b. We recalculated totals for each sport and overall.

**Result:** We noted no exceptions. The students' accounts tested are summarized below:

Student Tested	Amount Disbursed	Student Tested	Amount Disbursed
1	\$5,352	20	\$12,279
2	20,100	21	2,090
3	30,676	22	14,838
4	21,338	23	15,280
5	20,100	24	29,438
6	20,100	25	29,438
7	29,438	26	2,828
8	20,100	27	13,852
9	29,438	28	3,800
10	20,100	29	14,080
11	20,100	30	14,580
12	20,100	31	30,676
13	20,100	32	29,438
14	16,086	33	17,200
15	29,438	34	16,780
16	19,220	35	30,676
17	6,128	36	11,500
18	20,100	37	7,200
19	20,100		

2) Guarantees

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

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

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

Sporting Event	Expenses
Men's Basketball - Northern Arizona University	\$ 75,000.00
Women's Basketball - Ferris State University	3,000.00
Women's Basketball - Southeast Missouri State University	4,000.00
Women's Basketball - University of Idaho	6,000.00
Volleyball - Duquesne University	1,000.00

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

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

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

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

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

**Result:** We selected the following staff:

Staff	Staff Title
1	Associate Athletic Director
2	Assistant Athletic Director - Sports Medicine
3	Senior Associate Athletic Director - Dev Ex Affairs
4	Assistant Athletic Director
5	Associate Athletic Director - Finance

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

We compared the total expense amounts from the HR Labor expenditure detail to the Annual Salary amounts, noting that all differences were explained by a two percent raise effective July 2015.

5) Recruiting

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

**Result:** Procedures were performed without exception.

6) Team Travel

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

**Result:** Procedures were performed without exception.

7) Equipment, Uniforms, and Supplies

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

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

<u>Date</u>	<u>Expense Description</u>	<u>Expense Amount</u>
July 25, 2014	Training room - Medical supplies	\$ 9,638.87

8) Game Expenses

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

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

<u>Date</u>	<u>Expense Description</u>	<u>Expense Amount</u>
October 6, 2014	Men's golf - Championship prizes	\$ 2,454.00

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

9) Fund Raising, Marketing, and Promotion

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

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

<u>Date</u>	<u>Expense Description</u>	<u>Expense Amount</u>
June 30, 2015	Clothing for resale	\$ 14,932.47

10) Sports Camp Expenses

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

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

<u>Date</u>	<u>Expense Description</u>	<u>Expense Amount</u>
August 22, 2014	T-shirts for basketball camp	\$ 3,738.75

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

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

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

<u>Expense Description</u>	<u>Expense Amount</u>
Glass Bowl Facility	\$ 15,121.00
Savage Hall	800,000.00
Larimer Renovation	1,000,000.00

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

12) Direct Overhead and Administrative Support

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

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

<u>Date</u>	<u>Expense Description</u>	<u>Expense Amount</u>
January 15, 2015	Utilities Charge Back - Electricity	\$ 46,750.00
March 16, 2015	Monthly allocation of copier charges	371.90
September 19, 2014	Utilities Charge Back - Electricity	40,300.00
September 19, 2014	Utilities Charge Back - Natural Gas	4,950.00
October 15, 2014	Monthly allocation of Institutional Advancement salaries, Internal Audit salaries, and copier charges	10,026.60

13) Medical Expenses and Medical Insurance

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

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

<u>Date</u>	<u>Expense Description</u>	<u>Expense Amount</u>
March 20, 2015	Insurance - General	\$ 2,188.46

14) Memberships and Dues

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

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

<u>Date</u>	<u>Expense Description</u>	<u>Expense Amount</u>
September 5, 2014	Golf Performance Institute of Toledo - Yearly membership	\$ 3,600.00



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

15) Other Operating Expenses

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

**Result:** We noted no exceptions.

**Affiliated and Outside Organizations**

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

- 1) Inquired of management as to whether they have identified any affiliated and outside organizations that meet any of the following criteria:
  - i. Booster organizations established by or on behalf of an intercollegiate athletics program.
  - ii. Independent or affiliated foundations or other organizations that have, as a principal purpose, the generating or maintaining of grants-in-aid or scholarships funds, gifts, endowments, or other moneys, goods, or services to be used entirely or in part by the intercollegiate athletics program.
  - iii. Alumni organizations that have, as one of its principal purposes, the generating of moneys, goods, or services for or on behalf of an intercollegiate athletics programs and that contribute moneys, goods, or services directly to an intercollegiate athletics program, booster group, or independent or affiliated foundation as previously noted.
- 2) Obtained documentation on the Institution's practices and procedures for monitoring the internal controls in place and financial activities of these organizations. We inquired of management on the procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the institution's intercollegiate athletic program.
- 3) Obtained and inspected audited financial statements of the organization and any additional reports regarding internal controls and any corrective action taken in response to comments concerning the control environment that were provided to us by management.

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

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

	Beginning Cash Balance 06/30/14	Cash Receipts	Contribution to or on Behalf of Program	Ending Cash Balance 06/30/15
The Varsity T Group Downtown Coaches Association	\$ 3,291	\$ 26,039	\$ 11,407	17,923
	3,763	213,141	215,275	1,629
Women's Basketball Fan Club	<u>7,074</u>	<u>31,847</u>	<u>30,903</u>	<u>8,018</u>
Total all funds	<u>\$ 14,128</u>	<u>\$ 271,027</u>	<u>\$ 257,585</u>	<u>\$ 27,570</u>

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

1) We disclosed a summary of revenue and expenses for the organization. A summary of revenue and expenses is included below as of June 30, 2015:

Revenue	\$ 213,141
Expenses	<u>215,275</u>
Net loss	<u>\$ (2,134)</u>

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

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

<u>Revenue Category</u>	<u>Amount</u>
1 Football 50/50	\$ 89,621.75
2 Men's Basketball 50/50	49,171.00
3 Women's Basketball 50/50	40,980.00

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

	<u>Amount</u>	<u>Date</u>
1	\$ 27,457.00	9/8/2014
2	6,509.00	3/2/2015
3	3,640.00	2/9/2015

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

<u>Operating Expense Account</u>	<u>Amount</u>
1 Regular Lunch change	\$ 100.00
2 Football 50/50 change	2,000.00
3 Football 50/50 awards	37,767.00
4 Lunches - Aramark	28,944.00
5 Men's Basketball 50/50 awards	22,237.00
6 Women's Basketball 50/50 awards	17,787.00
7 PointStreak start-up	4,205.68
8 PointStreak tech services	1,305.00
9 PointStreak commissions	14,664.80
10 50/50 team distribution	39,718.00
11 Athletic dept. support	41,000.00
12 Executive compensation	4,600.00
13 Miscellaneous expenses	946.95

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

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

- 6) We directly confirmed cash balances recorded at the end of the reporting period by the organization and agreed to the related year-end bank reconciliation.

	<u>Amount</u>	<u>Date</u>
1	\$ 4,819.50	11/26/2014
2	7,620.00	10/27/2014
3	2,515.12	2/9/2015

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

	<u>Meeting Date</u>	<u>Amount</u>
1	10/6/2014	\$ 839.91
2	1/12/2015	20,027.00
3	2/16/2015	20,000.00

**Result:** No exceptions noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Intercollegiate Athletics Program Statement of Revenue and Expenditures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the National Collegiate Athletics Association and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

October 28, 2015

# University of Toledo

## National Collegiate Athletics Association Report

### Intercollegiate Athletics Program Statement of Revenues and Expenditures For the Year Ended June 30, 2015

	Men's Football	Men's Basketball	Women's Basketball	Other	Total
<b>Operating Revenue</b>					
Ticket sales	\$ 970,194	\$ 398,931	\$ 155,158	\$ 146,766	\$ 1,671,049
Student fees				10,504,815	10,504,815
Direct institutional support	433,178	86,524	52,965	1,754,168	2,326,835
Guarantees	275,000	145,000	3,000	16,446	439,446
Contributions				2,770,950	2,770,950
NCAA and MAC revenue				2,417,795	2,417,795
Program sales, concessions, and parking	175,674	27,396	16,860	-26,013	193,917
Royalties, advertisements, and sponsorships	-402			1,477,635	1,477,233
Sports camp revenue	6,505	62,818	24,122	116,017	209,462
Other	426,669	124,590	17,194	1,034,796	1,603,249
Total operating revenue	2,286,818	845,259	269,299	20,213,375	23,614,751
<b>Operating Expenditures</b>					
Athletic student aid	2,689,201	357,997	384,758	4,101,601	7,533,557
Guarantees	675,000	78,000	17,000	36,352	806,352
Coaching salaries	2,399,518	1,005,617	867,627	1,355,506	5,628,268
Support staff/Administrative salaries, benefits, and bonuses paid by the Institution and related entities				2,858,975	2,858,975
Recruiting	217,004	80,260	113,522	72,034	482,820
Team travel	285,776	208,307	152,763	950,401	1,597,247
Equipment, uniforms, and supplies	512,179	51,234	50,170	708,779	1,322,362
Game expenses	606,564	316,119	149,736	206,503	1,278,922
Fundraising, marketing, and promotion		275		1,093,202	1,093,477
Sports camp expense	2,478	56,902	36,855	121,990	218,225
Spirit groups				77,336	77,336
Debt service				1,850,971	1,850,971
Direct overhead	14,407	1,944	2,627	502,250	521,228
Medical expenses and insurance				250,336	250,336
Memberships and dues	131,615	881		53,938	186,434
Other operating expense	637,953	65,154	45,699	993,782	1,742,588
Total operating expenditures	8,171,695	2,222,690	1,820,757	15,233,956	27,449,098
<b>(Deficiency) Excess of Revenue</b>					
<b>(Under) Over Expenditures</b>	<b>\$ (5,884,877)</b>	<b>\$ (1,377,431)</b>	<b>\$ (1,551,458)</b>	<b>\$ 4,979,419</b>	<b>\$ (3,834,347)</b>

# University of Toledo

## National Collegiate Athletics Association Report

### Notes to Intercollegiate Athletics Program Statement of Revenue and Expenditures For the Year Ended

#### Note 1 - Intercollegiate Athletics-related Assets

Property and equipment are recorded at cost or, if donated, the fair value at the time of donation. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. Estimated service lives range from 4-40 years depending on class.

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

	<u>Additions</u>	<u>Deletions</u>
Football athletics facilities	\$ 517,591	\$ -
Other athletics facilities	7,847,109	6,663
Total athletics facilities	<u>\$ 8,364,700</u>	<u>\$ 6,663</u>
Other institutional facilities	\$ 39,272,596	\$ 1,676,772

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

	<u>Estimated Book Value</u>
Athletically-related property, Plant, and equipment balances	\$ 50,245,010
Institution's total property, plant, and equipment balances	640,862,000

# University of Toledo National Collegiate Athletics Association Report

## Notes to Intercollegiate Athletics Program Statement of Revenue and Expenditures For the Year Ended

### Note 2 - Intercollegiate Athletics-Related Debt

The annual debt service and debt outstanding for the Institution as of the year ending June 30, 2015 is as follows:

	Annual Debt Service	Debt Outstanding
Athletically-related facilities	\$ 1,797,123	\$ 42,488,640
Institution's total	35,031,000.00	477,295,000

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

	Glass Bowl		Savage Hall		Practice Facility		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 15,350	\$ 19,188	\$ 557,580	\$ 725,427	\$ -	\$ 479,578	\$ 572,930	\$ 1,224,193	\$ 1,797,123
2017	16,100	22,125	517,029	771,348	-	479,578	533,129	1,273,051	1,806,180
2018	16,900	19,750	608,269	680,695	-	479,578	625,169	1,180,023	1,805,192
2019	17,750	17,325	567,718	719,777	416,778	479,578	1,002,246	1,216,680	2,218,926
2020	18,650	19,850	658,959	631,793	615,816	461,292	1,293,425	1,112,935	2,406,360
Thereafter	19,450	17,300	14,639,019	5,927,506	8,967,406	2,884,178	23,625,875	8,828,984	32,454,859
Total	<u>\$ 104,200</u>	<u>\$ 115,538</u>	<u>\$ 17,548,574</u>	<u>\$ 9,456,546</u>	<u>\$ 10,000,000</u>	<u>\$ 5,263,782</u>	<u>\$ 27,652,774</u>	<u>\$ 14,835,866</u>	<u>\$ 42,488,640</u>

# University of Toledo National Collegiate Athletics Association Report

## Appendix A

	2014-15 Total	2013-14 Total	\$ Change	% Change	Explanation of Variance per Management
<b>Revenue</b>					
Men's teams:					
Football:					
Ticket sales	\$ 970,194	\$ 824,965	\$ 145,229	17.60%	The increase in ticket sales is primarily a result of the Missouri game, which featured a great deal of interest due to it involving a nationally ranked SEC team. Ticket sales in fiscal year 2014 were down due to bad weather, more late season mid-week games on national television, and early season losses.
Direct institutional support	433,178	204,615	228,563	111.70%	An additional \$230,000 was provided by the Institution to cover a portion of the budgeted shortfall between athletics revenue and expenses.
Guarantees	275,000	1,061,700	(786,700)	-74.10%	Guarantees fluctuate annually based on contracts signed. Fiscal year 2014 included guarantees from University of Florida (\$800,000) and Missouri (\$350,000).
Program sales, concessions, parking	175,674	6,809	168,865	2480.03%	In fiscal year 2014, all concession revenue from athletic ticketings Fan Plan promotion was recorded in the marketing expense account with an offsetting expense split between the store and the sport associated with the Fan Plan promo. In 2015, concession revenue was allocated to the particular sport. Additionally, parking revenue increased as a result of raising parking charges from \$5 to \$10.
Other	426,669	109,858	316,811	288.38%	The increase is due to approximately \$100,000 in foundation revenue related to the purchase of additional weight equipment for Larimer, as well as \$270,000 used to facilitate purchase of new sound system, which was needed for the new football video board in the Glass Bowl.
Nonprogram specific:					
NCAA/MAC revenue	2,417,795	1,312,119	1,105,676	84.27%	Revenue fluctuates annually based on a formula determined by the NCAA. In fiscal year 2015, \$160,000 was received from the NCAA for basketball's share, which was forfeited the prior year due to post season ineligibility in 2013. Additionally, the increase is due to the Institution's participation in the MAC, which signed a new TV contract with ESPN. This increased revenue by roughly \$700,000 in 2015.
Program sales, concessions, parking	(26,013)	127,429	(153,442)	-120.41%	In fiscal year 2014, all concession revenue from athletic ticketings Fan Plan promotion was recorded in the marketing expense account with an offsetting expense split between the store and the sport associated with the Fan Plan promo. In 2015, concession revenue was allocated to the particular sport. Additionally, parking revenue increased as a result of raising parking charges from \$5 to \$10.
Other	1,034,796	831,114	203,682	24.51%	Approximately \$177,200 of the increase is related to funds raised by the women's basketball team for their summer trip to Europe.



# University of Toledo National Collegiate Athletics Association Report

## Appendix A (Continued)

Expenditures	2014-15 Total	2013-14 Total	\$ Change	% Change	Explanation of Variance per Management
Men's teams:					
Football:					
Coaching salaries	\$ 2,399,518	\$ 2,102,617	\$ 296,901	14.12%	The increase is due to football coach salary increases and a performance bonus increase.
Team travel	285,776	511,373	(225,597)	-44.12%	Fiscal year 2014 included away games at Florida and Missouri, which required air travel. Air travel expense was not incurred in fiscal year 2015 for home games with New Hampshire and Missouri.
Equipment uniforms supplies	512,179	377,819	134,360	35.56%	Equipment includes all associated program related equipment expense. In 2015, approximately \$100,000 in weight room equipment was purchased for the Larimer complex. Additional purchases included video cameras and production equipment that were due for upgrades due to software compatibility issues. These are listed as multiple small item purchases from Amazon Marketplace, Rocket Tech Center, and Best Buy.
Game expenses	606,564	411,603	194,961	47.37%	The increase in game expenses is primarily due to utilization of Contemporary Service Corp. as event staff and security for varsity games.
Other	637,953	414,836	223,117	53.78%	The majority of the increase is due to the inclusion of Varsity home game expenses (primarily from the Radisson Hotel) associated with home game hotel stays. These expenses were included in team travel expenses in previous years. Additionally, the NCAA removed the restriction on meals provided surrounding practice times, resulting in an increase in meals provided to student-athletes as allowable. These expenses have typically been included in travel (sponsored events).
Nonprogram-specific:					
Team travel	950,401	840,121	110,280	13.13%	Team travel fluctuates annually due to a variety of reasons. The two primary components of this change were from postseason participation, in track and field, cross country, and baseball, which each had an additional long trip in 2015. This resulted in higher airline expenses as well as a longer stay in post season participation which in total accounts for \$52,000 of the increase.
Game expenses	206,503	71,063	135,440	190.59%	Approximately \$32,000 of the increase is directly attributable to Men's golf hosting their tournament at Inverness club. Additionally, more sports properly charged off home event expenses (specifically pre- and post-competition meals) which were previously accounted for in team travel. The remainder of the increase is a charge for \$121,857 that was related to hosting the Women's Basketball NCAA 1st and 2nd round in 2014. The settlement was not received from the NCAA until 2015.
Fundraising, marketing, and promotion	1,093,202	756,086	337,116	44.59%	As referenced above, marketing absorbs a portion of every Fan Plan coupon produced. Prior to this, Fan Plan coupons were either deducted from revenue or charged to the sport where the ticket revenue flowed. This change was to properly record gross sales for both concessions and merchandise and record the expense as a marketing/promotional expense. This resulted in an increase of approximately \$152,000. Also, there was an increase in direct mail marketing, resulting in an increase in postage expense of \$13,000. Trade supplies also increased by \$17,000, which is offset by trade revenue above.
Debt service	1,850,971	1,672,436	178,535	10.68%	Debt service fluctuates based on actual internal agreements. This includes both the scoreboard service agreement as well as the debt service repayments on Larimer and the Glass Bowl.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

UNIVERSITY OF TOLEDO

LUCAS COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 21, 2016