The indebtedness created through all issues of the General Receipts Bonds is bound by the Amended and Restated Trust Indenture dated as of March 1, 2009. The Series 2010 Bonds and Series 2011 Bonds are also bound by the First Supplemental Trust Indenture dated as of February 2010; and in addition, the Series 2011 Bonds are also bound by the Second Supplemental Trust Indebtedness dated as of July 1, 2011. The University has complied with all covenant requirements.

The debt is secured by a pledge of all University general receipts, excluding state appropriations and receipts previously pledged or otherwise restricted. Payment of bond principal and interest on the Bond Series 2009 is guaranteed under a municipal bond insurance policy.

Maturities of all bonds payable and debt service for fiscal years subsequent to June 30, 2015 follow (also see Note 12):

	General Receipts Bonds		
Fiscal Year	Principal	Interest	Total
2016	$ 1,865,000	$ 3,528,252	$ 5,393,252
2017	2,455,000	3,441,348	5,896,348
2018	2,550,000	3,334,196	5,884,196
2019	2,650,000	3,213,390	5,863,390
2020	2,760,000	3,082,822	5,842,822
2021-2025	15,580,000	13,234,261	28,814,261
2026-2030	19,505,000	8,464,467	27,969,467
2031-2034	19,315,000	2,301,961	21,616,961
Totals	$ 66,680,000	$ 40,600,697	$ 107,280,697

NOTE: Expected future federal subsidies for the BABs is $6,297,413

Federal subsidies received by the University were $496,871 in fiscal year 2015 and $497,407 in fiscal year 2014. These are reported as non operating federal grant revenue. Interest expense on indebtedness was $3,454,055 in fiscal year 2015 and $3,360,561 in fiscal year 2014. On construction-related debt, net interest cost of $149,795 was capitalized in fiscal year 2015, and $330,615 in fiscal year 2014.

Note 10 – Notes Payable

During fiscal year 2006, the University's Board of Trustees authorized the Administration to secure third party financing to implement energy conservation measures for its building, structures and systems using an installment financing plan, pursuant to Ohio Revised Code, Section 3345.65; with repayment of such loan with the annual savings in energy and operating costs realized as a result of such improvements.

In addition, the University entered into a ten year performance contract with Johnson Controls, which includes an assured performance providing for an annual measured cost savings of $1,296,298. The contract amount of $9,796,000 was financed with Chase Equipment Leasing, Inc. over 10 years, bears interest at 3.53%, and requires equal annual installment payments. The final payment of $1,179,666 is due December 23, 2015 and includes $40,222 in interest.

Subsequent to June 30, 2015, the University entered into a fourteen year performance contract with Johnson Controls, which includes an assured performance providing for an annual measured cost savings of not less than $2 million per year. The contract amount of $16 million will be financed through PNC Equipment Finance over 14 years is at an interest rate of 3.366% and requires annual installment payments.

Title to the assets vests in the University. The debt is secured by a pledge of all University general receipts, excluding State appropriations and receipts previously pledged or otherwise restricted. The University has complied with all covenant requirements.

Note 11 – Operating Lease

The University has as an operating lease for the usage of mailroom equipment which ends April 30, 2016 and bears interest at 9.904%. Lease payments totaled $198,877 in fiscal year 2015 and $193,061 in fiscal year 2014. Future minimum lease payments under the operating leases are $18,347 and include $9,190 for maintenance and $843 for interest.

Note 12 – Long-Term Liabilities

Long-term liability activity (also see Notes 9, 10 and 13) for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable					
General receipts bonds principal	$68,470,000	$ -	$ 1,790,000	$ 66,680,000	$1,865,000
Unamoritized premium/discount	28,512	-	49,516	(21,004)	-
Bonds payable, net	68,498,512	-	1,839,516	66,658,996	1,865,000
Note payable	2,240,037	-	1,100,593	1,139,444	1,139,444
Compensated absences	9,896,456	230,000	282,694	9,843,762	736,034
Refundable advance	2,628,561	9,098	56,360	2,581,299	-
Net pension liability					
OPERS	-	34,173,082		34,173,082	-
STRS	-	111,390,955	17,878,894	93,512,061	-
Net pension liability	-	145,564,037	17,878,894	127,685,143	-
Total long-term liabilities	$83,263,566	$145,803,135	$21,158,057	$ 207,908,644	$3,740,478

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable					
General receipts bonds principal	$ 70,205,000	$ -	$ 1,735,000	$ 68,470,000	$ 1,790,000
Unamoritized premium/discount	88,249	-	59,737	28,512	-
Bonds payable, net	70,293,249	-	1,794,737	68,498,512	1,790,000
Note payable	3,303,103	-	1,063,066	2,240,037	1,100,593
Compensated absences	9,917,913	16,616	38,073	9,896,456	983,146
Refundable advance	2,635,179	42,150	48,768	2,628,561	-
Total long-term liabilities	$ 86,149,444	$ 58,766	$ 2,944,644	$ 83,263,566	$ 3,873,739

Note 13 – Defined Benefit Pension Plans

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net position liability represents the University's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the University's obligation for this liability to annually required payments. The University's cannot control benefit terms or the manner in which pensions are financed; however, the University does receive the benefit of employees' services in exchange for compensation including pension.

GASBs 68 and 71 assumes the liability is solely the obligation of the employer, because (1) the employer benefits from employee services; and (2) State statute requires all funding to come from the employer. All contributions to date have come solely from employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each pension plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in payroll liabilities.

Plan Descriptions

University faculty are provided with pensions through STRS Ohio. Substantially all other University employees are provided with pensions through the OPERS. Both OPERS and STRS Ohio are statewide cost-sharing multiple employer defined benefit pension plans. Authority to establish and amend benefits for OPERS and STRS Ohio is authorized by Chapters 145 and 3307, respectively, of the Ohio Revised Code. Both OPERS and STRS Ohio issue publicly available financial reports. The OPERS report can be obtained at https://www.opers.org/investments/cafr.shtml. The STRS Ohio report can be obtained at https://www.strsoh.org/publications/annualreports/cafrs.html.

OPERS and STRS Ohio each offer three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

OPERS and STRS Ohio Defined Benefit Plans pay service retirement benefits using a fixed formula based on age, years of service credit and final average salary (FAS). In addition to service retirement, participants are eligible for disability and survivor benefits.

OPERS Member-Directed Plan and STRS Ohio Defined Contribution Plan are optional alternative retirement plans available to new members. Participants allocate both member and a portion of the employer contributions in an investment account. Portions of the employer contributions are allocated to the defined benefit unfunded liabilities. Benefits are based on the member's account value.

OPERS and STRS Ohio Combined Plans offer features of both a defined benefit plan and a member-directed or defined contribution plan. In the combined plans, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit along with disability and survivor benefits.

Benefits Provided

OPERS and STRS Ohio provide retirement, disability, annual cost-of-living adjustments, and survivor benefits for plan members and beneficiaries. The benefit provisions stated in the following paragraphs are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

OPERS Benefits

Under OPERS, retirement benefits are specific to each pension plan and members must meet the eligibility requirements based on their age and years of service credit within the plan. Retirement eligibility also varies by division and transition group. Members who were eligible to retire under law in effect prior to SB 343 before January 7, 2023 are included in transition

Groups A and B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

State and Local members in transition groups A and B are eligible for retirement benefits at age 55 with 25 or more years of service credit or at age 60 with 5 years of service credit. State and Local members in transition Group C are eligible for retirement at age 57 with 25 years of service credit or at age 62 with 5 years of service credit.

Under the Traditional Plan, for Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service credit for the first 30 years of service credit and 2.5% for years of service credit in excess of 30 years. For Group C the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service credit in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Under the Combined Plan, the benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service credit. A factor of 1.25% is applied to years of service credit in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service credit and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Member-Directed participants must have attained the age of 55, have money on deposit in the Defined Contribution Plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts.

The OPERS law enforcement program consists of two separate divisions: Law Enforcement and Public Safety. Both divisions of members are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed or Combined plans. Public Safety members in transition Groups A and B may file an application for full retirement benefits at age 48 or older with 25 or more years of service credit or 52 or older with 15 or more years of service credit. Public Safety members in transition Group C are eligible for benefits at age 52 or older with 25 years of service credit or at age 56 or older with 15 years of service credit. Those members classified as Law Enforcement officers are eligible for full retirement at age 52 or older with 15 or more years of service credit for Group A. Law Enforcement Group B is eligible at age 48 or older with 25 years of service credit or at age 52 or older with 15 years of service credit. Law Enforcement Group C is eligible at age 48 or older with 25 years of service credit or at age 56 with 15 years of service credit. Annual benefits under both divisions are calculated by multiplying 2.5% of FAS by the actual years of service credit for the first 25 years of service credit, and 2.1% of FAS for each year of service credit over 25 years. These options also permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect coverage under either the original plan or the revised plan. All members who entered the System after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. Law Enforcement officers are immediately eligible for disability benefits if disabled by an on-duty illness or injury. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. Law Enforcement and Public Safety personnel are eligible for survivor benefits immediately upon employment.

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit.

STRS Ohio Benefits

Under the Defined Benefit Plan, on or before July 1, 2015, benefits are based on 2.2% of FAS for the three highest years of earnings, multiplied by years of total Ohio service credit. The percentages increase if the member has 35 or more years of contributing service credit. Effective Aug. 1, 2015, benefits are based on an annual amount equal to 2.2% of FAS for the five highest years of earnings, multiplied by all years of service credit. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or at age 55 with 25 years of service credit, or 30 years of service credit 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 credit or age 65 and 5 years of service credit on Aug. 1, 2026.

Under 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 Defined Benefit Plan. Benefits are based on the balance in the member's defined contribution account plus an annual amount equal to 1% of FAS for the three highest paid years multiplied by years of total Ohio service credit. Effective Aug. 1, 2015, FAS will be average of the member's five highest salary years. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with 5 years of service credit. The defined contribution portion of the Combined Plan may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

The Defined Contribution Plan allows members to place all of their member contributions plus a portion of the employer contributions into an investment account. Investment allocation decisions are determined by the member. 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.

A Defined Benefit Plan or Combined Plan member with 5 or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Disability benefits are determined in the same manner as retirement benefits. Members in the Defined Contribution Plan who become disabled are entitled only to their account balance. If a member of the Defined Contribution Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Under the Defined Benefit Plan, members will receive a 2% annual cost of living adjustment beginning on the fifth anniversary of retirement. Under the Combined Plan, a cost of living adjustment is not available on the service retirement benefit. For disability and survivor benefits, the basic benefit is increased each year by 2% of the original base benefit.

Contributions

OPERS Contributions

Employer and member contribution rates are established by the OPERS Board subject to limits per Chapter 145 of the Ohio Revised Code. Under the OPERS plans, the employee contribution rate for the years ended June 30, 2015 and 2014 is 10% for all employees with the exception of law enforcement. The law enforcement contribution rate was 12.6% through December 31, 2013 and increased to 13% effective January 1, 2014. The employer contribution rate is 14% for all employees with the exception of law enforcement whose rate is 18.1%. For Member-Directed Plans, for the years ended June 30, 2014 and 2013, 13.23% was paid into the member's member-directed account and the remaining .77% was paid to OPERS, as required by state legislation, to cover unfunded liabilities.

The University's contributions to OPERS were $5,095,976, $5,202,082, $5,152,609 and $5,762,560 for the fiscal years ended June 30, 2015, 2014, 2013 and 2012, respectively, whereas the University's contributions to the ARP totaled $607,807, $716,792, $719,884 and $734,723. Contributions were equal to the required contributions for each year as set by state statute.

STRS Ohio Contributions

Employer and member contribution rates are established by the STRS Ohio Board and limited by Chapter 3307 of the Ohio Revised Code. Under the STRS Ohio plans, the employee contribution rate is 12% and 11%, for years ended June 30, 2015 and 2014, respectively. Under the Combined Plan, 1% of the employee contribution is to fund the defined benefit. The member contribution rate is scheduled to increase to 13% of salary effective July 1, 2015 and to 14% of salary effective July 1, 2016. The employer contribution rate is 14%. Under the Defined Contribution Plan, for the fiscal years ended June 30, 2015 and June 30, 2014, 9.5% was paid into the member's directed account and the remaining 4.5% was paid to STRS Ohio as required by State legislation to cover unfunded liabilities.

The University's contributions to STRS Ohio were $5,315,436, $5,556,565, $5,393,650 and $5,807,224 for the fiscal years ended June 30, 2015, 2014, 2013 and 2012, respectively, whereas the University's contributions to the ARP totaled $668,878, $670,222, $645,879 and $684,577. Contributions were equal to the required contributions for each year as set by state statute.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

OPERS Pension Costs

At June 30, 2015, the University reported a liability of $34,173,082 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total employer contributions from all participating OPERS employers. At December 31, 2014, the University's proportion was 0.28424%.

The net pension liability and asset for the Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2014, and the total pension liabilities were determined by an actuarial valuation as of that date.

For the year ended June 30, 2015, the University recognized pension expense of ($492,650). At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 635,671
Net difference between projected and actual earnings on pension plan investments	1,835,891	-
University contributions subsequent to the measurement date	2,612,741	-
Totals	$ 4,448,632	$ 635,671

At June 30, 2015, the University reported $2,612,741 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to OPERS pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2016	$ 458,973	$ 281,864
2017	458,973	281,864
2018	458,973	50,464
2019	458,972	3,972
2020	-	3,972
Thereafter	-	13,535
Totals	$ 1,835,891	$ 635,671

STRS Ohio Pension Costs

At June 30, 2015, the University reported a liability of $93,512,061 for its proportionate share of the STRS Ohio net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total employer contributions from all participating STRS Ohio employers. At June 30, 2014 the University's proportion was 0.38445212%.

For the year ended June 30, 2015, the University recognized pension expense of $(1,240,348). At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 900,257	$ -
Net difference between projected and actual earnings on pension plan investments	-	17,300,086
University contributions subsequent to the measurement date	5,262,282	-
Totals	$ 6,162,539	$ 17,300,086

At June 30, 2015, the University reported $5,262,282 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to STRS Ohio pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2016	$ 225,064	$ 4,325,022
2017	225,064	4,325,022
2018	225,064	4,325,022
2019	225,065	4,325,020
Totals	$ 900,257	$ 17,300,086

Actuarial Assumptions

OPERS Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75%
Salary increases	4.25%-10.05%, including inflation
Investment rate of return	8.00%
Cost of living adjustment	3.00% simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the five year period ended December 31, 2010.

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board as outlined in the annual investment plan. The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class Return	Target Allocation	Long-Term expected Real Rate of Return
Fixed income	23.0%	2.31%
Domestic equity	19.9%	5.84%
International equity	19.1%	7.40%
Real estate	10.0%	4.25%
Private equity	10.0%	9.25%
Other	18.0%	4.59%
Totals	100.0%	

STRS Ohio Actuarial Assumptions

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	12.25% at age 20 to 2.75% at age 70
Investment rate of return	7.75%, net of investment expense
Cost of living adjustment	2.00% simple applied as follows: - for members retiring before August 1, 2013, 2% per year - for members retiring August 1, 2013 or later, 2% COLA paid on fifth anniversary of retirement date

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Asset Class Return	Target Allocation	Long-Term expected Real Rate of Return
Fixed income	18.0%	3.75%
Domestic equity	31.0%	8.00%
International equity	26.0%	7.85%
Alternative investments	14.0%	8.00%
Real estate	10.0%	6.75%
Liquidity reserves	1.0%	3.00%
Totals	100.0%	

Discount rate

The discount rate used to measure OPERS total pension liability was 8.0% as of December 31, 2014. The projection of cash flows used to determine the discount rates assumed that employee and University contributions will be made at the statutory contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure STRS Ohio total pension liability was 7.75% as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the OPERS pension plans net pension liability calculated using the discount rate of 8.0%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate.

	($ in thousands)		
	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
University's proportionate share of the net pension liability	$ 63,084	$ 34,173	$ 9,772

The following presents the University's proportionate share of the STRS Ohio pension plans net pension liability calculated using the discount rate of 7.75%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate.

	($ in thousands)		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
University's proportionate share of the net pension liability	$ 133,872	$ 93,512	$ 59,381

Pension plan fiduciary net position

Detailed information about OPERS and STRS Ohio fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS Ohio may be obtained at strsoh.org or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

Note 14 – Other Post-employment Benefits (OPEB)

The Ohio Revised Code provides the statutory authority for public employers to fund post-retirement health care through their contributions to STRS Ohio and OPERS.

State Teachers Retirement System of Ohio (STRS Ohio)

STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio Law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of the covered payroll was allocated to post-employment health care for 2014 and 2013. Effective July 1, 2014, 0% of covered payroll was allocated to post-employment health care. The portion of the University's fiscal years 2015, 2014 and 2013 contributions to STRS Ohio used to fund post-employment benefits was $0, $374,996 and $369,890, respectively.

Ohio Public Employees Retirement System (OPERS)

OPERS provides post-employment health care coverage to age-and-service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS' Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 2.0% during calendar year 2014. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013 and 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013 and 6.05% during calendar year 2012. The portion of the University's calendar years 2014, 2013 and 2012 contributions to OPERS used to fund post-retirement benefits was $715,110, $361,468 and $1,449,088, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Note 15 – Contingencies and Risk Management

The University is a defendant in various lawsuits. It is the opinion of University management that disposition of pending litigation will not have a material adverse effect on the financial statements of the University. The University receives grants and contracts from certain federal, state and local agencies to fund research and other activities. The costs, both direct and indirect, that have been charged to the grants or contracts are subject to examination and approval by the granting agency. It is the opinion of the University's administration that any disallowance or adjustment of such costs would not have a material effect on the financial statements.

The University was self-insured for all employee health care benefits through December 31, 2014. Effective January 1, 2015, the University became fully insured for dental and vision employee health care benefits. The self-insured plan includes stop loss provisions.

Liabilities for estimates of outstanding claims and claims incurred but not reported under self-insurance programs have been recorded. Changes in the self-insured health care liabilities included in accrued health care benefits payable (also see Note 8) at June 30, 2015, June 30, 2014, and June 30, 2013 were as follows:

	2015	2014	2013
Liability at beginning of fiscal year	$ 1,092,773	$ 1,065,342	$ 958,717
Current year claims including changes in estimates	14,872,219	13,199,498	10,655,411
Claim payments	(14,941,976)	(13,172,067)	(10,548,786)
Liability at end of fiscal year	$ 1,023,016	$ 1,092,773	$ 1,065,342

Health insurance claims are based upon estimates of the claims liabilities. Estimates are based upon past experience, medical inflation trends, and current claims outstanding, including year end lag analysis. Differences between the estimated claims payable and actual claims paid are reported in the Statement of Revenues, Expenses and Changes in Net Position.

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University has joined with other state-assisted universities in Ohio to form an insurance pool for the acquisition of commercial property and casualty insurance. The University pays annual premiums to the pool for its property and casualty insurance coverage based on its percentage of the total insurance value to the pool. Future contributions will be adjusted based upon each university's loss history. The University had no significant reductions in coverage from the prior year. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

The University participates in a State pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund on a pay-as-you-go basis (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 past 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 workers' compensation liability based on rates set by the Bureau to collect the cash needed in subsequent fiscal years to pay the workers' compensation claims of participating State agencies and universities.

Note 16 – Component Unit

Youngstown State University Foundation (YSUF) is a legally separate nonprofit organization exempt from federal income tax and classified as a public charity. YSUF is devoted to the support, expansion, and development of educational programs at the University that are useful and beneficial to the students and the community. In order to maintain its public charity classification, YSUF must exclusively support the University, be responsive to its needs and distribute substantially all of its net income (other than net long-term capital gain) to the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University.

YSUF is a nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to YSUF's financial information in the University's financial report for these differences.

The Foundation financial statements for 2014 have been restated to correct errors related to investments held for others and the classification of net assets. This resulted in a decrease of $917,232 in the June 30, 2014 change in net assets and a $3,216,100 decrease to total net assets at June 30, 2014. The following financial statement line items for fiscal year 2014 were affected by the change:

Statement of Activities June 30, 2014	As Previously Reported	As Restated	Effect of Change
Contributions - permanently restricted	$ 3,073,031	$ 2,498,412	$ (574,619)
Investment earnings - unrestricted	$ 2,876,186	$ 2,876,297	111
Net realized gain on sale of investments - unrestricted	3,490,154	2,463,649	(1,026,505)
Net realized gain on sale of investments - temporarily restricted	70,593	1,929,008	1,858,415
Net realized gain on sale of investments - permanenetly restricted	1,233,440	-	(1,233,440)
Net unrealized gain on long-term investments - unrestricted	17,791,368	19,304,229	1,512,861
Net unrealized gain on long-term investments - temporarily restricted	147,176	3,134,272	2,987,096
Net unrealized gain on long-term investments - permanently restricted	4,659,708	-	(4,659,708)
Reclass of restrictions - unrestricted	23,053	1,373,398	1,350,345
Release of restrictions - temporarily restricted	(23,053)	(1,373,398)	(1,350,345)
Administrative expenditures	(1,906,506)	(1,883,305)	23,201
Scholarships and other expenses	(8,594,900)	(8,399,544)	195,356
Net effect on Statement of Activities			$ (917,232)

Statement of Financial Position June 30, 2014			
	As Previously Reported	As Restated	Effect of Change
Funds held for other	-	3,216,100	3,216,100
Unrestricted net assets	164,650,540	161,925,106	(2,725,434)
Temporarily restricted net assets	1,981,323	9,091,700	7,110,377
Permanently restricted net assets	60,709,705	53,108,662	(7,601,043)

As of July 1, 2013, as a result of the prior period adjustments, unrestricted net assets decreased from $150,854,816, as originally reported, to $146,074,013; temporarily restricted net assets increased from $2,748,261, as originally reported, to $6,363,472; and permanently restricted net assets decreased from $50,641,599, as originally reported, to $49,508,324.

YSUF investments consist of the following at June 30, 2015 and 2014:

	2015	2014
Common stock	$ 64,527,428	$ 33,601,589
Mutual funds	78,046,023	122,737,143
Alternative investments	79,641,562	73,650,661
Total investments	$ 222,215,013	$ 229,989,393

Financial support from YSUF was $7,394,304 for the fiscal year ended June 30, 2015 and $6,859,781 for the fiscal year ended June 30, 2014. Financial support from YSUF has been committed for fiscal year 2016 in the amount of $7,722,375. In addition, rental income from YSUF of $13,000 each of the fiscal years ended June 30, 2015 and June 30, 2014 was recorded and is reflected in the University's Statements of Revenues, Expenses and Changes in Net Position.

In July 2015, the Foundation entered into a new lease agreement with the University wherein the Foundation will begin leasing a new building beginning in January 2016. Under the new lease agreement, the Foundation prepaid $500,000 in rent with an additional $500,000 to be paid upon taking possession of the new space. The $1,000,000 in prepaid rent is in lieu of monthly rent payments through January 2031.

Complete financial statements for the Youngstown State University Foundation can be obtained from The Youngstown State University Foundation, 606 Wick Avenue, Youngstown, Ohio 44502.

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

OPERS

	2015
University's proportion of the collective net pension liability (asset)	0.28424%
University's proportionate share of the collective net pension liability (asset)	$ 34,173,082
University's covered-employee payroll	$ 40,769,505
University's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll	83.82%
Plan fiduciary net position as a percentage of the total pension liability	84.00%

STRS Ohio

	2015
University's proportion of the collective net pension liability (asset)	0.38445212%
University's proportionate share of the collective net pension liability (asset)	$ 93,512,061
University's covered-employee payroll	$ 44,313,510
University's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll	211.02%
Plan fiduciary net position as a percentage of the total pension liability	74.70%

NOTE: Years prior to 2015 are not available.

Schedules of the University's Contributions

OPERS

	2015
Statutorily required contribution	$ 5,095,976
Contributions in relation to the Statutorily required contribution	$ 5,095,976
Annual contribution deficiency	$ -
University's covered-employee payroll	$ 40,264,007
Contributions recognized by the pension plan in relation to the the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll	12.66%

STRS Ohio

	2015
Statutorily required contribution	$ 5,315,436
Contributions in relation to the Statutorily required contribution	$ 5,315,436
Annual contribution deficiency	$ -
University's covered-employee payroll	$ 42,774,459
Contributions recognized by the pension plan in relation to the the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll	12.43%

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