Kent State University
(a component unit of the State of Ohio)

Financial Report
Including Supplementary Information

June 30, 2015

Dave Yost • Auditor of State

Board of Trustees
Kent State University
224 Michael Schwartz Center
PO Box 5190
Kent, OH 44242

We have reviewed the *Report of Independent Auditors* of Kent State University, Portage 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. Kent State University is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

December 18, 2015

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KENT STATE UNIVERSITY
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KENT STATE UNIVERSITY

Management's Discussion and Analysis (unaudited)
As of June 30, 2015 and 2014

This section of Kent State University's ("University") annual financial report presents management's discussion and analysis of the financial performance of the University during the fiscal years ended June 30, 2015 and 2014. This discussion should be read in conjunction with the accompanying financial statements and notes. The financial statements, notes and this discussion are the responsibility of University management.

Using the Annual Financial Report

This annual report consists of financial statements prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* In fiscal year 2013, the University adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement supersedes paragraphs 10 and 12 of GASB Statement No. 35. GASB Statement No. 63 establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. The financial statements prescribed by GASB Statement No. 63 (Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Amounts required to be reported as deferred outflows of resources are reported separately after assets and amounts required to be reported as deferred inflows of resources are reported separately after liabilities. See Note 2 for further discussion of these financial statement categories.

The financial statements have been prepared in accordance with 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 two component units: The Kent State University Foundation and the KSU Foot and Ankle Clinic. The Kent State University Foundation is discretely presented in the University's financial statements; however, they are excluded from Management's Discussion and Analysis. The KSU Foot and Ankle Clinic is a blended component unit, and therefore indirectly included in Management's Discussion and Analysis. See Note 10 for further discussion on component units.

Noteworthy Financial Activity

In fiscal year 2015, the University implemented GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* These statements require 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. The statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with these statements, the University recorded $410.2 million as a change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014, thus restating the University's beginning net position from $827.2 million to $441.2 million, of which the entire impact was on unrestricted net position. During fiscal year 2015, the University recognized a decrease in pension expense of $5.9 million and a net deferred inflow of resources of $20.3 million, of which $45.6 million will be amortized in future years and the remaining deferred outflow of resources of $25.3 million will be recognized in pension expense in fiscal year 2016. It should be noted that the impact to pension expense is allocated to each functional category based on applicable salary expense. The University's net pension liability as of June 30, 2015 was $384.0 million.

Notwithstanding the impacts of GASB 68, the University's overall financial position experienced an increase over the prior year. The University's total assets and deferred outflows of resources increased over the prior year by $15.8 million to $1,519.3 million while total liabilities and deferred inflows of resources increased $401.9 million to $1,078.1 million. Of the $401.9 million increase in liabilities and deferred inflows of resources, $384.0 million represented the net pension liability and $20.3 million represented the net deferred inflows arising from GASB 68.

Highlights of significant events are as follows:

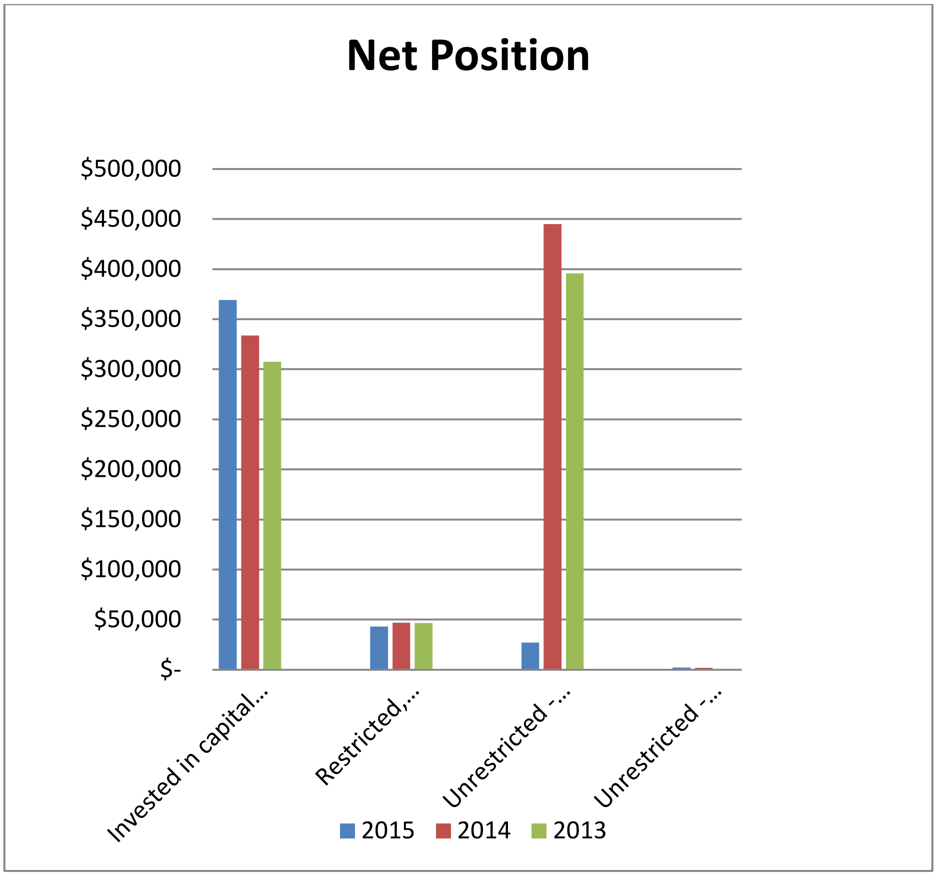
- Student tuition and fees increased 1.8% primarily due to a 2% increase in tuition.
- Total auxiliary revenue for the University increased by 2.3% over the prior year primarily due to a combined increase in the standard undergraduate room and board rate of 3.9%.
- Capital assets increased 8.8% primarily due to the continued construction programs associated with the Foundations of Excellence initiative and the completion of the renovations at the Tri-Towers residence hall complex.

Statement of Net Position

The Statement of Net Position includes all assets and deferred outflows of resources and all liabilities and deferred inflows of resources. Over time, increases or decreases in Net Position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) are one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

Kent State University
Condensed Statement of Net Position
as of June 30, 2015, 2014 and 2013
(in thousands)

ASSETS	2015	2014	2013
Current and other assets	$ 717,173	$ 765,830	$ 741,499
Capital assets	800,521	735,946	684,118
Total assets	$ 1,517,694	$ 1,501,776	$ 1,425,617
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amortization on bond refundings	$ 1,568	$ 1,678	$ 1,786
Total deferred outflows of resources	$ 1,568	$ 1,678	$ 1,786
LIABILITIES			
Long-term debt	$ 524,603	$ 527,828	$ 517,690
Other	532,534	145,851	155,476
Total liabilities	$ 1,057,137	$ 673,679	$ 673,166
DEFERRED INFLOWS OF RESOURCES			
Accumulated change in the fair value of hedging derivatives	$ 639	$ 2,529	$ 3,507
Net deferred inflows arising from GASB 68	20,299	-	-
Total deferred inflows of resources	$ 20,938	$ 2,529	$ 3,507
NET POSITION			
Net investment in capital assets	$ 369,078	$ 333,623	$ 307,620
Restricted, expendable and not expendable	42,959	46,902	46,546
Unrestricted:			
Designated	26,938	444,834	395,701
Undesignated (unallocated)	2,212	1,887	863
Total net position	$ 441,187	$ 827,246	$ 750,730



2015 Versus 2014

At June 30, 2015, the University's current assets of $306.0 million were sufficient to cover current liabilities of $130.9 million (current ratio of 2.3). At June 30, 2014, current assets of $318.7 million were sufficient to cover current liabilities of $128.0 million (current ratio of 2.5).

At June 30, 2015, total University assets and deferred outflows of resources were $1,519.3 million, compared to $1,503.4 million at June 30, 2014. The increase of $15.9 million is mainly attributed to an increase in capital assets due to additional buildings and construction in progress mostly related to the Foundation of Excellence initiative and the completion of the Tri-Towers residence hall remodeling projects.

University liabilities and deferred inflows of resources total $1,078.1 million at June 30, 2015 compared to $676.2 million at June 30, 2014. This increase is primarily due to the recognition of a net pension liability of $384.0 million and a related net deferred inflow of resources of $20.3 million from the adoption of GASB 68. Without the adoption of GASB 68, total liabilities and deferred inflows of resources would have slightly decreased.

Total Net Position decreased by $386.1 million to $441.2 million. Unrestricted Net Position totaled $29.2 million, 92% of which ($26.9 million) is designated for ongoing academic and research programs, capital projects and other initiatives. The decrease in net position is due to the adoption of GASB 68 during fiscal year 2015 which resulted in recognizing the beginning net pension liability as an adjustment to the beginning net position. The amount of the adjustment was $410.2 million. Without the adoption of GASB 68, the university would have recognized an increase to net position of $18.2 million and overall net position would have been $845.5 million.

2014 Versus 2013

At June 30, 2014, the University's current assets of $318.7 million were sufficient to cover current liabilities of $128.0 million (current ratio of 2.5). At June 30, 2013, current assets of $315.7 million were sufficient to cover current liabilities of $138.4 million (current ratio of 2.3).

At June 30, 2014, total University assets and deferred outflows of resources were $1,503.4 million, compared to $1,427.4 million at June 30, 2013. The increase of $76.0 million is mainly attributed to an increase in capital assets due to additional buildings and construction in progress mostly related to the Foundation of Excellence initiative.

University liabilities and deferred inflows of resources total $676.2 million at June 30, 2014 compared to $676.7 million at June 30, 2013. This increase is due primarily to a decrease in its accrued liabilities related to the accrual for construction in progress as more projects are completed and capitalized. The decrease is offset by an increase to long-term debt. During 2014, the University issues $28.4 million in Series 2014A General Receipts bonds to renovate, equip, and furnish residence hall facilities. The University's bond rating was unchanged with this issue and remains at Aa3 with a stable outlook.

Total Net Position increased by $76.5 million to $827.2 million. Unrestricted Net Position totaled $446.7 million, 99.6% of which ($444.8 million) is designated for ongoing academic and research programs, capital projects and other initiatives.

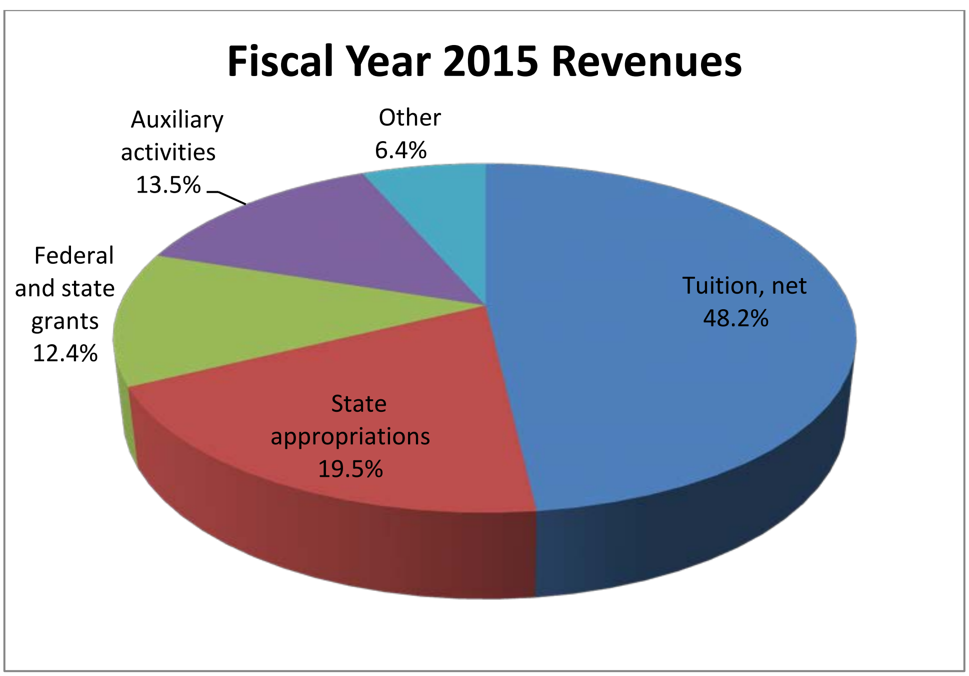
Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. A public university's dependency on state aid and gifts could result in operating deficits because the financial reporting model classifies state appropriations and gifts as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Kent State University
Condensed Statement of Revenues, Expenses and Changes in Net Position
for the years ended June 30, 2015, 2014 and 2013
(in thousands)

	2015	2014	2013
Revenues			
Tuition, net	$ 337,424	$ 331,380	$ 322,210
State appropriations	136,310	136,774	127,275
Federal and state grants	87,041	94,637	94,797
Auxiliary activities	94,354	92,198	88,335
Other	45,158	83,534	63,572
Total revenues	$ 700,287	$ 738,523	$ 696,189
Expenses			
Instruction	$ 231,851	$ 227,721	$ 222,318
Research	16,732	17,539	18,553
Institutional support	76,356	74,575	76,554
Scholarships and fellowships	40,458	43,025	45,714
Other	310,717	299,147	297,455
Total expenses	$ 676,114	$ 662,007	$ 660,594

The following chart shows the breakdown of total revenues. Tuition is the largest source of revenue at 48.2% followed by State appropriations at 19.5%.



2015 Versus 2014 During the year ended June 30, 2015:

The most significant sources of operating revenues for the University are tuition and fees, auxiliary services, and grants and contracts. Revenue from tuition and fees increased during the current year due primarily due to a 2% increase in tuition. Auxiliary revenue increased 2.3% primarily due to a combined increase in room and board rates of 3.9%

State appropriations were the most significant non-operating revenue. During 2015, state appropriations totaled $136.3 million.

Operating expenses, including depreciation of $45.3 million, totaled $658.5 million. Of the operating expenses, instruction expense and auxiliary expense had the most significant increases. As a result of implementing GASB 68 in fiscal year 2015, the University recognized a decrease in pension expense of $5.9 million which was allocated across all the functional expense categories and ultimately did not have an overall significant impact on operating expenses.

2014 Versus 2013 During the year ended June 30, 2014:

The most significant sources of operating revenues for the University are tuition and fees, auxiliary services, and grants and contracts. Revenue from tuition and fees increased during the current year due primarily due to a 2% increase in tuition.

State appropriations were the most significant non-operating revenue. During 2014, state appropriations totaled $136.8 million.

Operating expenses, including depreciation of $42.3 million, totaled $644.1 million. Of the operating expenses, instruction expense had the most significant increase.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital financing, and related investing activities, and helps measure the ability to meet financial obligations as they mature.

Kent State University
Condensed Statement of Cash Flows
for the years ended June 30, 2015, 2014 and 2013
(in thousands)

	2015	2014	2013
Cash (used in)/provided by:			
Operating activities	$ (135,270)	$ (137,717)	$ (106,659)
Investing activities	(5,212)	29,248	116
Capital and related financing activities	(119,579)	(87,900)	(88,143)
Non-capital financing activities	204,493	207,285	197,903
Net increase in cash	(55,568)	10,916	3,217
Cash and cash equivalents, beginning of year	315,325	304,409	301,192
Cash and cash equivalents, end of year	$ 259,757	$ 315,325	$ 304,409

2015 Versus 2014 During the year ended June 30, 2015:

Major sources of cash included student tuition and fees ($253.6 million), state appropriations ($136.3 million), auxiliary activities ($91.7 million), and Federal Pell grants ($56.0 million). The largest payments were for suppliers ($222.7 million) and employees ($311.7 million).

2014 Versus 2013 During the year ended June 30, 2014:

Major sources of cash included student tuition and fees ($261.5 million), state appropriations ($136.8 million), auxiliary activities ($92.1 million), and Federal Pell grants ($59.0 million). The largest payments were for suppliers ($253.2 million) and employees ($290.0 million).

Capital Asset and Debt Administration

Capital Assets

At the end of 2015, the University had invested $800.5 million in a broad range of capital assets, including equipment, buildings, building improvements and land. This amount represents a net increase (including additions and deductions) of $64.6 million, or 8.8 percent, over last year.

Kent State University's Capital Assets
(net of depreciation, in millions of dollars)

	2015	2014	2013
Land	$ 30.2	$ 29.6	$ 29.1
Equipment	40.5	43.2	41.0
Buildings and improvements	602.4	563.3	545.1
Construction in progress	127.4	99.8	68.9
Total	$ 800.5	$ 735.9	$ 684.1

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

Long-term Debt

At year end, the University had $524.6 million in bonds and notes outstanding—an decrease of $3.2 million over last year. The University entered into a capital lease agreement with the Portage County Port Authority for the financing of the new Institutional Advancement building in the amount of $17.0 million. In the prior fiscal year, the University issued $28.4 million in general receipts bonds. More detailed information about the University's long-term liabilities is presented in Note 6 to the financial statements.

Kent State University's Outstanding Debt
(in millions of dollars)

	2015	2014	2013
General receipts bonds (backed by the University)	442.1	$ 459.1	$ 444.4
Tax Revenue Energy Bonds	41.2	44.5	47.7
Capital leases	41.3	24.2	25.6
	$ 524.6	$ 527.8	$ 517.7

Factors Affecting Future Periods

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, legislative restrictions on tuition, changes in state support, and the ability to manage rising costs. The University has experienced enrollment increases in the past several years but the trend is beginning to stabilize. Due to the continued challenges in the state of Ohio, the amount of state funding has remained similar while costs have continued to increase. The University continues to identify and enact efficiencies and cost savings in a number of areas. Continued focus on student recruiting and retention as well as fundraising and additional research should improve the position of the University.

One significant area of focus in current and future years is deferred capital maintenance. Due to the age of the buildings and the decline in capital funding, many of the buildings throughout the campus are in critical need of repair. The deferred maintenance has been estimated to exceed $353 million. In fiscal year 2012, the University issued $170 million in General Receipts bonds to begin to address the deferred maintenance. The University also allocated $34.5 million in capital appropriations from the State to be used in renovations to facilities for the science programs. Many of the projects are underway and the construction will continue into the next few years. The University will continue to look for options to address the remaining deferred maintenance.

Included in the state's budget bill for the biennium 2016-2017 was a freeze on tuition increases in both fiscal years 2016 and 2017. The state has approved an increase in the overall state subsidy to help offset the loss of revenue as a result of not increasing tuition for the next two years.

Also included in the state's budget bill was a requirement to all Ohio institution's board of trustees to complete an efficiency review by July 1, 2016 and an implementation plan within 30 days of submission. It is clear that Ohio's legislature is actively searching for ways Ohio's institutions can continue to cut its overall costs and ultimately pass along those savings to the students in an effort to improve the affordability of higher education in Ohio.

Plante & Moran, PLLC
3434 Granite Circle
Toledo, OH 43617
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Kent State University

Report on the Financial Statements

We have audited the accompanying financial statements of Kent State University (the "University") and it's 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 Kent State University's basic 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 did not audit the financial statements of Kent State University Foundation (the "Foundation") which represents all of the balances and activity of the discretely presented component unit. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

To the Board of Trustees
Kent State University

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

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Kent State University 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 Matters

As discussed in Note 1 to the financial statements, effective July 1, 2014, the University adopted new accounting guidance under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 is an amendment to Statement No. 27. In accordance with Statement No. 68, the University is now recognizing its unfunded pension benefit obligation as a liability on the 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.

As explained in Note 3, the financial statements include investments valued at $117,000,000 (26.5 percent of net position) at June 30, 2015 and at $131,000,000 (15.8 percent of net position) at June 30, 2014, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the fund managers or the general partners.

Other Matters

Required Supplementary Information

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

To the Board of Trustees
Kent State University

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2015 on our consideration of Kent State University'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 Kent State University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 15, 2015

KENT STATE UNIVERSITY
STATEMENT OF NET POSITION
as of June 30, 2015 and 2014
(in thousands)

	University		University Related Foundation	
	2015	**2014**	**2015**	**2014**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 133,446	$ 142,565	$ 2,203	$ 1,595
Short-term investments	133,270	130,852	147,927	140,700
Accounts and pledges receivable, net	31,953	34,138	3,646	3,123
Inventories	1,516	1,822	-	-
Deposits and prepaid expenses	5,481	8,847	-	-
Accrued interest receivable	361	501	436	132
Total current assets	306,027	318,725	154,212	145,550
Noncurrent assets:				
Restricted cash	126,311	172,760	-	-
Student loans receivable, net	28,635	25,919	-	-
Note receivable	-	-	14,426	14,426
Long-term investments	255,537	245,873	-	6,979
Long-term pledges receivable, net	-	-	5,255	5,399
Capital assets, net	800,521	735,946	1,306	1,506
Derivative instrument - swap asset	639	2,529	-	-
Other assets	24	24	4,265	356
Total noncurrent assets	1,211,667	1,183,051	25,252	28,666
Total assets	$ 1,517,694	$ 1,501,776	$ 179,464	$ 174,216
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amortization on bond refundings	$ 1,568	$ 1,678	$ -	$ -
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	$ 41,068	$ 44,875	$ 641	$ 702
Accrued payroll	12,581	12,015	-	-
Payroll taxes and accrued fringe benefits	21,222	14,229	-	-
Unearned revenue and deposits	33,386	35,494	-	-
Derivative instrument - swap liability	-	-	-	-
Short-term borrowings	-	-	-	-
Current portion of long-term debt	22,666	21,373	-	-
Total current liabilities	130,923	127,986	641	702
Noncurrent liabilities:				
Accrued compensated absences	23,380	22,326	-	-
Accrued liabilities	15,912	15,912	3,683	4,060
Net pension liability	384,008	-	-	-
Long-term unearned fees and deposits	977	1,000	9,039	9,003
Long-term debt	501,937	506,455	-	-
Total noncurrent liabilities	926,214	545,693	12,722	13,063
Total liabilities	$ 1,057,137	$ 673,679	$ 13,363	$ 13,765
DEFERRED INFLOWS OF RESOURCES				
Accumulated change in the fair value of hedging derivatives	$ 639	$ 2,529	$ -	$ -
Net deferred inflows arising from GASB 68	20,299		-	-
Total deferred inflows of resources	$ 20,938	$ 2,529	$ -	$ -
NET POSITION				
Net investment in capital assets	$ 369,078	$ 333,623	$ 1,306	$ 1,506
Restricted, nonexpendable	5,883	5,883	41,006	36,833
Restricted, expendable	37,076	41,019	112,791	111,883
Unrestricted	29,150	446,721	10,998	10,229
Total net position	$ 441,187	$ 827,246	$ 166,101	$ 160,451

KENT STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
for the years ended June 30, 2014 and 2013
(in thousands)

	University		University Related Foundation	
	2015	**2014**	**2015**	**2014**
OPERATING REVENUES				
Student tuition and fees	$ 417,946	$ 405,871	$ -	$ -
Less scholarship allowances	(80,522)	(74,491)	-	-
Net student tuition and fees	337,424	331,380	-	-
Federal grants and contracts	22,703	25,033	-	-
State grants and contracts	8,344	10,644	-	-
Local grants and contracts	207	201	-	-
Nongovernmental grants and contracts	4,275	4,137	-	-
Sales and services of educational departments	11,563	11,065	-	-
Auxiliary activities - Net	94,354	92,198	-	-
Total operating revenues	$ 478,870	$ 474,658	$ -	$ -
OPERATING EXPENSES				
Instruction	231,851	227,721	-	-
Research	16,732	17,539	-	-
Public service	14,639	16,040	-	-
Academic support	63,449	61,003	-	-
Student services	32,746	32,227	-	-
Institutional support	76,356	74,575	12,138	9,575
Scholarships and fellowships	40,458	43,025	3,949	2,956
Operation and maintenance of plant	43,953	40,484	-	-
Auxiliary activities	92,935	89,128	-	-
Depreciation	45,339	42,320	-	-
Total operating expenses	658,458	644,062	16,087	12,531
Operating loss	$ (179,588)	$ (169,404)	$ (16,087)	$ (12,531)
NONOPERATING REVENUES (EXPENSES)				
State appropriations	136,310	136,774	-	-
Federal Pell Grant revenue	55,994	58,960	-	-
Gifts	12,190	11,544	18,263	10,964
Investment income	6,731	44,296	3,427	22,796
Interest on capital asset-related debt	(17,656)	(17,945)	-	-
Other nonoperating revenues/expenses	6,347	6,203	47	(749)
Net nonoperating revenues	199,916	239,832	21,737	33,011
Income before other revenues, expenses, gains or losses	20,328	70,428	5,650	20,480
Capital appropriation	3,845	6,088	-	-
Increase in net position	$ 24,173	$ 76,516	$ 5,650	$ 20,480
NET POSITION				
Net position, beginning of year	827,246	750,730	160,451	139,971
Adjustment to beginning net position related to GASB 68 (Note 2)	(410,232)	-	-	-
Adjusted net position, beginning of year	417,014	750,730	160,451	139,971
Net position, end of year	$ 441,187	$ 827,246	$ 166,101	$ 160,451

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

KENT STATE UNIVERSITY

STATEMENT OF CASH FLOWS

for the years ended June 30, 2015 and 2014

(in thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from students for tuition and fees	$ 253,621	$ 261,549
Cash received from auxiliary activities	94,715	91,748
Cash received from other sources	19,407	9,787
Grants and contracts	34,339	42,892
Federal student loan funds received	14	-
Student loans granted, net of repayments	(2,973)	(463)
Cash paid to employees	(311,709)	(290,032)
Cash paid to suppliers	(222,684)	(253,198)
Net cash used in operating activities	(135,270)	(137,717)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	88,812	78,891
Purchases of investments	(108,434)	(64,402)
Interest received	14,410	14,759
Net cash provided by/(used in) investing activities	(5,212)	29,248
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net proceeds from bond issuance	-	30,310
Principal payments under debt obligations, net	(17,015)	(16,920)
Interest paid	(21,028)	(22,257)
Capital appropriations	-	400
Loss on disposal of capital assets	1,062	1,394
Purchases of capital assets	(88,945)	(86,998)
Other payments	6,347	6,171
Net cash used in capital and related financing activities	(119,579)	(87,900)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from State appropriations	136,310	136,774
Gifts received from KSU Foundation	12,189	11,551
Cash received from Federal Pell grants	55,994	58,960
Net cash provided by noncapital financing activities	204,493	207,285
Net increase/(decrease) in cash and cash equivalents	(55,568)	10,916
CASH AND CASH EQUIVALENTS, (INCLUDING RESTRICTED CASH), BEGINNING OF YEAR	315,325	304,409
CASH AND CASH EQUIVALENTS, (INCLUDING RESTRICTED CASH), END OF YEAR	$ 259,757	$ 315,325

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

KENT STATE UNIVERSITY
STATEMENT OF CASH FLOWS--CONTINUED
for the years ended June 30, 2015 and 2014
(in thousands)

	2015	2014
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	$ (179,588)	$ (169,404)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	44,278	40,926
Change in assets and liabilities:		
Accounts receivable, net	2,185	1,081
Inventories	306	172
Deposits and prepaid expenses	3,366	(475)
Student loans receivable, net	(2,716)	(131)
Accounts payable and accrued liabilities	(3,658)	(11,040)
Net pension liability	(5,925)	-
Accrued payroll	566	1,095
Payroll taxes and accrued fringe benefits	6,993	(2,192)
Unearned fees and deposits	(2,131)	895
Accrued compensated absences	1,054	1,356
Total change in assets and liabilities	40	(9,239)
Net cash used in operating activities	$ (135,270)	$ (137,717)

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

(1) Reporting Entity and Basis of Presentation

(a) Reporting Entity

Kent State University (the "University") is an institution of higher education and is considered to be a component unit of the State of Ohio (the "State") because its Board of Regents is appointed by the governor of the State. Accordingly, the University is included in the State's financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations, grants from various state agencies, and payments to the State retirement program for certain University employees.

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 to 514.

On July 1, 2012, the University merged with the Ohio College of Podiatric Medicine (OCPM). Under this merger, the University acquired substantially all of the OCPM assets related to the podiatric medicine program in exchange for the assumption of OCPM debt and other liabilities. This transaction was entered into in order to provide expanded academic options for students in areas such as public health, biomedical sciences, medical ethics, and sports medicine. All financial transactions for OCPM are included in the University's financial statements. Included in the merger with OCPM is the KSU Foot and Ankle Clinic dba the Cleveland Foot and Ankle Clinic. The Cleveland Foot and Ankle Clinic is a separate 501(c)(3) organization that is included as a blended component unit of the University. See Note 10 for further discussion on component units.

The accompanying financial statements consist of the accounts of the University and the accounts of the Kent State University Foundation (the "Foundation"). The Foundation, which is a component unit of the University as determined in accordance with the provisions of the Governmental Accounting Standards Board ("GASB") Statement 61, is described more fully in Note 10. The Foundation is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

The Foundation is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from those under GASB. No modifications have been made to the Foundation's financial information included in the University's financial report to account for these differences.

Furthermore, in accordance with GASB Statement No. 61, the Foundation is reported in a separate column on the University's financial statements to emphasize that it is legally separate from the University. The Foundation is a not-for-profit organization supporting the University. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the

Foundation, the majority of resources, or income thereon, which it holds and investments are restricted to support the activities of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, it is considered a component unit of the University. Financial statements for the Foundation may be obtained by writing to Kent State University Foundation, Kent, Ohio 44242.

Included in the accounts of the University is the KSU Foot and Ankle Clinic dba The Cleveland Foot and Ankle Clinic (the "Clinic"). This entity was included in the July 1, 2012 merger with the Ohio College of Podiatric Medicine. The Clinic is a separate 501(c)(3) organization whose main purpose is to provide clinical experience for students of the KSU College of Podiatric Medicine. The Clinic almost exclusively benefits the University even though services are provided to the public. According to the provisions of GASB Statement No. 61, the Clinic is considered a blended component unit of the University. See Note 10 for further discussion and presentation of condensed financial information for the Clinic.

(b) Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

As required by the GASB, resources of the University are classified into one of four net position categories, as follows:

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

- Restricted, nonexpendable - Net Position subject to externally imposed stipulations that the University maintain such assets permanently.

- Restricted, expendable - Net Position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- Unrestricted - Net Position that is not subject to externally imposed stipulations. Unrestricted Net Position may be designated for specific purposes by action of the Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted Net Position is designated for academic and research programs, capital projects and other initiatives.

(c) Upcoming Accounting Pronouncements

GASB 72 – *Fair Value of Measurement and Application*

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. Kent State University is currently evaluating the impact this standard will have on the financial statements when adopted, during the University's fiscal year ending June 30, 2016.

GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

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

(2) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The University reports as a business-type activity. As defined by GASB Statement No. 35, business-type activities are those activities that are financed in whole or in part by fees charged to the external parties for goods or services.

(a) Cash and Cash Equivalents

The University considers cash, time deposits and all other highly liquid investments with an original maturity of three months or less to be cash equivalents. Restricted cash is the unspent bond proceeds held in trust related to various campus enhancements and energy conservation projects.

(b) Investments

Investments in marketable securities are carried at fair market value as established by the major securities markets. Investment income includes realized and unrealized gains and losses on investments, interest income and dividends.

(c) Accounts Receivable

Accounts receivable are for transactions relating to tuition and fees, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts.

(d) Inventories

Inventories are stated at the lower of cost (first-in, first-out basis) or market.

(e) Capital Assets

Capital assets are stated at cost at the time of purchase or fair value at date of gift. Depreciation of plant physical properties is provided on a straight-line basis over the estimated useful lives (3 to 40 years) of the respective assets.

(f) Accrued Liabilities

Accrued liabilities consist primarily of accrued employee compensation and benefits. Accrued compensated absences are classified as non-current liabilities on the Statement of Net Position because the current portion cannot be closely estimated.

(g) Unearned Revenue

Unearned revenue includes tuition and fees relating to summer sessions that are conducted in July and August. Unearned revenue also includes amounts received in advance from grant and contract sponsors that have yet been earned under the terms of the agreements. The amounts which are unearned are recognized as revenue in the following fiscal year.

(h) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred inflows and outflows of resources are consumptions of net position by the University that is applicable to a future reporting period, and an acquisition of net position by the University that is applicable to a future reporting period, respectively. The University has recorded a deferred outflow of resources for the unamortized bond refunding and net deferred inflow of resources related to its two interest rate swaps (accumulated increase in the fair value of hedging derivatives) and GASB 68 for pensions. See Note 6 and Note 7 for further discussion.

(i) Estimates

The preparation of the accompanying financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(j) Revenue Recognition

State appropriations are recognized when received or made available. Restricted funds are recognized as revenue only to the extent expended. Gifts and interest on student loans are recognized when received. The University's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions.

(k) Scholarship Discount and Allowances

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

(l) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System and State Teachers Retirement System of Ohio Pension Plan (OPERS/STRS) and additions to/deductions from OPERS'/STRS' fiduciary net position have been determined on the same basis as they are reported by OPERS/STRS. OPERS/STRS uses 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.

(m) Operating Versus Nonoperating Revenues and Expenses

The University defines operating activities as reported on the statement of revenues, expenses, and changes in net position as those that generally result from exchange transactions such as payments received for providing goods or services. All of the University's expenses are from exchange transactions. Certain significant revenue streams relied on for operations are reported as non-operating revenues as required by GASB Statement No. 35, including state appropriations, Federal Pell grant revenue, investment income, and state capital grants.

(n) Change in Accounting Principle

The GASB issued 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 statement, the University has recorded $410,232 as a change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. The June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for the fiscal year ended June 30, 2014.

(3) Investments

The University's investment policy authorizes the University to invest non-endowment funds in the following investments:

- Obligations of the U.S. Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- Certificates of deposit
- Mutual funds and mutual fund pools
- Money market funds

U.S. Government and Agency securities are invested through trust agreements with banks that internally designate the securities as owned by or pledged to the University. Common stocks, corporate bonds, money market instruments, mutual funds and other investments are invested through trust agreements with banks that keep the investments in their safekeeping accounts at the Depository Trust Company or Huntington Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University.

(in thousands)

Custodial credit risk on deposits with banks is the risk that in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial credit risk. At June 30, 2015 and 2014, the bank amount of the University's deposits was $209,335 and $257,190, respectively. Of that amount, $96,092 and $114,055, respectively, was insured. The remaining $113,243 and $143,135 at June 30, 2015 and 2014, respectively, was uninsured and uncollateralized. The University does not require deposits to be insured or collateralized.

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

	2015	
	Market Value	**Cost**
Common stock	$ 201,663	$ 151,582
U.S. government agency obligations	13,312	13,434
U.S. government obligations	2,772	2,806
Corporate bonds and notes	9,814	9,293
Mutual funds	135,031	132,316
State Treasury Asset Reserve of Ohio	26,215	26,215
Total	$ 388,807	$ 335,646

	2014	
	Market Value	**Cost**
Common stock	$ 194,619	$ 144,485
U.S. government agency obligations	13,782	13,973
U.S. government obligations	4,855	4,862
Corporate bonds and notes	11,447	11,133
Mutual funds	130,852	120,401
State Treasury Asset Reserve of Ohio	21,170	21,170
Total	$ 376,725	$ 316,024

Included in common stock above are alternative investments of approximately $117 million and $131 million as of June 30, 2015 and June 30, 2014, respectively. The alternative investments are primarily private equity and hedge funds. Alternative investments do not have readily available market prices. These investments are carried at estimated fair value provided by the fund's management. The University believes that the carrying amounts are reasonable estimates of fair value as of the year end. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material.

(in thousands)

Net appreciation/depreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the year ended June 30, 2015, the University realized a net gain of $8,182. During the year ended June 30, 2014, the University realized a net gain of $7,348. The calculation of realized gains and losses is independent of the net appreciation in the fair value of investments held at year end. Realized gains and losses on investments that had been held for more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year and the current year. The net appreciation in the fair value of investments during the year ended June 30, 2015 was $662. The net appreciation in the fair value of investments during the year ended June 30, 2014 was $36,945. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year.

The unrealized depreciation on investments for the year ended June 30, 2015 was $(7,520). The unrealized appreciation on investments for the year ended June 30, 2014 was $29,597.

The components of the net investment income are as follows:

	Interest and dividends, net	Net appreciation in market value of investments	Net investment income
Total 2015	$6,069	$662	$6,731
Total 2014	$7,351	$36,945	$44,296

Additional Disclosures Related to Interest-bearing Investments

Statement Nos. 3 and 40 of the Governmental Accounting Standards Board require certain additional disclosures related to the interest-rate, credit and foreign currency risks associated with interest-bearing investments.

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.

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

		Investment Maturities (in years)			
	Fair Value	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
U.S. government obligations	$ 2,772	$ -	$ 2,272	$ 500	$ -
U.S. government agency obligations	13,312	1,551	5,718	2,049	3,994
Corporate bonds and notes	9,814	2,478	3,885	1,161	2,290
Bond mutual funds	74,934	4,008	27,503	14,980	28,443
Total	$ 100,832	$ 8,037	$ 39,378	$ 18,690	$ 34,727

(in thousands)

The maturities of the University’s interest-bearing investments at June 30, 2014 are as follows:

	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	$ 4,855	$ 460	$ 2,526	$ 612	$ 1,257
U.S. government agency obligations	13,782	2,239	8,553	979	2,011
Corporate bonds and notes	11,447	3,687	5,105	869	1,786
Bond mutual funds	81,629	5,961	29,307	17,261	29,100
Total	$ 111,713	$ 12,347	$ 45,491	$ 19,721	$ 34,154

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 nationally recognized statistical rating organizations such as Moody’s Investors Service, Standard & Poor’s, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

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

Credit Rating (Moody's)	Total	Government Obligations	U.S. Agency Obligations	Corporate Bonds	Bond Mutual Funds
AAA	$ 32,705	$ 2,772	$ 33	$ -	$ 29,900
AA+	6,354	-	5,696	658	-
AA	15,125	-	-	149	14,976
AA-	782	-	-	782	-
A+	489	-	-	489	-
A	13,411	-	-	2,728	10,683
OTHER	31,966	-	7,583	5,008	19,375
Total	$ 100,832	$ 2,772	$ 13,312	$ 9,814	$ 74,934

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

Credit Rating (Moody's)	Total	Government Obligations	U.S. Agency Obligations	Corporate Bonds	Bond Mutual Funds
AAA	$ 57,645	$ 4,855	$ 13,782	$ 4,443	$ 34,565
AA+	-	-	-	-	-
AA	6,888	-	-	51	6,837
AA-	547	-	-	547	-
A+	-	-	-	-	-
A	17,478	-	-	3,098	14,380
OTHER	29,155	-	-	3,308	25,847
Total	$ 111,713	$ 4,855	$ 13,782	$ 11,447	$ 81,629

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. At June 30, 2015 and 2014, the University had no exposure to foreign currency risk.

(in thousands)

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University held the following investments that had fair values of 5 percent or more of total investments as of June 30, 2015 and 2014:

	June 30, 2015	June 30, 2014
Cantillon Global	$ 16,520	$ 22,466
PIMCO All Asset	15,990	20,547
FPA Creecent	20,131	13,213
IVA Worldwide	20,230	15,672

(4) Accounts Receivable

Accounts receivable consist of the following, as of June 30, 2015 and 2014:

	2015	2014
Sponsor accounts	$ 5,494	$ 5,242
Student accounts	25,655	27,958
Other	9,769	9,933
	40,918	43,133
Less allowances for loss on accounts receivable	(8,965)	(8,995)
Accounts receivable, net	$ 31,953	$ 34,138

In addition, the University has student loans receivable of $35,685 and $32,712 as of June 30, 2015 and 2014, respectively. The related allowances as of June 30, 2015 and 2014 are $7,050 and $6,793, respectively.

KENT STATE UNIVERSITY

Notes to Financial Statements
June 30, 2015 and 2014
(in thousands)

(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:

	2014	Additions/ Transfers	Net Retirements	2015
Land	$ 29,594	$ 636	$ -	$ 30,230
Infrastructure	114,703	1,735	-	116,438
Buildings	858,939	72,858	(669)	931,128
Equipment	221,830	7,535	(3,925)	225,440
Construction-in-progress	99,840	27,632	(120)	127,352
	1,324,906	110,396	(4,714)	1,430,588
Less accumulated depreciation				
Infrastructure	(65,448)	(5,123)	(95)	(70,666)
Buildings	(344,916)	(29,250)	(325)	(374,491)
Equipment	(178,596)	(9,905)	3,591	(184,910)
	(588,960)	(44,278)	3,171	(630,067)
Capital assets, net	$ 735,946	$ 66,118	$ (1,543)	$ 800,521

Included in depreciation expense of $45,339 for the year ended June 30, 2015 is a loss of $1,062 from the disposal of obsolete capital assets.

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

	2013	Additions/ Transfers	Net Retirements	2014
Land	$ 29,126	$ 468	$ -	$ 29,594
Infrastructure	109,729	4,991	(17)	114,703
Buildings	814,200	46,463	(1,724)	858,939
Equipment	216,383	13,072	(7,625)	221,830
Construction-in-progress	68,882	31,001	(43)	99,840
	1,238,320	95,995	(9,409)	1,324,906
Less accumulated depreciation				
Infrastructure	(60,459)	(4,973)	(16)	(65,448)
Buildings	(318,356)	(25,899)	(661)	(344,916)
Equipment	(175,387)	(10,054)	6,845	(178,596)
	(554,202)	(40,926)	6,168	(588,960)
Capital assets, net	$ 684,118	$ 55,069	$ (3,241)	$ 735,946

Included in depreciation expense of $42,320 for the year ended June 30, 2014 is a loss of $1,394 from the disposal of obsolete capital assets.

(6) Long-term Liabilities

Long-term Debt

In April 2013, the University issued $60,000 in Series 2013A General Receipts bonds. The proceeds from the bond sale were used for the early redemption of Series 2008B General Receipts bond with an outstanding principal balance of $60,000. As of June 30, 2015, the outstanding principal of the 2013A General Receipts bonds was $60,000.

In September 2009, the University issued $214,910 in Series 2009B General Receipts bonds. The proceeds from the bond sale were used for a current refunding of the Series 2009A General Receipts bonds and the Series 2008A General Receipts bonds, as well as an advance refunding of the Series 2000 General Receipts bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the University's long-term obligations. The total refunding was undertaken to achieve debt service savings, as well as allowing the University to convert the synthetic fixed rate bonds to natural fixed rates, thereby eliminating risk associated with interest rate hedge arrangements and stabilizing the interest expenses incurred by the University. The total refunding transaction reduced debt service payments by $34,210 and resulted in an economic gain of $22,092. Of the total refunding, debt service was reduced by $1,271 and resulted in an economic gain of $887 from the advance refunding. For the advance refunding of the Series 2000 General Receipts bonds, the reacquisition price exceeded the net carrying amount of the old debt by $520. This amount was being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The unamortized balance was reclassified as a deferred outflow of resources with the adoption of GASB 65 in fiscal year 2014. As of June 30, 2015, the outstanding principal of the 2009B General Receipts bond was $171,170.

In fiscal year 2010, the University terminated the interest rate swap agreements associated with the Series 2009A General Receipts bonds and the Series 2008A General Receipts bonds. This resulted in a termination payment totaling $23,864. In connection with the issuance of the Series 2009B General Receipts bonds, the University also recognized a net bond premium totaling $19,456 which will be amortized against interest expense over the life of the bond. As of June 30, 2015, the unamortized net bond premium was $6,755.

In June 2012, the University issued $170,000 in Series 2012 General Receipts bonds. The proceeds from the bond sale will be used for constructing, renovating, equipping and furnishing various University academic, administrative and other campus buildings. As of June 30, 2015, the outstanding principal of the 2012A bonds was $164,080. In connection with the bond issuance, the University also recognized a net bond premium totaling $16,185 which will be amortized against interest expense over the life of the bond. As of June 30, 2015, the unamortized net bond premium was $11,159.

During fiscal year 2014, the University issued $28,415 in Series 2014A General Receipts bonds. The proceeds from the bond sale will be used for renovating, equipping and furnishing University residence hall facilities at the University's Tri-Towers complex. As of June 30, 2015, the outstanding principal of the 2014A bonds was $27,400. In connection with the bond issuance, the University also recognized a net bond premium totaling $1,894 which will be amortized against interest expense over the life of the bond. As of June 30, 2015, the unamortized net bond premium was $1,516.

In accordance with the General Receipts bonds Trust Agreement, the Series 2009B, Series 2012A, Series 2013A, and Series 2014A General Receipts' bonds are subject to mandatory or optional redemption.

The indebtedness created through the issuance of General Receipts' bonds is collateralized by a pledge of all general receipts, excluding state appropriations and monies received for restricted purposes. The primary source of funds being deposited to service the principal and interest requirements is student facilities fees.

During fiscal year 2010, the University entered into a loan agreement with the Ohio Air Quality Development Authority for a total of $1,344. The Ohio Air Quality Authority has issued $672 in 2010 Series A bonds and $672 in 2010 Series B bonds, the proceeds of which will be used to fund the University's energy efficiency and conservation project at its Stark campus. As of June 30, 2015, the outstanding principal of the Series A and Series B bonds was $45 and $672, respectively.

During fiscal year 2011, the University entered into two additional loan agreements with the Ohio Air Quality Development Authority. The first loan agreement totals $5,388; $2,694 in Series A bonds and $2,694 in Series B bonds. The proceeds will be used to fund the University's energy efficiency and conservation projects at its Ashtabula, East Liverpool, Geauga, Salem and Trumbull campuses. As of June 30, 2015, the outstanding principal of the Series A and Series B bonds was $1,333 and $2,694, respectively. The second loan agreement totals $20,000: $13,000 in Series A bonds, and $7,000 in Series B bonds. The proceeds will be used to fund the University's energy efficiency and conservation projects for its Residence Hall and Dining Services auxiliary units. As of June 30, 2015, the outstanding principal of Series A and Series B bonds was $8,444 and $7,000, respectively.

During fiscal year 2013, the University entered into a loan agreement with the Ohio Air Quality Development Authority for a total of $24,947; $17,447 in Series A bonds and $7,500 in Series B bonds. The proceeds will be used to fund the University's energy efficiency and conservation projects at its Kent campus. As of June 30, 2015, the outstanding principal of Series A and Series B bonds was $13,496 and $7,500, respectively.

In fiscal year 2015, the University entered into a capital lease with the Portage County Port Authority to finance the construction of the new Institutional Advancement building for $17,025. The University had a capital lease with the Portage County Port Authority for 3.75 acres of property near the northwest edge of the Kent campus for $3,680 beginning in fiscal year 2013. This is the land where the new building will reside. The two leases were combined totaling $20,640 with principal payments beginning in fiscal year 2016.

Notes to Financial Statements
June 30, 2015 and 2014
(in thousands)

In fiscal year 2011, the University entered into an agreement with Fairmount Properties, LLC to construct a building for its Twinsburg location (programs are operated out of the University's Geauga campus) which the University will lease for a period of 30 years. The total capital lease is $13,992 and lease payments will begin in September 2012. As of June 30, 2015, the total outstanding principal on the capital lease was $13,440.

In fiscal year 2013, as part of the merger with OCPM, the University assumed the debt from a pooled financing program for State of Ohio Higher Educational Facility Rate Demand Revenue Bonds. The proceeds were recorded as an obligation under capital lease by OCPM for the construction related to the improvement of the new main campus building. The University recorded this debt as a capital lease in the amount of $5,380. As of June 30, 2015, the principal balance for this lease was $4,815.

Long-term debt consists of the following as of June 30, 2015:

	Rates	Maturity	2014	Additions	Retirements	2015
General Receipts Bonds of 2009B	2.0 - 5.0	2009-2032	$ 180,105	$ -	$ (8,935)	$ 171,170
General Receipts Bonds of 2013A	3.79	2028-2032	60,000	-	-	60,000
General Receipts Bonds of 2012A	3.0 - 5.0	2014-2042	167,085	-	(3,005)	164,080
General Receipts Bonds of 2014A	2.0 - 5.0	2014-2033	28,415		(1,015)	27,400
Air Quality Dev. Tax Exempt Rev. Bond - Stark (A)	2.99	2010-2016	180	-	(135)	45
Air Quality Dev. Tax Credit Rev. Bond - Stark (B)	5.63	2010-2020	672	-	-	672
Air Quality Dev. Tax Exempt Rev. Bond - Regional Campuses (A)	2.75	2012-2019	1,689	-	(356)	1,333
Air Quality Dev. Tax Credit Rev. Bond - Regional Campuses (B)	4.86	2012-2019	2,694	-	-	2,694
Air Quality Dev. Tax Exempt Rev Bond Residence Halls & Dining Svcs (A)	2.62	2012-2025	9,650	-	(1,206)	8,444
Air Quality Dev. Tax Credit Rev Bond Residence Halls & Dining Svcs (B)	5.32	2019-2025	7,000	-	-	7,000
Air Quality Dev. Tax Exempt Rev Bond Kent Campus (A)	1.38	2013-2023	15,081	-	(1,585)	13,496
Air Quality Dev. Tax Exempt Rev Bond Kent Campus (B)	3.65	2024-2027	7,500	-	-	7,500
Other	various	various	24,216	17,901	(778)	41,339
			504,287	17,901	(17,015)	505,173
Plus unamortized discount and premium			23,541	-	(4,111)	19,430
Subtotal			527,828	$ 17,901	$ (21,126)	524,603
Less current portion long-term debt			21,373			22,666
			$ 506,455			$ 501,937

(in thousands)

Long-term debt consists of the following as of June 30, 2014:

	Rates	Maturity	2013	Additions	Retirements	2014
General Receipts Bonds of 2009B	2.0 - 5.0	2009-2032	$ 188,855	$ -	$ (8,750)	$ 180,105
General Receipts Bonds of 2013A	3.79	2028-2032	60,000	-	-	60,000
General Receipts Bonds of 2012A	3.0 - 5.0	2014-2042	170,000	-	(2,915)	167,085
General Receipts Bonds of 2014A	2.0 - 5.0	2014-2033	-	28,415	-	28,415
Air Quality Dev. Tax Exempt Rev. Bond - Stark (A)	2.99	2010-2016	312	-	(132)	180
Air Quality Dev. Tax Credit Rev. Bond - Stark (B)	5.63	2010-2020	672	-	-	672
Air Quality Dev. Tax Exempt Rev. Bond - Regional Campuses (A)	2.75	2012-2019	2,036	-	(347)	1,689
Air Quality Dev. Tax Credit Rev. Bond - Regional Campuses (B)	4.86	2012-2019	2,694	-	-	2,694
Air Quality Dev. Tax Exempt Rev Bond Residence Halls & Dining Svcs (A)	2.62	2012-2025	10,826	-	(1,176)	9,650
Air Quality Dev. Tax Credit Rev Bond Residence Halls & Dining Svcs (B)	5.32	2019-2025	7,000	-	-	7,000
Air Quality Dev. Tax Exempt Rev Bond Kent Campus (A)	1.38	2013-2023	16,645	-	(1,564)	15,081
Air Quality Dev. Tax Exempt Rev Bond Kent Campus (B)	3.65	2024-2027	7,500	-	-	7,500
Other	various	various	25,492	760	(2,036)	24,216
			492,032	29,175	(16,920)	504,287
Plus unamortized discount and premium			25,658	1,895	(4,012)	23,541
Subtotal			517,690	$ 31,070	$ (20,932)	527,828
Less current portion long-term debt			20,824			21,373
			$ 496,866			$ 506,455

Principal and interest on long-term debt are payable from operating revenues, allocated student fees and the excess of revenues over expenditures of specific auxiliary activities. The obligations are generally callable.

Hedging derivative instrument payments and hedged debt

As of June 30, 2015, aggregate debt service requirements of the University's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are shown below. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. Refer below for information on derivative instruments (interest rate swap).

(in thousands)

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

Year	Principal	Interest	Hedging Derivatives, Net	Total
2016	$ 18,779	$ 20,348	$ 2,131	$ 41,258
2017	19,397	19,626	2,123	41,146
2018	20,551	18,837	2,114	41,502
2019	20,862	18,030	2,104	40,996
2020	21,648	17,194	2,094	40,936
2021-2025	115,358	71,369	10,303	197,030
2026-2030	141,366	45,201	8,038	194,605
2031-2035	78,664	23,610	659	102,933
2036-2040	46,621	12,496	-	59,117
2040-2045	21,927	1,621	-	23,548
Total	$ 505,173	$ 248,332	$ 29,566	$ 783,071

Interest Rate Swap

The University has entered into a 30-year interest rate swap agreement for $60,000 of the variable rate 2002 Series General Receipts bonds. The University entered into this agreement at the same time and for the same amount of the variable rate debt, with the intent of creating a synthetic fixed rate debt, at an interest rate that was lower than if fixed rate debt would have been issued directly. During 2009, the interest rate swap agreement was re-identified in connection with refunding of the 2002 Series General Receipt bonds through the issuance of 2008B Series General Receipt bonds. During fiscal year 2010, the counterparty on the agreement was changed from Woodlands Commercial Bank (formerly known as Lehman Brothers Commercial Bank) to Loop Financial Products LLP. Based on the swap agreement, the University owes interest calculated at a fixed rate to the counter-party to the swap. In return, the counter-party owes the University interest based on a variable rate. The $60,000 in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The University continues to pay interest to the bondholders at the variable rate provided by the bonds. The debt service requirements to maturity for these bonds, as presented in this note, are based on that fixed rate. The notional amount on the swap is $60,000 as of June 30, 2015.

During 2013, the interest rate swap was re-identified in connection with the refunding of the 2008B Series General Receipt bonds through the issuance of the 2013A Series General Receipt bond. As a result of the re-identification, an imputed borrowing of $15,912 was recorded as a non-current accrued liability and a new synthetic, at the market swap, was created as of the refinance date.

The revised interest rate swap has been determined to be an effective hedge and the fair value was estimated using the regression analysis method. The regression analysis method evaluates effectiveness by considering the statistical relationship between the cash flows or fair values of the potential hedging derivative instrument and the hedgeable item.

As a result of the July 1, 2012 merger with the Ohio College of Podiatric Medicine (OCPM), the University assumed the OCPM capital lease and the associated swap. Based on the swap agreement, the University owes interest calculated at a fixed rate to the counter-party to the swap. In return, the counter-party owes the University interest based on a variable rate. The debt service requirements for the term of the capital lease, as presented in this note, are based on that fixed rate. The notional amount on the swap is $4,815 as of June 30, 2015.

As of June 30, 2015, the University has recorded a deferred inflow of resources and a related swap asset in the amount of $639, accounting for the at-the-market swap and the former OCPM swap. The change in fair value totaled $1,890 in 2015 and was recorded as a reduction of the deferred inflow of resources. Due to the termination of hedge accounting from the refunding of the 2008B General Receipts bonds in fiscal year 2013, the University recognized $1,398 as a deferred cost of refunding (included in deferred outflows of resources) and increased its accrued liability from $14,514 to $15,912. The deferred cost of refunding is being amortized over the life of the swap and has a balance of $1,250 at June 30, 2015.

The interest rate swaps are subject to the following risks:

> Interest rate risk - The University is exposed to interest rate risk. On the pay-fixed, receive-variable interest rate swaps, as LIBOR or the BMA Municipal Swap Index decreases, the University's net payment on the swap increases.
>
> Basis risk - The University is exposed to basis risk due to variable rate payments received being based on a rate or index other than interest rates that the University pays on its variable rate debt. As of June 30, 2015, the interest rate on the University's Series 2013A hedged variable rate debt is 0.584 percent, while 67 percent of LIBOR is 0.10 percent and the interest rate on the University's hedged variable rate capital lease is 0.15 percent, while the weekly BMA Municipal Swap Index was 0.06 percent.
>
> Termination risk - The swap agreements may be terminated prior to their stated termination dates under certain circumstances. Upon termination, a payment may be owed depending on the prevailing economic circumstances at the time of the termination.
>
> 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.

Accrued Compensated Absences

Per University policy, faculty and staff earn vacation up to a maximum of 25 days per year with a maximum accrual of 75 days. Upon termination, they are entitled to a payout of their accumulated balance. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The liability for accrued vacation at June 30, 2015 and 2014 is $16,861 and $16,283, respectively.

(in thousands)

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro-rata monthly basis for salaried employees and on a pro rata hourly basis for classified hourly employees). Employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25% of unused days (maximum of 30 days). The liability for accrued sick leave at June 30, 2015 and 2014 is $6,519 and $6,043, respectively.

A summary of accrued compensated absences at June 30, 2015 and 2014 is as follows:

For the year ended	Beginning Balance	Additions	Reductions	Ending Balance
June 30, 2015	$ 22,326	$ 3,625	$ 2,571	$ 23,380
June 30, 2014	$ 20,970	$ 3,283	$ 1,927	$ 22,326

(7) Retirement Benefits

(a) Basic Retirement Benefits

Plan Description – The University participates in the State Teachers Retirement System (STRS), and the Ohio Public Employees Retirement System (OPERS), the statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that covers substantially all employees of the University. Each system has multiple retirement plan options available to its members, ranging from three in STRS and three in OPERS. Each system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The systems also each provide post-employment health care benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

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, Ohio 43215
(888) 227-7877
www.strsoh.org

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

Contributions – State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually be actuarial valuation using the entry age normal cost method. Under these provisions, each contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

(in thousands)

Member contributions are 10 percent of gross wages for all plans, set at the maximums authorized by the ORC. The plans' 2014 contribution rates on covered payroll to each system were:

	Employer Contribution Rate			
	Pension	Post Retirement Healthcare	Death Benefits	Total
STRS	13.00%	1.00%	0.00%	14.00%
OPERS	12.00%	2.00%	0.00%	14.00%
OPERS - Law Enforcement & Public Safety	16.10%	2.00%	0.00%	18.10%

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

	Employer Contribution Rate			
	Pension	Post Retirement Healthcare	Death Benefits	Total
STRS	14.00%	0.00%	0.00%	14.00%
OPERS	12.00%	2.00%	0.00%	14.00%
OPERS - Law Enforcement & Public Safety	16.10%	2.00%	0.00%	18.10%

The University's required and actual contributions to the plans are:

	For the years ended 6/30	
	2015	2014
STRS	17,022	16,554
OPERS	16,360	15,828
	$ 33,382	$ 32,382

Benefits Provided –

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

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

(in thousands)

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

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

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

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

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

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

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/OPERS. The net pension liability was measured as of July 1, 2014 for the STRS plan and December 31, 2014 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

	Measurement	Net Pension Liability		Proportionate Share		Percent
Plan	Date	2015	2014	2015	2014	Change
STRS	July 1	$ 281,426	$ 334,331	1.16%	1.16%	0.00%
OPERS	December 31	$ 102,582	$ 100,494	0.85%	0.85%	0.00%

Notes to Financial Statements
June 30, 2015 and 2014
(in thousands)

For the year ended June 30, 2015 and 2014, the University recognized pension expense of $27,458 and $32,382, respectively. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 801	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	46,554
Changes in proportion and differences between University contributions and proportionate share of contributions	203	-
University contributions subsequent to the measurement date	25,251	-
Total	$ 26,255	$ 46,554

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	$ (10,267)
2017	$ (10,267)
2018	$ (9,651)
2019	$ (9,527)
2020	$ (5,797)
Thereafter	$ (41)

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

(in thousands)

Actuarial Assumptions – The total pension liability is based on the results of actuarial valuations and determined 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, including inflation	2.75 percent - 12.25 percent	4.25 percent - 10.05 percent
Inflation	2.75 percent	3.75 percent
Investment rate of return	7.75 percent, net of pension plan investment expense	8.00 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of 5 years ended December 31, 2010
Mortality basis	RP-2000 Combined Mortality Table (Projection 2022–Scale AA)	RP-2000 mortality table projected 20 years using Projection Scale AA

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

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

	STRS			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 Equities	19.90%	5.84%
Alternatives	14.00%	5.50%	Real Estate	10.00%	4.25%
Fixed Income	18.00%	1.25%	Private Equity	10.00%	9.25%
Real Estate	10.00%	4.25%	International Equity	19.10%	7.40%
Liquidity Reserves	1.00%	0.50%	Other Investments	18.00%	4.59%
Total	100%		Total	100%	

(in thousands)

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%	402,894	7.75%	281,426	8.75%	178,707
OPERS	7.00%	189,370	8.00%	102,582	9.00%	29,505
		$ 592,264		$ 384,008		$ 208,212

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

Payable to the Pension Plan – At June 30, 2015, the University reported a payable of $5,286 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

(b) Post-Retirement Health Care Benefits

OPERS - Plan Description

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

OPERS - Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 10% of covered payroll and public safety and law enforcement employers contributed at 12% and 13%, respectively.
The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employers units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees 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 was 2% during calendar year 2015. The portion of employer contributions allocated to health care for members in the Combined Plan was 2% during calendar year 2014. The OPERS Board of Trustees 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. The University's contributions allocated to post-retirement health care for the years ended June 30, 2015, 2014, and 2013 were $2,298, $1670 and $2,647, respectively.

STRS - Plan Description

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. 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 Medical Part B premiums.

Pursuant to Chapter 3307 of the 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.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strs.oh.org or by requesting a copy by calling toll-free 1-888-227-7877.

STRS - Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2015, 2014 and 2013. The 14%

employer contribution rate is the maximum rate established under Ohio law. The University's contribution to post-employment health care for the years ended June 30, 2015, 2014, and 2013 was $0, $1,076, and $1,084, respectively. Effective July 1, 2014, 0% of covered payroll was allocated to post-employment health care.

(c) Ohio Public Employees Deferred Compensation Program

The University's employees may elect to participate in the Ohio Public Employees Deferred Compensation Program (the "Program"), created in accordance with Internal Revenue Code Section 457. The Program permits deferral of a portion of an employee's compensation until termination, retirement, death, or unforeseeable emergency. The deferred compensation and any income earned thereon are not subject to income taxes until actually received by the employee.

In 1998, the Ohio Public Employees Deferred Compensation Program Board implemented a trust to hold the assets of the Program in accordance with Internal Revenue Code Section 457. The program assets are the property of the trust, which holds the assets on behalf of the participants.

Therefore, in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets of this program are not reported in the accompanying financial statements.

At June 30, 2015 and 2014, the amounts on deposit with the Ohio Public Employees Deferred Compensation Board were $14,840 and $13,998, respectively, which represents the fair market value at such dates.

(8) 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 any and 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 is also self-insured for workers' compensation, unemployment compensation and substantially all employee health benefits. The University's risk exposure is limited to claims incurred. Total claims paid during the years ended June 30, 2015 and 2014 were $56,261 and $53,328, respectively. A liability for unpaid claims (including incurred but not reported claims) in the amount of $10,280 and $9,032 has been accrued as of June 30, 2015 and 2014, respectively. This estimate is based on an analysis of historical claims paid. A summary of self-insured activity for the three years ended June 20, 2015, June 30, 2014, and June 30, 2013 is as follows:

(in thousands)

For the Years Ended	Balance	Additions	Reductions	Balance
June 30, 2015	$ 9,032	$ 57,509	$ 56,261	$ 10,280
June 30, 2014	$ 8,088	$ 54,272	$ 53,328	$ 9,032
June 30, 2013	$ 6,511	$ 48,742	$ 47,165	$ 8,088

The University has operating leases for the use of real property and moveable equipment. Total expenditures during 2015 and 2014 for operating leases amounted to approximately $1,080 and $1,111 respectively.
Future minimum payments on non-cancelable operating leases subsequent to June 30, 2015 are as follows:

Year	Operating Leases
2016	$ 777
2017	742
2018	276
2019	56
Total future minimum payments	$ 1,851

As of June 30, 2015, the University had commitments related to construction projects totaling $79,967. Of this amount, $60,689 or 76% will be funded from bond proceeds.

(9) Related Party Transactions

The University, together with The University of Akron and Youngstown State University, created a consortium to establish and govern The Northeastern Education Television of Ohio, Inc. ("NETO"), Channels 45 and 49, Kent, Ohio. This organization is legally separate from the University; accordingly, its financial activity is not included within the accompanying financial statements. The University has no contractual financial obligations to this consortium.

(10) Component Unit

The University is the sole beneficiary of the Foundation: a separate not-for-profit entity organized for the purpose of promoting educational and research activities. The Foundation is a legally separate entity from the University and maintains a self-appointing Board of Trustees. The Foundation reimburses the University for substantially all operating expenses paid by the University on behalf of the Foundation. Under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Foundation meets the definition of a discretely presented component unit.

Assets totaling approximately $179,464 and $174,216 at June 30, 2015 and 2014, respectively, most of which have been restricted by donors for specific purposes, are presented separately. Amounts received by the University from the Foundation are included in the accompanying financial statements. The University received approximately $11,813 and $9,650 of financial support during the years ended June 30, 2015 and 2014, respectively, from gifts to the Foundation specifically restricted by donors for University use and from private grants. Additionally, at June 30, 2015 and 2014, the University had outstanding receivables from the Foundation of approximately $57 and $56, respectively.

(in thousands)

The value of investments for the Foundation at June 30, 2015 and 2014 is as follows:

	Market Value 2015	Market Value 2014
Corporate stocks	$ 5,053	$ 6,980
Limited partnership hedge fund	5,045	6,065
ETFS	5,472	6,216
Mutual funds:		
Large capitalization equity funds	42,350	37,395
Small/middle capitalization equity funds	9,522	8,838
International equity funds	30,607	31,344
Other mutual funds	19,383	20,312
Fixed-income funds	30,495	30,529
	$ 147,927	$ 147,679

The KSU Foot and Ankle Clinic dba The Cleveland Foot and Ankle Clinic provides services to the public but does so to provide clinical experience for students of the KSU College of Podiatric Medicine. The Cleveland Foot and Ankle Clinic is a separate not-for-profit entity organized by the University for the benefit of the KSU College of Podiatric Medicine. The University is the sole member of the organization and appoints the directors. Under the provisions of GASB 61, the Clinic has been determined to be a blended component of the University. The University is obligated to deposit sufficient amounts to cover necessary expenses deemed to be core components to the continuous operation of the Clinic. The University also reviews and approves the annual budget. Condensed financial statement information for the Cleveland Foot and Ankle Clinic is presented below.

As of June 30, 2015:

Statement of Net Position (condensed):

Total assets	$ 70
Total liabilities	$ 70
Net position	$ 0

(in thousands)

As of June 30, 2014:

Statement of Net Position (condensed):

Total assets	$ 47
Total liabilities	$ 47
Net position	$ 0

Assets primarily consist of patient receivables offset by an allowance for uncollectible patient receivables. Liabilities primarily consist of accounts payable and accrued vacation.

For the year ended June 30, 2015:

Statement of Revenues, Expenses, and Changes in Net Position (condensed):

Operating revenues	$ 765
Operating expenses	(893)
Operating income (loss)	(128)
Transfers	128
Change in net position	$ 0

For the year ended June 30, 2014:

Statement of Revenues, Expenses, and Changes in Net Position (condensed):

Operating revenues	$ 684
Operating expenses	(942)
Operating income (loss)	(258)
Transfers	187
Change in net position	$ (71)

Patient revenues are the major source of operating revenues for the Clinic. Operating expenses consist primarily of salaries and benefits for Clinic personnel and expenses related to the Clinic building (i.e., rental expense and insurance).

(11) Subsequent Events

The state of Ohio's fiscal year 2016-2017 budget bill has included several provisions that will have an impact on higher education in the future; the most notable provision is the freeze on tuition increases for both fiscal year 2016 and 2017. With the freeze on tuition increases, the bill also includes an overall increase in state support for Ohio's public universities of 4.5% in fiscal year 2016 and 4% in fiscal year 2017 which will be distributed based on a performance based formula.

Required Supplementary Information

KENT STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION FOR GASB 68
(in thousands)

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

	2014	
	OPERS	STRS
Plan year end	December 31	June 30
University's proportion of the collective net pension liability:		
As a percentage	0.85325%	1.15702%
Amount	$ 102,582	$ 281,426
University's covered-employee payroll	$ 136,758	$ 142,396
University's proportionate share of the collective pension liability (amount), as a percentage of the University's covered-employee payroll	75.01%	197.64%
Fiduciary net position as a percentage of the total pension liability	86.53%	74.70%

Schedule of University's Contributions

	2015	
	OPERS	STRS
Statutorily required contribution	$ 16,360	$ 17,022
Contributions in relation to the actuarially determined contractually required contribution	$ 16,360	$ 17,022
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$ 139,224	$ 142,396
Contributions as a percentage of covered employee payroll	11.75%	11.95%

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Plante & Moran, PLLC
3434 Granite Circle
Toledo, OH 43617
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

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
Kent State University

We have audited, 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, the financial statements of Kent State University (the "University"), a component unit of the State of Ohio, and its discretely presented component unit as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 15, 2015. Our report includes a reference to other auditors who audited the financial statements of Kent State University Foundation, as described in our report on Kent State University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

To Management and the Board of Trustees
Kent State University

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 15, 2015

Plante & Moran, PLLC
3434 Granite Circle
Toledo, OH 43617
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

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

Independent Auditor's Report

To the Board of Trustees
Kent State University

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

To the Board of Trustees
Kent State University

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002, that we consider to be significant deficiencies.

Kent State University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. Kent State University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

To the Board of Trustees
Kent State University

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

Plante & Moran, PLLC

October 15, 2015

Kent State University

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

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
Student Financial Aid Cluster			
Department of Education			
Direct Programs			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ 989,878
Federal Work-Study Program	84.033	N/A	1,774,794
Federal Perkins Loan Program	84.038	N/A	31,535,942
Federal Pell Grant Program	84.063	N/A	55,993,536
Federal Direct Loans	84.268	N/A	244,686,554
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	N/A	2,382,167
Total Department of Education			337,362,871
Department of Health and Human Services			
Direct Programs			
Health Professional Student Loans	93.342	N/A	1,577,721
Loans for Disadvantaged Students	93.342	N/A	247,642
Total			1,825,363
Nursing Student Loans	93.364	N/A	1,809,321
Total Department of Health and Human Services			3,634,684
Total Student Financial Aid Cluster			340,997,555
Research And Development Cluster			
Department of Agriculture			
Direct Programs			
Agricultural Research - Basic and Applied Research	10.001	N/A	120
Agriculture and Food Research Initiative (AFRI)	10.310	N/A	259,610
International Agricultural Research Program	10.961	N/A	(1,530)
Pass-through Program			
The Ohio State University - Integrated Programs (B)	10.303	2010-51110-21080	6,502
Total Department of Agriculture			264,702
Department of Commerce			
Direct Program			
Measurement and Engineering Research and Standards	11.609	N/A	151,056
Pass-through Programs			
The Ohio State Research Foundation - Sea Grant Support	11.417	60043509	(767)
The Ohio State Research Foundation - Sea Grant Support	11.417	60049633	655
The Ohio State Research Foundation - Sea Grant Support	11.417	60043506	3,579
The Ohio State Research Foundation - Sea Grant Support	11.417	60047463	9,001
The Ohio State Research Foundation - Sea Grant Support	11.417	60038912	37,433
Total			49,901
ASM International - Measurement and Engineering Research and Standards	11.609	KSU01 PRIME 70NANB13H201	1,886
Total Department of Commerce			202,843
Department of Defense			
Direct Programs			
Basic Scientific Research	12.431	N/A	63,790
Air Force Defense Research Sciences Program	12.800	N/A	6,633
Department of Defense			
Pass-through Programs			
Worcester Polytechnic Institute - Military Medical Research and Development	12.420	12-215570-01	22,835
University of Central Florida - Basic and Applied Scientific Research	12.300	65016248	59,319
Case Western Reserve University - Air Force Defense Research Sciences Program	12.800	RE5506637	142,269

See Notes to Schedule of Expenditures of Federal Awards.

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
Department of Defense (Continued)			
Pass-through Programs (Continued)			
Lincoln Lab-MIT - New Technology Initiative Program Liquid Crystal Thermal Imager	NONE	MIT PO 7000205259	$ 48,655
Riverside Research Institute - Study of Active Control of Metamaterial and its Ability to Beam Shape Signals	NONE	KSU412016	4,925
Hiltron Technologies, Inc. - Electro-Optic and Infrared Situational Awareness Display	NONE	KSU412027	8,693
Boston Applied Technologies, Inc. - Advanced Laser Protection Devices	NONE	W15QKN-14-C-0021	30,000
UES, Inc. - Synthesis of Hairy Nanoparticles	NONE	S-875-183-001	28,067
Azimuth Corp - Cholesteric Liquid Crystal Polymers	NONE	FA8650-D-09-5434	33,525
Total			153,865
Total Department of Defense			448,711
Department of Housing and Urban Development			
Pass-through Programs			
City of Cleveland - Community Development Block Grants/Entitlement Grants	14.218	SG2013-146	431
City of Cleveland - Community Development Block Grants/Entitlement Grants	14.218	CT5005SG	10,000
The Center for Community Solutions - Community Development Block Grants/Entitlement Grants	14.218	68-318 PRIME	95
Total Department of Housing and Urban Development			10,526
Department of the Interior			
Direct Program			
Cooperative Research and Training Programs - Resources of the National Park System	15.945	N/A	22,803
Pass-through Programs			
The Ohio State University - Assistance to State Water Resources Research Institutes	15.805	60044139	12,641
The Ohio State University - Assistance to State Water Resources Research Institutes	15.805	60049012	10,295
The Ohio State University - Assistance to State Water Resources Research Institutes	15.805	60049013	1,388
Total			24,324
Total Department of the Interior			47,127
Department of Justice			
Direct Program			
Justice Research Development and Evaluation Project	16.560	N/A	183,978
Pass-through Programs			
Ohio Criminal Justice Studies - Edward Byrne Memorial Justice Assistance Grant Program (A,B)	16.738	2012-JG-E01-V6031	18,008
City of Cleveland - Ohio - Edward Byrne Memorial Justice Assistance Grant Program (A,B)	16.738	2013-236	7,081
City of Cleveland - Ohio - Edward Byrne Memorial Justice Assistance Grant Program (A,B)	16.738	2014-262	59,351
Ohio Criminal Justice Studies - Edward Byrne Memorial Justice Assistance Grant Program (A,B)	16.738	2013-PS-PSN-366	76,525
Total			160,965
Total Department of Justice			344,943
Department of Transportation			
Pass-through Programs			
Purdue University - Air Transportation Centers of Excellence	20.109	4108-60207	21,224
Purdue University - Air Transportation Centers of Excellence	20.109	4108-60206	25,744
Total			46,968
Washington State Dept. of Transportation - Highway Planning and Construction	20.205	GCB1522	20,000
Total Department of Transportation			66,968

See Notes to Schedule of Expenditures of Federal Awards.

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

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
National Aeronautics and Space Administration			
Direct Program			
Science	43.001	N/A	$ 101,536
NASA Glenn Research Center - Ground Data Acquisition	NONE	N/A	11,935
Pass-through Programs			
Boston Applied Technologies, Inc. - Novel to Near-to-Mid IR Imaging Sensors Without Cooling	NONE	NNX13CP39P	25,406
Yanhai Power LLC - Fabrication of T-SOFC	NONE	0002-14-SBIR	3,205
Ohio Space Grant Consortium - NASA Robotic Mining Competition	NONE	KSU418723	179
Total			28,790
Total National Aeronautics and Space Administration			142,261
Institute of Museum and Library Sciences			
Direct Program			
National Leadership Grants	45.312	N/A	6,758
Pass-through Program			
Ohio Humanities Council - Promotion of the Humanities Federal-State Partnership	45.129	MA15-003	1,000
Total Institute of Museum and Library Sciences			7,758
National Science Foundation			
Direct Programs			
Engineering Grants	47.041	N/A	200,032
Mathematical and Physical Sciences	47.049	N/A	1,971,374
Geosciences	47.050	N/A	71,552
Computer and Information Science and Engineering	47.070	N/A	199,851
Biological Sciences	47.074	N/A	393,926
Social Behavioral and Economic Sciences	47.075	N/A	149,597
Education and Human Resources	47.076	N/A	424,486
Polar Programs	47.078	N/A	23,810
Office of International and Integrative Activities	47.079	N/A	101,769
IPA Assignment for Dr. Gartland	NONE	N/A	174,877
Pass-through Programs			
Hiltron Technologies, Inc. - Engineering Grants	47.041	HTI-NSF2-2012	18,959
LXD, Inc. - Engineering Grants	47.041	1046893	259
LXD, Inc. - Engineering Grants	47.041	LXD 1010368	531
Washington State University - Engineering Grants	47.041	120239 G003233	55,182
Total			74,931
The Institute for Complex Adaptive Matter - Mathematical and Physical Sciences	47.049	UCD 104389	4,140
Worcester Polytechnic Institute - Mathematical and Physical Sciences	47.049	12-202850-01-00	18,239
Case Western Reserve University - Mathematical and Physical Sciences	47.049	DMR-0423914	48,100
University of Wisconsin-Madison - Mathematical and Physical Sciences	47.049	364K291	144,429
Total			214,908
Penn State University - Geosciences	47.050	5058-KSU-NSF-1726	6,242
The University of Akron - Computer and Information Science and Engineering	47.070	KSU 1-535326	1,990
Clemson University - Biological Sciences	47.074	1735-206-2010169	18,522
American Sociological Association - Social Behavioral and Economic Sciences	47.075	KSU413605	2,407
San Diego state University - Social Behavioral and Economic Sciences	47.075	SA0000404	23,854
Ball State University - Social Behavioral and Economic Sciences	47.075	G474A	26,585
Total			52,846

See Notes to Schedule of Expenditures of Federal Awards.

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
National Science Foundation (Continued)			
Pass-through Programs (Continued)			
Michigan State University - Education and Human Resources	47.076	RC100753KSU/PRIME DRL-119327	$ 11,730
Cuyahoga Community College - Education and Human Resources	47.076	KSU411508	35,031
Missouri State University - Education and Human Resources	47.076	11052-011	58,502
Total			105,263
Rensselaer Polytechnic Institute - Increasing the Impact of Research Data	NONE	KSU 410413	48,259
Total National Science Foundation			4,234,235
Environmental Protection Agency			
Direct Program			
P3 Award: National Student Design Competition for Sustainability (B)	66.516	N/A	6,430
Total Environmental Protection Agency			6,430
Department of Energy			
Direct Program			
Basic Energy Sciences University and Science Education	81.049	N/A	1,283,885
Pass-through Programs			
Regents of the University of Michigan - Basic Energy Sciences University and Science Education	81.049	KSU411206	14,309
Lawrence Berkeley National Laboratory - Tools for the JET Collaboration	NONE	KSU412705	36,821
Jefferson Lab - Kabir Al Amim	NONE	PO 14-PO967	12,000
UT-Battelle, LLC - Electron Beam Grafting	NONE	4000095139	10,653
Total			59,474
Total Department of Energy			1,357,668
Department of Education			
Direct Programs			
National Institute on Disability and Rehabilitation	84.133	N/A	249,576
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407	N/A	326,806
Pass-through Programs			
Ohio Department of Education - Special Education Grants to States	84.027	EDU01-0000007585	7,869
Ohio Department of Education - Special Education Grants to States	84.027	EDUR201450200	101,235
Ohio Department of Education - Special Education Grants to States	84.027	CSP909314	339,764
Ohio Department of Education - Special Education Grants to States	84.027	EDU01-0000003002	1,859
Total			450,727
The University of Akron - English Language Acquisition State Grants	84.365	00773-KSU ED-T365Z120262	13,817
Akron Public Schools - School Improvement Grants	84.377	KSU415120	3,201
Akron Public Schools - School Improvement Grants	84.377	14011254-00033	23,604
Total			26,805

See Notes to Schedule of Expenditures of Federal Awards.

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

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
Department of Education (Continued)			
Pass-through Programs (Continued)			
ARRA - Akron Public Schools - State Fiscal Stabilization Fund (Sfsf) - Race-To-The-Top Incentive Grants, Recovery Act	84.395	506 1459 410 000000 033 00 003	$ 15,036
ARRA - Akron Public Schools - State Fiscal Stabilization Fund (Sfsf) - Race-To-The-Top Incentive Grants, Recovery Act	84.395	KSU448034	689
ARRA - Akron Public Schools - State Fiscal Stabilization Fund (Sfsf) - Race-To-The-Top Incentive Grants, Recovery Act	84.395	KSU448035	391
ARRA - Ohio Department of Education - State Fiscal Stabilization Fund (Sfsf) - Race-To-The-Top Incentive Grants, Recovery Act	84.395	PO EDU01-0000012854	27,861
ARRA - Ohio Department of Education - State Fiscal Stabilization Fund (Sfsf) - Race-To-The-Top Incentive Grants, Recovery Act	84.395	14417	34,529
Total			78,506
ARRA - Sisters of Charity Foundation of Canton - Race to the Top - Early Learning Challenge	84.412	KSU448051	44,963
Total Department of Education			1,191,200
Department of Health and Human Services			
Direct Programs			
Research and Training in Alternative Medicine	93.213	N/A	19,631
Mental Health Research Grants	93.242	N/A	195,746
Nursing Research	93.361	N/A	439,230
Cancer Detection and Diagnosis Research	93.394	N/A	73,466
ACL National Institute on Disability, Independent Living and Rehabilitation Research	93.433	N/A	204,417
Cardiovascular Diseases Research	93.837	N/A	634,403
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	190,473
Clinical Research Related to Neurological Disorders	93.853	N/A	57,939
Pharmacology Physiology and Biological Chemistry	93.859	N/A	70,183
Child Health and Human Development Extramural Research	93.865	N/A	233,241
Aging Research	93.866	N/A	28,601
Pass-through Programs			
Canton City Health Department - Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	KSU415124	18,753
Canton City Health Department - Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	KSU415134	46,019
Total			64,772
Mental Health and Recovery Services Board of Stark County Comprehensive Community Mental Health Services for	93.104	KSU416335	16,679
Mental Health and Recovery Services Board of Stark County Comprehensive Community Mental Health Services for	93.104	KSU416336	72,387
Total			89,066
The University of Akron - Mental Health Research Grants	93.242	KSU413307	6,923
Oriana House, Incorporated - Substance Abuse and Mental Health Services-Projects of Regional and National Significance (B)	93.243	T1024476	10,120
Mental Health and Recovery Services Board of Stark County - Substance Abuse and Mental Health Services-Projects of Regional and National Significance (B)	93.243	KSU416419	14,745
Mental Health and Recovery Services Board of Stark County - Substance Abuse and Mental Health Services-Projects of Regional and National Significance (B)	93.243	KSU 440522	48,315
Total			73,180

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
Department of Health and Human Services (Continued)			
Pass-through Programs (Continued)			
Neuropsychiatric Research Institute - Alcohol Research Programs	93.273	51-2028-5032-0	$ 10,779
The University of Tennessee - Alcohol Research Programs	93.273	OR14350-001.01 /	49,382
Total			60,161
Hospital Council of Northwest Ohio - Partnerships to Improve Community Health	93.331	1U58DP005639-01	23,469
Case Western Reserve University - Nursing Research	93.361	RES509404	9,564
Duke University - Cancer Cause and Prevention Research	93.393	2034252	7,263
Summit County Health District - PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	93.531	KSU411714	(72)
Translational Genomics Research Institute - Allergy Immunology and Transplantation Research	93.855	PRICE-11-03	31,393
The University of Akron - Pharmacology Physiology and Biological Chemistry	93.859	02301-KSU	18,570
The University of Oregon - Pharmacology Physiology and Biological Chemistry	93.859	215250C PRIME1R01GM103309-01A1	130,989
Total			149,559
University of Southern California - HIV Demonstration Research - Public and Professional	93.941	46822719	25,559
Ohio Department of Mental Health and Addiction Services - Block Grants for Prevention and Treatment of Substance	93.959	99-3402-HEDUC-P-15-0007	3,219
Children's Hospital Medical Center of Akron - Preventive Health and Health Services Block Grant	93.991	KSU411721	15,650
Total Department of Health and Human Services			2,707,036
Total Research And Development Cluster			11,032,408
Economic Development Cluster			
Department of Commerce			
Direct Program			
Investments for Public Works and Economic Development Facilities	11.300	N/A	53,907
Total Economic Development Cluster			53,907
Special Education Cluster (IDEA)			
Department of Education			
Pass-through Programs			
Ohio Department of Education - Special Education Grants to States	84.027	13943	8,630
University of Dayton Research Institute - Special Education Grants to States	84.027	RSC13043	598
University of Dayton Research Institute - Special Education Grants to States	84.027	RSC14037	134,363
Total Special Education Cluster (IDEA)			143,591
TRIO Programs Cluster			
Department of Education			
Direct Programs			
TRIO Student Support Services	84.042	N/A	482,798
TRIO Upward Bound	84.047	N/A	990,587
McNair Post-Baccalaureate Achievement	84.217	N/A	224,548
Total TRIO Programs Cluster			1,697,933
Medicaid Cluster			
Pass-through Programs			
The Ohio State University - Medical Assistance Program	93.778	KSU416018	4,203
The Ohio State University - Medical Assistance Program	93.778	KSU416020	54,636
Total Medicaid Cluster			58,839
Subtotal Of Clusters			353,984,233

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

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
Other Programs			
Department of Agriculture			
Direct Program			
Rural Technology Development Grants	10.771	N/A	$ 109,114
Total Department of Agriculture			109,114
Department of Defense			
Direct Program			
Language Grant Program	12.900	N/A	230,240
Pass-through Program			
U.S. Civilian Research & Development Foundation - Iraq Bioscience Fellowship Program	NONE	IBEX-14-60833	5,756
Total Department of Defense			235,996
Department of Commerce			
Pass-through Program			
Stark County Regional Planning Commission - Community Development Block Grants/Entitlement Grants	14.218	KSU467923	32,982
Total Department of Commerce			32,982
Department of Justice			
Pass-through Program			
Ohio Criminal Justice Studies - Edward Byrne Memorial Justice Assistance Grant Program (A,B)	16.738	2009-JG-A0V-V6963	4,224
Total Department of Justice			4,224
Department of Labor			
Pass-through Programs			
West Central Job Partnership - Workforce Innovation Fund	17.283	10512-J403	14,538
West Central Job Partnership - Workforce Innovation Fund	17.283	10512-J401	19,010
West Central Job Partnership - Workforce Innovation Fund	17.283	10512-J402	21,450
Total Department of Labor			54,998
Department of State			
Pass-through Programs			
International Research & Exchange Board - Academic Exchange Programs - Undergraduate Programs	19.009	SECAGD-13-CA-090	51
International Research & Exchange Board - Academic Exchange Programs - Undergraduate Programs	19.009	418602	20,599
Total			20,650
Institute of International Education - Educational Exchange-University Lecturers (Professors) and Research Scholars (B)	19.401	S-IZ-100-11-GR-070	13,236
Institute of International Education - Educational Exchange-University Lecturers (Professors) and Research Scholars (B)	19.401	S-ECAAE-12-CA-008 (KF)	14,830
Institute of International Education - Educational Exchange-University Lecturers (Professors) and Research Scholars (B)	19.401	SIZ-100-11-GR070	23,185
Total			51,251
International Research & Exchange Board - Educational Exchange-Teachers from Secondary and Postsecondary Levels and School Administrators (B)	19.408	FY14-ILEP-KENT STATE UNIV-01	(3,938)
International Research & Exchange Board - Educational Exchange-Teachers from Secondary and Postsecondary Levels and School Administrators (B)	19.408	FY15-ILEP-KENT STATE-01	179,109
Total			175,171
Total Department of State			247,072

See Notes to Schedule of Expenditures of Federal Awards.

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

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
Department of Transportation			
Direct Program			
Airport Improvement Program	20.106	N/A	$ 488,243
Total Department of Transportation			488,243
National Aeronautics and Space Administration			
Pass-through Programs			
Ohio Space Grant Consortium - Education	43.008	KSU411814	13,750
Ohio Space Grant Consortium - Education	43.008	KSU411808	15,000
Total National Aeronautics and Space Administration			28,750
National Endowment for the Arts			
Direct Programs			
Promotion of the Humanities - Professional Development	45.163	N/A	102,585
Promotion of the Arts - Grants to Organizations and Individuals	45.024	N/A	5,842
Pass-through Programs			
Eastern Illinois University - Promotion of the Humanities - Professional Development	45.163	14-01	18,056
Arts Midwest - Promotion of the Arts - Partnership Agreements	45.025	FY15-140	2,470
Total National Endowment for the Arts			128,953
Institute of Museum and Library Sciences			
Direct Programs			
Librarians for the 21st Century	45.313	N/A	43,908
Pass-through Programs			
University of Washington - National Leadership Grants	45.312	763729	10,263
State Library of Ohio - State Library Program (A)	45.310	VIII-4-15	22,893
Total Institute of Museum and Library Sciences			77,064
Small Business Administration			
Pass-through Programs			
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU445004	22,774
Ohio Development Services Agency - Small Business Development Centers	59.037	KSU487908	24,023
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-14-126A	19,483
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG 14-126B	52,583
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-14-127A	36,055
Ohio Development Services Agency - Small Business Development Centers	59.037	OSBG-15-222	126,769
Total Small Business Administration			281,687
Environmental Protection Agency			
Pass-through Program			
Harrisburg University of Science and Technology - Environmental Education Grants	66.951	NE 00E01029	3,003
Total Environmental Protection Agency			3,003
Department of Education			
Direct Programs			
Adult Education National Programs	84.191	N/A	459,433
Special Education-Personnel Preparation to Improve Services and Results for Children with Disabilities (B)	84.325	N/A	836,170

See Notes to Schedule of Expenditures of Federal Awards.

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
Department of Education (Continued)			
Pass-through Programs			
The Ohio State University - Adult Education - Basic Grants to States	84.002	062976-AB-SL-2014	$ 1,360
The Ohio State University - Adult Education - Basic Grants to States	84.002	BOR01-3437	74
The Ohio State University - Adult Education - Basic Grants to States	84.002	BOR01-0000003953	413,743
The Ohio State University - Adult Education - Basic Grants to States	84.002	60046172	330,187
Total			745,364
Ohio Department of Education - Career and Technical Education -- Basic Grants to States	84.048	VEPD-CB-14-044164	310
Ohio Department of Education - Career and Technical Education -- Basic Grants to States	84.048	VEPD-CB-14-11474	113,534
Ohio Board of Regents - Career and Technical Education -- Basic Grants to States	84.048	BOR01-0000003606	(231)
Total			113,613
Opportunities for Ohioans with Disabilities - Rehabilitation Services Vocational Rehabilitation Grants	84.126	15S1898PI-15	36,564
Ohio Development Services Agency - Rehabilitation Services Vocational Rehabilitation Grants	84.126	KSU487918	6,747
Total			43,311
Summit County Educational Service Center - Foreign Languages Assistance	84.293	KSU411704	12,234
Ohio Department of Education - Mathematics and Science Partnerships (B)	84.366	EDU01-0000011981	55,889
Ohio Department of Education - Mathematics and Science Partnerships (B)	84.366	13708	109,641
Total			165,530
National Writing Project - Improving Teacher Quality State Grants (A)	84.367	97-OH03-SEED2012	5,573
Ohio Board of Regents - Improving Teacher Quality State Grants (A)	84.367	13-20	94,556
Ohio Board of Regents - Improving Teacher Quality State Grants (A)	84.367	13-18	105,798
National Writing Project - Improving Teacher Quality State Grants (A)	84.367	97-OH03-SEED2012	16,659
Ohio Board of Regents - Improving Teacher Quality State Grants (A)	84.367	14-23	69
Ohio Board of Regents - Improving Teacher Quality State Grants (A)	84.367	14-22	30,643
Ohio Board of Regents - Improving Teacher Quality State Grants (A)	84.367	KSU467915	103,613
Ohio Board of Regents - Improving Teacher Quality State Grants (A)	84.367	KSU467915	2,785
Ohio Board of Regents - Improving Teacher Quality State Grants (A)	84.367	12-18	(78)
Ohio Board of Regents - Improving Teacher Quality State Grants (A)	84.367	14-26	17,796
Ohio Board of Regents - Improving Teacher Quality State Grants (A)	84.367	KSU487926	3,359
Total			380,773
ARRA - Ohio Board of Regents - Statewide Data Systems, Recovery Act	84.384	KSU448032	27,675
ARRA - Ohio Department of Education - State Fiscal Stabilization Fund (Sfsf) - Race-To-The-Top Incentive Grants, Recovery Act	84.395	PO 11797	99
Total Department of Education			2,784,202

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

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Identifying Number	Expenditures
Vietnam Education Foundation			
Direct Program			
VEF Fellowship Program	85.802	N/A	$ 25,975
Total Vietnam Education Foundation			25,975
National Archives and Records Administration			
Pass-through Program			
National Historical Publications and Records Grants	89.003	KSU418724	230
Total National Archives and Records Administration			230
Department of Health and Human Services			
Direct Program			
Project Grants for Renovation or Construction of Non-Acute	93.887	N/A	(1,813)
Pass-through Programs			
Summit County Health District - Public Health Emergency Preparedness	93.069	231-12	1,456
Tuscarawas County General Health District - Public Health Emergency Preparedness	93.069	KSU 444503	31,672
Total			33,128
Carroll County General Health District - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	KSU416209	903
Summit County Health District - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	KSU416423	7,385
Total			8,288
Northeast Ohio Medical University - Substance Abuse and Mental Health Services-Projects of Regional and National Significance (B)	93.243	34418-P	600
Summit County Health District - Immunization Cooperative Agreements	93.268	231-12	1,001
Summit County Health District - Immunization Cooperative Agreements	93.268	KSU416424	2,806
Total			3,807
Summit County Health District - PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	93.531	231-12	2,329
Summit County Health District - Preventive Health and Health Services Block Grant	93.991	KSU416422	9,237
Summit County Health District - Maternal and Child Health Services Block Grant to the States	93.994	231-12	1,274
Summit County Health District - Maternal and Child Health Services Block Grant to the States	93.994	KSU416425	10,210
Total			11,484
Total Department of Health and Human Services			67,060
Total Other Programs			4,569,553
Total Federal Awards			**$ 358,553,786**

See Notes to Schedule of Expenditures of Federal Awards.

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Kent State University (the "University") under programs of the federal government for the year ended June 30, 2015. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Kent State University, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Kent State University. Pass-through entity identifying numbers are presented where available.

Subrecipients - Certain funds are passed through to subgrantee organizations by the University. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the Schedule. The University is also the subrecipient of federal funds which have been subject to testing and are reported as expenditures and listed separately as pass-through programs.

Facilities and Administrative Costs - The University has approved predetermined facilities and administrative cost rates, which are 49 percent from July 1, 2014 to June 30, 2015 for on-campus research and instruction and 26 percent from July 1, 2014 to June 30, 2018 for off-campus research.

Note 2 - Loans Outstanding

Outstanding balances of the following loan programs as of June 30, 2015 are disclosed in the Schedule:

Cluster/Program Title	CFDA Number	Advances	Amount Outstanding
Perkins Loan Program	84.038	$ 7,491,699	$ 31,535,942
Nursing Student Loan Program	93.364	327,500	1,809,321
Health Professional Student Loans	93.342	445,000	1,577,721
Loans for Disadvantaged Students	93.342	108,000	247,642
	Total	$ 8,372,199	$ 35,170,626

Note 3 - Subrecipient Awards

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

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
Agriculture and Food Research Initiative (AFRI)	10.310	$ 122,172
Justice Research Development and Evaluation Project	16.560	18,387
Science Grants	43.001	60,527
Social Behavioral and Economic Sciences	47.075	9,085
Education and Human Resources	47.076	4,571
Basic Energy Sciences University and Science Education	81.049	244,211
National Institute on Disability and Rehabilitation	84.133	127,450
Special Education-Personnel Preparation to Improve Services and Results for Children with Disabilities (B)	84.325	59,159
Research and Training in Alternative Medicine	93.213	13,827
Nursing Research	93.361	192,323
ACL National Institute on Disability, Independent Living and Rehabilitation Research	93.433	137,029
Cardiovascular Diseases Research	93.837	287,148
Child Health and Human Development Extramural Research	93.865	43,805
Total		$ 1,319,694

Note 4 - Federal Expenditure Reconciliation

The following schedule is a reconciliation of total expenditures as shown on the Schedule to the revenue shown as federal grants and contracts on the statement of revenue, expenses, and changes in net position (the "Statement"), which is included as part of the University's financial statements:

Expenditures per the Schedule	$ 358,553,786
Perkins loan funds excluded from federal grants on the Statement	(31,535,942)
Nursing student loan funds excluded from the federal grants on the Statement	(1,809,321)
Health Professional student loans excluded from federal grants on the Statement	(1,577,721)
Loans for disadvantaged students excluded from federal grants on the Statement	(247,642)
Federal Pell Grant funds shown separately on the Statement	(55,993,536)
Federal Direct Loans excluded from the federal grants on the Statement	(244,686,554)
Total	$ 22,703,070

Note 5 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, the University can transfer Federal Supplemental Education Opportunity Grant (SEOG) Program (84.007) award funds to the Federal Work Study (FWS) Program (84.033). The University transferred and spent $118,079 for the 2014-2015 award year.

During the 2014-2015 award year, the University spent $46,197 of SEOG funds from the 2013-2014 award year. The University also carried back and spent $16,348 of SEOG funds from the 2014-2015 award year.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	X 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?	X Yes	____ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.342, 93.364	Student Financial Aid Cluster
84.325	Special Education-Personnel Preparation to Improve Services and Results for Children with Disabilities (B)

Dollar threshold used to distinguish between type A and type B programs: $526,687

Auditee qualified as low-risk auditee?	X Yes	____ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

Reference Number	Finding
	Program Name - Student Financial Aid Cluster
2015-001	(Federal Perkins Loan Program - 84.038)

Pass-through Entity - N/A

Finding Type - Significant deficiency

Criteria - 34 CFR section §674.42 - Shortly before the borrower ceases at least half-time study at the institution, the institution must disclose information in a written statement provided to the borrower and provide exit counseling either in person, by audiovisual presentation, or by interactive electronic means. Both requirements must include specific information which is noted in detail in the referenced CFR.

Condition - Kent State University (KSU) uses a third-party service organization, University Accounting Systems (UAS), to perform exit interviews. Certain Perkins loans transferred to KSU when the Ohio College of Podiatric Medicine (OCPM) merged with KSU, effective July 1, 2012. These loans did not receive the required exit interview upon separation.

Questioned Costs - None

Context - Of the 25 tested, one student did not receive an exit interview. The client performed further analysis and detected 214 students who did not receive an exit interview as a result of the condition identified.

Cause and Effect - There was not a control in place between KSU and the third-party servicer to ensure exit interviews were conducted, and certain students that attended OCPM (now KSU CPM) did not receive exit interviews.

Recommendation - KSU should increase communication with the third-party servicer to ensure they are aware of any major changes occurring at KSU that would impact procedures which the third-party servicer is performing on their behalf. Additionally, exit interviews should be sent to all of the students who still have outstanding loan balances included in the population of 214.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-001 (Cont'd)	**Views of Responsible Officials and Planned Corrective Actions** - When KSU acquired OCPM (now KSU CPM), the OCPM Perkins loans that were managed by Campus Partners, OCPM's third-party loan servicer prior to the merger, were loaded to UAS'system with pre-populated separation dates. According to UAS, KSU was not using the pre-loaded separation date service offered by UAS. As a result, UAS did not generate exit interviews for students who had OCPM Perkins loans once they separated. Of the 214 students identified, 55 students have paid their OCPM Perkins loan in full, one student has passed away, and 158 are still making payments on their loan. All 158 students have been sent an exit interview by KSU's new loan servicer ECSI for their OCPM Perkins loan portion. Further, KSU will develop a monthly review process to ensure that all students, which KSU has identified as needing an exit interview, do in fact receive one from its third-party loan processor, ECSI.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-002	**Program Name** - Student Financial Aid Cluster (Pell - 84.063, Federal Direct Loans - 84.268)

Pass-through Entity - N/A

Finding Type - Significant deficiency

Criteria - 34 CFR section 690.83(b)(2) - In relation to Pell, an institution shall submit, in accordance with deadline dates established by the Secretary through publication in the Federal Registrar, certain required reports.

34 CFR section 685.309 and 34 CFR part 668 - In relation to the Direct Loan Program, student status confirmation reports shall be completed and returned to the secretary within 30 days of receipt. In addition, unless the institution expects to submit its next student status confirmation report to the secretary within the next 60 days, the institution must notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who has ceased to be enrolled on at least half-time basis, has been accepted for enrollment at that school but failed to enroll on at least half-time basis for the period for which the loan was intended, or has changed his or her permanent address.

Condition - Kent State University (KSU) utilizes a third-party service organization, National Student Clearinghouse (NSC), to submit student status confirmation reports on their behalf. KSU submitted a graduated status to the National Student Clearinghouse for a group of students; however, the status was not reported to NSLDS.

Questioned Costs - N/A

Context - Of the 25 tested, one student did not have their status updated upon graduation. In addition, KSU made the audit team aware of this issue prior to testing.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-002 (Cont'd)	**Cause and Effect** - KSU did not have a process in place to appropriately report graduated status for certain students, which resulted in students showing as active instead of graduated.

As a secondary effect of KSU being out of compliance with the reporting requirement, if a student is not reported as graduated to NSLDS and continues his or her education, it may appear that he or she has exceeded the allowed 150 percent of the length of the borrower's educational program. When this occurs, the student becomes ineligible to receive Direct Subsidized Loans and loses eligibility for interest subsidies.

Recommendation - KSU needs to implement a process in order to maintain compliance with the reporting requirements.

Views of Responsible Officials and Planned Corrective Actions - Upon discussion with the National Student Clearinghouse, it was determined that in order to create a graduated enrollment record, the following criteria need to be met:

1) Student's existing enrollment record has a term end date in the past (student is not actively enrolled in a new term after the Degree award date)

2) Student's existing enrollment status is not G (Graduated) or D (Deceased)

3) Award date on Degree record is a) Not a future date) b) Not more than 180 days prior to the date Degree data is received

4) Existing enrollment record with a status of W (Withdrawn) must have a status start date equal to the end of the term last reported.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-002 (Cont'd)	Therefore, if students were reported by KSU as graduated, but did not meet the criteria listed above, their enrollment record would not be updated. The student in the sample whose status was not updated on NSLDS had an existing enrollment record with a status of W (Withdrawn) and a status start date which was not equal the end of the term last reported.

In October of 2014, KSU inquired of the National Student Clearinghouse as to why the statuses were not being updated. The National Student Clearinghouse responded that in order to have an updated graduated enrollment status on the National Student Clearinghouse website and have this data properly sent to NSLDS, the institution would have to manually update the graduated status. KSU has since been working with its operating system provider to create a report that would properly send this information to the National Student Clearinghouse in lieu of manually updating all students who do not meet this criteria.

The KSU Registrar's Office has implemented the following actions:
1) On August 13, 2015, KSU completed testing and installation of the Ellucian Banner Enrollment Reporting patch 8.7.4 into production. This update correctly reports the graduation status on the enrollment report. The patch will correct graduation status reporting for Summer 2015 and forward. Fall 2014 and Spring 2015 have been manually reported to National Student Loan Data System (NSLDS) for the population in question.

2) On August 25, 2015, the Office of the University Registrar (OUR) made arrangements with National Student Clearinghouse (NSC) to receive a copy of our Student Status Confirmation Report (SSCR) that is provided to National Student Loan Data System (NSLDS). OUR will use the information to verify that the student status information which is being reported by NSC to NSLDS is correct and complete beginning with the Fall 2015 reporting cycle. Any missing or incorrect data will be manually updated on NSLDS by OUR. In addition, OUR will report the data issue to NSC and Ellucian as appropriate, so that it may be resolved or corrected in a later release of their reporting product.

Prior year Finding Number	Federal Program	Original Finding Description	Status	Planned Corrective Action
2014-001	Federal Perkins Loan Program - 84.038	University Accounting Systems (UAS), as KSU's third-party loan servicer, reports all Perkins loan changes to NSLDS on a monthly basis. Occasionally, a Perkins loan change reported to NSLDS is rejected for various reasons. All rejected Perkins loan changes are reported back to UAS for corrective action. UAS provides KSU with access to a monthly NSLDS error report, or a report that identifies any rejected Perkins loan changes by NSLDS. KSU is responsible for reviewing the monthly NSLDS error report and correcting any errors listed in order to allow the Perkins loan changes to be reported correctly by UAS to NSLDS. The manager in the collections area in the Bursar's Office has been responsible for accessing and reviewing this error report. However, as there was turnover in this department, the new manager was unaware of this responsibility and did not review the error reports and provide revisions for the period under audit.	In process	The Bursar's Office Collection Manager has been working with UAS since the end of July 2014 to fix the Perkins loan records listed on the 2014 year end UAS NSLDS error report. As of today, all but 11 errors have been fixed. UAS has been in contact with NSLDS regarding these remaining 11 accounts as they are unable to fix them without help from NSLDS.

Kent State University
National Collegiate Athletics Association

Agreed-upon Procedures Report

Related to NCAA Constitution 3.2.4.16

June 30, 2015

Kent State University
National Collegiate Athletics Association Report

Contents

Plante & Moran, PLLC
3434 Granite Circle
Toledo, OH 43617
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

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

Dr. Beverly J. Warren, President
Kent State University
Kent, OH 44242

We have performed the procedures enumerated below, which were agreed to by Kent State University (the "University"), solely to assist you in evaluating whether the accompanying Intercollegiate Athletics Program Statement of Revenue and Expenditures of Kent State University is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2015. Kent State University'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 University's internal control structure:

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

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

(3) We obtained any documentation of the accounting systems and procedures unique to the intercollegiate athletics department that were not addressed in connection with the audit of the University's financial statements.

(4) We then performed the following procedure:

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

Result: We concluded that the intercollegiate athletics department's internal control structure was the same as the University's internal control for the cash disbursement, general cash receipt, and employee pay processes. Therefore, the only procedure listed that is unique to intercollegiate athletics is the ticket collection receipt process. We selected two football games and one men's basketball game during the year and agreed the gate sales for such events, as documented by the University's ticket reconciliation procedures, to deposit slips of the related cash deposit amount with the bank. The games selected for testing were football versus the University of Akron on November 28, 2014, football versus Army on October 18, 2014, and men's basketball versus Ohio University on January 17, 2015. We noted no differences between the Veritix report and the University's records.

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 University'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.

   Result: 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 University. The NCAA membership financial reporting system populates the sports from the NCAA membership database as they are reported by the University.

   Result: We noted no discrepancies in the sports sponsored between the NCAA membership financial reporting system and the squad lists.

Notes and Disclosures

D. **Procedure:** We obtained and described the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets in Note 1. We agreed the data provided for athletics and institutional debt service and debt balance fields in the miscellaneous information screen for the submission to the NCAA to the University's general ledger, including additions, deletions, and book values as disclosed in Notes 1 and 2.

Result: See Note 1 for additions, deletions, and book values. Per inquiry with management, there is no debt related to intercollegiate athletics. We recalculated annual maturities for outstanding debt of the University and agreed the total annual maturities to schedules obtained from management and to the audited financial statements. See Note 2 for disclosure. We noted no exceptions.

E. **Procedure**: We obtained significant additions to restricted funds related to intercollegiate athletics, as well as significant changes to endowment and plant funds. Significant is defined as exceeding 10 percent of total revenue or expenses and $50,000 in the statement.

Result: We reviewed one significant addition to restricted funds related to intercollegiate athletics and traced to supporting documentation including the Athletic Gift Form and related check copy. The one significant addition was to the Lou Holtz Endowment on May 21, 2015. We noted no exceptions.

Statement of Revenue and Expenditures

F. **Procedure:** We obtained the intercollegiate athletics program statement of revenue and expenditures for the reporting period, prepared by the senior fiscal manager of intercollegiate athletics (management), and agreed all amounts back to the University's general ledger.

Result: We noted no exceptions.

G. **Procedure:** We compared each revenue and expense amount from the statement to prior year amounts and budget estimates. We obtained and documented any variations exceeding $1 million or 10 percent of total revenue or expenses.

Result: There were no variances that exceeded $1 million or 10 percent of total revenue or expenses.

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.

Revenue

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

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

Dr. Beverly Warren, President
Kent State University

We performed the following procedures for the indicated revenue category:

(1) Ticket Sales

Procedure: We agreed tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the University in the statement and related attendance figures and recalculated totals. The games chosen for testing included football versus the University of Akron on November 28, 2014, football versus Army on October 18, 2014, and men's basketball versus Ohio University on January 17, 2015.

Result: We completed the procedure steps, including agreeing revenue receipts for the sample of the three games listed to the bank deposit slips. We noted no exceptions.

(2) Student Fees

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

Result: We obtained the tuition calculation and recalculated totals. We noted no exceptions.

(3) Direct Institutional Support

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

Result: We obtained and reviewed the calculation for direct institutional support, recalculated, and tied out components of the calculation to the general ledger. We noted no exceptions.

(4) Indirect Institutional Support

Procedure: We requested the indirect institutional support recorded by the University during the reporting period.

Result: Per discussion with management, no indirect institutional support exists relative to the fiscal year ended June 30, 2015.

(5) Guarantees

Procedure: We selected a sample of three contractual agreements pertaining to revenue derived from guaranteed contests during the reporting period and agreed each to the University's general ledger. We also recalculated totals. We agreed a sample of three settlement reports obtained from the above revenue supporting schedules to the supporting revenue receipts. For the three aforementioned samples, we selected the following games: football versus The Ohio State University on September 13, 2014, women's basketball versus Northwestern University on November 21, 2014, and baseball versus Baylor University on February 21, 2015.

Result: We completed the above procedure steps, noting no exceptions.

(6) Contributions

Procedure: We obtained 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. The contributions we selected for testing were a gift made to the Golden Flashes Club on December 30, 2014 of $199,842, a gift made to the Football Enhancement Fund on September 4, 2014 of $22,824, and a gift made to the Building Champions Initiative on November 24, 2014 of $201,187.

Result: We completed the procedure steps without exception, including agreeing a sample of the three contributions listed above to deposit slips and copies of checks. We noted no exceptions in the testing performed.

(7) Media Rights

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

Result: Per discussion with management, no media rights contracts or agreements exist regarding broadcast, television, radio, or Internet rights. The only media revenue generated is per program sales. We traced the August 30, 2014 football game program sales of $736 through to the general ledger. We noted no exceptions.

(8) NCAA Distributions

Procedure: We selected a sample of distributions and agreed the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculated totals. The distributions selected for testing were $74,849 on June 11, 2015, $98,472 on February 5, 2015, and $529,543 on August 7, 2014.

Result: We traced the amount of the disbursement to the related ACH bank deposit. We noted no exceptions.

(9) Conference Distributions

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

Result: Procedures were performed without exception.

(10) Program Sales, Concessions, Novelty Sales, and Parking

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

Result: Per review of general ledger and discussion with management, we noted no items that would fall under the category of program sales, concessions, novelty sales, and parking.

(11) Royalties, Licensing, Advertisements, and Sponsorships

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

Result: We obtained and inspected the sponsorship contract in place between International Sports Properties and Kent State University dated July 1, 2007. We agreed the related revenue for the contract back to the general ledger. We noted no exceptions.

(12) Sports Camp Revenue

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

Result: Per discussion with management, there are no sports camp contracts. We selected one individual participant for the University's softball camp and agreed the payment of $46 on March 4, 2015 to the related check and deposit. No exceptions were noted.

(13) Athletics Restricted Endowment and Investment Income

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

Result: We noted that there was no endowment or investment income reported on the statement.

(14) Other

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

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

Dr. Beverly Warren, President
Kent State University

We performed the following procedures for the indicated expenditure category:

(1) Athletic Student Aid

Procedure: We selected a sample of 46 students from the listing of institutional student aid recipients during the reporting period (at least 10 percent of the total student athletes since the University uses the NCAA's Compliance Assistant software to prepare athletic aid detail). We obtained individual student-account detail for each selection and agreed total aid allocated from the related aid award letter to the student's account and recalculated totals.

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

   i. The equivalency value for each student-athlete in all sports, including head-count sports, 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.
   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 University, 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: For the sample of 46 students selected, each student's account detail agreed to the student's award letter and was recalculated except for the book award amount, which is offered but not disbursed through the student's account. No exceptions were noted.

The students' accounts tested are summarized below:

Student Accounts Tested

Student Tested	Amount Disbursed	Student Tested	Amount Disbursed	Student Tested	Amount Disbursed
1	$ 5,500	**17**	$ 29,502	**33**	$ 31,683
3	7,500	**18**	2,283	**34**	26,774
3	5,097	**19**	3,650	**35**	16,142
4	6,500	**20**	1,000	**36**	7,200
5	16,652	**21**	15,995	**37**	27,880
6	26,802	**22**	28,415	**38**	23,900
7	24,630	**23**	8,000	**39**	25,360
8	15,077	**24**	5,000	**40**	15,770
9	22,296	**25**	1,200	**41**	18,180
10	23,667	**26**	6,200	**42**	11,800
11	31,053	**27**	23,633	**43**	12,000
12	19,207	**28**	12,974	**44**	1,200
13	27,570	**29**	4,250	**45**	27,600
14	31,442	**30**	28,902	**46**	27,925
15	22,829	**31**	14,200		
16	26,234	**32**	28,550		

(2) Guarantees

Procedure: We obtained and inspected a sample of three contractual agreements pertaining to expenses recorded by the University from guaranteed contests during the reporting period. We agreed related amounts expensed by the University during the reporting period to the University's general ledger. We also recalculated totals. We agreed a sample of three expenses obtained from the above expense supporting schedules to supporting documentation. For the aforementioned samples, we selected the following games or tournaments: football against the University of South Alabama on September 6, 2014, men's basketball for the 2014 Men Against Breast Cancer Classic held November 21-23, 2014, and volleyball against the University of Evansville on September 5, 2014.

Result: We agreed the sample of three contractual agreements to copies of checks paid out, without exception.

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

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

Result: We noted no exceptions. We agreed a sample of five expenses to the coach's contract, payroll summary register, and payroll personnel action form. The coaches tested are summarized below:

Coach	Team
1	Football
2	Men's Basketball
3	Women's Basketball
4	Baseball
5	Softball

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

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

Result: We performed the procedures above for the assistant athletic director and reviewed the total payroll listed in the individual's labor distribution report. We noted no exceptions.

(5) Recruiting

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

Result: We obtained and reviewed the University's recruiting expense policies. We agreed total recruiting expenses to a detail list of recruiting expenses by sport. We noted no exceptions.

(6) Team Travel

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

Result: We obtained and reviewed the University's team travel policies. We agreed total expenses reported to a detail list of travel expenses by sport. We noted no exceptions.

(7) Equipment, Uniforms, and Supplies

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

Result: We agreed total expenses reported to a detail list of equipment, uniform, and supplies expenses by sport. We selected one sample, a purchase of supplies for $80 on December 8, 2014, and agreed to the supporting receipt of purchase. We noted no exceptions.

(8) Fundraising, Marketing, and Promotion

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

Result: We obtained a detail listing of fundraising, marketing, and promotion by sport and agreed to the total expenses reported. We agreed a sample of one transaction, a recurring payment to a publishing company for $3,694 on May 5, 2015, to the related invoice. We noted no exceptions.

(9) Sports Camp Expenses

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

Result: We agreed total expenses reported to detail listings of sports camp expenses. We agreed a sample of one transaction, a clothing purchase for $2,333 on December 15, 2014, to the supporting invoice. We noted no exceptions.

(10) Athletic Facility Debt Service, Leases, and Rental Fees

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

Result: Per review of the general ledger and discussion with management, we noted no items that would be categorized as athletic debt service, leases, or rental fees.

(11) Direct Overhead and Administrative Support

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

Result: We discussed the sample chosen with management and obtained and reviewed the related journal entry for $51,055 on October 28, 2014. We noted no exceptions.

(12) Indirect Institutional Support

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

Result: We noted no exceptions. See revenue section Indirect Institutional Support.

(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 supporting documentation. We recalculated totals.

Result: We reviewed the sample of one medical expense for $1,660 on August 15, 2014 and agreed to the related invoice and check request. We noted no exceptions.

(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 supporting documentation. We recalculated totals.

Result: We reviewed the invoice related to the MAC Men's Basketball Tournament dated March 3, 2015 for $25,500 and traced to the general ledger. We noted no exceptions.

(15) Other Operating Expenses

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

Result: We noted no exceptions.

Dr. Beverly Warren, President
Kent State University

Affiliated and Outside Organizations

K. In preparation for our procedures related to the University'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:

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

iii. 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.

iv. 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 program 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 University'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 University's intercollegiate athletic program.

(3) Requested 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.

Procedure: For expenses for or on behalf of intercollegiate athletic programs by affiliated and outside organizations not under the University's accounting control, we requested those organizations' financial statements for the reporting period.

Result: Per discussion with management as well as review of documentation, we did not note any affiliated organizations that would be considered not under the University's accounting control. We noted that there were no audited financial statements available for affiliated or outside organizations. No additional procedures were performed.

Dr. Beverly Warren, President
Kent State University

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying intercollegiate athletics program statement of revenue and 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 Kent State University 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 22, 2015

Kent State University
National Collegiate Athletics Association Report

Intercollegiate Athletics Program
Statement of Revenue and Expenditures
Year Ended June 30, 2015

	Men's Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram-Specific	Total
Operating Revenue						
Ticket sales	$ 664,552	$ 174,788	$ 10,569	$ 29,281	$ 11,949	$ 891,139
Student fees	-	-	-	-	14,418,300	14,418,300
Direct institutional support	-	-	-	-	4,786,408	4,786,408
Guarantees	1,156,186	87,500	12,000	15,000	-	1,270,686
Contributions	293,660	127,697	70,054	294,061	105,840	891,312
Media rights	-	-	-	-	950,000	950,000
NCAA distributions	-	-	-	-	905,571	905,571
Conference distributions	-	-	-	-	242,330	242,330
Royalties, licensing, advertisement, and sponsorships	-	-	-	-	527,785	527,785
Sports camp revenue	4,269	25,480	15,506	564,313	-	609,568
Other operating revenue	-	-	-	-	415,750	415,750
Total operating revenue	2,118,667	415,465	108,129	902,655	22,363,933	25,908,849
Operating Expenditures						
Athletic student aid	2,097,913	478,448	365,950	3,155,785	13,342	6,111,438
Guarantees	250,000	227,773	-	9,473	-	487,246
Coaching salaries, benefits, and bonuses paid by University and related entities	1,471,765	584,592	440,067	1,860,656	1,645,407	6,002,487
Support staff/admin. salaries, benefits, and bonuses paid by University and related entities	-	-	-	-	4,497,434	4,497,434
Recruiting	141,617	67,432	64,485	156,314	-	429,848
Team travel	735,908	254,557	162,549	1,023,485	560,824	2,737,323
Sports equipment, uniforms, and supplies	290,646	107,697	57,178	420,466	528,986	1,404,973
Game expenses	311,883	211,592	71,777	80,580	-	675,832
Fund raising, marketing, and promotion	-	-	-	-	996,696	996,696
Sports camp expenses	2,794	16,553	8,487	266,963	-	294,797
Spirit groups	-	-	-	-	129,374	129,374
Athletic facilities debt service, leases, and rental fees	-	-	-	-	591,615	591,615
Direct overhead and administrative expenses	-	-	-	-	634,968	634,968
Medical expenses and insurance	-	-	-	-	186,452	186,452
Memberships and dues	1,770	-	800	8,782	316,421	327,773
Other operating expenses	-	-	-	-	783,724	783,724
Total operating expenditures	5,304,296	1,948,644	1,171,293	6,982,504	10,885,243	26,291,980
(Deficiency) Excess of Revenue (Under) Over Expenditures	**$ (3,185,629)**	**$ (1,533,179)**	**$ (1,063,164)**	**$ (6,079,849)**	**$ 11,478,690**	**$ (383,131)**

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 3 to 40 years depending on class.

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

	Current Year Additions	Current Year Deletions
Athletics facilities	$ 131,553	$ 33,858
Other University facilities	$ 111,399,458	$ 5,716,745

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

	Estimated Book Value
Athletically related property, plant, and equipment balance	$ 16,599,178
University's total property, plant, and equipment balance	$ 800,520,914

Note 2 - Intercollegiate Athletics-related Debt

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

	Annual Debt Service	Debt Outstanding
Athletically related facilities	$ -	$ -
University's total	$ 31,514,789	$ 524,603,000

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Dave Yost • Auditor of State

KENT STATE UNIVERSITY

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 31, 2015