Ohio University

(a component unit of the State of Ohio)

Financial Statements

June 30, 2017 and 2016

Ohio University

Contents

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Independent Auditor's Report

To the Board of Trustees
Ohio University

Report on the Financial Statements

We have audited the accompanying basic financial statements of Ohio University (the "University") and its discretely presented component unit as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the University's financial statements as listed in the table of contents. These financial statements are reported as a component unit of the State of Ohio.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Trustees
Ohio University

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Ohio University and its discretely presented component unit as of June 30, 2017 and 2016 and the changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Notes 2 and 18, the financial statements include investments that are not listed on national exchanges nor for which quoted market prices are available. These investments include limited partnerships, hedge funds, funds-of-funds, and commingled funds that are not mutual funds. Such investments totaled $75,609,004 (11.8 percent of university net position) and $70,693,685 (11.6 percent of university net position) and $101,115,439 (18.8 percent of discretely presented component unit net position) and $98,483,206 (19.7 percent of discretely presented component unit net position) at June 30, 2017 and 2016, respectively.

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

Other Information

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

To the Board of Trustees
Ohio University

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2017 on our consideration of Ohio University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ohio University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 5, 2017

Management's discussion and analysis (MD&A) provides an unaudited overview of the financial position and activities of Ohio University for the year ended June 30, 2017, with selected comparative information for the years ended June 30, 2016 and 2015. The financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when the related liability is incurred. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes, and this discussion are the responsibility of the University management.

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

Financial Highlights

- The University's financial position remained strong, with assets of $1,848.1 million and liabilities of $1,341.6 million at June 30, 2017, compared to assets of $1,663.8 million and liabilities of $1,116.6 million at June 30, 2016. Net position, which represents the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, totaled $641.8 million at June 30, 2017 as compared to $610.6 million at June 30, 2016. The change in net position was a positive $31.2 million at June 30, 2017 as compared to a positive $16.0 million at June 30, 2016. Factoring into the net position change is the Governmental Accounting Standards Board (GASB) Statement No. 68, which requires the recognition of a liability for the unfunded pension liability from the state retirement systems. The table below represents the activity for the University without the changes for the recognition of the pension liability.

  Changes in net position represent the University's results for the year and are summarized for the years ended June 30, 2017, 2016, and 2015 as follows:

(in thousands)	2017	2016	2015
Operating revenues and state appropriations	$ 723,915	$ 696,220	$ 691,734
Total expenses	796,554	738,418	706,750
Subtotal	(72,639)	(42,198)	(15,016)
Net investment income (loss)	43,823	(4,401)	2,512
Other nonoperating revenues	60,017	62,570	66,162
Increase in net position	31,201	15,971	53,658
Less: Amounts related to changes in the unfunded pension liability included in expenses above	40,256	6,810	(6,080)
Increase in net position without effects of GASB 68	$ 71,457	$ 22,781	$ 47,578

- The unfunded pension liability will change each year based on the University's proportionate share of contributions to the pension plans relative to total contributions of all participating employers to the plans. The net pension liability is determined by actuarial valuations as of the measurement dates of the retirement plans. The effect of changes in the net pension liability due to the differences between projected and actual investment earnings, differences between expected and actual experience, change in assumptions about economic and demographic factors, and change in employer's proportionate share of net pension liability results in changes to deferred outflows of resources and deferred inflows of resources. The current year impact from these factors is a decrease to net position of $40.3 million. The impact for fiscal year 2016 was a decrease to net position of $6.8 million.
- Without the effects of the accounting standard related to the unfunded pension liability, net position for the University increased $71.5 million during fiscal year 2017 as compared to an increase of $22.8 million in fiscal year 2016.
- Net student tuition and fees increased $10.0 million in fiscal year 2017. This increase was caused by a combination of increased enrollment and tuition increases, but was partially offset by an increase in university scholarships.
- Investment income increased by $48.2 million in fiscal year 2017. The University's investment income is comprised of interest, dividends, realized gains (losses), and unrealized gains (losses). Investment income stems from two primary sources. First, the University's endowment assets, as well as a portion of its working capital, are invested in a long-term, broadly diversified portfolio. This "long-term pool" achieved a return of 12.68 percent for fiscal year 2017, outperforming its diversified benchmark of 12.00 percent for the same period. Additionally, a portion of the University's working capital is invested in several tiers of investment-grade fixed-income securities. Tier II working capital investments achieved a return of 1.02 percent for fiscal year 2017, and Tier III working capital investments achieved a return of 2.59 percent, outperforming their benchmarks, which returned 0.40 percent and -0.09 percent, respectively.
- Other sources revenue increased by $14.8 million in fiscal year 2017. The Federal Communications Commission held a broadcast frequency spectrum auction designed to free up bandwidth to expand high-speed wireless internet service nationwide. The University's branch campus TV station chose to participate and received $18.4 million to move to a lower broadcast frequency. Partially offsetting that increase was a decrease in revenue from a university component unit, University Medical Associates, Inc., of which the assets and liabilities were sold during the year to an outside organization. The University only recognized a partial year of revenue from University Medical Associates, Inc.'s operations.
- The University strategically issues debt to finance facility and infrastructure investments. On March 1, 2017, the University issued $156.2 million tax-exempt bonds to refund Series 2006A & B, advance refund Series 2008A, and $125.0 million in new money for capital projects. The Series 2017A bonds have bullet maturities beginning in fiscal year 2045 through fiscal year 2048 related to the new money and amortized maturities matching the original maturities for the refunded bonds.

Statement of Net Position

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

The following is a summary of the statement of net position for the three years ended June 30, 2017:

(in thousands)	2017	2016	2015
Assets:			
Current assets	$ 424,619	$ 369,134	$ 387,467
Capital assets, net	1,019,149	967,952	909,397
Other assets	404,336	326,738	364,640
Total assets	1,848,104	1,663,824	1,661,504
Deferred outflows of resources	139,933	87,882	33,656
Liabilities:			
Current liabilities	131,565	131,161	133,767
Noncurrent liabilities	1,210,037	985,412	919,832
Total liabilities	1,341,602	1,116,573	1,053,599
Deferred inflows of resources	4,605	24,505	46,905
Total net position	$ 641,830	$ 610,628	$ 594,656

- **Assets** - Total assets grew by $184.3 million as a result of the following changes:
  - Cash and cash equivalents increased $21.4 million due primarily to a reimbursement of prior year capital project expenditures from the bond issuance in fiscal year 2017.
  - Current investments increased $15.9 million due to positive investment returns earned on intermediate-term and long-term working capital investments.
  - Restricted cash and cash equivalents increased by $68.0 million due to the receipt of funds for the current year bond issuance partially offset by continued spending of prior year bond funds.
  - Noncurrent investments increased by $2.3 million due to investment income of $19.3 million, which was offset by $17.0 million in spending of the Century bond funds on construction projects.
  - Endowment investments increased by $8.4 million due to increases for $9.7 million of investment income and $3.2 million of transfers into quasi-endowments offset by a decrease of $4.5 million of distributions for spending.
  - Capital assets increased by $51.2 million due to spending on capital projects, machinery, and equipment offset by depreciation.

- **Deferred Outflows of Resources** - Increased $52.1 million as a result of the following changes:
  - Deferred outflows related to pensions increased $52.1 million mainly due to changes in both demographic and economic assumptions for the Ohio Public Employees Retirement System (OPERS). The most significant change is a reduction in the actuarially assumed rate of return (currently equal to the discount rate) from 8.0 percent to 7.5 percent. There was also an increase in deferred outflows arising from the difference between projected and actual earnings on pension plan investments, a change in the proportionate share of contributions, and the difference between expected and actual experience, as described in Note 11.
  - Deferred charge on refunding of bonds decreased $0.1 million. This deferred charge is being amortized over the life of the refunded bond issues.

- **Liabilities** - Total liabilities increased by $225.0 million as a result of the following changes:
  - Net pension liability increased $112.9 million as described in Note 11. Although the University is required to record this liability, the University is not setting aside reserve cash balances or budgeting to fund this liability.
  - Long-term debt increased $109.8 million. This increase is due to the current fiscal year bond issue offset by principal payments on the existing bonds. Please see Note 7 for more information on issuances and repayments of debt.

- **Deferred Inflows of Resources** - Decreased $19.9 million as a result of the following changes:
  - Deferred inflows related to pensions decreased $20.5 million mainly due to a difference between projected and actual earnings on pension plan investments as described in Note 11.
  - Deferred gain on bond refunding increased $0.6 million due to the current fiscal year Series 2017A bond refunding of the 2006A & B bonds.

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

Net position for the three years ended June 30, 2017 is displayed as follows:

(in thousands)	2017	2016	2015
Net Investment in capital assets	$644,054	$651,057	$595,030
Restricted:			
Nonexpendable	22,479	22,160	22,296
Expendable	31,381	32,063	34,539
Unrestricted	(56,084)	(94,652)	(57,209)
Total net position	$ 641,830	$ 610,628	$ 594,656

Total net position increased $31.2 million between fiscal year 2016 and 2017. Without the current year impact of the GASB Statement No. 68 unfunded pension liability changes, that increase would have been $71.5 million. There is a long-term strategy in place to improve the University's financial strength and enable the continued pursuit of strategic priorities. This strategy encompassed prudent resource planning and utilization including:

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

Statement of Revenue, Expenses, and Changes in Net Position

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

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

The following is a summary of the statement of revenue, expenses, and changes in net position for the three years ended June 30, 2017:

(in thousands)	2017	2016	2015
Operating revenue	$ 560,858	$ 534,758	$ 532,706
Operating expenses	762,890	709,898	687,922
Net operating loss	(202,032)	(175,140)	(155,216)
Net nonoperating revenue	215,877	172,081	190,085
Income (loss) before other revenue	13,845	(3,059)	34,869
Other revenue	17,357	19,030	18,789
Increase in net position	31,202	15,971	53,658
Adjustments to beginning net position	-	-	(371,120)
Net position - End of year	$ 641,830	$ 610,628	$ 594,656

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

- Operating revenues increased $26.1 million for fiscal year 2017. There were many factors causing this increase. Net student tuition and fee revenue increased $10.0 million.

- Federal grants and contracts included in the operating revenue category experienced an increase of $2.0 million for fiscal year 2017 due to the cyclical nature of grant funding.
- Royalty revenue decreased $1.9 million due to the expiration of a patent. There is also a corresponding decrease in royalty expense in operating expenses.
- Other sources revenue increased $14.8 million; this is mainly comprised of an increase of $18.4 million for the spectrum auction proceeds and a decrease of $3.3 million related to the sale of the University's component unit, University Medical Associates, Inc.
- Operating expenses increased $53.0 million mainly due to the current year charge for the unfunded pension liability. In fiscal year 2016, there was a charge to pension expense for the unfunded pension liability of $6.8 million. In fiscal year 2017, there is a charge to pension expense for the unfunded pension liability of $40.3 million, causing a $33.5 million increase to operating expenses from fiscal year 2016 to fiscal year 2017.
- Depreciation expense increased $5.9 million for fiscal year 2017 due to the increased capital expenditures in recent years.
- Net nonoperating revenues increased $43.8 million mainly due to increases in investment income of $48.2 million, offset by increases in interest expense of $2.1 million and increases in other nonoperating expense of $3.0 million mainly related to the disposal of heating plant assets and the costs of tearing down older buildings.

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

A comparison of operating and nonoperating revenue for the three years ended June 30, 2017 is as follows:

(in thousands)	2017	% of Total	2016	% of Total	2015	% of Total
Student tuition and fees, net	$ 339,822	41.1%	$ 329,815	43.7%	$ 320,911	42.2%
State appropriations	163,057	19.7%	161,462	21.4%	159,028	20.9%
Auxiliary enterprises, net	102,966	12.4%	102,532	13.6%	104,479	13.7%
Gifts, grants, and contracts	59,014	7.1%	56,224	7.5%	63,289	8.5%
Other sources	44,963	5.4%	30,158	4.0%	33,977	4.5%
Investment income (loss), net	43,823	5.3%	(4,401)	-0.6%	2,512	0.3%
Pell grants	34,704	4.2%	36,158	4.8%	38,067	5.0%
Sales and services	22,205	2.7%	21,997	2.9%	14,055	1.8%
State capital appropriations	12,462	1.5%	13,802	1.8%	13,957	1.8%
Royalties	4,740	0.6%	6,642	0.9%	10,133	1.3%
Total operating and nonoperating revenues	$ 827,756	100.0%	$ 754,389	100.0%	$ 760,408	100.0%

Student tuition and fees, the largest of the revenue streams, continues to increase each year, but comprises only 41.1 percent of total revenue for fiscal year 2017. This is down from 43.7 percent of total revenue for fiscal year 2016, and down from 42.2 percent from 2015. State appropriations continue to increase and are up $1.6 million for fiscal year 2017; however, as a percentage of total revenue, it is also decreasing.

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

A comparison of operating and nonoperating expenses for the three years ended June 30, 2017 is as follows:

(in thousands)	2017	% of Total	2016	% of Total	2015	% of Total
Instruction	$ 286,782	36.1%	$ 259,123	35.1%	$ 248,199	35.1%
Auxiliary enterprises	86,673	10.9%	82,930	11.2%	76,920	10.9%
Academic support	85,968	10.8%	80,761	10.9%	79,379	11.2%
Institutional support	61,456	7.7%	59,941	8.1%	60,032	8.5%
Student services	58,134	7.3%	56,039	7.7%	51,153	7.3%
Operation and maintenance of plant	52,130	6.5%	50,392	6.8%	52,841	7.5%
Depreciation	48,941	6.1%	43,021	5.8%	37,919	5.4%
Research	42,870	5.4%	38,952	5.3%	44,751	6.3%
Public service	30,614	3.8%	30,259	4.1%	28,081	4.0%
Interest on debt	26,316	3.3%	24,169	3.3%	18,554	2.6%
Student aid	9,322	1.2%	8,480	1.1%	8,648	1.2%
Other nonoperating expense	7,348	0.9%	4,351	0.6%	273	0.0%
Total operating and nonoperating expenses	$ 796,554	100.0%	$ 738,418	100.0%	$ 706,750	100.0%

The biggest change is the increase of $27.7 million in the instruction category. This increase is due to the functional allocation of costs for the unfunded pension liability as well as increased faculty salaries and benefits.

Student aid is listed as a functional expenditure and is defined as the funds a student receives for financial aid in excess of his or her tuition and fees for a given term that is then disbursed back to the student. This should be added to the scholarships, which are shown as offsetting tuition and fees and auxiliary enterprises revenue, to determine total scholarships and aid awarded for the fiscal year.

Statement of Cash Flows

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

A comparative summary of the statement of cash flows for the three years ended June 30, 2017 is as follows:

(in thousands)	2017	2016	2015
Cash (used in) provided by:			
Operating activities	$(117,196)	$(123,325)	$(128,274)
Noncapital financing activities	207,578	209,524	200,480
Capital financing activities	(18,193)	(133,668)	53,552
Investing activities	17,257	9,492	(247,706)
Net increase (decrease) in cash	89,446	(37,977)	(121,948)
Cash - Beginning of year	43,677	81,654	203,602
Cash - End of year	$ 133,123	$ 43,677	$ 81,654

Capital Assets

The University made significant additions to capital assets during fiscal year 2017. These capital asset additions were financed with University funds, bond funds, state capital appropriations, gifts, and grants. The largest additions to capital during the fiscal year were the completion of the McCracken Hall Renovation and Expansion Project, the Lin Hall Kennedy Museum of Art Upgrade, the James Hall Bathroom and Apartment Upgrade, and the Airport Runway Rehabilitation Phase II.

Major investments to construction in progress, which will greatly enhance the University's assets in fiscal year 2018, include $3.5 million in the Jefferson Hall Renovations project, $3.4 million in the Clippinger Hall Phase I Addition, $1.8 million in the Boyd Hall Bathroom Upgrade, and an $8.4 million investment in the on-going phases of the Energy Infrastructure Initiative, a campaign to upgrade/rehabilitate the aged infrastructures that provide steam, heating, cooling, and utilities to the campus overall.

Cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2017 total approximately $76.5 million.

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

Debt Administration
As of June 30, 2017, the University had $624.6 million in bonds and notes outstanding, compared to $526.2 million at the end of 2016. On March 1, 2017, the University issued $156.2 million in tax-exempt bonds to refund Series 2006A & B, advance refund series 2008A, and $125.0 million in new money for capital projects. The series 2017A bonds have bullet maturities beginning in fiscal year 2045 through fiscal year 2048 related to the new money and amortized maturities matching the original maturities for the refunded bonds. Detailed information exists in Note 7 related to borrowings and retirements for fiscal years 2017 and 2016.

Ohio University takes its stewardship responsibility seriously and works diligently to manage the institution's resources effectively, including the use of debt to finance capital projects. The University is committed to using debt conservatively in order to maintain an acceptable credit rating and debt burden ratio. A solid debt rating and debt burden ratio is a key measurement of financial strength. Standard & Poor's and Moody's reaffirmed its long-term credit ratings in January 2017. Standard & Poor's Rating Services' long-term rating on Ohio University's outstanding general and subordinated general receipts bonds is an "A+" with a "stable" outlook and Moody's Investors Service's rating is an "Aa3" with a "stable" outlook.

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

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

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

The methodology for calculating the three ratios is as follows:

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

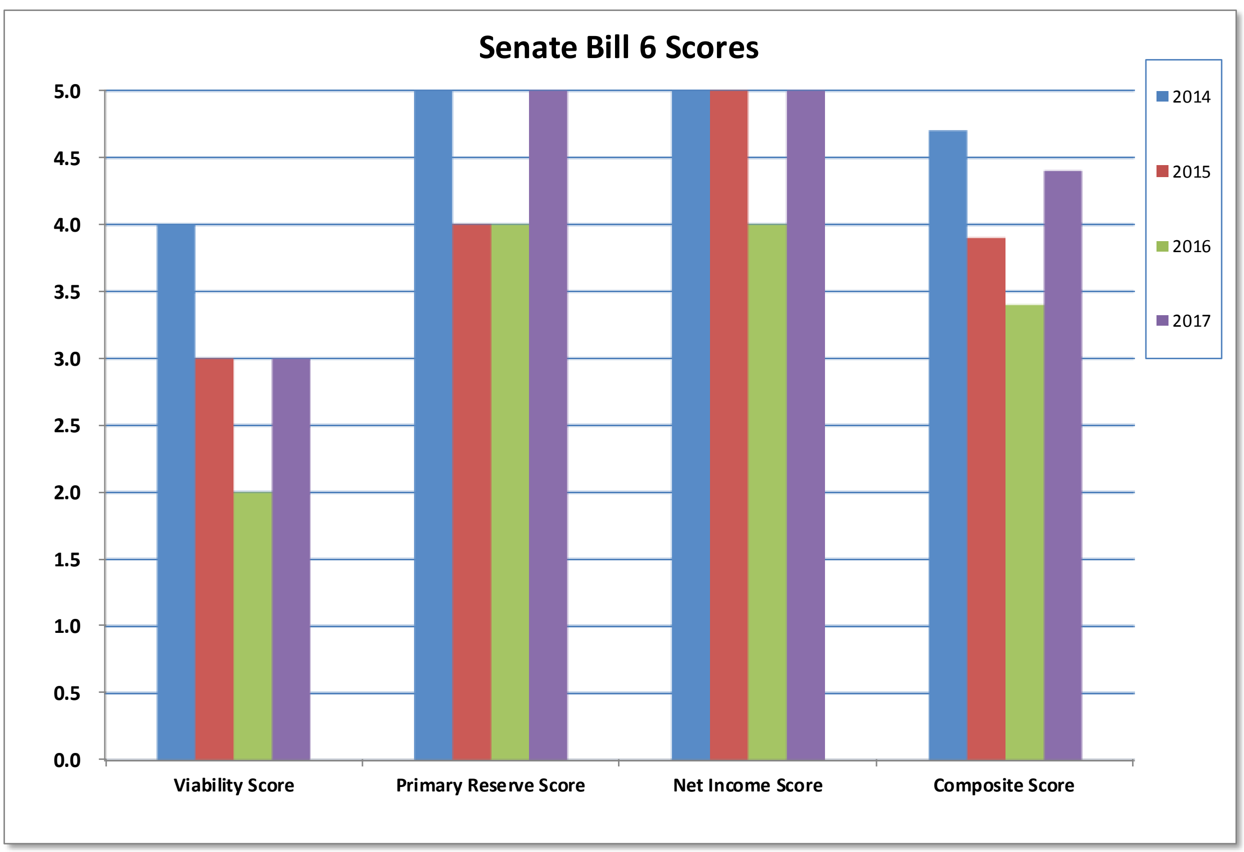
Based on the calculations, each ratio is assigned a score ranging from zero to five according to the table below. A score of 5 indicates the highest degree of fiscal strength in each category.

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

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

In an effort to appropriately recognize the incorporation of the GASB Statement No. 68 unfunded pension liability elements as an accounting change rather than a structural change in the true financial condition of the institution, the Ohio Department of Higher Education will calculate institutional financial ratios from fiscal year 2015 onward both including and excluding associated impacts of GASB Statement No. 68. Pursuant to administrative rule (126:3-1-01) established in response to Senate Bill 6 of the 122nd General Assembly, a composite score of or below 1.75 for two consecutive years results in an institution being placed on fiscal watch. For the purposes of this determination, the Chancellor will utilize composite scores excluding associated impacts of GASB Statement No. 68.

We have presented the scores excluding the effects of GASB Statement No. 68 as summarized below:



The viability ratio, which uses debt as the denominator, had decreased due to the Century Bond issuance in fiscal year 2015. The numerator, expendable net position, has increased in fiscal year 2017 causing the higher score for the current year. The primary reserve and net income ratios increased in fiscal year 2017 mainly due to increased investment income. Overall, the composite score increased from 3.4 to 4.4.

Economic Outlook

Ohio University continues to show steady improvement and a strengthening of its institutional balance sheet. While the University is committed to operating as efficiently as possible and continues a collective focus on reducing expenses, it is also committed to maintaining investment in the University mission and strategic priorities. That level of investment will be balanced with the financial resources available in the University's competitive environment.

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

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

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

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

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, GASB Statement No. 75, details standards that apply to governments that provide health care through plans such as those administered by OPERS and STRS Ohio (similar to GASB Statement No. 68 related to pension plans). For financial statements issued for fiscal year 2018, this standard will significantly change the financial reporting requirements for Ohio University. We will be required to recognize on the face of the financial statements the proportionate share of the net OPEB (postemployment benefits other than pensions) liability related to our participation in the OPERS and STRS Ohio retirement plans. Currently, in the financial highlights section of this MD&A, we report net position for the University with and without the effects of the unfunded pension liability from the state retirement systems. For fiscal year 2018, we will report net position for the University with and without the effects of both the unfunded pension liability and the new unfunded OPEB liability.

Requests for Information

This management's discussion and analysis is intended to provide additional information for the reader of the audited financial statements that follow. Further questions may be addressed to: Ohio University Controller's Office, 204 West Union Street Office Center, Athens, Ohio 45701.

Statements of Net Position

	June 30, 2017		June 30, 2016	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	$ 58,048,268	$ 25,731,084	$ 36,621,749	$ 23,498,369
Investments	276,219,578	45,621,869	260,326,183	41,534,474
Accounts and pledges receivable, net	74,504,768	7,862,558	56,811,234	9,605,279
Interest and dividends receivable	872,047	79,869	749,763	65,392
Notes receivable, net	1,280,941	-	1,366,264	-
Prepaid expenses	10,852,683	217,759	10,502,990	1,371,979
Inventories	2,840,661	40,823	2,755,478	49,620
Total current assets	424,618,946	79,553,962	369,133,661	76,125,113
Noncurrent Assets				
Restricted cash and cash equivalents	75,074,942	-	7,055,643	4,946,298
Pledges receivable, net	-	6,078,957	-	8,520,499
Bequests receivable	-	500,000	-	7,917,850
Cash surrender value of life insurance	-	1,230,764	-	1,175,159
Charitable gift annuities and trusts	-	19,200,224	-	18,736,235
Investments - noncurrent	234,842,646	5,750,403	232,525,937	5,481,596
Endowment investments	83,343,088	425,048,857	74,947,734	380,174,696
Notes receivable - noncurrent, net	11,075,662	-	12,121,001	-
Assets held for sale	-	196,500	88,000	17,765,231
Capital assets, net	1,019,149,440	10,873,610	967,952,454	11,901,438
Total noncurrent assets	1,423,485,778	468,879,315	1,294,690,769	456,619,002
Total assets	1,848,104,724	548,433,277	1,663,824,430	532,744,115
Deferred Outflows of Resources				
Deferred outflows related to pensions	137,671,455	-	85,551,545	-
Deferred charge on bond refunding	2,261,468	-	2,330,920	-
Total deferred outflows of resources	139,932,923	-	87,882,465	-
Total Assets and Deferred Outflows of Resources	$ 1,988,037,647	$ 548,433,277	$ 1,751,706,895	$532,744,115

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

Statements of Net Position (Continued)

	June 30, 2017		June 30, 2016	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	$ 74,175,614	$ 3,796,474	$ 71,896,538	$ 2,355,375
Unearned revenue	33,574,091	-	34,092,741	-
Deposits and other liabilities	4,414,966	5,173,250	4,666,354	5,185,671
Long-term debt - current portion	18,128,046	329,600	18,917,322	1,219,900
Funds held on behalf of others	1,272,612	397,138	1,589,274	397,413
Total current liabilities	131,565,329	9,696,462	131,162,229	9,158,359
Noncurrent Liabilities				
Compensated absences	18,460,533	-	18,706,237	-
Other noncurrent liabilities	2,870,150	-	687,897	-
Long-term debt	635,682,300	1,111,308	525,839,511	23,915,000
Net pension liability	545,779,275	-	432,896,747	-
Refundable advances, federal student loans	7,244,887	-	7,281,752	-
Total noncurrent liabilities	1,210,037,145	1,111,308	985,412,144	23,915,000
Total liabilities	1,341,602,474	10,807,770	1,116,574,373	33,073,359
Deferred Inflows of Resources				
Deferred inflows related to pensions	3,998,005	-	24,504,999	-
Deferred gain on bond refunding	607,475	-	-	-
Total deferred inflows of resources	4,605,480	-	24,504,999	-
Net Position				
Net investment in capital assets	644,053,780	9,629,202	651,056,598	10,323,262
Restricted:				
Nonexpendable	22,478,834	214,186,022	22,159,570	205,062,891
Expendable	31,381,205	312,160,372	32,062,922	286,234,157
Unrestricted	(56,084,126)	1,649,911	(94,651,567)	(1,949,554)
Total net position	641,829,693	537,625,507	610,627,523	499,670,756
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,988,037,647	$ 548,433,277	$ 1,751,706,895	$532,744,115

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

Ohio University

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2017 and 2016

	2017		2016	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Operating Revenues				
Student tuition and fees	$ 413,459,850	$ -	$ 404,587,892	$ -
Less: Pell grants	(29,327,271)	-	(30,795,925)	-
Less: Other scholarships	(44,311,079)	-	(43,977,085)	-
Net Student tuition and fees	339,821,500	-	329,814,882	-
Auxiliary enterprises	115,814,901	-	114,302,148	-
Less: Pell grants-room and board	(2,587,873)	-	(2,532,849)	-
Less: Other scholarships-room and board	(10,261,034)	-	(9,237,197)	-
Net Auxiliary enterprises	102,965,994	-	102,532,102	-
Federal grants and contracts	26,053,864	-	24,023,414	-
State and other grants and contracts	8,467,058	-	8,061,923	-
Private grants and contracts	11,650,081	-	11,533,556	-
Royalties	4,740,056	-	6,641,811	-
Sales and services	22,204,968	-	21,996,456	-
Other sources	44,954,805	10,637,951	30,153,801	11,389,042
Total operating revenues	560,858,326	10,637,951	534,757,945	11,389,042
Operating Expenses				
Educational and general:				
Instruction	286,782,549	10,137,137	259,123,400	9,634,161
Research	42,870,172	1,383,393	38,951,805	1,088,280
Public service	30,613,815	365,501	30,258,913	377,706
Academic support	85,968,442	1,928,135	80,761,392	1,925,460
Student services	58,133,606	242,460	56,038,625	227,115
Institutional support	61,456,146	16,750,706	59,940,513	17,440,863
Operation and maintenance of plant	52,129,896	-	50,392,267	-
Student aid (including Pell grants of $2,788,767 in 2017 and $2,829,193 in 2016 for Ohio University)	9,322,352	6,602,192	8,479,525	5,947,293
Depreciation	48,940,898	1,122,012	43,020,802	1,789,592
Auxiliary enterprises	86,672,559	-	82,930,782	-
Operating expenses - Related entities	-	6,532,328	-	7,137,102
Total operating expenses	762,890,435	45,063,864	709,898,024	45,567,572
Operating Loss	$(202,032,109)	$ (34,425,913)	$(175,140,079)	$ (34,178,530)

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

Statements of Revenues, Expenses, and Changes in Net Position (Continued)
Years Ended June 30, 2017 and 2016

	2017		2016	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Nonoperating Revenue (Expenses)				
State appropriations	$ 163,056,923	$ -	$ 161,462,302	$ -
Federal grants - Pell	34,703,910	-	36,157,967	-
Federal grants nonexchange	2,312,701	-	2,044,478	-
State and other grants nonexchange	5,643,310	-	5,337,780	-
Private gifts	-	6,680,099	-	17,414,518
University support	-	4,119,288	-	5,261,952
Investment income (loss), net	43,823,178	53,148,217	(4,401,323)	(14,510,808)
Interest on debt	(26,315,525)	-	(24,168,870)	-
Other nonoperating expense	(7,347,956)	-	(4,351,097)	-
Net nonoperating revenue	215,876,541	63,947,604	172,081,237	8,165,662
Income (Loss) Before Other Revenue	13,844,432	29,521,691	(3,058,842)	(26,012,868)
Other Revenue				
State capital appropriations	12,462,119	-	13,802,435	-
Capital grants and gifts	4,886,960	-	5,223,040	-
Additions to permanent endowments	8,659	8,433,060	4,626	12,696,076
Total other revenue	17,357,738	8,433,060	19,030,101	12,696,076
Increase (Decrease) in Net Position	31,202,170	37,954,751	15,971,259	(13,316,792)
Net Position				
Beginning of year	610,627,523	499,670,756	594,656,264	512,987,548
End of year	$ 641,829,693	$ 537,625,507	$ 610,627,523	$ 499,670,756

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

Ohio University

Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	Ohio University 2017	Ohio University 2016
Cash Flows From Operating Activities		
Student tuition and fees	$ 337,117,559	$ 330,462,474
Grants and contracts	46,383,642	48,145,016
Payments to suppliers	(151,574,722)	(168,360,701)
Payments to or on behalf of employees	(474,174,518)	(455,904,737)
Payments for scholarships and fellowships	(37,570,100)	(40,300,378)
Loans issued to students	(2,066,392)	(2,904,854)
Collection of loans to students	2,285,350	2,661,777
Auxiliary enterprise sales	103,362,133	105,700,467
Royalties	2,448,494	7,720,373
Sales and services	26,808,562	26,451,842
Other receipts	29,783,656	23,003,990
Net cash used in operating activities	(117,196,336)	(123,324,731)
Cash Flows From Noncapital Financing Activities		
State appropriations	163,056,923	161,462,302
Gifts and grants for other than capital purposes	42,668,580	43,544,841
Federal direct student loan program receipts	219,738,476	214,431,442
Federal direct student loan program disbursements	(219,825,008)	(211,709,516)
Student organization agency transactions	1,939,243	1,794,868
Net cash provided by noncapital financing activities	207,578,214	209,523,937
Cash Flows From Capital Financing Activities		
Proceeds from capital debt	156,150,000	-
State capital appropriations	13,698,909	11,400,228
Capital grants and gifts received	4,680,190	4,632,994
Purchases of capital assets	(108,049,001)	(106,311,266)
Principal paid on capital debt and leases	(57,871,815)	(17,177,763)
Interest paid on capital debt and leases	(26,800,983)	(26,212,506)
Net cash used in capital financing activities	(18,192,700)	(133,668,313)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	120,943,305	200,414,589
Investment income	10,860,350	10,727,107
Purchase of investments	(114,547,015)	(201,649,028)
Net cash provided by investing activities	17,256,640	9,492,668
Net Increase (Decrease) In Cash And Cash Equivalents	89,445,818	(37,976,439)
Cash And Cash Equivalents - Beginning of year	43,677,392	81,653,831
Cash And Cash Equivalents - End of year	$ 133,123,210	$ 43,677,392
Supplemental Disclosure of Noncash Activities -		
Construction in progress in accounts payable	$ 16,211,726	$ 16,282,600

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

Statements of Cash Flows (Continued)
Years Ended June 30, 2017 and 2016

	Ohio University	
	2017	2016
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating loss	$(202,032,109)	$(175,140,079)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	48,940,898	43,020,802
Changes in operating assets and liabilities and deferred outflows of resources and deferred inflows of resources which (used) provided cash:		
Accounts receivable - Net	(17,693,533)	5,024,554
Notes receivable - Net	1,130,662	(106,573)
Prepaid expenses	(349,693)	(200,718)
Inventories	(85,186)	229,785
Deferred outflows of resources	(52,050,458)	(54,226,759)
Deferred inflows of resources	(19,899,519)	(22,400,356)
Accounts payable and accrued liabilities	4,215,625	(3,409,906)
Unearned revenue	7,995,837	144,186
Refunds and other liabilities	(251,388)	303,144
Net pension liability	112,882,528	83,437,189
Net Cash Used In Operating Activities	$(117,196,336)	$(123,324,731)

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

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

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

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

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

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

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

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

Investments - All investments are carried at fair value. Investments in publicly traded securities are stated at fair value as established by major securities markets. Nonpublicly traded investments are valued based on independent appraisals and estimates considering market prices of similar investments. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the statements of revenues, expenses, and changes in net position. Included in long-term investments is $204.2 million and $221.5 million of unspent bond proceeds as of June 30, 2017 and 2016, respectively, to be used to promote a sustainable approach to investing in the University's buildings and infrastructure.

The University has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants,* which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2017.

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

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

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

Assets Held for Sale - Assets held for sale are recorded at the lower of cost or market value. At June 30, 2016, a small piece of University land located near the Housing For Ohio, Inc. facilities was for sale on the market and was subsequently sold during fiscal year 2017. As required by accounting standards, these were classified on the statements of net position as assets held for sale.

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

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

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

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

Deferred Outflows of Resources - In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The University's deferred outflows of resources is related to the net pension liability. See Note 11 for more information. Also included are deferred charges arising from the amount transferred to the escrow agent to refund Series 2001, 2003, and 2004 and to advance refund Series 2008A bond issues, in excess of the carrying value of those bonds.

Deferred Inflows of Resources - In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The University's deferred inflows of resources is related to the net pension liability. More detailed information can be found in Note 11. Also included are deferred charges arising from the carrying value of the refunded Series 2006A & B bond issue, in excess of the amount transferred to the escrow agent to refund the 2006A & B bonds.

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

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

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

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

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

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

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

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

- Operating revenue includes revenue from activities that have characteristics similar to exchange transactions. These include student tuition and fees (net of scholarship discounts and allowances), sales and services of auxiliary enterprises (net of scholarship discounts and allowances), and certain federal, state, local and private grants, and contracts. The presumption is that there is a fair exchange of value between all parties to the transaction.
- Nonoperating revenue includes revenue from activities that have the characteristics of nonexchange transactions, such as state appropriations, and certain federal, state, local and private gifts, and grants. The implication is that such revenues are derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

Scholarship Discounts and Allowances - Student tuition and fee revenue, and certain other payments recorded as auxiliary enterprises revenue, are net of scholarship discounts and allowances in the statements of revenue, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the charge for tuition and fees, and the amount paid by students or by third parties on the students' behalf. Scholarship discounts and allowances were $86,487,257 (of which $73,638,350 is netted against student tuition and fees and $12,848,907 is netted against auxiliary enterprises revenue) and $86,543,056 (of which $74,773,010 is netted against student tuition and fees and $11,770,046 is netted against auxiliary enterprises revenue) as of June 30, 2017 and 2016, respectively.

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

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

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

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

University Medical Associates, Inc. (the "Corporation") is a not-for-profit organization incorporated in the state of Ohio and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. The membership of the Corporation consists of many physicians who are faculty members of the Ohio University Heritage College of Osteopathic Medicine. The Corporation provides medical services in private physician offices and clinic settings on the campus of Ohio University and surrounding locations. The assets and liabilities of the Corporation were sold to an outside party during fiscal year 2017. Partial year financial results were included for fiscal year 2017.

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

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

Reclassifications - Certain amounts from the prior year have been reclassified. On the statement of revenue, expenses and changes in net position and on the statement of cash flows, $5,029,693 of private gifts, $1,793,374 of private grants and contracts, and $2,423,280 of operating state and other grants and contracts have been reclassified. $6,339,050 has been reclassed to sales and services revenue, $1,101,765 has been reclassed to other sources revenue, and $1,805,532 has been reclassed to nonoperating state and other grants and contracts to more accurately reflect the nature of these amounts. Net position has not been affected by these changes.

Newly Issued Accounting Pronouncements

- In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the University to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the OPERS and STRS Ohio plans. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2018.
- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The University is currently evaluating the impact of this standard. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2019.
- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The University is currently evaluating the impact of this standard, specifically related to holding assets for student club accounts. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2020.
- In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The University is currently evaluating the impact of this standard as it relates to prior defeasances. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2018.
- In June 2017, the GASB issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is expected to have a significant effect on the University's financial statements as a result of the leases for various facilities and equipment classified as operating leases. The

effect of applying the new lease guidance on the financial statements has not yet been determined. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2021.

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

As of June 30, 2017, the carrying amount of the University's cash and cash equivalents for all funds was $133,123,210 compared to bank balances of $136,231,327. As of June 30, 2016, the carrying amount of the University's cash and cash equivalents for all funds was $43,677,392 compared to bank balances of $43,574,103. The difference in carrying amounts and bank balances is caused by outstanding checks and deposits-in-transit. At June 30, 2017, of the bank balances, $1,036,372 is covered by the Federal Deposit Insurance Corporation (FDIC) and $135,194,655 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

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

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

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

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

The values of investments as of June 30, 2017 and 2016 are as follows:

Investment Type	2017	2016
Money market mutual funds	$ 26,460,212	$ 24,624,756
US government obligations	16,622,694	34,163,449
US government agency obligations	-	4,884,640
Mortgage-backed securities	24,820,609	20,362,568
Asset-backed securities	37,917,529	-
Corporate bonds and notes	45,620,070	73,214,488
Municipal bonds	-	2,309,355
Bond mutual funds	140,674,373	144,199,641
Notes and convertible notes	1,167,514	1,101,735
US common and preferred stock	3,972,650	3,336,864
US equity mutual funds	79,094,900	67,303,753
International equity mutual funds	121,936,287	94,838,266
Hedge funds	59,355,125	55,860,292
Commodities	16,691,622	24,131,083
REITs	3,957,924	3,950,098
Direct private equity investments	1,352,606	1,321,593
Private equity funds	14,761,197	12,197,273
Total	$ 594,405,312	$ 567,799,854

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

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

As of June 30, 2017, maturities of the University's interest-bearing investments are as follows:

		Investment Maturities			
Investment Type	Market Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money markets	$ 26,460,212	$ 26,460,212	$ -	$ -	$ -
U.S. government obligations	16,622,694	799,241	11,896,330	349,000	3,578,123
Mortgage-backed securities	24,820,609	-	9,422,404	2,225,826	13,172,379
Asset-backed securities	37,917,529	-	37,917,529	-	-
Corporate bonds and notes	45,620,070	16,003,039	28,803,368	386,903	426,760
Bond mutual funds	140,674,373	30,840,109	79,312,598	30,521,666	-
Convertible notes	1,167,514	920,806	246,708	-	-
Total	$ 293,283,001	$ 75,023,407	$167,598,937	$ 33,483,395	$ 17,177,262

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

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

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

The credit ratings of the University's interest-bearing investments as of June 30, 2017 are as follows:

		Credit Quality (S&P)						
	Market Value	AAA	AA	A	BBB	BB	B	Unrated
Money markets	$ 26,460,212	$ 4,080,277	$ -	$ -	$ -	$ -	$ -	$ 22,379,935
U.S. government obligations	16,622,694	16,622,694	-	-	-	-	-	-
Mortgage-backed securities	24,820,609	24,820,609	-	-	-	-	-	-
Asset-backed securities	37,917,529	37,917,529	-	-	-	-	-	-
Corporate bonds and notes	45,620,070	2,111,916	8,713,502	20,470,333	14,224,209	-	-	100,110
Bond mutual funds	140,674,373	-	23,630,548	80,409,135	18,889,971	17,744,719	-	-
Convertible notes	1,167,514	-	-	-	-	-	-	1,167,514
Total	$ 293,283,001	$ 85,553,025	$ 32,344,050	$ 100,879,468	$ 33,114,180	$ 17,744,719	$ -	$ 23,647,559

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

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

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. As of June 30, 2017 and 2016, the University had no custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2017 and 2016, there were no single-issuer investments that exceeded 5 percent of total investments.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University's exposure to foreign currency is limited to its investment in international equity mutual funds. The value of this investment was $121.9 million and $94.8 million as of June 30, 2017 and 2016, respectively.

Valuation of Alternative Investments - Because financial data for many private investments are not available until several months after fiscal year end, some reported alternative investment valuations represent an estimate of the June 30, 2017 value, while the remaining valuations represent March 31, 2017 reported valuations that have been adjusted by cash added to and cash distributed from these accounts through June 30. Management considers information that becomes available after the financial statements are compiled but before they are released, to determine whether an adjustment to the reported fair value of investments should be made. At June 30, 2017 and 2016, there was $64.6 million and $73.1 million, respectively, in investment assets reported at the estimated values described above.

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

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The University's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability

The University has the following recurring fair value measurements as of June 30, 2017 and 2016:

		Fair Value at Reporting Date Using		
	Balance at June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Fixed-income investments:				
U.S. government obligations	$ 16,622,694	$ -	$ 16,622,694	$ -
Mortgage-backed securities	24,820,609	-	24,820,609	-
Asset-backed securities	37,917,529	-	37,917,529	-
Corporate bonds and notes	45,620,070	-	45,620,070	-
Bond mutual funds	140,674,373	140,674,373	-	-
Subtotal fixed-income investments	265,655,275	140,674,373	124,980,902	-
Public equity investments:				
U.S. common and preferred stock	3,972,650	3,972,650	-	-
U.S. equity mutual funds	79,094,900	79,094,900	-	-
International equity mutual funds	116,464,540	116,464,540	-	-
Commodities	15,201,124	15,201,124	-	-
REITs	3,957,924	3,957,924	-	-
Subtotal public equity investments	218,691,138	218,691,138	-	-
Alternative investments:				
Convertible notes	1,167,514	-	-	1,167,514
Direct private equity investments	1,352,606	-	-	1,352,606
Subtotal alternative investments	2,520,120	-	-	2,520,120
Total investments by fair value level	$ 486,866,533	$ 359,365,511	$ 124,980,902	$ 2,520,120
Investments measured at net asset value (NAV)				
International equity mutual funds	5,471,747			
Hedge funds	59,355,125			
Commodities	1,490,498			
Private equity funds	14,761,197			
Subtotal investments measured at NAV	81,078,567			
Total investments measured at fair value	$ 567,945,100			

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

Short-term investments and investments on the statement of net position at June 30, 2017 and 2016 include investments in STAR Ohio of $20,234,322 and $0, respectively. The investments in STAR Ohio are measured at amortized cost; therefore, they are not included in the tables above. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

As of June 30, 2017 and 2016, the University invested in money market funds in the amounts of $26,460,212 and $24,218,623, respectively, which are not included in the table above.

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

The fair value of many investment income securities, including U.S. government obligations, U.S. government agency obligations, mortgage-backed securities, corporate bonds and notes, and municipal bonds, at June 30, 2017 and 2016 was determined primarily based on level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of certain alternative investments, including convertible notes and direct private equity investments, at June 30, 2017 and 2016 was determined primarily based on Level 3 inputs. The Organization estimates the fair value of these investments using the University's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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

Investments in Entities that Calculate Net Asset Value per Share - The University holds shares or interests in investment companies where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Investments Reported at Net Asset Value				
	June 30, 2017	June 30, 2016	June 30, 2017		
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Fixed-income investments:					
Money market mutual funds (1)	$ -	$ 406,133	$ -	Daily	None
Bond mutual funds (2)	-	435,631	-	Daily	1 day
International equity mutual funds (3)	5,471,747	4,551,559	-	Monthly	30 days
Hedge funds (4)	59,355,125	55,860,292	-	Quarterly	60 days
Commodities (5)	1,490,498	2,631,548	-	Monthly	10-30 days
Private equity funds (6)	14,761,197	12,197,273	41,213,825	None	None
Total	$81,078,567	$ 76,082,436	$41,213,825		

(1) Money market mutual funds invest in short-term debt securities such as U.S. Treasury bills and commercial paper. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
(2) Bond mutual funds include an open-ended commingled fund that invests in core fixed-income securities, including U.S. Treasury bonds, corporate bonds, mortgage-backed securities, and other asset-backed securities. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(3) International equity mutual funds include a fund that seeks to achieve total return in excess of the MSCI Emerging Markets Index through investing in the world's emerging stock markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
(4) Hedge funds include absolute and total return funds that are broadly diversified across managers, investment strategies, and investment venues. This asset category includes both fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
(5) Commodities funds include investments in areas that offer strong relative performance in rising inflation environments and are broadly diversified across the commodities markets, including futures, options on futures, and forward contracts on exchange traded agricultural goods, metals, minerals, and energy products. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
(6) Private equity funds are broadly diversified across managers, investment stages, geography, industry sectors, and company size. This asset category includes private equity, private real estate, and venture capital funds. It also includes individual fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value of the University's ownership interest in partners' capital. The investments in the private equity asset class above cannot be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next one to 14 years.

Note 3 - Accounts Receivable

The composition of accounts receivable at June 30, 2017 and 2016 is summarized as follows:

	2017	2016
Student tuition and fees	$46,175,250	$47,348,565
Grants and contracts	11,234,396	11,724,963
Direct Lending Loans	1,762,376	1,677,747
Other	29,063,765	9,565,729
Total accounts receivable	88,235,788	70,317,004
Less allowance for doubtful accounts	(13,731,020)	(13,505,770)
Accounts receivable, net	$74,504,768	$56,811,234

Note 4 - Notes Receivable

The University's notes receivable at June 30, 2017 and 2016 is net of allowance for doubtful accounts of $2,882,315 and $2,251,539, respectively. Principal repayment and interest terms vary. Federal loan programs are funded primarily through borrower repayments, federal contributions under Perkins, and various Health Professions loan programs.

The University distributed $219,825,008 and $211,709,516 for student loans through the U.S. Department of Education Federal Direct Lending program during the years ended June 30, 2017 and 2016, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying statement of cash flows.

The composition of notes receivable at June 30, 2017 and 2016 is as follows:

	2017	2016
Student loan program	$ 13,739,942	$ 14,022,649
Heritage College of Osteopathic Medicine former students	748,976	966,155
Muskingum Recreation Center	750,000	750,000
Total notes receivable	15,238,918	15,738,804
Less allowance for doubtful accounts	(2,882,315)	(2,251,539)
Notes receivable, net	12,356,603	13,487,265
Less current portion	(1,280,941)	(1,366,264)
Notes receivable - noncurrent, net	$ 11,075,662	$ 12,121,001

The composition of the allowance for doubtful accounts on notes receivable at June 30, 2017 and 2016 is as follows:

	2017	2016
Student loan program	$ (1,630,166)	$ (1,621,886)
Heritage College of Osteopathic Medicine former students	(502,149)	(629,653)
Muskingum Recreation Center	(750,000)	-
Total allowance for doubtful accounts	$ (2,882,315)	$ (2,251,539)

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Transfers	Retirements	Balance June 30, 2017
Capital assets not being depreciated:					
Land	$ 24,890,824	$ -	$ -	$ (911,479)	$ 23,979,345
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	67,417,769	71,160,746	(58,469,392)	(3,636,093)	76,473,030
Works of art and historical treasures	17,083,983	828,452	-	-	17,912,435
Total capital assets not being depreciated	114,093,667	71,989,198	(58,469,392)	(4,547,572)	123,065,901
Capital assets being depreciated:					
Infrastructure	148,153,998	6,789,161	13,919,662	(6,635,968)	162,226,853
Buildings	1,135,274,831	14,661,426	44,549,730	(13,188,273)	1,181,297,714
Machinery and equipment	163,438,309	14,047,091	-	(16,421,596)	161,063,804
Library books and publications	77,418,522	562,125	-	(257,183)	77,723,464
Total capital assets being depreciated	1,524,285,660	36,059,803	58,469,392	(36,503,020)	1,582,311,835
Total capital assets	1,638,379,327	108,049,001	-	(41,050,592)	1,705,377,736
Less accumulated depreciation:					
Infrastructure	74,539,759	6,175,015	-	(6,518,803)	74,195,971
Buildings	412,380,787	31,237,209	-	(10,388,080)	433,229,916
Machinery and equipment	112,885,228	10,248,228	-	(15,975,409)	107,158,047
Library books and publications	70,621,099	1,280,446	-	(257,183)	71,644,362
Total accumulated depreciation	670,426,873	48,940,898	-	(33,139,475)	686,228,296
Total capital assets being depreciated, net	853,858,787	(12,881,095)	58,469,392	(3,363,545)	896,083,539
Capital assets, net	$ 967,952,454	$ 59,108,103	$ -	$ (7,911,117)	$ 1,019,149,440

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

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

Note 6 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Accrued payroll	$ 17,594,444	$ 17,163,231
Accrued workers' compensation	8,552,136	8,805,873
Accrued self-insurance claims	4,434,000	3,868,000
Accrued compensated absences - current portion	2,165,621	2,234,524
Other accrued liabilities	7,117,355	5,274,058
Vendor and other payables	34,312,058	34,550,852
Total accounts payable and accrued liabilities	$ 74,175,614	$ 71,896,538

Note 7 - Long-term Debt

The University's long-term debt at June 30, 2017 is summarized as follows:

	July 1, 2016	Additions	Reductions	June 30, 2017	Current
General receipts bonds - Series 2017A	$ -	$ 156,150,000	$ -	$ 156,150,000	$ 2,485,000
General receipts bonds - Series 2014	250,000,000	-	-	250,000,000	-
General receipts bonds - Series 2013	133,095,000	-	4,445,000	128,650,000	2,395,000
General receipts bonds - Series 2012A & B	23,008,829	-	1,747,346	21,261,483	1,778,624
General receipts bonds - Series 2012	65,000,000	-	5,975,000	59,025,000	6,240,000
General receipts bonds - Series 2009	11,960,000	-	2,770,000	9,190,000	2,910,000
General receipts bonds - Series 2008A & B	7,825,000	-	7,525,000	300,000	300,000
Subordinated general receipts bonds - Series 2006B	18,860,000	-	18,860,000	-	-
Subordinated general receipts bonds - Series 2006A	16,465,000	-	16,465,000	-	-
Total bonds and notes payable	526,213,829	156,150,000	57,787,346	624,576,483	16,108,624
Bond premiums	20,264,948	10,387,000	1,998,475	28,653,473	1,918,436
Bond discounts	(2,181,759)	-	(2,181,759)	-	-
Capital lease obligations	459,815	205,044	84,469	580,390	100,986
Total long-term debt	$ 544,756,833	$ 166,742,044	$ 57,688,531	$ 653,810,346	$ 18,128,046

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

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

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

On March 1, 2017, the University issued general receipts bonds Series 2017A in the amount of $156,150,000. The proceeds are being used for new construction and upgrades to capital facilities. Proceeds were also used to refund the 2006A & B bonds and advance refund the callable 2008A bonds and to pay costs of issuance of the Series 2017A Bonds.

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

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

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

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

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

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

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

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

On March 1, 2017, the Series 2006A & B bonds were refunded with $29,115,000 being incorporated into the Series 2017A Bonds.

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

The University's bonds are secured by a trust agreement dated as of May 1, 2001 (the "Master Trust Agreement"), as supplemented by a First Supplemental Trust Agreement dated as of May 1, 2001, a Second Supplemental Trust Agreement dated as of September 1, 2003, a Third Supplemental Trust Agreement dated as of October 1, 2003, a Fourth Supplemental Trust Agreement dated as of March 15, 2004, a Fifth Supplemental Trust Agreement dated as of February 1, 2006, a Sixth Supplemental Trust Agreement dated as of April 1, 2006, a Seventh Supplemental Trust Agreement dated as of July 1, 2008, an Eighth Supplemental Trust Agreement dated as of May 1, 2009, a Ninth Supplemental Trust Agreement dated as of February 1, 2012 entered into in connection with the issuance of the Series 2012 bonds, a Tenth Supplemental Trust Agreement dated as of July 1, 2012 entered into in connection with the issuance of the Series 2012A & B bonds, an Eleventh Supplemental Trust Agreement dated as of October 1, 2012 entered into in connection with the issuance of the Series 2011 bonds, a Twelfth Supplemental Trust Agreement dated as of June 1, 2013 entered into in connection with the issuance of the Series 2013 bonds, a Thirteenth Supplemental Trust Agreement dated as of November 1, 2014 entered into in connection with the issuance of the Series 2014 bonds, and a Fourteenth Supplemental Trust Agreement dated as of March 1, 2017 entered into in connection with the issuance of the Series 2017A bonds, each between the University and U.S. Bank National Association.

In January 2013, the University executed a guaranty in favor of PNC New Markets Investment Partners, LLC (PNC), against disallowance and recapture of federal and state new markets tax credits in connection with construction of a community recreation center by the Muskingum Recreation Center (MRC), an Ohio non-profit Corporation. MRC financed the construction in part with equity contributed by PNC, which was eligible for federal and state new markets tax credit treatment. As part of the deal structure, PNC expected to realize federal new markets tax credit in the amount of $4,290,000 and state credits in the amount of $1,000,000. To facilitate PNC's equity investment, the University and MRC jointly agreed to pay PNC any shortfall in realized new markets tax credits as a result of the investment being deemed ineligible for such tax treatment by federal and/or state tax authorities. The University made this commitment because it believed it would receive substantial benefits from PNC's investment, which funded improvements to MRC's leased property located on the Ohio University Zanesville campus, where the University is the landlord/owner. The University currently is not aware of any basis for disallowance or recapture of new markets tax credits associated with the MRC, and the University expects that its guaranty commitment effectively will terminate in 2023.

In addition, as part of the same transaction, the University pledged $1.5 million as cash collateral supporting a loan in the amount of $4,542,550 from PNC Bank to the Muskingum County Community Foundation. These proceeds ultimately were provided to the MRC to finance a portion of the construction of the recreation center. The loan fully matures in January 2020. Such collateral is currently maintained through a deposit with PNC Bank. In the event that the Muskingum County Community Foundation (MCCF) defaults on the loan, PNC may draw against the $1.5 million account to satisfy the loan obligation. In the event of a default by MCCF, the University's sole financial exposure would be loss of the $1.5 million collateral. Based on current available information, the University determined that as of June 30, 2017, $0.3 million is a reasonable estimate of the liability exposure as a result of the guarantee. The liability is reported as part of accounts payable and accrued liabilities in the statements of net position.

Details of the series are as follows:

Series	Interest Rate	Maturity Fiscal Year	Initial Issue Amount	Outstanding at June 30, 2017
2008A	4.17%-5.00%	2018	$ 13,345,000	$ 300,000
2009	2.00%-5.00%	2020	26,645,000	9,190,000
2012	2.00%-5.00%	2043	76,470,000	59,025,000
2012A&B	2.00%-5.00%	2028	28,640,370	21,261,483
2013	2.00%-5.00%	2044	145,170,000	128,650,000
2014	5.59%	2115	250,000,000	250,000,000
2017A	1.50%-5.00%	2048	156,150,000	156,150,000
				$ 624,576,483

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2017 are summarized as follows:

Years Ending June 30	Principal	Interest	Total
2018	$ 16,108,624	$ 29,988,224	$ 46,096,848
2019	16,105,461	29,466,327	45,571,788
2020	13,777,868	28,898,905	42,676,773
2021	10,625,856	28,449,278	39,075,134
2022	10,994,433	28,052,300	39,046,733
2023-2027	53,422,693	133,274,451	186,697,144
2028-2032	44,636,548	122,822,904	167,459,452
2033-2037	35,495,000	113,727,875	149,222,875
2038-2042	37,560,000	104,982,100	142,542,100
2043-2115	385,850,000	1,034,844,525	1,420,694,525
Total	$ 624,576,483	$ 1,654,506,890	$ 2,279,083,373

The University has $580,390 in capital lease obligations that have maturity dates through fiscal year 2022 and carry interest rates ranging from 3.28 to 3.90 percent. These lease arrangements are being used to provide partial financing for certain equipment. Capital asset balances as of June 30, 2017 that are financed under capital leases are $708,463.

The scheduled maturities of these leases at June 30, 2017 are as follows:

Years Ending June 30	Minimum Lease Payments
2018	$ 119,476
2019	119,476
2020	119,476
2021	235,216
2022	36,721
Total minimum lease payments	630,365
Less amount representing interest	49,975
Net minimum capital lease payments	580,390
Less current portion	100,986
Noncurrent capital lease obligations	$ 479,404

Note 8 - Operating Leases

The University leases various facilities and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statements of net position. The total rental expense under these agreements was $4,351,743 and $3,751,363 for the years ended June 30, 2017 and 2016, respectively.

Future minimum payments for all significant operating leases with initial terms in excess of one year at June 30, 2017 are as follows:

Years Ending June 30	Minimum Lease Payments
2018	$ 1,956,087
2019	2,180,675
2020	2,811,324
2021	2,765,790
2022	2,637,971
2023-2031	23,595,978
Total minimum operating lease payments	$ 35,947,826

Note 9 - Operating Expenses by Natural Classification

The University reports operating expenses by functional classification on the statements of revenues, expenses, and changes in net position. Operating expenses by natural classification for the two years ended June 30, 2017 and 2016 are summarized as follows:

Year ended June 30, 2017	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction	$ 252,001,462	$ 8,141,967	$ 19,446,823	$ 27,150	$ 7,165,147	$ 286,782,549
Research	28,526,263	8,362,944	3,596,609	5,534	2,378,822	42,870,172
Public service	22,890,463	4,815,346	2,187,805	127,070	593,131	30,613,815
Academic support	65,637,343	13,772,660	3,257,229	413,710	2,887,500	85,968,442
Student services	34,853,612	19,045,763	2,156,811	79,989	1,997,431	58,133,606
Institutional support	49,277,654	8,094,927	3,392,339	70,643	620,583	61,456,146
Operation and maintenance of plant	30,990,758	9,233,243	936,082	10,566,290	403,523	52,129,896
Auxiliary enterprises	52,941,001	24,903,470	1,548,701	3,407,117	3,872,270	86,672,559
Total	$ 537,118,556	$ 96,370,320	$ 36,522,399	$ 14,697,503	$ 19,918,407	$ 704,627,185
					Student Aid	9,322,352
					Depreciation	48,940,898
					Total Operating Expenses	$ 762,890,435

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

Note 10 - Compensated Absences

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

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

The estimated liability for accrued vacation and compensatory time at June 30, 2017 and 2016 was $14,349,541 and $13,998,141, respectively.

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

The estimated liability for accrued sick leave at June 30, 2017 and 2016 was $6,276,613 and $6,942,620, respectively. Compensated absences at June 30, 2017 and 2016 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2017	$ 20,940,761	$ 26,422,637	$ (26,737,244)	$ 20,626,154	$ 2,165,621
June 30, 2016	$ 20,630,163	$ 25,233,324	$ (24,922,726)	$ 20,940,761	$ 2,234,524

Note 11 - Retirement Plans

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

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

The employee and employer rates are the same for ARP employees as the retirement system under which they would otherwise be covered. However, for those who would otherwise be covered by STRS Ohio and who instead elect the ARP, 4.5 percent of the employer contribution goes to the STRS Ohio retirement system and 0.77 percent of the employer contribution goes to the OPERS systems at June 30, 2017 and 2016. The University's contributions each year are equal to its required contributions.

Member contributions, set at the maximums authorized by the ORC, are 10 percent of gross wages for OPERS at June 30, 2017 and 2016, and 14 percent and 13 percent of gross wages for STRS Ohio at June 30, 2017 and 2016, respectively.

The plans' 2017 contribution rates on covered payroll to each system are:

	Employer Contribution Rate			
	Pension	Post Retirement Healthcare	Death Benefit	Total
STRS Ohio - Faculty	14.00%	0.00%	0.00%	14.00%
OPERS - State Employees	13.00%	1.00%	0.00%	14.00%
OPERS - Law Enforcement	16.10%	2.00%	0.00%	18.10%

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

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

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

	Employer Contributions		
	STRS Ohio	OPERS	ARP
2017	$ 15,527,585	$ 17,825,363	$ 11,666,371
2016	$ 14,809,723	$ 17,518,016	$ 10,882,643

The payroll for employees covered by STRS Ohio, OPERS, and ARP for the year ended June 30, 2017 was $92,038,084, $123,682,003, and $103,380,431, respectively. The payroll for employees covered by STRS Ohio, OPERS, and ARP for the year ended June 30, 2016 was $89,300,361, $122,635,620, and $97,068,969, respectively. For the years ended June 30, 2017 and 2016, the University's total payroll was $355,716,209 and $343,725,637, respectively. Contributions made to OPEB were $2,490,462, $2,450,630, and $3,250,678 for the years ended June 30, 2017, 2016, and 2015, respectively.

Benefits Provided

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

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

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

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

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

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

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

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

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

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2017 and 2016, the University reported a liability for its proportionate share of the net pension liability of both STRS Ohio and OPERS. The net pension liability was measured as of June 30, 2016 for the STRS Ohio plan and December 31, 2016 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.

For the years ended June 30, 2017 and 2016, the University's proportionate shares of the net pension liability are as follows:

	Measurement	Net Pension Liability		Proportionate Share		Percent
Plan	Date	2017	2016	2017	2016	Change
STRS Ohio	June 30	$ 341,136,198	$ 274,039,342	1.019%	0.992%	0.028%
OPERS	December 31	204,643,077	158,857,405	0.894%	0.910%	-0.017%
		$ 545,779,275	$ 432,896,747			

For the years ended June 30, 2017 and 2016, the University recognized pension expense of $85,430,931 and $50,136,890, respectively.

For the years ended June 30, 2017 and 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017	2016
Deferred outflows of resources:		
Differences between expected and actual experience	$ 14,105,608	$ 12,512,699
Changes in assumptions	32,597,576	-
Net difference between projected and actual earnings on pension plan investments	58,934,300	46,749,649
Changes in proportion and differences between University contributions and proportionate share of contributions	7,846,894	2,915,607
University contributions subsequent to the measurement date	24,187,077	23,373,591
Total deferred outflows of resources	$ 137,671,455	$ 85,551,545

	2017	2016
Deferred inflows of resources:		
Differences between expected and actual experience	$ 1,407,701	$ 3,175,540
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	19,708,609
Changes in proportion and differences between University contributions and proportionate share of contributions	2,590,304	1,620,850
Total deferred inflows of resources	$ 3,998,005	$ 24,504,999

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

Years Ending June 30	Amount
2018	$ 34,253,953
2019	34,058,734
2020	29,438,559
2021	11,746,804
2022	(7,803)
Thereafter	(3,874)
	$ 109,486,373

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2018).

Actuarial Assumptions - The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement as of June 30, 2017:

	STRS Ohio - as of July 1, 2016	OPERS - as of December 31, 2016
Valuation date	July 1, 2016	December 31, 2016
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	3.25 percent - 10.75 percent
Inflation	2.75 percent	3.25 percent
Investments rate of return	7.75 percent, net of pension plan investment expense	7.50 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of five years ended December 31, 2015
Mortality basis	RP-2000 combined mortality table (Projection 2022-Scale AA)	RP-2014 healthy annuitant mortality table

The following actuarial assumptions, applied to all periods included in the measurement for the period ended June 30, 2016, were as follows:

	STRS Ohio - as of July 1, 2015	OPERS - as of December 31, 2015
Valuation date	July 1, 2015	December 31, 2015
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	2.0 percent	3.0 percent
Salary increases, including inflation	2.75 percent - 12.25 percent	4.25 percent - 10.05 percent
Inflation	2.75 percent	3.75 percent
Investments rate of return	7.75 percent, net of pension plan investment expense	8.00 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of five years ended December 31, 2010
Mortality basis	RP-2000 combined mortality table (Projection 2022-Scale AA)	RP-2000 mortality table projected 20 years using Projection Scale AA

Discount Rate - The discount rates used to measure the total pension liabilities at June 30, 2017 were 7.75 percent for STRS Ohio and 7.50 percent for OPERS. The discount rates used to measure the total pension liabilities at June 30, 2016 were 7.75 percent for STRS Ohio and 8.00 percent for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	STRS Ohio - as of 7/1/16			OPERS - as of 12/31/16	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	31.00%	5.50%	Domestic equities	20.70%	6.34%
International equity	26.00%	5.35%	International equities	18.30%	7.95%
Alternatives	14.00%	5.50%	Private equity	10.00%	8.97%
Fixed income	18.00%	1.25%	Fixed income	23.00%	2.75%
Real estate	10.00%	4.25%	Real estate	10.00%	4.75%
Liquidity reserves	1.00%	0.50%	Other investments	18.00%	4.92%
	100.00%			100.00%	

	STRS Ohio - as of 7/1/15			OPERS - as of 12/31/15	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	31.00%	5.50%	Domestic equities	20.70%	5.84%
International equity	26.00%	5.35%	International equities	18.30%	7.40%
Alternatives	14.00%	5.50%	Private equity	10.00%	9.25%
Fixed income	18.00%	1.25%	Fixed income	23.00%	2.31%
Real estate	10.00%	4.25%	Real estate	10.00%	4.25%
Liquidity reserves	1.00%	0.50%	Other investments	18.00%	4.59%
	100.00%			100.00%	

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

Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.75%	$ 453,342,288	7.75%	$ 341,136,198	8.75%	$ 246,483,748
OPERS	6.50%	313,186,112	7.50%	204,643,077	8.50%	114,215,926
		$ 766,528,400		$ 545,779,275		$ 360,699,674

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

Payable to the Pension Plan - At June 30, 2017, the University reported a payable of $2,533,981 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Changes in Assumptions - During the current measurement period, the OPERS board adopted certain assumption changes which impacted the annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.00 percent to 7.50, which increased the University's net pension liability.

Changes Between Measurement Date and Report Date - In March 2017, the STRS Ohio board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Ohio board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the University's net pension liability is expected to be significant.

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

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of seven private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.5 percent for STRS Ohio and 0.77 percent for OPERS for the years ended June 30, 2017 and 2016. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

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

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

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

OPERS provides retirement, disability, and survivor benefits as well as postemployment healthcare coverage to qualifying members of its plans. A portion of each employer's contribution to OPERS is allocated for funding of postretirement health care. The portion of employer contributions, for all employers, allocated to health care was 2.0 percent during calendar years 2016 and 2015.

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

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

The Board allocates employer contributions to the Health Care Stabilization Fund from which healthcare benefits are paid. Effective July 1, 2014, the Board discontinued allocating 1 percent of employer contributions to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was $3.258 billion as of January 1, 2016, the date of the most recent information available from STRS Ohio.

For the fiscal year ended June 30, 2016, the date of the most recent information available from STRS Ohio, net healthcare costs paid by STRS Ohio were $677 million. There were 157,938 eligible benefit recipients.

Note 12 - Risk Management and Contingencies

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

Self-insurance

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

Changes in the self-insurance claims liability for the three years ended June 30, 2017 are summarized as follows:

	2017	2016	2015
Accrued claims liability - Beginning of year	$ 3,868,000	$ 3,279,000	$ 3,388,000
Incurred claims - Net of favorable settlements	55,946,161	52,695,055	46,510,478
Claims paid	(55,380,161)	(52,106,055)	(46,619,478)
Accrued claims liability - End of year	$ 4,434,000	$ 3,868,000	$ 3,279,000

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

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

During the fiscal year ended June 30, 2014, the University entered into negotiations with the Ohio Bureau of Workers’ Compensation to buy out the claims incurred prior to January 1, 2013. Negotiations have since been placed on hold while the University focuses on managing as well as identifying appropriate claims for settlement to reduce the overall liability. Amounts are included in accounts payable and accrued liabilities detailed in Note 6.

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

Type	Deductible	Coverage
Aircraft Liability (Flight Training)	$ -	$ 5,000,000
Aircraft Liability (Corporate)	-	50,000,000
Airport General Liability	5,000	10,000,000
General and Auto Liability	100,000	50,000,000
Educator's Liability	100,000	50,000,000
Medical Malpractice Liability	25,000	1,000,000/3,000,000
Foreign Liability	-	50,000,000
Crime	100,000	5,000,000
Property *	100,000	1,100,000,000

* $1 billion shared with other Inter-University Council Insurance Consortium members

Note 13 - Capital Project Commitments

At June 30, 2017, the University is committed to future capital expenditures as follows:

Contractual commitments	$ 34,547,890
Estimated completion costs of projects	92,781,007
Total	$ 127,328,897
These projects will be funded by:	
State appropriations	$ 46,745,784
University funds (including bond funds)	75,156,178
Gifts, grants, and other	5,426,935
Total	$ 127,328,897

Note 14 - Other Noncurrent Liabilities

Refundable Advances for Federal Student Loans - Refundable advances for federal student loans for the two years ended June 30, 2017 are summarized as follows:

	Beginning Balance	Reductions - Net	Ending Balance	Current Portion
For the year ended:				
June 30, 2017	$ 7,281,752	$ (36,865)	$ 7,244,887	$ -
June 30, 2016	$ 7,333,999	$ (52,247)	$ 7,281,752	$ -

Note 15 - Pollution Remediation

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

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

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

Years Ending June 30	Minimum Payments
2018	$ 358,362
2019	5,000
2020	5,000
2021	5,000
2022	5,000
2023-2051	135,000
Total minimum payments	$ 513,362

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

Note 16 - Donor-restricted Endowments

Under the standard established by Section 1715.56 of the ORC, an institution may appropriate as much as is prudent of the realized and unrealized net appreciation of the fair value of the assets of the endowment fund over the historic dollar value of the fund for the uses and purposes for which an endowment fund is established. The University's endowment spending policy is based on the concept of total return, and the spending rate for fiscal years 2017 and 2016 was 6 percent, which included a 2 percent administrative fee.

The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the Board were $12,363,466 and $10,642,683 for June 30, 2017 and 2016, respectively. Those amounts are reported as restricted expendable net position.

Note 17 - Net Position

Restricted and unrestricted net position for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Restricted - Nonexpendable -		
Permanent endowments	$ 22,478,834	$ 22,159,570
Restricted - Expendable:		
Sponsored programs and component units	$ 5,640,426	$ 7,857,328
Loans	10,054,933	9,797,199
Unspent endowment funds (available through the endowment spending policy)	1,668,387	1,434,792
Capital projects debt service funds	1,653,993	2,330,920
Endowments - Net income and appreciation	12,363,466	10,642,683
Total restricted - Expendable	$ 31,381,205	$ 32,062,922
Unrestricted - Allocated:		
Auxiliaries	$ 80,160,015	$ 64,800,700
Quasi endowments	53,062,266	46,471,261
Other	222,799,419	165,926,673
GASB Statement No. 68 - Unfunded pension liability	(412,105,826)	(371,850,201)
Total unrestricted - allocated	$ (56,084,126)	$ (94,651,567)

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

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

Note 18 - The Ohio University Foundation

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

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

Another controlled entity, Housing for Ohio, Inc. (Housing), constructed and operates a 182-unit student housing facility in Athens, Ohio. It has been granted tax-exempt status under Section 501(a)(3) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3). Housing formally dissolved in October 2017.

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

During 2009, the Foundation created three limited liability companies to receive property distributions from The Dolores H. Russ Trust for the benefit of the Russ College of Engineering. The three limited liability companies are Fritz J. and Dolores H. Russ Holdings

LLC, Russ North Valley Road LLC, and Russ Research Center LLC. A fourth limited liability company, Russ Center North LLC, was established during 2016 for the purpose of purchasing and holding property adjacent to the Russ Research Center LLC. Collectively, these entities are referred to as the "Russ LLCs". The limited liability companies are treated as disregarded entities for federal income tax purposes. The Foundation is the sole member of Fritz J. and Dolores H. Russ Holdings LLC. Fritz J. and Dolores H. Russ Holdings LLC is the sole member of Russ North Valley Road LLC, Russ Research Center LLC, and Russ Center North LLC.

Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using an assumed inflation rate at the time the pledge is made. The discount rate utilized was 2.36 and 2.69 percent for the years ended June 30, 2017 and 2016, respectively. Amortization of the discounts is included in contribution revenue. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

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

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

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

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

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

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

Annually, or more frequently if events or circumstances change, a determination is made by management to ascertain whether property and equipment and intangibles have been impaired based on the sum of expected future undiscounted cash flows from operating activities. If the estimated net cash flows are less than the carrying amount of such assets, the Foundation will recognize an impairment loss in an amount necessary to write down the assets to a fair value as determined from expected future discounted cash flows. Based upon its most recent analysis, the Foundation has determined that no impairment to the carrying value of its long-lived assets existed at June 30, 2017 and 2016.

Cash - At times, cash may exceed federally insured amounts. The Foundation believes it mitigates risks by depositing cash with major financial institutions. The Foundation held $24,720,698 and $26,828,222 in cash that was uninsured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2017 and 2016, respectively.

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

Restricted Cash - Restricted cash represents cash that, under terms of the bond issue trust indenture agreement (the "Trust Indenture") (related to Housing), is restricted for various purposes. In accordance with the terms of the Trust Indenture and related agreements, the proceeds from the bonds not used to construct the student housing facility and certain equipment and improvements were deposited with the trustee. The Foundation is also required to deposit all revenue directly into a designated revenue fund. The trustee is then authorized, without further direction from the Foundation, to transfer funds out of the revenue fund to other funds as outlined in the Trust Indenture. There is no restricted cash as of June 30, 2017 due to the sale of Housing during the fiscal year.

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

Income Taxes - The Internal Revenue Service has determined that the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated income. The provision for income taxes for the Inn, a for-profit corporation, including deferred tax expenses, totaled $201,339 and $155,700 for the years ended June 30, 2017 and 2016, respectively. The provision is mostly comprised of federal and city taxes. Of these amounts, $249,339 and $49,700 represent current tax expense for the years ended June 30, 2017 and 2016, respectively. The deferred taxes are a result of differences between book and tax depreciation and are presented as long-term other liabilities on the statements of financial position. There are no income taxes on the Russ LLCs as they are disregarded entities.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to June 30, 2014.

Fair Value of Financial Instruments - The carrying values of the Foundation's financial instruments in the accompanying consolidated statements of financial position approximate their respective estimated fair value at June 30, 2017 and 2016.

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

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

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

Change in Presentation - As of July 1, 2016, the Foundation implemented new guidance that changes the required disclosures for investments measured at net asset value (NAV) per share (or its equivalent) as a practical expedient. Previously, investments measured at fair value using the NAV practical expedient were classified in the fair value hierarchy based on the redemption features associated with the investment. Under the new guidance, investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient are no longer classified in the fair value hierarchy. The information for fiscal year 2016 has been adjusted to conform to the new disclosure requirements.

Upcoming Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition.* The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets, recognized from costs incurred to obtain or fulfill a contract. The Foundation's primary revenue sources are not expected to be significantly impacted by the standard but a complete review of all revenue sources has not yet been completed. In addition, management is currently analyzing the disclosures that will be required with this pronouncement. The new guidance will be effective for the Foundation's year ending June 30, 2020.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations.

Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Foundation's year ending June 30, 2021. The effect of applying the new lease guidance on the financial statements has not yet been determined

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

Net Assets

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

Unrestricted net assets as of June 30, 2017 and 2016 are available for the following purposes:

	2017	2016
Designated - Designated underwater	(2,231)	(335,966)
Undesignated:		
The Inn	4,974,388	4,978,526
Housing	208,625	1,259,166
Other	1,079,754	(2,883,207)
Subtotal undesignated	6,262,767	3,354,485
Total unrestricted net assets	$ 6,260,536	$ 3,018,519

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

Temporarily restricted net assets as of June 30, 2017 and 2016 are available for the following purposes:

	2017	2016
Academic support	$ 14,875,138	$ 13,465,046
Alumni relations	166,008	156,396
Fundraising and development	939,906	835,313
Institutional support	9,484,992	10,933,002
Instruction and departmental research	212,617,788	201,540,398
Intercollegiate athletics	7,425,364	7,247,619
Public service	812,306	634,724
Research	3,957,854	2,308,202
Student aid	64,922,320	52,870,308
Student services	1,977,273	1,598,338
Total	$ 317,178,949	$ 291,589,346

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

Permanently restricted net assets as of June 30, 2017 and 2016 are available for the following purposes:

	2017	2016
Academic support	$ 9,940,507	$ 9,794,151
Alumni relations	70,578	69,808
Fundraising and development	188,191	107,173
Institutional support	3,445,930	3,441,686
Instruction and departmental research	72,931,246	72,655,189
Intercollegiate athletics	2,055,623	2,001,564
Public service	1,381,318	1,372,343
Research	12,421,881	11,310,746
Student aid	108,647,307	101,287,101
Student services	3,103,441	3,023,130
Total	$ 214,186,022	$ 205,062,891

Pledges Receivable

The following amounts are included in pledges receivable for unconditional promises to give at June 30, 2017 and 2016:

At June 30, 2017	Temporarily Restricted	Permanently Restricted	Total
Gross amounts due in:			
Less than one year	$ 5,060,036	$ 3,561,764	$ 8,621,800
One to five years	5,548,959	2,030,039	7,578,998
More than five years	540,000	-	540,000
Gross pledges receivable	11,148,995	5,591,803	16,740,798
Less allowance for uncollectible pledges	(1,640,963)	(823,029)	(2,463,992)
Less discount to present value	(703,646)	(141,402)	(845,048)
Total pledges receivable - Net	$ 8,804,386	$ 4,627,372	$ 13,431,758

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

The allowance for uncollectible contributions is a general valuation based on the percentage of prior years' pledge write-offs. Specific pledges deemed uncollectible are charged against the allowance for uncollectible pledges in the period in which the determination is made. Both the general allowance and the specific write-offs are reported as a loss on fair value of pledges receivable in the statements of activities. As of June 30, 2017, the Foundation has approximately $93.3 million in numerous outstanding pledges that are considered to be intentions to give and are contingent upon future events. These pledges are not accrued as pledges receivable or recognized as revenue because they do not represent unconditional promises to give. It is not practicable to estimate the ultimate realizable value of these commitments or the period over which they might be collected.

Fair Value Measurements

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

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

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

Level 2 - Inputs other than quoted prices that are observable, either directly or indirectly. These may include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The Foundation's Level 2 assets include government bonds and government agency obligations.

Level 3 - Inputs that are unobservable, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. The Foundation's Level 3 assets include private real estate. They also include split-interest agreements that are valued using an actuarial approach. The Foundation has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the least observable input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset. The Foundation's fair value assets, by level, at June 30, 2017 and 2016 are summarized in the following tables:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2017

		Fair Value at Reporting Date Using		
	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fixed-income investments:				
Money market mutual funds	$ 29,749,119	$ 29,749,119	$ -	$ -
Bonds and bond mutual funds	42,778,255	42,778,255	-	-
TIPS mutual funds	14,984,411	14,984,411	-	-
Subtotal fixed income	87,511,785	87,511,785	-	-
Public equity investments:				
Domestic large-cap equity	92,616,231	92,616,231	-	-
Domestic small-cap equity	11,692,155	11,692,155	-	-
REITs	6,000,917	6,000,917	-	-
Developed international equity	113,139,234	113,139,234	-	-
Emerging markets international equity	34,196,678	34,196,678	-	-
Commodities	17,289,465	17,289,465	-	-
Subtotal public equity	274,934,680	274,934,680	-	-
Alternative investments:				
Private real estate funds	93,098	-	-	93,098
Subtotal alternative investments	93,098	-	-	93,098
Total investments by fair value level	$ 362,539,563	$ 362,446,465	$ -	$ 93,098
Investments measured at net asset value (NAV):				
Emerging markets international equity (1)	$ 12,864,354			
Commodities (2)	3,504,237			
Hedge funds (3)	65,229,094			
Private equity funds (4)	27,261,616			
Private real estate funds (5)	2,595,728			
Venture capital funds (6)	2,426,537			
Subtotal investments measured at NAV	113,881,566			
Total investments measured at fair value	$ 476,421,129			
Split-Interest Agreements				
Charitable gift annuity assets:				
Money market mutual funds	$ 36,374	$ 36,374	$ -	$ -
Bonds and bond mutual funds	973,452	715,688	257,764	-
Domestic equity	640,087	640,087	-	-
International equity	390,287	390,287	-	-
REITs	303,383	303,383	-	-
Total charitable gift annuity assets	$ 2,343,583	$ 2,085,819	$ 257,764	$ -
Charitable trust assets:				
Money market mutual funds	408,146	408,146	-	-
Bonds and bond mutual funds	9,126,843	9,126,843	-	-
Domestic equity	2,801,194	2,801,194	-	-
International equity	1,736,830	1,736,830	-	-
REITs	2,082,674	2,082,674	-	-
Private real estate	432,478	-	-	432,478
Other (7)	268,476	-	-	268,476
Total charitable trust assets	$ 16,856,641	$ 16,155,687	$ -	$ 700,954
Total split-interest agreements	$ 19,200,224	$ 18,241,506	$ 257,764	$ 700,954
Total fair value measurements	$ 495,621,353	$ 380,687,971	$ 257,764	$ 794,052

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

	June 30, 2016	Fair Value at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fixed-income investments:				
Money market mutual funds	$ 25,516,167	$ 25,516,167	$ -	$ -
Bonds and bond mutual funds	40,752,956	40,752,956	-	-
TIPS mutual funds	15,140,564	15,140,564	-	-
Subtotal fixed income	81,409,687	81,409,687	-	-
Public equity investments:				
Domestic large-cap equity	78,911,942	78,911,942	-	-
Domestic small-cap equity	10,230,220	10,230,220	-	-
REITs	6,221,617	6,221,617	-	-
Developed international equity	85,736,678	85,736,678	-	-
Emerging markets international equity	29,019,806	29,019,806	-	-
Commodities	25,012,224	25,012,224	-	-
Subtotal public equity	235,132,487	235,132,487	-	-
Alternative investments:				
Private real estate funds	92,805	-	-	92,805
Subtotal alternative investments	92,805	-	-	92,805
Total investments by fair value level	$ 316,634,979	$ 316,542,174	$ -	$ 92,805
Investments measured at net asset value (NAV):				
Bonds and bond mutual funds (8)	$ 1,383,206			
Emerging markets international equity (1)	10,782,180			
Commodities (2)	6,233,869			
Hedge funds (3)	62,357,529			
Private equity funds (4)	23,680,333			
Private real estate funds (5)	3,425,911			
Venture capital funds (6)	2,692,759			
Subtotal investments measured at NAV	110,555,787			
Total investments measured at fair value	$ 427,190,766			
Split-Interest Agreements				
Charitable gift annuity assets:				
Money market mutual funds	$ 46,416	$ 46,416	$ -	$ -
Bonds and bond mutual funds	770,206	529,325	240,881	-
Domestic equity	504,268	504,268	-	-
International equity	395,973	395,973	-	-
REITs	152,257	152,257	-	-
Total charitable gift annuity assets	$ 1,869,120	$ 1,628,239	$ 240,881	$ -
Charitable trust assets:				
Money market mutual funds	402,842	402,842		-
Bonds and bond mutual funds	9,059,645	9,059,645	-	-
Domestic equity	2,675,752	2,675,752	-	-
International equity	2,338,722	2,338,722	-	-
REITs	1,300,781	1,300,781	-	-
Private real estate	490,000	-	-	490,000
Other (7)	599,373	-	-	599,373
Total charitable trust assets	$ 16,867,115	$ 15,777,742	$ -	$ 1,089,373
Total split-interest agreements	$ 18,736,235	$ 17,405,981	$ 240,881	$ 1,089,373
Total fair value measurements	$ 445,927,001	$ 333,948,155	$ 240,881	$ 1,182,178

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

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

(3) Hedge funds are broadly diversified across managers, investment strategies, and investment venues. These include both fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(4) Private equity funds are broadly diversified across managers, investment stages, geography, industry sectors, and company size. These include individual fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value of the Foundation's ownership interest in partners' capital. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next one to 14 years.

(5) Private real estate funds are broadly diversified across managers, investment strategies, geography, and industry sectors. The fair values of the investments in this class have been estimated using the net asset value of the Foundation's ownership interest in partners' capital. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next one to two years.

(6) Venture capital funds invest in early-stage business entities and enterprises with a primary focus on medical and information technologies. The fair values of the investments in this class have been estimated using the net asset value of the Foundation's ownership interest in partners' capital. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next one to two years.

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

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

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

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the fiscal years ended June 30, 2017 and June 30, 2016, there were no transfers between levels of the fair value hierarchy.

Additional information on the changes in Level 3 assets is summarized in the tables below as of June 30, 2017 and 2016:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2017

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Investments - Private Real Estate Funds	Charitable Trust Assets - Private Real Estate	Charitable Trust Assets - Other
Beginning balance	$ 92,805	$ 490,000	$ 599,373
Gains included in changes in net assets -			
Unrealized gains	293	-	-
Change in value of split-interest agreements included in changes in net assets:			
Payments to beneficiaries	-	(6,694)	(394,035)
Change in actuarial estimate	-	(50,828)	63,138
Total change in value	-	(57,522)	(330,897)
Ending balance	$ 93,098	$ 432,478	$ 268,476

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Investments - Private Real Estate Funds	Charitable Trust Assets - Private Real Estate	Charitable Trust Assets - Other
Beginning balance	$ 85,790	$ 490,000	$ 692,348
Gains included in changes in net assets - Unrealized gains	7,015	-	-
Change in value of split interest agreements included in changes in net assets - Change in actuarial estimate	-	-	(92,975)
Total change in value	-	-	(92,975)
Ending balance	$ 92,805	$ 490,000	$ 599,373

Investments in Entities that Calculate Net Asset Value per Share

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

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

Investments Reported at Net Asset Value

	June 30, 2017	June 30, 2016	June 30, 2017		
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Bonds and bond mutual funds	$ -	$ 1,383,206	$ -	Daily	1 day
Emerging markets international equity	12,864,354	10,782,180	-	Monthly	30 days
Commodities	3,504,237	6,233,869	-	Monthly	30 days
Hedge funds	65,229,094	62,357,529	-	Quarterly	60 days
Private equity funds	27,261,616	23,680,333	32,056,956	None	None
Private real estate funds	2,595,728	3,425,911	259,268	None	None
Venture capital funds	2,426,537	2,692,759	65,083	None	None
Total	$ 113,881,566	$ 110,555,787	$ 32,381,307		

Donor-restricted and Board-designated Endowments

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

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

(1) The duration and preservation of the fund

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

(3) General economic conditions

(4) The possible effect of inflation and deflation

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

(6) Other resources of the Foundation

(7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (2,231)	$ 139,089,544	$ 208,301,555	$ 347,388,868
Board-designated (quasi) endowment created with donor-restricted funds	-	100,903,793	-	100,903,793
Total funds	$ (2,231)	$ 239,993,337	$ 208,301,555	$ 448,292,661

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Market value - Beginning of the year	$ (335,966)	$ 207,418,670	$ 195,404,518	$ 402,487,222
Net realized and unrealized gains and losses and investment income	333,735	49,295,568	551,966	50,181,269
Contributions	-	-	12,345,071	12,345,071
Spending policy transfer	-	(15,156,478)	-	(15,156,478)
Transfers to board-designated endowments	-	5,737,355	-	5,737,355
Administrative fee	-	(7,301,778)	-	(7,301,778)
Market value - End of the year	$ (2,231)	$ 239,993,337	$ 208,301,555	$ 448,292,661

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

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

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

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

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the contributed value that the donor or UPMIFA requires the Foundation to retain as the corpus. These funds are known as “underwater accounts.” In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $2,231 and $335,966 as of June 30, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations and allowable distributions made over time.

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the long-term purchasing power of the endowment assets. Endowment assets include donor-restricted funds that are held in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to outperform, over rolling 36-month periods, a composite benchmark of appropriately weighted indices, while maintaining acceptable risk levels. The Foundation anticipates the endowment funds will provide an average rate of return of approximately 6.7 percent annually, gross of investment management fees of approximately 0.6 percent. Actual returns in any given year may vary from this amount.

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

Spending Policy - For the fiscal year ended June 30, 2017, the Foundation's spending policy stipulated that 6 percent of a three-year moving average of the market value of the endowment was available to spend, with 2 percent of the amount being allocated to support the Foundation's administrative expenses. The spending rate applied to all endowment accounts except underwater accounts, where spending was limited to 1 percent of a three-year moving average of the market value. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow the endowment to grow at an average of 0.1 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through investment returns and new gifts.

Property and Equipment

As of June 30, 2017 and 20166, property and equipment are as follows:

	2017	2016
Land	$ 2,829,723	$ 3,026,223
Land improvements	908,906	893,723
Building and building improvements	13,574,894	13,545,590
Furnishings, fixtures, and equipment	5,258,004	5,039,773
Construction in progress	69,221	61,878
Subtotal	22,640,748	22,567,187
Less accumulated depreciation and amortization	(11,767,138)	(10,665,749)
Property and equipment - Net	$ 10,873,610	$ 11,901,438

Total depreciation expense of $1,122,012 and $1,789,592 was recorded in fiscal years 2017 and 2016, respectively.

Support from Related Organizations

During 2017 and 2016, the University paid certain payroll costs amounting to $4,109,096 and $3,837,612, and additional costs of $10,192 and $1,424,340, respectively, for the Foundation's Development Office, Office of Alumni Relations, and Accounting Office. The support costs paid by the University are reflected in the consolidated statements of activities as University support, with a like amount included in expenses.

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

The Foundation has a noncontrolling economic interest in Ohio South East Enterprise Development Fund, Inc. (SEED), a tax-exempt organization under Code Section 501(c)(4). SEED was created in July 1994 for the purpose of supporting the scientific and technological research, educational activities, and economic development of Ohio University. Currently, the Foundation is the named beneficiary of SEED's assets in the event that the entity is dissolved. Distributions from SEED are reflected in the consolidated statements of activities as gifts and contributions in the year they are received. However, SEED did not make any distributions to the Foundation during 2017 or 2016.

Split-interest Agreements

Charitable Gift Annuities - Under charitable gift annuity agreements, all assets are held by the Foundation. Therefore, the Foundation has recorded the donated assets at fair value and the liabilities to the donor or his/her beneficiaries discounted to the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the contribution is the difference between the asset and liability and is recorded as contribution revenue. The Foundation uses the Internal Revenue Service (IRS) discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable gift annuity is established at the beginning of the agreement. The discount rate applied to gift annuities held at June 30, 2017 and 2016 ranged from 1.2 to 9.0 percent.

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

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

In instances where the donor has not specifically reserved the right to change the remainderman, and the Foundation serves as the trustee, the Foundation will recognize the fair market value of the assets of the trust, as well as a liability for the net present value of future payments to be distributed by the Foundation to the donor or his/her designated beneficiaries. The amount of the contribution is the difference between the asset and liability at the inception of the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable remainder trust is established at the beginning of the agreement. The discount rate applied to charitable remainder trusts held at June 30, 2017 and 2016 ranged from 2.0 to 8.2 percent.

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

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

Lead Trusts - Charitable lead trusts provide an income stream to the Foundation for a set period of time established by the donor. The income stream is recorded at the net present value of the payments. Once the set period of time ends, the Foundation will no longer receive the income stream and the remaining principal is transferred back to the donor. If the Foundation serves as trustee, an asset and a liability will be recorded for the trust. The asset is booked at the fair market value. The liability is recorded at fair market value less the net present value of the income stream. If the Foundation does not serve as trustee, only the asset, at the net present value of the income stream, will be recorded for the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the income stream. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable lead trust is established at the beginning of the agreement. The discount rate applied to the lead trusts held at June 30, 2017 and 2016 ranged from 1.07 to 5.16 percent.

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

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

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

Inn-Ohio of Athens, Inc.

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

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

Operations - The Inn's operations for the years ended June 30, 2017 and 2016 are summarized below:

	2017	2016
Revenue	$ 5,536,189	$ 5,239,926
Operating and general expenses	4,282,165	4,132,439
Depreciation and amortization	770,920	749,743
Interest expense - Net	6,213	16,824
Provision for income taxes	201,339	155,700
Total expenses	5,260,637	5,054,706
Net income	275,552	185,220
Realized gains on investments	53,102	-
Other comprehensive (losses) income	(332,792)	148,955
Change in net assets	$ (4,138)	$ 334,175

For fiscal years 2017 and 2016, the Inn's other comprehensive income (losses) include distributions to the Foundation of $250,000 and $0, respectively.

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

In fiscal years 2017 and 2016, base management fees incurred by the Inn with respect to the manager were $100,000 per year and incentive fees were $162,037 and $137,762, respectively.

Property and Equipment - Property and equipment of the Inn as of June 30, 2017 and June 30, 2016 consist of the following:

	2017	2016
Land	$ 323,978	$ 323,978
Land improvements	908,906	893,723
Buildings	7,445,499	7,416,194
Furnishings, fixtures, and equipment	4,864,140	4,645,909
Construction in progress	69,221	61,878
Total property and equipment	13,611,744	13,341,682
Less accumulated depreciation and amortization	(8,751,798)	(8,001,500)
Net property and equipment	$ 4,859,946	$ 5,340,182

Debt Obligations - Long-term debt of the Inn as of June 30, 2017 and June 30, 2016 consists of the following:

	2017	2016
Term loan - Principal due through June 2021, interest at 3.31 percent through June 2016 and adjusted to 2.50 percent thereafter	$ 1,440,908	$ 1,748,710
Less current portion of long-term debt	(329,600)	(309,900)
Total	$ 1,111,308	$ 1,438,810

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

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

Maturities of long-term debt at June 30, 2017 are set forth in the following schedule:

Years Ending June 30	Amount
2018	$ 329,600
2019	350,500
2020	373,000
2021	396,900
Thereafter	-
Total	$ 1,450,000

The fair value of the debt obligations approximates the carrying value at June 30, 2017 and 2016.

Housing for Ohio, Inc.

In November 1999, the Foundation established Housing for Ohio, Inc (Housing), a limited liability company and 501(c)(3) corporation, with the purpose of acquiring, developing, constructing, and operating a 182-unit student-housing rental project which contains 580 beds. The property, known as University Courtyard Apartments (the "Project"), is located in Athens, Ohio on property that, as of June 30, 2016, was owned by the University and leased to Housing. The facility was managed and operated by a private entity.

During the fiscal year ended June 30, 2017, Housing purchased the land formerly leased from the University, disposed of all of its fixed assets, used the proceeds of the sale to retire its debt, and distributed substantially all of its remaining assets to the Foundation. As noted in the table below, Housing recognized a gain of $1,162,492 on the property sale. Housing was formally dissolved in October 2017.

Operations - Housing's operations for the years ended June 30, 2017 and 2016 are summarized below:

	2017	2016
Operating revenue	$ 1,724,394	$ 3,555,528
Gain on property sale	1,162,492	-
Total revenue	2,886,886	3,555,528
Operating and general expenses	784,259	1,492,802
Depreciation and amortization	419,205	741,173
Interest expense and bond fees	269,552	176,740
Tax and insurance	93,525	201,083
Distribution to Foundation	2,370,886	-
Total expenses	3,937,427	2,611,798
Change in net assets	$ (1,050,541)	$ 943,730

Property and Equipment

During the fiscal year ended June 30, 2016, Housing committed to a plan that ultimately resulted in the sale of all of Housing's assets and eventual dissolution of Housing itself. In April 2016, Housing was notified that it was the successful bidder on the ground beneath the improvements already owned by Housing. That same month, Housing began marketing the property, including the ground and improvements, for sale.

Before the end of fiscal year 2016, Housing paid a deposit on the ground, which was recorded as prepaid expense on the consolidated statements of financial position. The ground purchase transaction was closed in September 2016. As a result of this transaction, the ground lease was terminated during the fiscal year ended June 30, 2017.

As a result of the marketing efforts noted above, Housing identified several potential buyers and entered into a letter of intent with one potential buyer during June 2016. Based on the purchase offers received on the property, Housing did not recognize impairment during 2016, as the offer prices exceeded the carrying value of the property. During fiscal year 2017, Housing entered into a purchase and sale agreement to dispose of all of its fixed assets. The transaction closed during December 2016. Housing used the proceeds from the sale to retire the outstanding bonds in February 2017. During June 2017, the Foundation resolved to dissolve Housing, and substantially all of Housing's remaining cash was distributed to the Foundation at that time.

All property and equipment, in the amount of $17,583,507, was classified as property held for sale as of June 30, 2016 on the consolidated statements of financial position. Those balances are $0 as of June 30, 2017 due to the property sale described above.

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

As collateral, until all principal and interest on the 2000 Bonds were paid in February 2017, Housing had pledged, assigned, and granted a security interest to its right, title, and interest in gross revenue of University Courtyard Apartments and related assets.

Debt issuance costs were included in other assets on the consolidated statements of financial position and are amortized over the term of the 2000 Bonds. Amortization was $26,158 during the year ended June 30, 2016. During the year ended June 30, 2017, amortization was $15,259 through February 1, when the bonds were retired. Remaining unamortized debt issuance costs of $381,159 were expensed when the bonds were retired

Required Supplementary Information

Schedule of University's Proportionate Share of the Net Pension Liability
June 30, 2017

STRS-Ohio

	2017	2016	2015
University's proportion of the collective STRS Ohio net pension liability:			
Percentage	1.019%	0.992%	0.999%
Amount	$ 341,136,198	$ 274,039,342	$ 242,888,149
University's covered-employee payroll	$ 89,300,361	$ 87,599,050	$ 86,635,900
University's proportional share of the collective pension liability, as a percentage of the University's covered-employee payroll	382.01%	312.83%	280.36%
Plan fiduciary net position as a percentage of the total pension liability	66.78%	72.09%	74.71%

OPERS

	2017	2016	2015
University's proportion of the collective OPERS net pension liability:			
Percentage	0.894%	0.910%	0.878%
Amount	$ 204,643,077	$ 158,857,405	$ 106,172,642
University's covered-employee payroll	$ 123,214,718	$ 121,248,226	$ 109,873,095
University's proportional share of the collective pension liability, as a percentage of the University's covered-employee payroll	166.09%	131.02%	96.63%
Plan fiduciary net position as a percentage of the total pension liability	77.39%	81.19%	86.53%

Schedule of University Contributions
June 30, 2017

STRS-Ohio

	2017	2016	2015
Statutorily required contribution	$ 15,527,585	$ 14,809,723	$ 14,461,472
Contributions in relation to the actuarially determined contractually required contribution	$ 15,527,585	$ 14,809,723	$ 14,461,472
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 92,038,084	$ 89,300,361	$ 87,599,052
Contributions as a percentage of covered employee payroll	16.87%	16.58%	16.51%

OPERS

	2017	2016	2015
Statutorily required contribution	$ 17,825,363	$ 17,518,016	$ 17,091,376
Contributions in relation to the actuarially determined contractually required contribution	$ 17,825,363	$ 17,518,016	$ 17,091,376
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 123,682,003	$ 122,635,620	$ 118,482,020
Contributions as a percentage of covered employee payroll	14.41%	14.28%	14.43%

Notes to Required Supplementary Information
June 30, 2017 and 2016

Changes in benefit terms. There were no changes in benefit terms affecting the STRS Ohio and OPERS plans for the plan years ended June 30, 2016 and December 31, 2016, respectively.

Changes in assumptions. There were no changes in assumptions or plan amendments affecting the STRS Ohio plan for the plan year ended June 30, 2016. During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

Supplementary Information

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

Independent Auditor's Report

To Management and the Board of Trustees
Ohio University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio University (the "University") and its discretely presented component unit, as of and for the year ended June 30, 2017, 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 5, 2017.

Internal Control Over Financial Reporting

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

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

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

To Management and the Board of Trustees
Ohio University

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 5, 2017

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

Independent Auditor's Report

To the Board of Trustees
Ohio University

Report on Compliance for Each Major Federal Program

We have audited Ohio University's (the "University") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. Ohio University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ohio University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

To the Board of Trustees
Ohio University

Opinion on Each Major Federal Program

In our opinion, Ohio University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Plante & Moran, PLLC

October 5, 2017

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-through Grant Number	Pass-Through Subrecipients	Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER				
DEPARTMENT OF EDUCATION				
Direct Programs:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A153342/163342/173342	$ -	$ 1,107,788
Federal Work-Study Program	84.033	P033A163342	-	1,233,081
Federal Perkins Loans Outstanding	84.038	UNKNOWN	-	10,881,387
Federal Pell Grant Program	84.063	P063P150345/160345/170345	-	34,703,910
Federal Direct Student Loan	84.268	P268K160345/170345/180345 P268K166641/176641/186641	-	219,738,476
Teacher Education Assistance for College and Higher Education Grants	84.379	P379T150345/160345/170345	-	1,173,626
Total Department of Education			-	268,838,268
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Primary Care Loans (HPSL) Outstanding	93.342	UNKNOWN	-	1,913,036
Disadvantaged Student Loans Outstanding	93.342	UNKNOWN	-	2,415,048
Total Department of Health and Human Services			-	4,328,084
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				273,166,352
RESEARCH AND DEVELOPMENT CLUSTER				
DEPARTMENT OF AGRICULTURE				
Direct Programs:				
U S DEPARTMENT OF AGRICULTURE	10.001	58-8020-5-006	-	23,645
U S DEPARTMENT OF AGRICULTURE	10.001	58-8040-5-006	-	16,195
U S DEPARTMENT OF AGRICULTURE	10.RD	15-JV-11242309-117	-	17,766
Subtotal Direct Programs			-	57,606
Pass-through Programs From:				
UNIVERSITY OF NEVADA RENO	10.320	R17832	-	28,428
OHIO DEPARTMENT OF NATURAL RESOURCES	10.680	60018316	-	1,723
Subtotal Pass-through Programs			-	30,151
Total Department of Agriculture			-	87,757
DEPARTMENT OF DEFENSE				
Direct Programs:				
U.S. Army - U.S. ARMY CORP OF ENGINEERS	12.RD	W912DR-16-2-0002	-	41,488
Defense Advanced Research Projects Agency - SPACE AND NAVAL WARFARE SYSTEMS CENTER	12.910	N66001-16-1-4040	-	92,580
Subtotal Direct Programs			-	134,068
Pass-through Programs From:				
WILLIAM MARSH RICE UNIVERSITY	12.431	R17832	-	145,032
BERRIEHILL RESEARCH CORPORATION	12.RD	OU-S2001	-	459,167
Subtotal Pass-through Programs			-	604,199
Total Department of Defense			-	738,267

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2017

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
DEPARTMENT OF EDUCATION				
Direct Programs:				
U.S. DEPARTMENT OF EDUCATION	84.305A	R305A140356	$ 430,545	$ 825,370
U.S. DEPARTMENT OF EDUCATION	84.324A	R324A120272	-	54
Subtotal Direct Programs			430,545	825,424
Pass-through Programs From:				
UNIVERSITY OF VIRGINIA	84.305	GM10155-150691	-	15,983
NORTHEASTERN UNIVERSITY	84.324A	503733-78050	-	69,352
UNIVERSITY OF BRITISH COLUMBIA	84.324A	12R73590	-	175,494
OHIO STATE UNIVERSITY	84.350C	R53291	-	1,400
OHIO STATE UNIVERSITY	84.367A	60035141-OU	-	8,631
Subtotal Pass-Through Programs			-	270,860
Total Department of Education			430,545	1,096,284
DEPARTMENT OF ENERGY				
Direct Programs:				
U.S. DEPARTMENT OF ENERGY	81.049	DE-FG02-93ER40756	-	372,465
U.S. DEPARTMENT OF ENERGY	81.049	DE-FG02-88ER40387	-	379,844
U.S. DEPARTMENT OF ENERGY	81.049	DE-FG02-02ER46012	-	136,718
U.S. DEPARTMENT OF ENERGY	81.049	DE-FG02-06ER46317	-	206,097
U.S. DEPARTMENT OF ENERGY	81.087	DE-EE0007105	3,411	186,275
U.S. DEPARTMENT OF ENERGY	81.049	DE-SC0014329	-	134,239
U.S. DEPARTMENT OF ENERGY	81.089	DE-FE0026315	143,030	364,227
U.S. DEPARTMENT OF ENERGY	81.112	DE-NA0002905	-	191,018
U.S. DEPARTMENT OF ENERGY	81.135	UT19100	-	157,637
U.S. DEPARTMENT OF ENERGY	81.RD	UNKNOWN	-	56,280
Subtotal Direct Programs			146,441	2,184,800
Pass-through Programs From:				
RESEARCH PARTNERSHIP TO SECURE ENERGY FOR AMERICA (RPSEA)	81.RD	11122-60	-	(19,303)
ARGONNE NATIONAL LABORATORY	81.RD	6F-31462	-	3,334
Subtotal Pass-through Programs			-	(15,969)
Total Department of Energy			146,441	2,168,831
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
National Institute of Health:				
NATIONAL INSTITUTE OF HEALTH	93.121	1R15DE023668-01A1	-	114,200
NATIONAL INSTITUTE OF HEALTH	93.173	R01DC010883	(2,083)	44,595
NATIONAL INSTITUTE OF HEALTH	93.173	1R15DC014587-01	-	177,943
NATIONAL INSTITUTE OF HEALTH	93.173	R03DC013388	-	142,601
NATIONAL INSTITUTE OF HEALTH	93.213	R01AT006978	-	466,987
NATIONAL INSTITUTE OF HEALTH	93.286	1R21EB022356-01A1	-	132,200
NATIONAL INSTITUTE OF HEALTH	93.213	1R21AT009339-01	-	21,753
NATIONAL INSTITUTE OF HEALTH	93.273	1R21AA024524-01A1	56,524	146,153
NATIONAL INSTITUTE OF HEALTH	93.273	1R21AA025182-01A1	-	19
NATIONAL INSTITUTE OF HEALTH	93.837	1R56HL119180-01A1	-	17,692
NATIONAL INSTITUTE OF HEALTH	93.837	1R01HL127766-01A1	91,226	706,115
NATIONAL INSTITUTE OF HEALTH	93.837	1R15HL133885-01A1	-	50,386
NATIONAL INSTITUTE OF HEALTH	93.837	7R01HL112248-06	-	7,102
NATIONAL INSTITUTE OF HEALTH	93.846	1R21AR063909-01A1	-	91,313

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2017

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont.)				
Direct Programs (cont.):				
National Institute of Health (cont.):				
NATIONAL INSTITUTE OF HEALTH	93.846	1R21AR064430-01A1	$ -	$ 34,066
NATIONAL INSTITUTE OF HEALTH	93.847	1R15DK102115-01	-	103,319
NATIONAL INSTITUTE OF HEALTH	93.847	7R01DK101711-02	8,801	219,640
NATIONAL INSTITUTE OF HEALTH	93.847	7R01DK089182-06	-	84,061
NATIONAL INSTITUTE OF HEALTH	93.847	7R01DK054254-14	-	9,703
NATIONAL INSTITUTE OF HEALTH	93.853	1R15NS081629-01A1	-	39,565
NATIONAL INSTITUTE OF HEALTH	93.855	1R15AI103887-01A1	-	102,260
NATIONAL INSTITUTE OF HEALTH	93.855	1R15AI105749-01A1	36,456	52,459
NATIONAL INSTITUTE OF HEALTH	93.855	1R15AI105721-01A1	-	161,699
NATIONAL INSTITUTE OF HEALTH	93.855	1R21AI128376-01	-	37,235
NATIONAL INSTITUTE OF HEALTH	93.859	RGM116098A	-	139,986
NATIONAL INSTITUTE OF HEALTH	93.859	1R15GM110602-01A1	-	136,950
NATIONAL INSTITUTE OF HEALTH	93.866	1R01AG044424-01A1	31,405	252,610
NATIONAL INSTITUTE OF HEALTH	93.879	G13LM010878	-	1,712
NATIONAL INSTITUTE OF HEALTH	93.989	D43TW008261	66,651	66,775
			288,980	3,561,099
Health Resources and Services Administration:				
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	D06RH26831-03-00	105,938	311,135
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	D04RH28409-01-00	7,797	209,953
			113,735	521,088
Subtotal Direct Programs			402,715	4,082,187
Pass-through Programs From:				
UNIVERSITY OF SOUTH FLORIDA	93.RD	0000175797	-	200
NATIONAL RURAL HEALTH ASSOCIATION	93.155	UA9RH19333	-	10,149
UNIVERSITY OF TEXAS AT DALLAS	93.279	1603594	-	30,960
UNIVERSITY OF SOUTH CAROLINA	93.283	15-2767	3,184	96,142
BRIGHAM AND WOMEN'S HOSPITAL	93.837	107223	-	5,673
THE TRUSTEES OF INDIANA UNIVERSITY	93.847	IN-4685559-OU	-	(53)
BOSTON UNIVERSITY	93.847	4500002018.00	-	15,495
SOUTHERN ILLINOIS UNIVERSITY	93.866	520446.00	-	21,375
OHIO STATE UNIVERSITY	93.213	R01AT006978	-	11,672
Subtotal Pass-through Programs			3,184	191,613
Total Department of Health and Human Services			405,899	4,273,800
DEPARTMENT OF THE INTERIOR				
Direct Programs:				
U.S. OFFFICE OF SURFACE MINING	15.255	S16AC20072	-	66,011
NATIONAL PARK SERVICE	15.945	P16AC01753	-	11,932
NATIONAL PARK SERVICE	15.945	P16AC01533	-	23,390
BUREAU OF LAND MANAGEMENT	15.236	L16AC00190	-	21,778
Subtotal Direct Programs			-	123,111
Pass-through Programs From:				
BOWLING GREEN STATE UNIVERSITY	15.815	10009292-OU	-	7,755
MARYLAND DEPARTMENT OF NATURAL RESOURCES	15.634	KOOP6400413	-	3,876
Subtotal Pass-through Programs			-	11,631
Total Department of the Interior			-	134,742

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2017

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
DEPARTMENT OF JUSTICE				
Direct Programs:				
U.S. DEPARTMENT OF JUSTICE	16.560	2016-R2-CX-0035	$ -	$ 14,268
U.S. DEPARTMENT OF JUSTICE	16.560	2016-R2-CX-0048	-	24,099
Subtotal Direct Programs			-	38,367
Total Department of Justice			-	38,367
DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
FEDERAL AVIATION ADMINISTRATION	20.108	10-G-018	-	4,307
FEDERAL AVIATION ADMINISTRATION	20.108	16-G-012	-	54,676
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-16-A-80014	-	42,123
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-10-D-00020	-	46,885
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-10-D-00020	-	156,848
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-10-D-00020	-	5,183
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-10-D-00020	-	11,173
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-10-D-00020	-	(105,904)
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-10-D-00020	-	61,347
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-16-A-80014	-	500,720
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-16-A-80014	-	59,741
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-16-A-80014	-	32,142
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-16-A-80014	-	45,923
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-16-A-80014	-	108,785
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-16-A-80014	-	55,229
FEDERAL AVIATION ADMINISTRATION	20.RD	DTFAWA-16-A-80014	-	9,905
Subtotal Direct Programs			-	1,089,083
Pass-through Programs From:				
RENSSELAER POLYTECHNIC INSTITUTE	20.RD	A12626	-	15,536
Total Department of Transportation			-	1,104,619
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Direct Programs:				
NASA SHARED SERVICES CENTER	43.002	NNL16AA16C	56,544	189,057
NASA SHARED SERVICES CENTER	43.001	NNX16AB04G	-	20,069
NASA SHARED SERVICES CENTER	43.003	NNX15AJ69G	6,680	46,681
NASA SHARED SERVICES CENTER	43.003	NNX13AM48G	31,718	118,227
NASA SHARED SERVICES CENTER	43.007	NNX13AR39G	-	27,124
Subtotal Direct Programs			94,942	401,158
Pass-through Programs From:				
OHIO AEROSPACE INSTITUTE	43.008	UNKNOWN	-	13,232
OHIO AEROSPACE INSTITUTE	43.008	UNKNOWN	-	5,000
OHIO SPACE GRANT CONSORTIUM	43.008	UNKNOWN	-	1,743
OHIO SPACE GRANT CONSORTIUM	43.008	UNKNOWN	-	3,312
Subtotal Pass-through Programs			-	23,287
Total National Aeronautics and Space Administration			94,942	424,445

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
NATIONAL SCIENCE FOUNDATION				
Direct Programs:				
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1106118	$ -	$ 16,448
NATIONAL SCIENCE FOUNDATION	47.041	ECCS-1342657	-	5,251
NATIONAL SCIENCE FOUNDATION	47.041	IIP-1362075	-	131,323
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1554044	-	25,386
NATIONAL SCIENCE FOUNDATION	47.041	CMMI-1633500	-	36,206
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1308299	-	9,667
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1056493	-	98,912
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1149367	-	55,062
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1206636	-	7
NATIONAL SCIENCE FOUNDATION	47.049	DMS-1418787	-	76,762
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1458244	-	27,533
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1506836	-	73,754
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1508325	-	149,699
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1507670	-	120,614
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1507321	-	145,122
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1520972	-	84,683
NATIONAL SCIENCE FOUNDATION	47.049	PHY 1614479	-	176,532
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1306137	-	69,624
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1306376	-	(4,112)
NATIONAL SCIENCE FOUNDATION	47.050	OCE-1061973	-	67
NATIONAL SCIENCE FOUNDATION	47.050	EAR-1305610	-	6,082
NATIONAL SCIENCE FOUNDATION	47.050	PLR-1341621	-	39,017
NATIONAL SCIENCE FOUNDATION	47.050	PLF-1341602	-	165,824
NATIONAL SCIENCE FOUNDATION	47.050	EAR-1349825	-	14,609
NATIONAL SCIENCE FOUNDATION	47.050	EAR-1525915	-	15,633
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1054339	-	49,121
NATIONAL SCIENCE FOUNDATION	47.070	IIS-1117489	-	10,154
NATIONAL SCIENCE FOUNDATION	47.070	CNS-1318981	-	44,612
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1420718	-	28,226
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1513606	-	94,353
NATIONAL SCIENCE FOUNDATION	47.070	CNS-1657279	-	6,210
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1657358	-	14,948
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1703013	-	2,436
NATIONAL SCIENCE FOUNDATION	47.074	DBI-1062327	-	37
NATIONAL SCIENCE FOUNDATION	47.074	EF-1206750	-	417
NATIONAL SCIENCE FOUNDATION	47.074	DBI-1337443	-	1,576
NATIONAL SCIENCE FOUNDATION	47.074	DBI-1455554	-	102,165
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1456810	-	67,337
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1456503	-	88,725
NATIONAL SCIENCE FOUNDATION	47.074	DBI-1556316	-	2,730
NATIONAL SCIENCE FOUNDATION	47.074	DEB-1655230	-	31,787
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1656765	-	6,567
NATIONAL SCIENCE FOUNDATION	47.075	BCS-1228258	-	1,456
NATIONAL SCIENCE FOUNDATION	47.075	SES-1557082	-	31,166
NATIONAL SCIENCE FOUNDATION	47.075	BCS-1638796	-	37,401
NATIONAL SCIENCE FOUNDATION	47.075	SES-1643084	-	2,928
NATIONAL SCIENCE FOUNDATION	47.075	BCS-1644736	-	51,974
NATIONAL SCIENCE FOUNDATION	47.076	DUE-0833295	-	(22,000)
NATIONAL SCIENCE FOUNDATION	47.076	DGE-0947813	-	184,980

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2017

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
NATIONAL SCIENCE FOUNDATION (cont.)				
Direct Programs (cont.):				
NATIONAL SCIENCE FOUNDATION	47.076	DGE-1645419	$ -	$ 44,969
NATIONAL SCIENCE FOUNDATION	47.076	DUE-1154126	-	77,652
NATIONAL SCIENCE FOUNDATION	47.076	DUE-1452606	-	21,919
NATIONAL SCIENCE FOUNDATION	47.078	ANT-1043576	-	1,122
NATIONAL SCIENCE FOUNDATION	47.078	ANT-1142104	-	16,861
Subtotal Direct Programs			-	2,541,534
Pass-through Programs From:				
UNIVERSITY OF NEVADA RENO	47.050	PO116GC000066	-	60,151
UNIVERSITY OF CINCINNATI	47.076	L12-4500093879	-	7,708
OLD DOMINION UNIVERSITY RESEARCH FOUNDATION	47.075	16-218-100580-010	-	118,849
Subtotal Pass-through Programs			-	186,708
Total National Science Foundation			-	2,728,242
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			**1,077,827**	**12,795,354**
ECONOMIC DEVELOPMENT CLUSTER				
Pass-through Programs From:				
Direct Programs:				
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-69-06035	-	18,514
TOTAL ECONOMIC DEVELOPMENT CLUSTER			**-**	**18,514**
FISH AND WILDLIFE CLUSTER				
DEPARTMENT OF THE INTERIOR				
Pass-through Programs From:				
COMMONWEALTH OF KENTUCKY DEPARTMENT OF FISH AND WILDLIFE RESOURCES	15.605	UNKNOWN	-	902
OHIO DEPARTMENT OF NATURAL RESOURCES	15.611	427	-	15,340
TOTAL FISH AND WILDLIFE CLUSTER			**-**	**16,242**
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				
DEPARTMENT OF TRANSPORTATION				
Pass-through Programs From:				
OHIO DEPARTMENT OF TRANSPORTATION	20.205	25160	55,080	54,988
OHIO DEPARTMENT OF TRANSPORTATION	20.205	25364	15,057	43,300
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27043	14,408	60,658
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27225	-	92,028
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27236, 27236A	-	54,251
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27234	15,646	50,790
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27231	8,987	95,174
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27233	78,879	190,330
OHIO DEPARTMENT OF TRANSPORTATION	20.205	19137	-	366
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27695	-	18,502
EL ROBINSON ENGINEERING	20.205	26869	-	44,423
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27897	-	33,203
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27831	13,797	79,054
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27833	6,025	21,376

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2017

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER (cont.)				
DEPARTMENT OF TRANSPORTATION (cont.)				
Pass-through Programs From:				
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27838	$ -	$ 58,001
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27939	11,672	14,379
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30418	9,288	16,717
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27960	63,629	120,885
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30266	-	7,190
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30218	-	41,773
IOWA STATE UNIVERSITY	20.205	26586	-	24,059
OHIO DEPARTMENT OF TRANSPORTATION	20.205	26656	-	69,179
OHIO DEPARTMENT OF TRANSPORTATION	20.205	26608	32,566	51,100
OHIO DEPARTMENT OF TRANSPORTATION	20.205	26620	-	116,734
OHIO DEPARTMENT OF TRANSPORTATION	20.205	26595	31,934	53,170
TEXAS A&M UNIVERSITY	20.205	26923	-	17,390
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27180	-	(680)
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30409	9,388	22,592
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			**366,356**	**1,450,932**
SPECIAL EDUCATION (IDEA) CLUSTER				
DEPARTMENT OF EDUCATION				
Pass-through Programs From:				
UNIVERSITY OF DAYTON RESEARCH INSTITUTE	84.027	RSC15087	-	125,011
UNIVERSITY OF DAYTON RESEARCH INSTITUTE	84.027	RSC16016	-	41,428
TOTAL SPECIAL EDUCATION (IDEA) CLUSTER			**-**	**166,439**
TRIO CLUSTER				
DEPARTMENT OF EDUCATION				
Direct Programs:				
U.S. DEPARTMENT OF EDUCATION	84.042A	P042A150073	-	301,101
U.S. DEPARTMENT OF EDUCATION	84.047A	P047A121446-16	-	308,152
TOTAL TRIO CLUSTER			**-**	**609,253**
MEDICAID CLUSTER				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-through Programs From:				
OHIO STATE UNIVERSITY	93.778	60051005	-	210,000
OHIO STATE UNIVERSITY	93.778	60051005	-	350,519
OHIO STATE UNIVERSITY	93.778	60051005	-	81,040
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.778	G1415-06-0354	-	30
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.778	G1617-06-0273	-	1,053
OHIO STATE UNIVERSITY	93.778	60051005	-	32,949
NORTHEAST OHIO MEDICAL UNIVERSITY	93.778	60051005	-	16,665
TOTAL MEDICAID CLUSTER			**-**	**692,256**

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2017

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS				
APPALACHIAN REGIONAL COMMISSION				
Direct Programs:				
APPALACHIAN REGIONAL COMMISSION	23.001	PW-18610-IM-16	$ 54,475	$ 359,566
Total Appalachian Regional Commission			54,475	359,566
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Pass-through Programs From:				
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	15AFH-1502-16-OC068	-	6,132
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	15ACH-1502-17-OC068	-	294,436
Total Corporation for National and Community Service			-	300,568
DEPARTMENT OF COMMERCE				
Direct Programs:				
APPALACHIAN REGIONAL COMMISSION	11.300	PW-18918-IM-17	-	11,979
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY	11.609	70NANB14H052	10,183	67,889
Subtotal Direct Programs			10,183	79,868
Pass-through Programs From:				
BOWLING GREEN STATE UNIVERSITY	11.303	10008059-OU	-	99,867
APPALACHIAN PARTNERSHIP FOR ECONOMIC GROWTH	11.611	TECG20140295	-	9,308
Subtotal Pass-through Programs			-	109,175
Total Department of Commerce			10,183	189,043
DEPARTMENT OF DEFENSE				
Direct Programs:				
NATIONAL SECURITY AGENCY	12.900	H98230-16-1-0139	-	46,136
NATIONAL SECURITY AGENCY	12.900	H98230-17-1-0039	-	10,464
			-	56,600
Pass-through Programs From:				
OHIO DEVELOPMENT SERVICES AGENCY	12.002	UNKNOWN	-	253,521
Total Department of Defense			-	310,121
DEPARTMENT OF EDUCATION				
Direct Programs:				
U.S. DEPARTMENT OF EDUCATION	84.021A	P021A1550027	-	33,374
Pass-through Programs:				
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.010	UNKNOWN	-	5,460
WESTERN LOCAL SCHOOL DISTRICT	84.010	UNKNOWN	-	112
BELLAIRE LOCAL SCHOOL DISTRICT	84.215E	UNKNOWN	-	6,728
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	6630	-	89,830
TRIMBLE LOCAL SCHOOL DISTRICT	84.287	6934	-	113,074
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	8062	-	124,656
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	8998	-	169,763

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2017

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS (cont.)				
DEPARTMENT OF EDUCATION (cont.)				
Pass-through Programs (cont.):				
ALEXANDER LOCAL SCHOOL DISTRICT	84.287	9027	$ -	$ 180,757
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	9112	-	174,749
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT19612	-	153,210
TRIMBLE LOCAL SCHOOL DISTRICT	84.287	UT19618	-	150,848
ATHENS CITY SCHOOL DISTRICT	84.287	6949	-	136,027
OHIO DEPARTMENT OF EDUCATION	84.323A	PO 15875	-	5,777
OHIO DEPARTMENT OF HIGHER EDUCATION	84.334	UNKNOWN	-	36,875
GALLIA-VINTON EDUCATIONAL SERVICE CENTER	84.366	UNKNOWN	-	10,966
GALLIA-VINTON EDUCATIONAL SERVICE CENTER	84.366B	UNKNOWN	-	14,588
OHIO DEPARTMENT OF HIGHER EDUCATION	84.367	UNKNOWN	-	(1,389)
OHIO DEPARTMENT OF HIGHER EDUCATION	84.367	15-37	-	168,672
OHIO DEPARTMENT OF HIGHER EDUCATION	83.647B	15-39	-	108,625
OHIO DEPARTMENT OF HIGHER EDUCATION	84.367B	15-38	-	39,050
NATIONAL WRITING PROJECT CORPORATION	84.376D	UNKNOWN	-	1,987
MIAMI UNIVERSITY	84.395A	ARRA-GO2121-OU	-	(63)
Subtotal Pass-through Programs			-	1,690,302
Total Department of Education			-	1,723,676
DEPARTMENT OF ENERGY				
Direct Programs:				
U.S. DEPARTMENT OF ENERGY	81.214	DE-EM0000357	-	32,226
U.S. DEPARTMENT OF ENERGY	81.214	DE-EM0004147	-	265,638
Subtotal Direct Programs			-	297,864
Pass-Through Programs -				
PACIFIC NORTHWEST NATIONAL LABORATORY	81.RD	236339 and 236340	-	20,380
Total Department of Energy			-	318,244
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Centers for Disease Control -				
CENTERS FOR DISEASE CONTROL AND PREVENTION	93.262	2T03OH009841-04	-	109,870
			-	109,870
Health Resources and Services Administration:				
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.243	G02HP27951	15,000	163,762
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.358	A10HP25166	-	88,786
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.358	A10HP30065	-	349,617
			15,000	602,165
Subtotal Direct Programs			15,000	712,035
Pass-through Programs:				
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.086	C-1617-17-0531	-	55,722
OHIO DEPARTMENT OF HEALTH	93.092	DOH01-0000043298	16,565	88,921
THE UNIVERSITY OF TOLEDO	93.107	F2016-88	-	98,864
OHIO DEPARTMENT OF MENTAL HEALTH	93.243	99-60205-SSHS-P-15-1470/1547	-	56,632

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS (cont.)				
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont.)				
Pass-through Programs (cont.):				
OHIO DEPARTMENT OF MENTAL HEALTH	93.243	99-13510-SPFPFS-P-15-15151	$ 124,999	$ 362,067
OHIO DEPARTMENT OF MENTAL HEALTH	93.243	99-13510-PREV-P-16-162020	-	10,694
AMERICAN INTERNATIONAL HEALTH ALLIANCE	93.266	HJ-FB-BOT-16-P-PTR-OHIV	-	15,000
FAIRFIELD COUNTY FAMILY, ADULT & CHILDREN FIRST COUNCIL	93.276	UNKNOWN	-	7,303
OHIO DEPARTMENT OF HEALTH	93.283	UNKNOWN	-	6,530
OHIO DEPARTMENT OF HEALTH	93.283	UNKNOWN	-	1,325
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.590	G-1617-22-0501	-	30,721
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.590	G-1617-22-0533	-	9,729
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.645	G1415-06-0354	-	1,408
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.645	G1617-06-0273	-	20,475
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.658	G1415-06-0354	-	1,447
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.658	G1617-06-0273	-	22,338
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.659	G1415-06-0354	-	751
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.659	G1617-06-0273	-	32,718
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.667	G1617-06-0273	-	105
NATIONAL AHEC ORGANIZATION	93.733	UNKNOWN	-	13,819
UNIVERSITY OF WASHINGTON	93.884	UWSC9343	-	97,628
TRINITY HOSPITAL TWIN CITY	93.910	UNKNOWN	-	9,515
TRINITY HOSPITAL TWIN CITY	93.912	UNKNOWN	-	935
OHIO DEPARTMENT OF MENTAL HEALTH	93.994	1700315.00	16,500	73,999
OHIO DEPARTMENT OF HEALTH	93.994	UNKNOWN	-	18,997
OHIO DEPARTMENT OF HEALTH	93.994	UNKNOWN	-	23,052
Subtotal Pass-through Programs			158,064	1,060,695
Total Department of Health and Human Services			173,064	1,772,730
DEPARTMENT OF THE INTERIOR				
Pass-through Programs From:				
RACCOON CREEK PARTNERSHIP	15.253	UNKNOWN	-	997
OHIO DEPARTMENT OF NATURAL RESOURCES	15.916	DNR01-0000035470	-	26,008
Total Department of the Interior			-	27,005
DEPARTMENT OF JUSTICE				
Pass-through Programs From:				
OHIO ATTORNEY GENERAL'S OFFICE	16.575	UNKNOWN	-	90,270
TURNING POINT APPLIED LEARNING CTR	16.816	UNKNOWN	-	11,174
Total Department of Justice			-	101,444

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2017

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS (cont.)				
DEPARTMENT OF LABOR				
Direct Programs:				
U.S. DEPARTMENT OF LABOR	17.268	HG-22714-12-60-A-39	$ -	$ 626,851
APPALACHIAN PARTNERSHIP FOR ECONOMIC GROWTH	17.268	TECG20140295	-	22,359
Total Department of Labor			-	649,210
DEPARTMENT OF STATE				
Direct Programs:				
U.S. DEPARTMENT OF STATE	19.401	S-ECAGD-16-CA-1049	-	258,783
U.S. DEPARTMENT OF STATE	19.451	S-ECAGD-14-CA-1116	-	322,690
Subtotal Direct Programs			-	581,473
Pass-through Programs From:				
INSTITUTE OF INTERNATIONAL EDUCATION	19.400	3216 OU 3.15.2016	-	217,119
INSTITUTE OF INTERNATIONAL EDUCATION	19.400	0136 OU 3.15.2017	-	168
Subtotal Pass-Through Programs			-	217,287
Total Department of State			-	798,760
DEPARTMENT OF TRANSPORTATION				
Direct Programs -				
FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-020-2015	-	2,010,541
Total Department of Transportation			-	2,010,541
ENVIRONMENTAL PROTECTION AGENCY				
Pass-through Programs From:				
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.460	14(h)EPA-32	61,415	107,201
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.605	EPA01-000005312	-	52,243
RURAL ACTION	66.460	UNKNOWN	-	71,842
Total Environmental Protection Agency			61,415	231,286
SMALL BUSINESS ADMINISTRATION				
Pass-through Programs From:				
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-16-324	-	171,509
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-15-224C	-	17,323
APPALACHIAN PARTNERSHIP FOR ECONOMIC GROWTH	59.037	UNKNOWN	-	98,898
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-16-324B/OSBG-16-324C	-	24,654
Total Small Business Administration			-	312,384
TOTAL OTHER PROGRAMS			**299,137**	**9,104,578**
GRAND TOTAL FEDERAL AWARDS			**$ 1,743,320**	**$ 298,019,920**

See Notes to Schedule of Expenditures of Federal Awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Ohio University under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of Ohio University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Ohio University.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Noncash Assistance

During the year ended June 30, 2017, Ohio University did not receive any nonmonetary assistance.

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

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

Note 5 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, in the year ended June 30, 2017, the University expended $102,939 of the 2015-2016 and $64,991 of the 2017-2018 Federal Work Study (FWS) Program (84.033) in 2016-2017.

During the year ended June 30, 2017, the University transferred $355,035 of the 2016-2017 FWS Program (84.033) award to the Supplemental Educational Opportunity Grant (SEOG) Program (84.007). In addition, the University expended $66,760 of the 2017-2018 Supplemental Educational Opportunity Grant (SEOG) Program (84.007) in 2016-2017.

Note 6 - Loan Balances

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule of expenditures of federal awards. The balances of loans outstanding at June 30, 2017 consist of the following:

Cluster/Program Title	CFDA Number	Loan Balances
Federal Perkins Loans Outstanding	84.038	$ 9,474,733
Primary Care Loans (HPSL) Outstanding	93.342	1,682,892
Disadvantaged Student Loans Outstanding	93.342	1,997,626
	Total	$ 13,155,251

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? ______ Yes __X__ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, and 93.342	Student Financial Assistance Cluster
84.287	Twenty-First Century Community Learning Centers
20.106	Airport Improvement Program

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

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

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None