Ohio University

(a component unit of the State of Ohio)

Financial Statements

June 30, 2019 and 2018

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Ohio University
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We have reviewed the *Independent Auditor's Report* of the Ohio University, Athens County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

January 17, 2020

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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"), a component unit of the State of Ohio, and its discretely presented component unit as of and for the years ended June 30, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the University's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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.

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, 2019 and 2018 and the changes in its financial position and its cash flows, where applicable, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the 2018 financial statements of the Ohio University Foundation, a discretely presented component unit of the University, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Ohio University

As explained in Notes 2 and 20, 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 $87,380,142 (12.3 percent of university net position) and $79,104,529 (12.0 percent of university net position) and $85,025,037 (15.1 percent of discretely presented component unit net position) and $87,768,079 (15.9 percent of discretely presented component unit net position) at June 30, 2019 and 2018, 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, the schedule of University pension contributions, the schedule of the University's proportionate share of the net OPEB liability, and the schedule of University OPEB contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ohio 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 Award*s (the "Uniform Guidance"), and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2019 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 14, 2019

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, 2019, with selected comparative information for the years ended June 30, 2018 and 2017. 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 $1,940.6 million and liabilities of $1,293.9 million at June 30, 2019, compared to assets of $1,895.7 million and liabilities of $1,292.3 million at June 30, 2018. 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 $708.3 million at June 30, 2019 as compared to $659 million at June 30, 2018. The change in net position was a positive $49.5 million at June 30, 2019 as compared to a positive $158.1 million at June 30, 2018. Factoring into the net position change are the Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75, which require the recognition of liabilities for the unfunded pension and other postemployment benefits (OPEB) from the state retirement systems. This is the second year of implementation for GASB Statement No. 75. The table below represents the activity for the University with the adjustments for the recognition of the pension and OPEB liabilities listed.

  Changes in net position represent the University's results for the year and are summarized for the years ended June 30, 2019, 2018, and 2017 as follows:

(in thousands)	2019	2018	2017
Operating revenues	$ 519,988	$ 518,217	$ 550,458
State appropriations	171,866	166,023	163,057
Total expenses excluding adjustments for unfunded pension & OPEB	734,677	725,461	747,297
Subtotal	(42,823)	(41,221)	(33,782)
Net investment income	29,554	28,985	43,823
Other nonoperating revenues	64,677	72,938	61,417
Increase in net position excluding adjustments for unfunded pension & OPEB	51,408	60,702	71,458
Adjustment for changes in unfunded pension and OPEB liabilities not included in total expenses above	1,943	(97,397)	40,256
Increase in net position	$ 49,465	$ 158,099	$ 31,202

- The unfunded pension and OPEB liabilities 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 and OPEB liabilities are determined by actuarial valuations as of the measurement dates of the retirement plans. The effect of changes in the net pension and OPEB liabilities 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 the employer’s proportionate share of net pension and OPEB liabilities result 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 $1.9 million. The impact for fiscal year 2018 was an increase to net position of $97.4 million.
- Without the effects of the accounting standards related to the unfunded pension and OPEB liabilities, net position for the University increased $51.4 million during fiscal year 2019 as compared to an increase of $60.7 million in fiscal year 2018.
- Investment income increased $0.6 million from fiscal year 2018 to fiscal year 2019. 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 4.32 percent for fiscal year 2019, underperforming its diversified benchmark of 4.81 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 3.56 percent for fiscal year 2019, outperforming its benchmark of 2.98 percent for the same period. The Tier III working capital investments achieved a return of 6.53 percent, underperforming its benchmark of 6.67 percent for the same period.
- Fiscal year 2017 in the table above includes $18.4 million in one-time operating revenue from spectrum auction proceeds and also includes revenues and expenditures from a university component unit, University Medical Associates, Inc., of which the assets and liabilities were sold to an outside organization at the end of fiscal year 2017.
- Other nonoperating revenue variances are mainly driven by a decrease of $7.7 million in State capital appropriations which are only recognized as revenue when spending occurs on State approved capital projects.
- The University strategically issues debt to finance facility and infrastructure investments. On November 15, 2017, the University issued general receipts obligations Series 2017B (Line of Credit) with a maximum principal amount not to exceed $50 million. Advances on the line of credit will be used to provide funds to finance the costs of capital facilities and to pay costs of issuance. The amount advanced as of June 30, 2019 is $65,500 and was used to pay costs of issuance.

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, 2019:

(in thousands)	2019	2018	2017
Assets:			
Current assets	$ 476,528	$ 447,631	$ 424,619
Capital assets, net	1,067,021	1,042,192	1,019,149
Other assets	397,050	405,838	404,336
Total assets	1,940,599	1,895,661	1,848,104
Deferred outflows of resources	130,921	117,929	139,933
Liabilities:			
Current liabilities	142,940	135,731	131,565
Noncurrent liabilities	1,150,986	1,156,570	1,210,037
Total liabilities	1,293,926	1,292,301	1,341,602
Deferred inflows of resources	69,284	62,289	4,605
Total net position	$ 708,310	$ 659,000	$ 641,830

- **Assets** - Total assets grew by $44.9 million as a result of the following changes:
  - Cash and cash equivalents increased $29.2 million due primarily to increased student receipts and fewer paid invoices primarily for capital project expenditures.
  - Current investments increased $12.4 million due to positive investment returns earned on intermediate-term and long-term working capital investments.
  - Accounts receivable decreased $14.7 million and is mainly made up of a $7.2 million decrease in royalties receivable for amounts received during fiscal year 2019 that were being held in escrow, a $5.5 million decrease related to intercompany receivables from activity transacted with the Ohio University Foundation, and a $2.4 million decrease in funds due from the State of Ohio for capital activity.
  - Restricted cash and cash equivalents decreased by $11.2 million due to continued spending of prior year bond funds.
  - Noncurrent investments decreased by $0.5 million due to investment income of $9.3 million, which was offset by $9.8 million in spending of the century bond funds on construction projects.
  - Endowment investments increased by $2.5 million due to increases for $5.4 million of investment income and $2 million of transfers into quasi-endowments offset by a decrease of $4.9 million of distributions for spending.
  - Net capital assets increased by $24.8 million due to spending on capital projects, machinery, and equipment offset by depreciation.

- **Deferred Outflows of Resources** – Increased $13 million as a result of the following changes:
  - Deferred outflows related to pensions increased $12.5 million mainly due to higher deferred outflows arising from net difference between projected and actual earnings on pension plan investments, offset by lower deferred outflows arising from differences between expected and actual experience, change in proportionate shares and changes in assumptions.

- Deferred outflows related to OPEB were recorded for the first time in fiscal year 2018 as required by GASB 75 for $9.2 million. Deferred outflows related to OPEB was $9.8 million in 2019, an increase of $0.6 million mainly driven by increase in deferred outflows arising from net difference between projected and actual earnings on OPEB investments, offset by lower deferred outflows arising from differences between expected and actual experience and changes in assumptions.
- Deferred outflows – other decreased $0.1 million. This is made up of a $0.4 million decrease on refunding of bonds. This deferred charge is being amortized over the life of the refunded bond issues. This is offset by a $0.3 million increase for deferred outflows on asset retirement obligations.

- **Liabilities** - Total liabilities increased by $1.6 million as a result of the following changes:
  - Accounts payable and accrued liabilities increased $7.8 million due to a $11.6 million increase in vendor payables caused mainly by large summer construction contracts and timing of payments and a $1.6 million increase in accrued self-insurance claims estimated by a third party actuary offset by decreases of $2.2 million in royalties for payments due to inventors, $1.3 million decrease in the reserve for legal claims due to settlements and adjustments to estimates, $1.3 million decrease in accrued payroll due to changes in the timing of payroll periods year over year and subsequent payment of withholdings and payroll taxes.
  - Net pension liability increased $54.2 million and net OPEB liability decreased $46.2 million. Although the University is required to record the net pension and net OPEB liabilities, the University is not setting aside reserve cash balances or budgeting to fund these liabilities.
  - Long-term debt decreased $15.7 million. This decrease is mainly due to principal payments on existing bonds. Please see Note 7 for more information on issuances and repayments of debt.

- **Deferred Inflows of Resources** - Increased $7 million as a result of the following changes:
  - Deferred inflows related to pensions decreased $12.5 million mainly due to decrease in deferred inflows arising from net difference between projected and actual earnings on pension plan investments, offset by increase in deferred inflows due to change in proportionate share of contributions, as described in Note 11.
  - Deferred inflows related to OPEB was recorded for the first time in fiscal year 2018 for $11.9 million. It increased $19.5 million due mainly to changes in assumptions, as described in Note 11, and change in proportionate shares, offset by decrease in deferred inflows due to net difference between projected and actual earnings on OPEB investments.

- **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.

o 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, 2019 is as follows:

(in thousands)	2019	2018	2017
Net Investment in capital assets	$ 683,457	$ 663,338	$ 644,054
Restricted:			
Nonexpendable	22,727	22,640	22,479
Expendable	29,829	32,981	31,381
Total Restricted	52,556	55,621	53,860
Unrestricted	(27,703)	(59,959)	(56,084)
Total net position	$ 708,310	$ 659,000	$ 641,830

Total net position increased $49.3 million between fiscal year 2018 and 2019. This includes a $0.2 million decrease to fiscal year 2019 beginning net position for implementation of GASB statement No. 83 to record asset retirement obligations as explained in Note 1. This also includes the current year impact of the GASB Statement Nos. 68 and 75 that decreased unrestricted net position by $1.9 million. There is a long-term strategy in place to position the University to remain relevant and competitive. This strategy encompasses prudent resource planning and utilization including:

- Managing expenses while strategically investing in new programs
- Creating reserves for protection from revenue shortfalls and improvement in the financial strength of the University
- Management of cash flows, reserve balances and debt in a strategic manner

Statement of Revenues, Expenses, and Changes in Net Position

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

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

The following is a summary of the statement of revenues, expenses, and changes in net position for the three years ended June 30, 2019:

(in thousands)	2019	2018	2017
Net position - Beginning of year	$ 659,000	$ 641,830	$ 610,628
Operating revenues	519,987	518,217	550,458
Operating expenses	701,919	592,975	753,890
Operating loss	(181,932)	(74,758)	(203,432)
Net nonoperating revenue	210,757	204,653	215,877
Income before other revenue	28,825	129,895	12,445
Other revenue	20,640	28,204	18,757
Increase in net position	49,465	158,099	31,202
Adjustment for change in accounting principle	(155)	(140,929)	-
Net position - End of year	$ 708,310	$ 659,000	$ 641,830

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

- Operating revenues increased $1.8 million for fiscal year 2019.
  - Grants and contracts included in the operating revenue category experienced an increase of $5.1 million for fiscal year 2019 due to the cyclical nature of grant funding.
  - Net student tuition and fees revenue decreased $2.4 million made up of a $1.5 million increase in student tuition and fees offset by a $3.8 million increase in undergraduate and direct charge graduate scholarships.
  - Net auxiliary enterprises revenue increased $1.2 million mainly due to an increase of $2.5 million in intercollegiate athletics from onetime only funds for a multi-media rights contract offset by decreases of $1 million in culinary board revenue and $0.3 million in housing and residential life room revenue due to a smaller freshman class.
  - There were also decreases of $2.7 million in sales and services revenue this is mainly comprised of decreases in clinical medical services, book sales, and professional services revenue.
- Operating expenses increased $108.9 million for fiscal year 2019.
  - The biggest factor causing this was the unfunded pension and OPEB liabilities. In fiscal year 2019 there was an increase to pension expense for the unfunded pension and OPEB liabilities of $1.9 million. In fiscal year 2018 there was a decrease to pension expense for the unfunded pension and OPEB liabilities of $97.4 million, causing a $99.3 million increase to operating expenses from fiscal year 2018 to fiscal year 2019.
  - Increases in grants and contracts revenue would also cause a corresponding increase in operating expenditures.
  - Depreciation expense increased $3.3 million for fiscal year 2019 due to the increased capital expenditures in recent years.
- Net nonoperating revenue increased $6.1 million mainly due to increases in State appropriations of $5.8 million and increases in investment income of $0.6 million.
- Other revenue decreased $7.6 million driven by decreases in State capital appropriations of $7.7 million offset by increases of $0.1 million for capital grants and gifts.

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, 2019 is as follows:

(in thousands)	2019	% of Total	2018	% of Total	2017	% of Total
Student tuition and fees, net	$ 336,510	42.8%	$ 338,879	43.1%	$ 339,822	41.5%
State appropriations	171,866	21.9%	166,023	21.1%	163,057	19.9%
Auxiliary enterprises, net	98,280	12.5%	97,056	12.3%	102,966	12.6%
Gifts, grants, and contracts	64,061	8.1%	59,059	7.5%	60,414	7.4%
Pell grants	35,944	4.6%	36,438	4.6%	34,704	4.2%
Investment income, net	29,554	3.8%	28,985	3.7%	43,823	5.4%
Sales and services	19,016	2.4%	21,697	2.8%	22,205	2.7%
Other sources	13,557	1.7%	13,005	1.7%	34,563	4.2%
State capital appropriations	11,917	1.5%	19,617	2.5%	12,462	1.5%
Royalties	5,379	0.7%	5,404	0.7%	4,740	0.6%
Total operating and nonoperating revenue	$ 786,084	100.0%	$ 786,163	100.0%	$ 818,756	100.0%

Student tuition and fees, the largest of the revenue streams, decreased slightly to 42.8 percent of total revenue for fiscal year 2019 from 43.1 percent of total revenue for fiscal year 2018. State appropriations continue to increase and are up $5.8 million for fiscal year 2019; as a percentage of total revenue it is also increasing.

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, 2019 is as follows:

(in thousands)	2019	% of Total	2018	% of Total	2017	% of Total
Instruction	$ 253,032	34.4%	$ 208,744	33.2%	$ 283,532	36.0%
Auxiliary enterprises	88,621	12.0%	79,813	12.7%	86,673	11.0%
Academic support	80,064	10.9%	66,937	10.7%	85,568	10.9%
Depreciation	56,416	7.7%	53,134	8.5%	48,941	6.2%
Student services	49,373	6.7%	37,682	6.0%	58,004	7.4%
Institutional support	49,307	6.7%	39,124	6.2%	57,106	7.3%
Operation and maintenance of plant	44,852	6.1%	36,754	5.8%	52,130	6.6%
Research	41,553	5.5%	40,117	6.4%	42,110	5.3%
Public service	28,397	3.9%	21,716	3.5%	30,504	3.9%
Interest on debt	27,923	3.8%	27,683	4.4%	26,316	3.3%
Student aid	10,304	1.4%	8,954	1.4%	9,322	1.2%
Other nonoperating expense	6,778	0.9%	7,406	1.2%	7,348	0.9%
Total operating and nonoperating expenses	$ 736,620	100.0%	$ 628,064	100.0%	$ 787,554	100.0%

The changes in unfunded pension and OPEB liabilities are functionally allocated causing large variances in expenditures and making many of the amounts on the chart above difficult to compare year over year. A review of the order of functional expenditures and percent of total comparisons are more useful.

Student aid is listed as an operating 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, 2019 is as follows:

(in thousands)	2019	2018	2017
Cash (used in) provided by:			
Operating activities	$ (109,668)	$ (115,201)	$ (118,631)
Noncapital financing activities	217,990	212,144	207,578
Capital financing activities	(105,388)	(96,720)	(16,758)
Investing activities	15,058	8,947	17,257
Net increase in cash	17,992	9,170	89,446
Cash - Beginning of year	142,293	133,123	43,677
Cash - End of year	$ 160,285	$ 142,293	$ 133,123

Capital Assets

The University made significant additions to capital assets during fiscal year 2019. 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 construction of the Sook Academic Center, renovations of Ellis Hall, Washington Hall, Shively Dining Hall and Bryan Hall Bathrooms, and installation of the University's permanent central heating plant boilers.

Major investments to construction in progress, which will greatly enhance the University's assets in fiscal year 2020 and beyond, include $5.3 million in the Chemistry Building project, $3.5 million in the HCOM Phase 1 Academic Replacement Space project, $5.3 million in the Chilled Water Plant 3 project, $4.7 million in the Ridges 13, 14 and 18 renovation project, and $2.4 million in the Bromley Infrastructure Improvements project.

Cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2019 total approximately $47.9 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, 2019, the University had $592.4 million in bonds and notes outstanding, compared to $608.5 million at the end of 2018. The decrease is due to annual principal payments. On November 15, 2017, the University issued general receipts obligations Series 2017B (Line of Credit) with a maximum principal amount not to exceed $50 million. Advances on the line of credit will be used to provide funds to finance the costs of capital facilities and to pay costs of issuance. The amount advanced as of June 30, 2019 is $65,500 and was used to pay costs of issuance. Detailed information exists in Note 7 related to borrowings and retirements for fiscal years 2019 and 2018.

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 reaffirmed its long-term credit rating in May 2019 and Moody's in August 2019. 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 GASB Statement Nos. 68 for the unfunded pension liability and No. 75 for the unfunded OPEB liability 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 those GASB Statements. 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 Nos. 68 and 75.

We have presented the ratios and scores excluding the effects of GASB Statement Nos. 68 and 75 as summarized below:

	2019		2018		2017	
	%	Score	%	Score	%	Score
Viability Ratio	77.5	3	70.4	3	62.0	3
Primary Reserve Ratio	63.2	5	59.7	5	51.7	5
Net Income Ratio	6.5	5	7.7	5	8.6	5
Viability Score (30%)		0.9		0.9		0.9
Primary Reserve Score (50%)		2.5		2.5		2.5
Net Income Score (20%)		1.0		1.0		1.0
Composite Score		4.4		4.4		4.4

The viability ratio, which uses expendable net position as the numerator and debt as the denominator, has increased due to the increases in expendable net position and decreases in debt over the last 2 years. The primary reserve ratio has also increased over the last 2 years as expendable net position has increased. The net income ratio has gone down the last 2 years as the change in net position has decreased each of the last 2 years. Overall only the ratios are changing each year. The scores have been unchanged with a composite score of 4.4 each of the last 3 years.

Economic Outlook

Ohio University continues to show 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 was the first public university in the Northwest Territory, and it set the standard for public education in the state and the region. As we face dramatic shifts in the delivery of and demand for higher education across the nation, Ohio University must reclaim its position as an industry leader, actively redefining what public education can and should be and what it must deliver to a new generation of students. This commitment will require a renewed willingness to take strategic risks in the pursuit of meeting student expectations, improving outcomes, and delivering an education that provides lifelong value.

Our enrollments have declined while our institutional expenses have increased. Our operating budgets must be resized to balance our revenues and expenses. Since FY17, Ohio University has implemented administrative reductions and established academic strategies to rebalance the operating budget. As we continue to reimagine the University's academic enterprise through the University's 2025 Strategic Plan, we are committed to:

- Enacting administrative and academic benchmarking to right-size the institution;
- Investing in growing programs and developing new programs and certificates to poise the institution for strengthened academic quality and offerings;
- Exploring restructuring traditional campus, college, departmental, and administrative unit functions to ensure fiscal sustainability;

- Developing a budgetary model that is streamlined, data-driven, and more easily utilized by college and administrative units.

The University has identified a new Strategic Framework that will guide decision-making. By advancing and realizing four themes, the University will move the institution in a new direction that is rooted in its history and values but not limited by traditional higher educational models. The Framework Themes are supported by 11 actionable initiatives that will help reshape Ohio University to lead the new world of higher education.

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

Requests for Information

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

Statements of Net Position

	June 30, 2019		June 30, 2018	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	$ 101,739,454	$ 23,056,904	$ 72,561,153	$ 26,489,880
Investments	301,338,143	53,007,152	288,901,883	50,126,287
Accounts and contributions receivable, net	56,128,966	6,329,300	70,826,692	6,323,869
Interest and dividends receivable	1,858,041	1,103,432	1,603,307	951,985
Notes receivable, net	1,325,777	-	1,197,851	-
Prepaid expenses	11,170,377	299,878	9,959,634	283,999
Inventories	2,967,016	155,277	2,580,130	148,338
Total current assets	476,527,774	83,951,943	447,630,650	84,324,358
Noncurrent Assets				
Restricted cash and cash equivalents	58,545,330	-	69,731,869	-
Contributions receivable, net	-	3,438,292	-	3,111,620
Bequests receivable	-	2,618,096	-	3,571,840
Cash surrender value of life insurance	-	1,247,498	-	1,271,338
Charitable gift annuities and trusts	-	19,487,086	-	19,029,782
Investments - noncurrent	225,355,685	5,673,767	225,900,842	5,667,052
Endowment investments	101,487,734	445,547,394	98,994,652	437,805,042
Notes receivable - noncurrent, net	11,661,680	-	11,210,204	-
Assets held for sale	-	85,000	-	85,000
Capital assets, net	1,067,021,177	10,310,397	1,042,192,460	10,695,962
Total noncurrent assets	1,464,071,606	488,407,530	1,448,030,027	481,237,636
Total assets	1,940,599,380	572,359,473	1,895,660,677	565,561,994
Deferred Outflows of Resources				
Deferred outflows related to pensions	119,337,405	-	106,873,119	-
Deferred outflows related to OPEB	9,870,869	-	9,213,851	-
Deferred outflows - other	1,712,515	-	1,842,120	-
Total deferred outflows of resources	130,920,789	-	117,929,090	-
Total Assets and Deferred Outflows of Resources	$ 2,071,520,169	$ 572,359,473	$ 2,013,589,767	$ 565,561,994

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

Statements of Net Position (Continued)

	June 30, 2019		June 30, 2018	
	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	$ 81,114,623	$ 1,691,175	$ 73,300,440	$ 7,284,264
Unearned revenue	41,612,250	-	39,355,757	-
Deposits and other liabilities	3,219,570	4,889,377	3,679,454	4,999,821
Long-term debt - current portion	15,732,942	515,312	18,106,103	350,500
Funds held on behalf of others	1,260,576	508,689	1,289,631	427,781
Total current liabilities	142,939,961	7,604,553	135,731,385	13,062,366
Noncurrent Liabilities				
Compensated absences	18,177,513	-	18,204,793	-
Other noncurrent liabilities	4,715,039	-	3,908,871	-
Long-term debt	601,908,755	1,861,657	617,641,697	762,907
Net pension liability	430,564,817	-	376,369,264	-
Net OPEB liability	87,482,612	-	133,641,529	-
Refundable advances, federal student loans	8,137,692	-	6,803,269	-
Total noncurrent liabilities	1,150,986,428	1,861,657	1,156,569,423	762,907
Total liabilities	1,293,926,389	9,466,210	1,292,300,808	13,825,273
Deferred Inflows of Resources				
Deferred inflows related to pensions	37,341,235	-	49,847,823	-
Deferred inflows related to OPEB	31,398,919	-	11,865,146	-
Deferred gain on bond refunding	543,530	-	575,502	-
Total deferred inflows of resources	69,283,684	-	62,288,471	-
Net Position				
Net investment in capital assets	683,456,996	9,480,080	663,337,793	9,660,247
Restricted:				
Nonexpendable:				
Endowments	22,726,678	229,596,213	22,640,431	217,340,530
Other	-	6,309,462	-	6,430,426
Expendable:				
Sponsored programs	2,315,055	-	1,904,875	-
Component unit funds	3,265,685	45,357,906	3,757,642	43,061,155
Capital projects and debt service funds	962,392	2,641,830	2,665,770	3,690,983
Loans	9,189,825	-	10,211,033	-
Endowments	14,096,778	149,582,493	14,441,877	155,903,944
Other	-	20,936,577	-	21,200,458
Unrestricted	(27,703,313)	98,988,702	(59,958,933)	94,448,978
Total net position	708,310,096	562,893,263	659,000,488	551,736,721
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,071,520,169	$ 572,359,473	$ 2,013,589,767	$ 565,561,994

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, 2019 and 2018

	2019		2018	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Operating Revenues				
Student tuition and fees	$ 413,998,912	$ -	$ 412,552,733	$ -
Less: Pell grants	(30,319,114)	-	(30,542,431)	-
Less: Other scholarships	(47,169,457)	-	(43,130,966)	-
Net Student tuition and fees	336,510,341	-	338,879,336	-
Auxiliary enterprises	112,280,355	-	111,206,307	-
Less: Pell grants-room and board	(2,772,116)	-	(3,076,428)	-
Less: Other scholarships-room and board	(11,228,227)	-	(11,074,147)	-
Net Auxiliary enterprises	98,280,012	-	97,055,732	-
Federal grants and contracts	25,298,678	-	23,560,772	-
State and other grants and contracts	11,303,291	-	9,021,138	-
Private grants and contracts	10,648,211	-	9,602,254	-
Royalties	5,379,044	-	5,404,316	-
Sales and services	19,015,940	-	21,696,924	-
Other sources	13,551,593	7,188,138	12,997,091	7,493,550
Total operating revenues	519,987,110	7,188,138	518,217,563	7,493,550
Operating Expenses				
Educational and general:				
Instruction	253,032,135	3,885,261	208,744,251	6,419,121
Research	41,552,977	2,784,133	40,116,547	2,832,063
Public service	28,397,282	1,930,041	21,716,104	1,167,783
Academic support	80,063,944	2,391,788	66,936,874	1,442,064
Student services	49,372,524	579,679	37,681,667	397,427
Institutional support	49,306,712	18,787,256	39,123,549	21,607,838
Operation and maintenance of plant	44,852,017	-	36,753,585	-
Student aid (including Pell grants of $2,852,798 in 2019 and $2,819,165 in 2018 for Ohio University)	10,304,249	7,684,451	8,954,766	7,553,857
Depreciation	56,416,189	1,139,771	53,134,087	1,125,699
Auxiliary enterprises	88,620,810	-	79,813,224	-
Operating expenses - Related entities	-	5,538,712	-	5,278,030
Total operating expenses	701,918,839	44,721,092	592,974,654	47,823,882
Operating Loss	$ (181,931,729)	$ (37,532,954)	$ (74,757,091)	$ (40,330,332)

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, 2019 and 2018

	2019		2018	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Nonoperating Revenue (Expenses)				
State appropriations	$ 171,866,362	$ -	$ 166,022,935	$ -
Federal grants - Pell	35,944,028	-	36,438,024	-
Federal grants nonexchange	2,689,148	-	2,259,338	-
State and other grants nonexchange	5,404,423	-	6,036,539	-
Private gifts	-	10,446,288	-	9,960,026
University support	-	4,626,138	-	3,601,332
Investment income, net	29,553,816	21,802,713	28,984,959	31,198,184
Interest on debt	(27,923,247)	-	(27,683,159)	-
Other nonoperating expense	(6,777,919)	-	(7,405,949)	-
Net nonoperating revenue	210,756,611	36,875,139	204,652,687	44,759,542
Income (Loss) Before Other Revenue	28,824,882	(657,815)	129,895,596	4,429,210
Other Revenue				
State capital appropriations	11,917,155	-	19,616,691	-
Capital grants and gifts	8,717,143	-	8,579,359	-
Additions to permanent endowments	5,555	11,814,357	7,551	9,682,004
Total other revenue	20,639,853	11,814,357	28,203,601	9,682,004
Increase in Net Position	49,464,735	11,156,542	158,099,197	14,111,214
Net Position				
Beginning of year	659,000,488	551,736,721	641,829,693	537,625,507
Adjustment for change in accounting principle (see Note 1)	(155,127)	-	(140,928,402)	-
Beginning of year, as restated	658,845,361	551,736,721	500,901,291	537,625,507
End of year	$ 708,310,096	$ 562,893,263	$ 659,000,488	$ 551,736,721

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

Statements of Cash Flows
Years ended June 30, 2019 and 2018

	Ohio University	
	2019	2018
Cash Flows From Operating Activities		
Student tuition and fees	$ 333,456,529	$ 339,370,375
Grants and contracts	50,615,812	40,392,233
Payments to suppliers	(139,923,135)	(157,489,391)
Payments to or on behalf of employees	(463,386,066)	(458,514,134)
Payments for scholarships and fellowships	(32,744,082)	(36,893,495)
Loans issued to students	(1,125,492)	(2,454,195)
Collection of loans from students	2,097,621	2,230,980
Auxiliary enterprise sales	97,591,845	96,928,311
Royalties	12,586,992	219,865
Sales and services	16,992,093	24,942,351
Other receipts	14,169,641	36,066,184
Net cash used in operating activities	(109,668,242)	(115,200,916)
Cash Flows From Noncapital Financing Activities		
State appropriations	171,866,362	166,022,935
Gifts and grants for other than capital purposes	44,043,154	44,741,452
Federal direct student loan program receipts	218,732,176	223,650,966
Federal direct student loan program disbursements	(217,954,016)	(223,833,315)
Student organization agency transactions	1,302,446	1,561,370
Net cash provided by noncapital financing activities	217,990,122	212,143,408
Cash Flows From Capital Financing Activities		
Proceeds from capital debt	-	65,500
State capital appropriations	14,287,474	17,649,145
Capital grants and gifts received	4,245,978	8,579,359
Purchases of capital assets	(78,228,629)	(76,797,085)
Principal paid on capital debt and leases	(16,210,009)	(16,209,610)
Interest paid on capital debt and leases	(29,482,850)	(30,007,358)
Net cash used in capital financing activities	(105,388,036)	(96,720,049)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	82,225,858	139,327,142
Investment income	16,157,098	12,740,995
Purchase of investments	(83,325,038)	(143,120,768)
Net cash provided by investing activities	15,057,918	8,947,369
Net Increase In Cash And Cash Equivalents	17,991,762	9,169,812
Cash And Cash Equivalents - Beginning of year	142,293,022	133,123,210
Cash And Cash Equivalents - End of year	$ 160,284,784	$ 142,293,022
Supplemental Disclosure of Noncash Activities -		
Construction in progress in accounts payable	$ 18,299,678	$ 11,954,046

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

Statements of Cash Flows (Continued)
Years ended June 30, 2019 and 2018

	Ohio University			
		2019		2018
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:				
Operating loss	$	(181,931,729)	$	(74,757,091)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation expense		56,416,189		53,134,087
Changes in operating assets and liabilities and deferred outflows of resources and deferred inflows of resources which (used) provided cash:				
Accounts receivable, net		4,664,685		3,567,615
Notes receivable, net		755,022		(493,071)
Prepaid expenses		(1,196,368)		893,049
Inventories		(386,886)		260,532
Deferred outflows of resources		(13,411,047)		21,584,485
Deferred inflows of resources		7,027,184		57,714,964
Accounts payable and accrued liabilities		8,561,463		(5,424,756)
Unearned revenue		2,256,494		5,781,666
Deposits and other liabilities		(459,885)		(765,512)
Net pension and OPEB liabilities		8,036,636		(176,696,884)
Net Cash Used In Operating Activities	$	(109,668,242)	$	(115,200,916)

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, revenues, expenses, and changes in net position, and the direct method of cash flow presentation.

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government. The University has determined that The Ohio University Foundation (the "Foundation") meets this definition and it is therefore included as a discretely presented component unit in the University's financial statements. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board. A separate financial report for the Foundation is available by contacting The Ohio University Foundation, 168 West Union Street Office Center, Athens, Ohio 45701, or by calling 740-593-1901. See Note 20 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. The University includes State Treasury Asset Reserve of Ohio (STAR Ohio) balances of $20,945,174 and $20,505,460 at June 30, 2019 and 2018, respectively, as cash equivalents. 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.

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, 2019 and 2018.

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 $176.4 million and $188.2 million of unspent Series 2014 bond proceeds as of June 30, 2019 and 2018, respectively, to be used to promote a sustainable approach to investing in the University's buildings and infrastructure.

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

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

Restricted Cash and Cash Equivalents - Restricted cash and cash equivalents are funds restricted for capital expenditures subject to bond and note agreements held by bond trustees including $54.8 million and $65 million for Bond Series 2017A, $0 million and $0.8 million for Bond Series 2013, and $2.9 million and $2.9 million for Bond Series 2012A & B, as of June 30, 2019 and 2018, respectively. In addition, it includes funds held in escrow based on terms and conditions of various agreements.

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

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

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

Building renovations that significantly increase the value, change the use, or extend the useful life of the structure are also capitalized. The costs of normal maintenance and repairs are not 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 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 and net other postemployment benefit (OPEB) 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 and amounts related to asset retirement obligations.

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

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

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) and 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 OPEB Liability - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the STRS/OPERS Pension Plan and additions to/deductions from STRS'/OPERS' fiduciary net position have been determined on the same basis as they are reported by STRS/OPERS. STRS/OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, STRS/OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 and net OPEB 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.

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 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. 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, certain federal, state, and other grants. The implication is that such revenues are derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

Scholarship Discounts and Allowances - Student tuition and fee revenue, and certain other payments recorded as auxiliary enterprises revenue, are net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the charge for tuition and fees, and the amount paid by students or by third parties on the students' behalf. Scholarship discounts and allowances were $91,488,914 (of which $77,488,571 is netted against student tuition and fees and $14,000,343 is netted against auxiliary enterprises revenue) and $87,823,972 (of which $73,673,397 is netted against student tuition and fees and $14,150,575 is netted against auxiliary enterprises revenue) as of June 30, 2019 and 2018, respectively.

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

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

Component Units - Management has determined that Tech GROWTH Ohio Fund, University Medical Associates, Inc., and the Coalition of Rural and Appalachian Schools 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. See Note 18 for more information.

University Medical Associates, Inc. (UMA) 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. UMA provided medical services in private physician offices and clinic settings on the campus of Ohio University and surrounding locations. The assets and liabilities of UMA were sold to an outside party during fiscal year 2017. Trailing financial results are included in fiscal years 2018 and 2019. UMA continued to exist as a shell corporation to deal with malpractice and no longer employs the University's doctors or runs the University's clinic. UMA is being dissolved during fiscal year 2020.

Coalition of Rural and Appalachian Schools (CORAS) is a Regional Chapter of Governments pursuant to Chapter 167 of the Ohio Revised Code. CORAS is composed of 118 school districts, institutions of higher learning, and other educational agencies in the 35 county region of Ohio designated as Appalachia. In partnership with the University Patton College of Education the mission of CORAS is to advocate for and support the public schools of rural and Appalachia Ohio in the continuous improvement of educational opportunities available to the region's children. See Note 18 for more information.

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 revenues, expenses, and changes in net position $2,454,624 has been reclassed from other sources revenue to capital grants and gifts revenue and on the statement of cash flows that same amount has been reclassed from other receipts to capital grants and gifts received to more accurately reflect the nature of these funds. Net position has not been affected by this change.

Newly Adopted Accounting Pronouncements

- 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. In accordance with the statement, the University has recognized asset retirement obligations of $500,000 as of June 30, 2019, related to cost of removal, testing and disposal of certain scientific equipment and tanks systems. These obligations were recognized based on the best estimate of the current value of outlays expected to be incurred. The corresponding deferred outflow of resources is amortized over the estimated remaining useful life of the associated tangible capital assets ranging from 0-19 years. There are no legally required funding or assurance provisions associated with these obligations nor are there any restricted assets set aside for payment of the asset retirement obligations. The University reported a change in accounting principle adjustment to unrestricted net position of $155,127, representing all prior fiscal years' amortization of deferred outflow of resources arising from asset retirement obligations. June 30, 2018 amounts have not been restated to reflect the impact of GASB No. 83 because the information is not available to calculate the impact for the fiscal year ended June 30, 2018.

- Effective July 1, 2018, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period is not capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The standard was adopted prospectively and resulted in increased interest expense during periods of construction.
- 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 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). In accordance with the statements, the University reported a change in accounting principle adjustment to unrestricted net position of $140,928,402 during fiscal year 2018, which is the net of the net OPEB liability and related deferred outflows of resources as of July 1, 2017.

Newly Issued Accounting Pronouncements

- In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. 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 June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires 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. It 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.

- In August 2018, the Governmental Accounting Standards Board issued Statement No. 90, *Majority Equity Interests.* This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The University is currently evaluating the impact this standard will have on the financial statements when adopted for the year ending June 30, 2020.
- In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the University's financial statements for the June 30, 2022 fiscal year.

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

As of June 30, 2019, the carrying amount of the University's cash and cash equivalents for all funds was $160,284,784 compared to bank balances of $163,700,764. As of June 30, 2018, the carrying amount of the University's cash and cash equivalents for all funds was $142,293,022 compared to bank balances of $145,020,774. The difference in carrying amounts and bank balances is caused by outstanding checks and deposits-in-transit. At June 30, 2019, of the bank balances, $1,456,707 is covered by the Federal Deposit Insurance Corporation (FDIC) and $162,244,057 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

Certain University investments, including endowment investments and long-term working capital investments, are pooled with the Foundation's investments and held in the Foundation's name.

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, 2019 and 2018 are as follows:

Investment Type	2019	2018
Money market mutual funds	$ 21,493,783	$ 26,263,226
US government obligations	23,003,730	15,926,870
Mortgage-backed securities	17,108,447	22,740,912
Asset-backed securities	44,114,663	42,560,681
Corporate bonds and notes	57,562,342	51,669,962
Bond mutual funds	125,237,138	129,074,101
Notes and convertible notes	325,000	1,540,276
US common and preferred stock	5,205,167	4,595,143
US equity mutual funds	118,675,690	95,484,518
International equity mutual funds	123,744,922	121,897,831
Hedge funds	57,299,525	56,578,993
Commodities	-	19,601,157
REITs	4,655,538	4,201,742
Direct private equity investments	2,148,650	1,478,120
Private equity funds	27,606,967	20,183,845
Total	$ 628,181,562	$ 613,797,377

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, 2019, 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	$ 21,493,783	$ 21,493,783	$ -	$ -	$ -
U.S. government obligations	23,003,730	6,679,769	12,009,504	25,594	4,288,863
Mortgage-backed securities	17,108,447	475,983	8,691,822	597,319	7,343,323
Asset-backed securities	44,114,663	-	41,009,080	2,543,394	562,189
Corporate bonds and notes	57,562,342	25,029,048	31,478,826	945,468	109,000
Bond mutual funds	125,237,138	6,578,260	70,159,873	41,568,021	6,930,984
Convertible notes	325,000	-	325,000	-	-
Total	$ 288,845,103	$ 60,256,843	$ 163,674,105	$ 45,679,796	$ 19,234,359

As of June 30, 2018, 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	$ 26,263,226	$ 26,263,226	$ -	$ -	$ -
U.S. government obligations	15,926,870	8,402,619	3,657,362	145,168	3,721,721
Mortgage-backed securities	22,740,912	4,434,154	7,217,077	1,533,783	9,555,898
Asset-backed securities	42,560,681	319,384	39,425,540	2,815,757	-
Corporate bonds and notes	51,669,962	15,640,090	35,442,386	477,236	110,250
Bond mutual funds	129,074,101	9,985,272	79,585,275	33,167,694	6,335,860
Convertible notes	1,540,276	-	1,540,276	-	-
Total	$ 289,776,028	$ 65,044,745	$ 166,867,916	$ 38,139,638	$ 19,723,729

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, 2019 are as follows:

		Credit Quality (S&P)						
	Market Value	AAA	AA	A	BBB	BB	B	Unrated
Money markets	$ 21,493,783	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,493,783
U.S. government obligations	23,003,730	22,770,212	-	-	-	-	-	233,518
Mortgage-backed securities	17,108,447	16,613,467	494,980	-	-	-	-	-
Asset-backed securities	44,114,663	38,433,810	3,106,839	1,374,701	1,199,313	-	-	-
Corporate bonds and notes	57,562,342	87,543	6,138,384	27,040,615	22,544,161	-	-	1,751,639
Bond mutual funds	125,237,138	-	32,528,151	57,130,416	13,726,474	20,331,729	1,520,368	-
Convertible notes	325,000	-	-	-	-	-	-	325,000
Total	$ 288,845,103	$ 77,905,032	$ 42,268,354	$ 85,545,732	$ 37,469,948	$ 20,331,729	$ 1,520,368	$ 23,803,940

The credit ratings of the University's interest-bearing investments as of June 30, 2018 are as follows:

		Credit Quality (S&P)						
	Market Value	AAA	AA	A	BBB	BB	B	Unrated
Money markets	$ 26,263,226	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,263,226
U.S. government obligations	15,926,870	15,926,870	-	-	-	-	-	-
Mortgage-backed securities	22,740,912	20,268,909	2,472,003	-	-	-	-	-
Asset-backed securities	42,560,681	37,680,274	1,564,770	94,740	1,998,074	-	1,222,823	-
Corporate bonds and notes	51,669,962	-	7,629,872	24,475,821	19,564,269	-	-	-
Bond mutual funds	129,074,101	-	25,095,002	70,253,443	12,668,612	19,581,911	1,475,133	-
Convertible notes	1,540,276	-	-	-	-	-	-	1,540,276
Total	$ 289,776,028	$ 73,876,053	$ 36,761,647	$ 94,824,004	$ 34,230,955	$ 19,581,911	$ 2,697,956	$ 27,803,502

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, 2019 and 2018, 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, 2019 and 2018, 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 $123.7 million and $121.9 million as of June 30, 2019 and 2018, respectively.

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, 2019 and 2018:

		Fair Value at Reporting Date Using		
	Balance at June 30, 2019	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	$ 23,003,730	$ 23,003,730	$ -	$ -
Mortgage-backed securities	17,108,447	-	17,108,447	-
Asset-backed securities	44,114,663	-	44,114,663	-
Corporate bonds and notes	57,562,342	-	57,562,342	-
Bond mutual funds	125,237,138	125,237,138	-	-
Subtotal fixed-income investments	267,026,320	148,240,868	118,785,452	-
Public equity investments:				
U.S. common and preferred stock	5,205,167	5,205,167	-	-
U.S. equity mutual funds	118,675,690	118,675,690	-	-
International equity mutual funds	117,325,806	117,325,806	-	-
REITs	4,655,538	4,655,538	-	-
Subtotal public equity investments	245,862,201	245,862,201	-	-
Alternative investments:				
Convertible notes	325,000	-	-	325,000
Direct private equity investments	2,148,650	-	-	2,148,650
Subtotal alternative investments	2,473,650	-	-	2,473,650
Total investments by fair value level	$ 515,362,171	$ 394,103,069	$ 118,785,452	$ 2,473,650
Investments measured at net asset value (NAV)				
International equity mutual funds	6,419,116			
Hedge funds	57,299,525			
Private equity funds	27,606,967			
Subtotal investments measured at NAV	91,325,608			
Total investments measured at fair value	$ 606,687,779			

		Fair Value at Reporting Date Using		
	Balance at June 30, 2018	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	$ 15,926,870	$ 15,926,870	$ -	$ -
Mortgage-backed securities	22,740,912	-	22,740,912	-
Asset-backed securities	42,560,681	-	42,560,681	-
Corporate bonds and notes	51,669,962	-	51,669,962	-
Bond mutual funds	129,074,101	129,074,101	-	-
Subtotal fixed-income investments	261,972,526	145,000,971	116,971,555	-
Public equity investments:				
U.S. common and preferred stock	4,595,143	4,595,143	-	-
U.S. equity mutual funds	95,484,518	95,484,518	-	-
International equity mutual funds	116,182,721	116,182,721	-	-
Commodities	17,860,051	17,860,051	-	-
REITs	4,201,742	4,201,742	-	-
Subtotal public equity investments	238,324,175	238,324,175	-	-
Alternative investments:				
Convertible notes	1,540,276	-	-	1,540,276
Direct private equity investments	1,478,120	-	-	1,478,120
Subtotal alternative investments	3,018,396	-	-	3,018,396
Total investments by fair value level	$ 503,315,097	$ 383,325,146	$ 116,971,555	$ 3,018,396
Investments measured at net asset value (NAV)				
International equity mutual funds	5,715,110			
Hedge funds	56,578,993			
Commodities	1,741,106			
Private equity funds	20,183,845			
Subtotal investments measured at NAV	84,219,054			
Total investments measured at fair value	$ 587,534,151			

As of June 30, 2019 and 2018, the University invested in money market funds in the amounts of $21,493,783 and $26,263,226, 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 mortgage-backed securities, corporate bonds and notes, and municipal bonds, at June 30, 2019 and 2018 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, 2019 and 2018 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, 2019	June 30, 2018	June 30, 2019		
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Fixed-income investments:					
International equity mutual funds (1)	$ 6,419,116	$ 5,715,110	$ -	Monthly	30 days
Hedge funds (2)	57,299,525	56,578,993	-	Quarterly	60 days
Commodities (3)	-	1,741,106	-	Monthly	10-30 days
Private equity funds (4)	27,606,967	20,183,845	-	None	None
Total	$ 91,325,608	$ 84,219,054	$ -		

(1) 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.

(2) 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.

(3) 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.

(4) 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 13 years.

Note 3 - Accounts Receivable

The composition of accounts receivable at June 30, 2019 and 2018 is summarized as follows:

	2019	2018
Student tuition and fees	$ 47,226,438	$ 46,885,973
Grants and contracts	13,055,755	11,920,126
Direct Lending Loans	1,169,699	1,947,859
Other	11,090,643	25,100,203
Total accounts receivable	72,542,535	85,854,161
Less allowance for doubtful accounts	(16,413,569)	(15,027,469)
Accounts receivable, net	$ 56,128,966	$ 70,826,692

Note 4 - Notes Receivable

The University's notes receivable at June 30, 2019 and 2018 is net of allowance for doubtful accounts of $2,773,513 and $2,850,682, 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 $217,954,016 and $223,833,315 for student loans through the U.S. Department of Education Federal Direct Lending program during the years ended June 30, 2019 and 2018, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying Statement of Cash Flows.

In March 2019, the Foundation entered into an internal loan agreement for $1,712,750 with the University to fund the renovation of the Konneker Alumni Center, which is owned by the Foundation. Both the University and Foundation Boards of Trustees approved the project and funding it through an internal loan. The loan is to be repaid over a period of no more than 10 years, and the interest rate at June 30, 2019 is 4.75%, compounded quarterly and is variable, based on the blended cost of the University's outstanding debt, plus an administrative fee.

The composition of notes receivable at June 30, 2019 and 2018 is as follows:

	2019	2018
Student loan program	$ 12,766,684	$ 13,833,254
The Ohio University Foundation	1,612,064	-
Heritage College of Osteopathic Medicine former students	632,222	675,483
Muskingum Recreation Center	750,000	750,000
Total notes receivable	15,760,970	15,258,737
Less allowance for doubtful accounts	(2,773,513)	(2,850,682)
Notes receivable, net	12,987,457	12,408,055
Less current portion	(1,325,777)	(1,197,851)
Notes receivable - noncurrent, net	$ 11,661,680	$ 11,210,204

The composition of the allowance for doubtful accounts on notes receivable at June 30, 2019 and 2018 is as follows:

	2019	2018
Student loan program	$ (1,522,217)	$ (1,599,386)
Heritage College of Osteopathic Medicine former students	(501,296)	(501,296)
Muskingum Recreation Center	(750,000)	(750,000)
Total allowance for doubtful accounts	$ (2,773,513)	$ (2,850,682)

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Transfers	Retirements	Balance June 30, 2019
Capital assets not being depreciated:					
Land	$ 26,045,896	$ 4,168,769	$ -	$ (305,201)	$ 29,909,464
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	33,150,258	40,671,115	(25,807,140)	(150,484)	47,863,749
Works of art and historical treasures	17,918,935	-	-	-	17,918,935
Total capital assets not being depreciated	81,816,180	44,839,884	(25,807,140)	(455,685)	100,393,239
Capital assets being depreciated:					
Infrastructure	189,395,962	7,274,247	2,971,552	-	199,641,761
Buildings	1,260,586,632	21,102,028	22,835,588	(4,444,803)	1,300,079,445
Machinery and equipment	166,604,759	8,795,282	-	(4,664,424)	170,735,617
Library books and publications	77,907,754	688,353	-	(462,885)	78,133,222
Total capital assets being depreciated	1,694,495,107	37,859,910	25,807,140	(9,572,112)	1,748,590,045
Total capital assets	1,776,311,287	82,699,794	-	(10,027,797)	1,848,983,284
Less accumulated depreciation:					
Infrastructure	81,675,963	8,251,205	-	-	89,927,168
Buildings	467,056,273	36,058,839	-	(3,714,077)	499,401,035
Machinery and equipment	113,399,876	11,417,792	-	(4,395,947)	120,421,721
Library books and publications	71,986,715	688,353	-	(462,885)	72,212,183
Total accumulated depreciation	734,118,827	56,416,189	-	(8,572,909)	781,962,107
Total capital assets being depreciated, net	960,376,280	(18,556,279)	25,807,140	(999,203)	966,627,938
Capital assets, net	$ 1,042,192,460	$ 26,283,605	$ -	$ (1,454,888)	$ 1,067,021,177

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Transfers	Retirements	Balance June 30, 2018
Capital assets not being depreciated:					
Land	$ 23,979,345	$ 2,066,551	$ -	$ -	$ 26,045,896
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	76,473,030	22,626,424	(65,655,729)	(293,467)	33,150,258
Works of art and historical treasures	17,912,435	6,500	-	-	17,918,935
Total capital assets not being depreciated	123,065,901	24,699,475	(65,655,729)	(293,467)	81,816,180
Capital assets being depreciated:					
Infrastructure	162,226,853	14,306,131	12,862,978	-	189,395,962
Buildings	1,181,297,714	29,148,859	50,140,059	-	1,260,586,632
Machinery and equipment	161,063,804	7,949,025	2,652,692	(5,060,762)	166,604,759
Library books and publications	77,723,464	693,595	-	(509,305)	77,907,754
Total capital assets being depreciated	1,582,311,835	52,097,610	65,655,729	(5,570,067)	1,694,495,107
Total capital assets	1,705,377,736	76,797,085	-	(5,863,534)	1,776,311,287
Less accumulated depreciation:					
Infrastructure	74,195,971	7,479,992	-	-	81,675,963
Buildings	433,229,916	33,826,357	-	-	467,056,273
Machinery and equipment	107,158,047	10,976,080	-	(4,734,251)	113,399,876
Library books and publications	71,644,362	851,658	-	(509,305)	71,986,715
Total accumulated depreciation	686,228,296	53,134,087	-	(5,243,556)	734,118,827
Total capital assets being depreciated, net	896,083,539	(1,036,477)	65,655,729	(326,511)	960,376,280
Capital assets, net	$ 1,019,149,440	$ 23,662,998	$ -	$ (619,978)	$ 1,042,192,460

Note 6 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Accrued payroll	$ 16,563,942	$ 17,876,161
Accrued workers' compensation tail claims	4,189,921	4,226,395
Accrued self-insurance claims	9,298,093	7,736,709
Accrued compensated absences - current portion	2,370,872	2,328,105
Other accrued liabilities	7,913,567	11,952,711
Vendor and other payables	40,778,228	29,180,359
Total accounts payable and accrued liabilities	$ 81,114,623	$ 73,300,440

Note 7 - Long-term Debt

The University's long-term debt at June 30, 2019 is summarized as follows:

	July 1, 2018	Additions	Reductions	June 30, 2019	Current
General receipts bonds - Series 2017A	$ 153,665,000	$ -	$ 2,375,000	$ 151,290,000	$ 2,470,000
General receipts bonds - Series 2014	250,000,000	-	-	250,000,000	-
General receipts bonds - Series 2013	126,255,000	-	2,465,000	123,790,000	2,525,000
General receipts bonds - Series 2012A & B	19,482,859	-	1,810,461	17,672,398	1,842,868
General receipts bonds - Series 2012	52,785,000	-	6,395,000	46,390,000	3,720,000
General receipts bonds - Series 2009	6,280,000	-	3,060,000	3,220,000	3,220,000
Total bonds and notes payable	608,467,859	-	16,105,461	592,362,398	13,777,868
Series 2017B (line of credit)	65,500	-	-	65,500	-
Bond premiums	26,735,037	-	1,896,094	24,838,943	1,846,838
Capital lease obligations	479,404	-	104,548	374,856	108,236
Total long-term debt	$ 635,747,800	$ -	$ 18,106,103	$ 617,641,697	$ 15,732,942

The University's long-term debt at June 30, 2018 is summarized as follows:

	July 1, 2017	Additions	Reductions	June 30, 2018	Current
General receipts bonds - Series 2017A	$ 156,150,000	$ -	$ 2,485,000	$ 153,665,000	$ 2,375,000
General receipts bonds - Series 2014	250,000,000	-	-	250,000,000	-
General receipts bonds - Series 2013	128,650,000	-	2,395,000	126,255,000	2,465,000
General receipts bonds - Series 2012A & B	21,261,483	-	1,778,624	19,482,859	1,810,461
General receipts bonds - Series 2012	59,025,000	-	6,240,000	52,785,000	6,395,000
General receipts bonds - Series 2009	9,190,000	-	2,910,000	6,280,000	3,060,000
General receipts bonds - Series 2008A & B	300,000	-	300,000	-	-
Total bonds and notes payable	624,576,483	-	16,108,624	608,467,859	16,105,461
Series 2017B (line of credit)	-	65,500	-	65,500	-
Bond premiums	28,653,473	-	1,918,436	26,735,037	1,896,094
Capital lease obligations	580,390	-	100,986	479,404	104,548
Total long-term debt	$ 653,810,346	$ 65,500	$ 18,128,046	$ 635,747,800	$ 18,106,103

On November 15, 2017, the University issued general receipts obligations Series 2017B (Line of Credit) with a maximum principal amount not to exceed $50,000,000. Advances on the line of credit will be used to provide funds to finance the costs of capital facilities and to pay costs of issuance. The amount advanced as of June 30, 2019 is $65,500 and was used to pay costs of issuance. The Series 2017B Obligations advanced and outstanding bear interest at a variable rate of interest per annum equal to the Bank Index Rate not to exceed the Maximum Rate as defined in the agreement. The fiscal year 2019 interest rates on advances ranged from 2.18% to 2.57%. The undrawn/unused fee is 0.15% when advances are less than or equal to $25,000,000 and is reduced to 0.10% when advances exceed $25,000,000. The line of credit matures on December 1, 2019. The University intends to renew the line of credit for 3 years.

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 and to pay the issuance costs of the bonds. Proceeds in the amount of $29,115,000 were also used to refund the Series 2006A & B bonds and $6,565,000 were used to advance refund the callable Series 2008A 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 were 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 consisted of the construction of a new residential housing facility, student support spaces, and residential housing administration office space. Proceeds were also used to refund Series 2001 and Series 2004 bonds.

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 were 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 Series 2003 and Series 2004 bonds.

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 March 1, 2017, the callable component of the Series 2008A bonds were advance refunded with $6,565,000 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 ("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 entered into in connection with the issuance of the Series 2009 bonds, 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, a Fourteenth Supplemental Trust Agreement dated as of March 1, 2017 entered into in connection with the issuance of the Series 2017A bonds, and a Fifteenth Supplemental Trust Agreement dated as of November 1 2017 entered into in connection with the issuance of Series 2017B obligations (Line of Credit) 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 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 with a remaining balance of $2,542,550 at June 30, 2019, from PNC Bank to the Muskingum County Community Foundation (MCCF). The loan fully matures in January 2020. Such collateral is currently maintained through a deposit with PNC Bank. In the event that MCCF defaults on the loan, PNC may draw against the $1.5 million account to satisfy the loan obligation.

In order to avoid recapture of the new markets tax credits (which the University fully guaranteed as stated above) MRC must be a viable entity at the February 2020 date. The University has determined that a reasonable estimate of the liability exposure at June 30, 2019 is $2,542,550. That full amount has been booked as a liability and is reported as part of accounts payable and accrued liabilities in the statements of net position. See Note 19 for subsequent event information.

Details of the series are as follows:

Series	Interest Rate	Maturity Fiscal Year	Initial Issue Amount	Outstanding at June 30, 2019
2009	2.00%-5.00%	2020	$ 26,645,000	$ 3,220,000
2012	2.00%-5.00%	2043	76,470,000	46,390,000
2012A&B	2.00%-5.00%	2028	28,640,370	17,672,398
2013	2.00%-5.00%	2044	145,170,000	123,790,000
2014	5.59%	2115	250,000,000	250,000,000
2017A	1.50%-5.00%	2048	156,150,000	151,290,000
				$ 592,362,398

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2019 are summarized as follows:

Years Ending June 30	Principal	Interest	Total
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	11,438,612	27,625,622	39,064,234
2024	11,083,403	27,159,474	38,242,877
2025-2029	48,907,226	128,732,878	177,640,104
2030-2034	40,540,000	119,076,131	159,616,131
2035-2115	444,995,000	1,207,057,750	1,652,052,750
Total	$ 592,362,398	$ 1,595,052,338	$ 2,187,414,736

Capital Leases - The University has $391,413 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, 2019 that are financed under capital leases are $708,463.

The scheduled maturities of these leases at June 30, 2019 are as follows:

Years Ending June 30	Minimum Lease Payments
2020	$ 119,476
2021	235,216
2022	36,721
Total minimum lease payments	391,413
Less amount representing interest	16,557
Net minimum capital lease payments	374,856
Less current portion	108,236
Noncurrent capital lease obligations	$ 266,620

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 $2,913,923 and $3,399,791 for the years ended June 30, 2019 and 2018, respectively.

Future minimum payments for all significant operating leases with initial terms in excess of one year at June 30, 2019 are as follows:

Years Ending June 30	Minimum Lease Payments
2020	$ 3,123,849
2021	2,864,009
2022	2,730,208
2023	2,741,539
2024	2,749,835
2025-2035	17,088,474
Total minimum operating lease payments	$ 31,297,914

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. Adjustments for the changes in unfunded pension and OPEB liabilities are included as benefits and are functionally spread based on total compensation in the table below.

Operating expenses by natural classification for the two years ended June 30, 2019 and 2018 are summarized as follows:

Year ended June 30, 2019	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction	$ 225,034,061	$ 7,085,020	$ 16,349,179	$ 47,106	$ 4,516,769	$ 253,032,135
Research	27,372,017	7,636,277	4,606,703	16,549	1,921,431	41,552,977
Public service	19,038,053	4,449,357	3,994,169	173,356	742,347	28,397,282
Academic support	58,705,471	15,283,102	3,144,586	39,558	2,891,227	80,063,944
Student services	35,872,878	8,277,552	2,958,403	72,697	2,190,994	49,372,524
Institutional support	35,433,940	10,393,828	2,372,776	495,129	611,039	49,306,712
Operation and maintenance of plant	27,211,230	2,990,317	2,193,695	12,336,389	120,386	44,852,017
Auxiliary enterprises	54,362,370	26,277,935	1,623,536	3,564,502	2,792,467	88,620,810
Total	$ 483,030,020	$ 82,393,388	$ 37,243,047	$ 16,745,286	$ 15,786,660	$ 635,198,401
					Student Aid	10,304,249
					Depreciation	56,416,189
					Total Operating Expenses	$ 701,918,839

Year ended June 30, 2018	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction	$ 178,228,390	$ 7,900,225	$ 16,783,956	$ 49,156	$ 5,782,524	$ 208,744,251
Research	25,957,179	7,040,399	4,831,636	18,267	2,269,066	40,116,547
Public service	14,892,468	3,169,588	2,857,672	160,067	636,309	21,716,104
Academic support	47,876,002	13,484,147	2,644,391	207,431	2,724,903	66,936,874
Student services	25,064,650	8,354,783	2,205,874	89,595	1,966,765	37,681,667
Institutional support	23,600,513	10,236,391	4,162,941	461,749	661,955	39,123,549
Operation and maintenance of plant	18,705,391	4,415,810	1,107,701	12,347,898	176,785	36,753,585
Auxiliary enterprises	46,615,120	24,887,064	1,798,658	3,509,896	3,002,486	79,813,224
Total	$ 380,939,713	$ 79,488,407	$ 36,392,829	$ 16,844,059	$ 17,220,793	$ 530,885,801
					Student Aid	8,954,766
					Depreciation	53,134,087
					Total Operating Expenses	$ 592,974,654

Note 10 - Compensated Absences

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

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

The estimated liability for accrued vacation and compensatory time at June 30, 2019 and 2018 was $14,356,181 and $14,312,750, respectively.

All eligible 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 up to 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 up to 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, 2019 and 2018 was $6,192,204 and $6,220,148, respectively.

Compensated absences at June 30, 2019 and 2018 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2019	$ 20,532,898	$ 26,965,396	$ (26,949,909)	$ 20,548,385	$ 2,370,872
June 30, 2018	$ 20,626,154	$ 25,892,534	$ (25,985,790)	$ 20,532,898	$ 2,328,105

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, 4.47 percent of the employer contribution goes to the STRS Ohio retirement system and 2.44 percent goes to the OPERS systems at June 30, 2019 and 2018. 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 state employees and 13 percent of gross wages for OPERS law enforcement at June 30, 2019 and 2018. Member contributions, set at the maximums authorized by the ORC, are 14 percent of gross wages for STRS Ohio at June 30, 2019 and 2018.

The plans' 2019 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	14.00%	0.00%	0.00%	14.00%
OPERS - Law Enforcement	18.10%	0.00%	0.00%	18.10%

The plans' 2018 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	17.10%	1.00%	0.00%	18.10%

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

	Employer Contributions - for the years ended June 30			
	2019		2018	
Plan	Pension	OPEB	Pension	OPEB
STRS	$ 14,920,746	$ -	$ 14,598,317	$ -
OPERS	18,996,110	-	17,759,151	618,683
ARP	11,023,238	-	10,890,638	-
	$ 44,940,094	$ -	$ 43,248,106	$ 618,683

The payroll for employees covered by STRS Ohio, OPERS, and ARP for the year ended June 30, 2019 was $87,286,243, $126,721,759 and $104,621,107, respectively. The payroll for employees covered by STRS Ohio, OPERS, and ARP for the year ended June 30, 2018 was $89,914,465, $123,083,009, and $103,626,154, respectively. For the years ended June 30, 2019 and 2018, the University's total payroll was $351,851,421 and $351,611,069, respectively. Contributions made to OPEB were $0, $618,683 and $1,868,726 for the years ended June 30, 2019, 2018, and 2017, 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.

The requirement to retire depends on years of service (5-35 years) and age depending on when the employee became a member. 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 (5 to 32 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, except for public safety and law enforcement participants. Member retirement benefits are calculated on a formula that considers years of service (5-32 years), age (48-62 years) and final average salary, using a factor ranging from 1 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, or an amount based on the average percentage increase in the Consumer Price Index, capped at 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, survivor, and disability benefits to plan members and their beneficiaries. The systems also provide post-employment health care benefits (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, 2019 and 2018, the University reported a liability for its proportionate share of the net pension liability of both STRS Ohio and OPERS. For June 30, 2019, the net pension liability was measured as of June 30, 2018 for STRS Ohio plan, and December 31, 2018 for the OPERS plan. For June 30, 2018, the net pension liability was measured as of June 30, 2017 for STRS Ohio plan, and December 31, 2017 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, except STRS' net pension liability's actuarial valuation was dated July 1, 2018 and 2017, respectively, which was rolled forward to the measurement date. 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, 2019 and 2018, the University's proportionate shares of the net pension liability are as follows:

Plan	Measurement Date	Net Pension Liability 2019	Net Pension Liability 2018	Proportionate Share 2019	Proportionate Share 2018	Percent Change 2018-19	Percent Change 2017-18
STRS Ohio	June 30	$ 210,972,832	$ 238,258,194	0.960%	1.003%	-0.043%	-0.016%
OPERS	December 31	219,591,985	138,111,070	0.797%	0.878%	-0.081%	-0.016%
		$ 430,564,817	$ 376,369,264				

For the years ended June 30, 2019 and 2018, the University recognized pension expense of $73,101,059 and ($49,157,186), respectively.

For the years ended June 30, 2019 and 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	2018
Deferred outflows of resources:		
Differences between expected and actual experience	$ 4,934,110	$ 9,386,629
Changes in assumptions	56,720,453	68,802,036
Net difference between projected and actual earnings on pension plan investments	30,049,446	-
Changes in proportion and differences between University contributions and proportionate share of contributions	3,180,115	4,935,968
University contributions subsequent to the measurement date	24,453,281	23,748,486
Total deferred outflows of resources	$ 119,337,405	$ 106,873,119

	2019	2018
Deferred inflows of resources:		
Differences between expected and actual experience	$ 4,547,769	$ 4,921,441
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	12,793,156	37,851,890
Changes in proportion and differences between University contributions and proportionate share of contributions	20,000,310	7,074,492
Total deferred inflows of resources	$ 37,341,235	$ 49,847,823

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
2020	$ 30,413,409
2021	16,056,191
2022	1,460,318
2023	9,606,082
2024	(6,129)
Thereafter	13,018
	$ 57,542,889

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2020).

Net OPEB Liability/(Asset), Deferrals, and OPEB Expense - At June 30, 2019, the University reported a liability/(asset) for its proportionate share of the net OPEB liability/(asset) of both STRS Ohio and OPERS. For June 30, 2019, the net OPEB liability/(asset) was measured as of June 30, 2018 for the STRS Ohio plan, and December 31, 2018 for the OPERS plan. For June 30, 2018, the net OPEB liability/(asset) was measured as of June 30, 2017 for the STRS Ohio plan, and December 31, 2017 for the OPERS plan. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of those dates, except OPERS which used an actuarial valuation dated December 31, 2017 and 2016, respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans. Typically, the University's proportion of the net OPEB liability/(asset) would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. For the plan years ended June 30, 2018 and 2017, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB. For the plan years ended December 31, 2018 and 2017, OPERS allocated 0 percent and 1 percent, respectively, of the total 14 percent employer contributions to the OPEB plan. Therefore, OPERS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

For the years ended June 30, 2019 and 2018, the University's proportionate shares of the net OPEB liability/(asset) are as follows:

Plan	Measurement Date	Net OPEB Liability (Asset) 2019	Net OPEB Liability (Asset) 2018	Proportionate Share 2019	Proportionate Share 2018	Percent Change 2018-19
STRS Ohio	June 30	$ (15,418,000)	$ 39,132,274	0.960%	1.003%	-0.043%
OPERS	December 31	102,900,612	94,509,255	0.789%	0.870%	-0.081%
		$ 87,482,612	$ 133,641,529			

For the years ended June 30, 2019 and 2018, the University recognized OPEB expense of ($27,282,163) and ($4,635,577), respectively.

For the years ended June 30, 2019 and 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019	2018
Deferred outflows of resources:		
Differences between expected and actual experience	$ 1,835,845	$ 2,332,576
Changes in assumptions	3,317,639	6,881,275
Net difference between projected and actual earnings on OPEB investments	4,717,385	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	-
University contributions subsequent to the measurement date	-	-
Total deferred outflows of resources	$ 9,870,869	$ 9,213,851

	2019	2018
Deferred inflows of resources:		
Differences between expected and actual experience	$ 1,177,200	$ -
Changes in assumptions	21,009,000	3,152,231
Net difference between projected and actual earnings on OPEB investments	1,761,000	8,712,915
Changes in proportion and differences between University contributions and proportionate share of contributions	7,451,719	-
Total deferred inflows of resources	$ 31,398,919	$ 11,865,146

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

Years ending June 30	Amount
2020	$ (3,391,659)
2021	(6,131,300)
2022	(3,484,923)
2023	(1,396,791)
2024	(3,632,912)
Thereafter	(3,490,465)
	$ (21,528,050)

In addition, the contributions subsequent to the measurement date (if any) will be included as a reduction of the net OPEB liability/(asset) in the next year (2020).

Actuarial Assumptions - The total pension liability and OPEB liability/(asset) in the actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement on June 30, 2019:

	STRS Ohio	OPERS
Valuation date - Pension	July 1, 2018	December 31, 2018
Valuation date - OPEB	June 30, 2018	December 31, 2017
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	3.0 percent Simple through 2018, then 2.15 percent Simple
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	3.25 percent
Investments rate of return - Pension	7.45 percent, net of investment expense, including inflation	7.20 percent, net of investment expense, including inflation
Investments rate of return - OPEB	7.45 percent, net of investment expense, including inflation	6.00 percent, net of investment expense, including inflation
Health care cost trend rates	Minus 5.23 percent - 9.62 percent initial, 4.0 percent ultimate	10.00 percent initial, 3.25 percent ultimate in 2029
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant and Disabled Mortality Table with varying percentage of rates through age ranges (healthy retirees) and with 90% of rates for males and 100% of rates for females (disabled), projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant/Disabled mortality table (MP-2015 mortality improvement scale)

The following actuarial assumptions, applied to all periods included in the measurement for the period ended June 30, 2018, were as follows:

	STRS Ohio	OPERS
Valuation date - Pension	July 1, 2017	December 31, 2017
Valuation date - OPEB	June 30, 2017	December 31, 2016
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	3.0 percent
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	3.25 percent
Investments rate of return - Pension	7.45 percent, net of investment expense, including inflation	7.50 percent, net of investment expense, including inflation
Investments rate of return - OPEB	7.45 percent, net of investment expense, including inflation	6.50 percent, net of investment expense, including inflation
Health care cost trend rates	6.0 percent - 11.0 percent initial, 4.5 percent ultimate	7.5 percent initial, 3.25 percent ultimate in 2028
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant and Disabled Mortality Table with varying percentage of rates through age ranges (healthy retirees) and with 90% of rates for males and 100% of rates for females (disabled), projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant/Disabled mortality table (MP-2015 mortality improvement scale)

Discount Rate - The discount rates used to measure the total pension liabilities at June 30, 2019 were 7.45 percent for STRS Ohio and 7.20 percent for OPERS. The discount rates used to measure the total pension liabilities at June 30, 2018 were 7.45 percent for STRS Ohio and 7.50 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 discount rates used to measure the total OPEB liabilities/(assets) at June 30, 2019 were 7.45 percent for STRS Ohio and 3.96 percent for OPERS. The discount rates used to measure the total OPEB liabilities/(assets) at June 30, 2018 were 4.13 percent for STRS Ohio and 3.85 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. Plans that project fiduciary net position to be insufficient to make all projected future benefit payments for current active and inactive employees used a blended discount rate between the long-term expected rate of return on plan investments and a 20-year municipal bond rate applied to all periods of projected benefit payments to determine the total OPEB liability/(asset). At plan year June 30, 2018, STRS' fiduciary net position was projected to be available to make all projected future benefit payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/(asset). At plan year June 30, 2017 for STRS and plan years December 31, 2018 and 2017 for OPERS, the fiduciary net position was projected to become insufficient to make all projected future benefit payments for current and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for STRS, and the Fidelity 20-year Municipal General Obligation AA Index rate of 3.71 percent and 3.31 percent at December 31, 2018 and 2017, respectively, for OPERS.

At June 30, 2017 for STRS, the long-term expected rate of return on health care investments was applied to projected costs through the year 2037, and the municipal bond rate was applied to all health care costs after that date. At December 31, 2018 for OPERS, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date. At December 31, 2017 for OPERS, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

The long-term expected rate of return on pension plan and OPEB 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. OPERS has two different portfolios of investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio.

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

STRS - as of 7/1/18			OPERS - as of 12/31/18				
				Defined Benefit Portfolio		Health Care Portfolio	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Domestic Equities	19.00%	6.21%	21.00%	6.21%
International Equity	23.00%	5.30%	International Equities	20.00%	7.83%	22.00%	7.83%
Alternatives	17.00%	4.84%	Private Equity	10.00%	10.81%	-	-
Fixed Income	21.00%	0.75%	Fixed Income	23.00%	2.79%	34.00%	2.42%
Real Estate	10.00%	3.75%	Real Estate	10.00%	4.90%	-	-
Liquidity Reserves	1.00%	-	REITs	-	-	6.00%	5.98%
			Other Investments	18.00%	5.50%	17.00%	5.57%
	100.00%			100.00%		100.00%	

STRS - as of 7/1/17			OPERS - as of 12/31/17				
				Defined Benefit Portfolio		Health Care Portfolio	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Domestic Equities	19.00%	6.37%	21.00%	6.37%
International Equity	23.00%	5.30%	International Equities	20.00%	7.88%	22.00%	7.88%
Alternatives	17.00%	4.84%	Private Equity	10.00%	8.97%	-	-
Fixed Income	21.00%	0.75%	Fixed Income	23.00%	2.20%	34.00%	1.88%
Real Estate	10.00%	3.75%	Real Estate	10.00%	5.26%	-	-
Liquidity Reserves	1.00%	-	REITs	-	-	6.00%	5.91%
			Other Investments	18.00%	5.26%	17.00%	5.39%
	100.00%			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 percentage point lower or 1 percentage point higher than the current rate:

2019

Plan	1% Decrease			Current Discount Rate			1% Increase		
STRS Ohio	6.45%	$	308,098,048	7.45%	$	210,972,832	8.45%	$	128,769,514
OPERS	6.20%		325,193,697	7.20%		219,591,985	8.20%		131,880,873
		$	633,291,745		$	430,564,817		$	260,650,387

2018

Plan	1% Decrease			Current Discount Rate			1% Increase		
STRS Ohio	6.45%	$	341,535,012	7.45%	$	238,258,194	8.45%	$	151,262,954
OPERS	6.50%		246,359,768	7.50%		138,111,070	8.50%		47,920,170
		$	587,894,780		$	376,369,264		$	199,183,124

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate - The following presents the net OPEB liability/(asset) of the University, calculated using the discount rate listed below, as well as what the University's net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2019

Plan	1% Decrease			Current Discount Rate			1% Increase		
STRS Ohio	6.45%	$	(13,214,849)	7.45%	$	(15,418,000)	8.45%	$	(17,270,029)
OPERS	2.96%		131,648,234	3.96%		102,900,612	4.96%		80,038,654
		$	118,433,385		$	87,482,612		$	62,768,625

2018

Plan	1% Decrease			Current Discount Rate			1% Increase		
STRS Ohio	3.13%	$	52,534,450	4.13%	$	39,132,274	5.13%	$	28,540,175
OPERS	2.85%		125,559,624	3.85%		94,509,255	4.85%		69,389,816
		$	178,094,074		$	133,641,529		$	97,929,991

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate - The following presents the net OPEB liability/(asset) of the University, calculated using the health care cost trend rate listed below, as well as what the University's net OPEB liability/(asset) would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2019			
Plan	1% Decrease	Current Trend Rate	1% Increase
STRS Ohio	$ (17,165,491)	$ (15,418,000)	$ (13,643,708)
OPERS	98,909,813	102,900,612	107,496,940
	$ 81,744,322	$ 87,482,612	$ 93,853,232

2018			
Plan	1% Decrease	Current Trend Rate	1% Increase
STRS Ohio	$ 27,187,427	$ 39,132,274	$ 54,853,091
OPERS	90,425,209	94,509,255	98,727,966
	$ 117,612,636	$ 133,641,529	$ 153,581,057

Pension Plan and OPEB 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 and OPEB Plan - At June 30, 2019, the University reported a payable of $1,598,828 and $0 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2019. At June 30, 2018, the University reported a payable of $1,567,210 and $0 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2018.

Changes in Assumptions – STRS: During the current measurement period, the STRS Board adopted certain assumption changes that impacted the annual actuarial valuation for OPEB prepared as of June 30, 2018. The most significant changes were an increase in the OPEB discount rate from 4.13 percent to 7.45 percent and a reduction in the health care cost trend rates.

During the plan year ended December 31, 2018, OPERS modified the long-term investment return assumption for pension from 7.50 percent to 7.20 percent based on changes in the market outlook. In addition, the long-term investment return assumption for the Health Care portfolio was reduced from 6.50 percent to 6.00 percent.

Changes Between Measurement Date and Report Date – None.

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 4.47 percent for STRS Ohio and 2.44 percent for OPERS for the years ended June 30, 2019 and 2018. 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 0 percent during calendar year 2018.

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 $3.7 billion as of June 30, 2018.

For the fiscal year ended June 30, 2018, the date of the most recent information available from STRS Ohio, net healthcare costs paid by STRS Ohio were $517 million. There were 157,422 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-insured Medical, Prescription, Dental and Workers' Compensation - The University provides medical, prescription, dental and workers' compensation 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, 2019 are summarized as follows:

	2019	2018	2017
Accrued claims liability - Beginning of year	$ 7,736,709	$ 7,637,994	$ 6,739,692
Incurred claims - Net of favorable settlements	65,182,312	61,576,108	57,025,077
Claims paid	(63,620,928)	(61,477,393)	(56,126,775)
Accrued claims liability - End of year	$ 9,298,093	$ 7,736,709	$ 7,637,994

Liability for claims is accrued based on estimates 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.

Effective January 1, 2013, the University became self-insured for workers' compensation. For claims initiated prior to that date (tail claims), the University participates in The Ohio Bureau of Workers' Compensation plan (PES – Public Employer State) which pays workers' compensation benefits to employees who have been injured on the job. The workers' compensation claims incurred prior to January 1, 2013 are estimated by the University's third-party actuary and are included in accounts payable and accrued liabilities detailed in Note 6.

Commercial Insurance Coverage – In addition to self-insurance, the University carries various commercial insurance coverages and participates in the Inter-University Council Insurance consortium with certain other Ohio state-assisted universities for the acquisition of commercial property and liability insurance. There was no significant reduction in insurance coverage from the prior year. Settlements did not exceed insurance coverage for each of the past three fiscal years.

At June 30, 2019, the University has the following commercial insurance policies:

Type	Deductible	Coverage
Cyber Liability	$ 75,000	$ 3,000,000
Aircraft Liability (Flight Training)	-	5,000,000
Crime	100,000	5,000,000
Medical Malpractice Liability	25,000	2,000,000/6,000,000
Airport General Liability	5,000	10,000,000
Special Accident Liability	-	20,000,000
Aircraft Liability (Corporate)	-	50,000,000
Educator's Liability	100,000	50,000,000
Foreign Liability	-	50,000,000
General and Auto Liability	100,000	50,000,000
Fine Art	25,000	25,000,000/100,000,000
Property	100,000	1,750,000,000

General and Auto Liability, Educator's Liability, Medical Malpractice Liability, Foreign Liability, Special Accident Liability and Property Liability have elements of dedicated and shared coverage. Medical Malpractice is $2 million per occurrence and $6 million in the aggregate. Fine Art coverage is $25 million for any one exhibition or any one in transit loss and is $100 million for any one loss, and has a $25,000 deductible for owned fine art and a $0 deductible for non-owned fine art.

Note 13 - Capital Project Commitments

At June 30, 2019, the University is committed to future capital expenditures as follows:

Contractual commitments	$ 90,857,803
Estimated completion costs of projects	102,515,150
Total	$ 193,372,953
These projects will be funded by:	
State appropriations	$ 12,455,661
Gifts and grants	9,249,733
University funds (including bond funds)	171,667,559
Total	$ 193,372,953

Note 14 - Other Noncurrent Liabilities

Refundable Advances for Federal Student Loans - Refundable advances for federal student loans for the two years ended June 30, 2019 are summarized as follows:

	Beginning Balance	Additions - Net	Reductions - Net	Ending Balance
For the year ended:				
June 30, 2019	$ 6,803,269	$ 1,334,423	$ -	$ 8,137,692
June 30, 2018	$ 7,244,887	$ -	$ (441,618)	$ 6,803,269

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
2020	$ 301,417
2021	5,000
2022	5,000
2023	5,000
2024	5,000
2025-2049	125,000
Total minimum payments	$ 446,417

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 2019 and 2018 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 $12,154,947 and $12,611,392 for June 30, 2019 and 2018, 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, 2019 and 2018 are as follows:

	2019	2018
Restricted - nonexpendable -		
Permanent endowments	$ 22,726,678	$ 22,640,431
Restricted - expendable:		
Sponsored programs	$ 2,315,055	$ 1,904,875
Component unit funds	3,265,685	3,757,642
Capital projects and debt service funds	962,392	2,665,770
Loans	9,189,825	10,211,033
Unspent endowment distributions	1,941,831	1,830,485
Endowments - net appreciation	12,154,947	12,611,392
Total restricted - expendable	$ 29,829,735	$ 32,981,197
Unrestricted - allocated:		
Auxiliaries	$ 91,430,538	$ 82,709,444
Quasi endowments	81,133,707	76,385,336
Other	257,311,752	236,583,080
Unfunded pension liability	(348,568,648)	(319,343,969)
Unfunded OPEB liability	(109,010,662)	(136,292,824)
Total unrestricted - allocated	$ (27,703,313)	$ (59,958,933)

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 – Blended Component Units

As indicated in Note 1, the University consolidates certain component units in a blended presentation. UMA is not presented below as it had only immaterial trailing financial results for the years ended June 30, 2019 and 2018.

Condensed financial information is presented below for the blended component units, Tech GROWTH Ohio Fund and Coalition of Rural and Appalachian Schools (CORAS):

Tech GROWTH Ohio Fund:

Statement of Net Position (Condensed)

	June 30. 2019	June 30, 2018
Current Assets	$ 792,035	$ 546,886
Other Assets	2,473,650	3,018,396
Total Assets	$ 3,265,685	$ 3,565,282
Total Net Position Restricted - Expendable	$ 3,265,685	$ 3,565,282

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

	June 30. 2019	June 30, 2018
Operating Revenues	$ 517,232	$ 614,923
Operating Income	517,232	614,923
Other Nonoperating (Income) Expense	816,829	(66,132)
Increase (Decrease) in Net Position	(299,597)	681,055
Net Position, Beginning of the Year	3,565,282	2,884,227
Net Position, End of the Year	$ 3,265,685	$ 3,565,282

Statement of Cash Flows (Condensed)

	June 30. 2019	June 30, 2018
Grants and contracts	$ 525,000	$ 407,500
Other Receipts (Payments)	(7,768)	207,423
Net cash provided by operating activities	517,232	614,923
Net Cash Used in Investing Activities	(224,005)	(603,157)
Net Increase in Cash and Cash Equivalents	293,227	11,766
Cash and Cash Equivalents, Beginning of the Year	17,806	6,040
Cash and Cash Equivalents, End of the Year	$ 311,033	$ 17,806

Coalition of Rural and Appalachian Schools (CORAS):

Statement of Net Position (Condensed)

	June 30. 2019	June 30, 2018
Total Assets	$ 224,962	$ 192,839
Total Liabilities	$ 3,710	$ 479
Total Net Position - Unrestricted	221,252	192,360
Total Liabilities and Net Position	$ 224,962	$ 192,839

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

	June 30. 2019	June 30, 2018
Operating Revenues	$ 108,065	$ 94,068
Operating Expenses	79,173	76,814
Operating Income	28,892	17,254
Increase in Net Position	28,892	17,254
Net Position, Beginning of the Year	192,360	175,106
Net Position, End of the Year	$ 221,252	$ 192,360

Statement of Cash Flows (Condensed)

	June 30. 2019	June 30, 2018
Sales and services	$ 108,065	$ 94,068
Payments to suppliers	79,173	76,814
Net cash provided by operating activities	28,892	17,254
Net Increase in Cash and Cash Equivalents	28,892	17,254
Cash and Cash Equivalents, Beginning of the Year	192,360	175,106
Cash and Cash Equivalents, End of the Year	$ 221,252	$ 192,360

Note 19 – Subsequent Event

In May 2018, the Muskingum Recreation Center (MRC) Board of Trustees considered a proposal that set forth a proposed series of actions and transactions for restructuring the corporate governance of MRC and certain financial, organizational, and managerial relationships between and among the MRC, the members of the MRC (including the University, Genesis HealthCare System, The Muskingum County Community Foundation, and the Muskingum Family YMCA), PNC Bank, NA (the Bank) and certain other parties to ensure the long term viability and success of MRC. This restructuring would make the University the sole member of MRC and the members of MRC would allocate all liabilities and obligations of MRC to the University.

On July 18, 2019 the MRC unanimously adopted a resolution that approved the restructuring plan detailed in the May 2018 proposal. On August 13, 2019 the University entered into an agreement with MRC and members of the MRC to formalize the proposal as approved on July 18, 2019. As a result of this the University signed an agreement to assume MRC's $2,542,550 loan with the Bank. On September 10, 2019 the University paid the entire outstanding principal and interest satisfying the terms of the MRC loan as referenced in Note 7. The University was obligated to have a $1.5 million collateral account held at the Bank for purposes of payoff on the loan in the event of default. This $1.5 million was fully used to pay-off the loan along with $1.04 million in University funds.

Note 20 - The Ohio University Foundation

Organization and Operation

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 operated a 182-unit student housing facility in Athens, Ohio. It was 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 Sugar Bush Foundation (Sugar Bush) is an Ohio not-for-profit corporation, and is a supporting organization as defined in Code Section 509(a)(3). Sugar Bush has pledged 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.

The Russ LLCs are four limited liability companies (Fritz J. and Dolores H. Russ Holdings LLC, Russ North Valley Road LLC, Russ Research Center LLC, Russ Center North LLC) created to receive and hold property distributions from The Dolores H. Russ Trust for the benefit of the Russ College of Engineering. 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 and Presentation- 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 four limited liability companies. All intercompany transactions have been eliminated.

Financial statements of not-for-profit organizations measure aggregate net assets and net asset activity based on the absence or existence of donor-imposed restrictions. As required by the Financial Accounting Standards Board (FASB), effective for the Foundation's year ending June 30, 2019 and applied on a retrospective basis, the Foundation has adopted Accounting Standards Update (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 collapsing the three classes of net assets (unrestricted, temporarily restricted and permanently restricted) into two classes: net assets with donor restrictions and net assets without donor restrictions. Brief definitions of the two net asset classes are presented below:

Net Assets Without Donor Restrictions – Net assets derived from gifts and other institutional resources that are not subject to explicit donor-imposed restrictions. Net assets without donor restrictions also include board designated funds functioning as endowment.

Net Assets With Donor Restrictions – Net assets that are subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets and net assets from endowments not yet appropriated for spending by the Foundation. In addition, net assets with donor restrictions include restricted contributions from donors classified as funds functioning as endowment. The Foundation records as net assets with donor restrictions the original amount of gifts which donors have given to be maintained in perpetuity. Restrictions include support of specific schools or departments of the University, for professorships, research, faculty support, scholarships and fellowships, building construction and other purposes. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

As a result of implementing this standard, prior year amounts for temporarily restricted and permanently restricted net assets were combined as net assets with donor restrictions.

ASU No. 2016-14 also calls for the following changes:

- The classification of underwater endowment funds will be changed from as net assets without donor restrictions to net assets with donor restrictions. The amount of the restatement for fiscal year 2018 is $60,966.

- The Foundation is required to make certain expanded disclosures relating to (1) the liquidity of financial assets and (2) expenses by both their natural and functional classification in one location in the financial statements.

Liquidity and Availability of Resources – The Foundation's financial assets available within one year of the Statements of Financial Position for general expenditure as of June 30 are as follows:

	2019	2018
Total assets, at year end	$ 572,359,473	$ 565,561,994
Less nonfinancial assets:		
Prepaid Expenses	299,878	248,999
Property and equipment, net of depreciation	10,310,397	10,695,962
Other Assets	155,277	183,338
Financial assets, at year end	561,593,921	554,433,695
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	49,647,873	48,926,845
Donor-restricted endowments subject to appropriation and satisfaction of donor restrictions	321,544,976	309,993,287
Board-designated (quasi) endowments created with donor-restricted funds	57,633,729	63,251,186
Investments held in annuities and trusts	19,487,086	19,029,782
Life insurance cash surrender value	1,247,498	1,271,338
Financial assets held by Foundation subsidiaries	8,954,244	9,077,147
Board designations:		
Quasi-endowment funds without donor restrictions	94,589,461	90,501,079
Quasi-endowment spending account balances without donor restrictions	367,467	310,983
Subtotal of amounts unavailable for general expenditure within one year	553,472,334	542,361,647
Plus endowment distributions made available for general expenditure within one year due to:		
Endowment distributions without purpose restrictions made available on July 1, 2019	42,955	43,165
Endowment management fee made available on July 1, 2019	7,847,488	7,828,365
Subtotal of fiscal year 2020 endowment distributions without donor restrictions or board designations	7,890,443	7,871,530
Financial assets available to meet cash needs for general expenditures	$ 16,012,030	$ 19,943,578

The Foundation is substantially supported by restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in various short- and long-term investments. These investment pools offer sufficient liquidity to enable the Foundation to access funds, as necessary, to cover any immediate cash needs.

Additionally, the Foundation had board-designated (quasi) endowment funds created with donor-restricted funds of $152,223,190 and $153,752,265 for the years ended June 30, 2019 and 2018, respectively. Although the Foundation does not intend to spend from this endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment funds could be made available if and when necessary.

Reserve funds in the amount of $1,247,730 and $1,192,882 were accumulated for the years ended June 30, 2019 and 2018, respectively, in accordance with the Foundation's Contingency and Operating Reserves Policy, as adopted in February 2014. The reserve is intended to stabilize the Foundation's finances and may be used for significant legal settlements, a large unanticipated loss in funding, or one-time, nonrecurring expenses that will build long-term capacity, such as projects addressing critical needs or unique opportunities deemed to be consistent with the mission of the University.

The Foundation also realizes that there could be unanticipated liquidity needs.

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 contributions receivable, investments for the Foundation, and receivables related to operations of the Inn and Russ Research Center LLC. Exposure to losses on contributions 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 company that operates the Inn is responsible for collection of receivables and it provides a reserve for any estimated uncollectible balances, as appropriate.

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 $21,960,505 and $25,604,353 in cash that was uninsured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2019 and 2018, respectively.

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

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.

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.

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.

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, 2019 and 2018.

Gifts and Contributions - Contributions are recorded at their fair value on the date of receipt. All contributions are considered to be without donor restrictions 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 revenue with donor restrictions. When a donor restriction expires (when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions 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 donor-restricted support. In the absence of such stipulations, contributions of property are recorded as support without donor restrictions.

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.

Income from Investments - All investment income earned is credited to net assets without donor restrictions unless otherwise restricted by the donor or by state law.

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. Salaries and benefits are allocated based on the functions of the employees being paid. Supplies, services, and travel expenses are allocated on the basis of the program or support service incurring those costs. Occupancy, maintenance and repairs expense is allocated on the basis of the program or support service which uses the space being maintained. Depreciation is allocated on the basis of the program or support service which uses the fixed asset. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. See Note 11 for more detail describing the how costs are distributed by both function and natural expense.

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 $118,968 and $(24,428) and for the years ended June 30, 2019 and 2018, respectively. The provision is mostly comprised of federal and city taxes. Of these amounts, $164,968 and $124,572 represent current tax expense for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, 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, 2016.

Recent Accounting Pronouncements –

In May 2014, FASB issued 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 judgements and changes in judgements 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 consolidated financial statements has not yet been determined.

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Foundation's year ending June 30, 2020 and will be applied on a modified prospective basis. The Foundation does not expect the standard to have a significant impact on the timing of revenue recognition but has not yet determined the impact on recognition of foundation and individual grants and contributions.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including October 14, 2019, which is the date the consolidated financial statements were available to be issued.

Contributions Receivable

Contributions receivable consist of the following unconditional promises to give as of June 30, 2019 and 2018:

	2019	2018
Purpose:		
Endowment	$ 4,678,461	$ 3,862,427
Capital purposes	4,951,485	5,158,725
Operating programs	1,195,773	1,422,871
Contributions receivable, gross	10,825,719	10,444,023
Less: Discount to present value	(254,374)	(252,620)
Less: Allowance for uncollectible accounts	(1,066,142)	(998,984)
Contributions receivable, net	$ 9,505,203	$ 9,192,419
Amounts due in:		
Less than one year	$ 6,103,544	$ 6,080,800
One to five years	3,372,150	3,104,109
More than five years	29,509	7,510
	$ 9,505,203	$ 9,192,419

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 2.19 and 2.45 percent for the years ended June 30, 2019 and 2018, 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 net assets with donor restrictions. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

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 contributions receivable in the statements of activities. As of June 30, 2019, the Foundation has approximately $97.4 million in numerous outstanding commitments that are considered to be intentions to give and are contingent upon future events. These commitments are not accrued as contributions receivable or recognized as revenue because they do not represent unconditional promises to give.

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 or liability. The Foundation's fair value assets, by level, at June 30, 2019 and 2018 are summarized in the following tables:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2019

	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)	Net Asset Value (NAV)	June 30, 2019 Total
Investments					
Fixed-income investments:					
Money market mutual funds	$ 30,167,223	$ -	$ -	$ -	$ 30,167,223
Bonds and bond mutual funds	47,164,649	18,984,595	-	-	66,149,244
TIPS mutual funds	17,734,125	-	-	-	17,734,125
Subtotal fixed income	95,065,997	18,984,595	-	-	114,050,592
Public equity investments:					
Domestic large-cap equity	134,070,736	-	-	-	134,070,736
Domestic small-cap equity	11,755,707	-	-	-	11,755,707
REITs	6,622,997	-	-	-	6,622,997
Developed international equity	102,934,002	-	-	-	102,934,002
Emerging markets international equity (1)	36,128,411	-	-	13,640,831	49,769,242
Subtotal public equity	291,511,853	-	-	13,640,831	305,152,684
Alternative investments:					
Hedge funds (2)	-	-	-	50,794,476	50,794,476
Private equity funds (3)	-	-	-	32,774,416	32,774,416
Private real estate funds (4)(6)	-	-	109,891	894,801	1,004,692
Venture capital funds (5)	-	-	-	451,453	451,453
Subtotal alternative investments	-	-	109,891	84,915,146	85,025,037
Total investments by fair value level	$ 386,577,850	$ 18,984,595	$ 109,891	$ 98,555,977	$ 504,228,313
Split-Interest Agreements					
Charitable gift annuity assets:					
Money market mutual funds	$ 37,236	$ -	$ -	$ -	$ 37,236
Bonds and bond mutual funds	944,201	35,502	-	-	979,703
Domestic equity	612,425	-	-	-	612,425
International equity	398,717	-	-	-	398,717
REITs	348,664	-	-	-	348,664
Total charitable gift annuity assets	$ 2,341,243	$ 35,502	$ -	$ -	$ 2,376,745
Charitable trust assets:					
Money market mutual funds	563,103	-	-	-	563,103
Bonds and bond mutual funds	9,246,823	-	-	-	9,246,823
Domestic equity	2,520,048	-	-	-	2,520,048
International equity	1,720,589	-	-	-	1,720,589
REITs	2,341,652	-	-	-	2,341,652
Private real estate (6)	-	-	542,448	-	542,448
Other (6)	-	-	175,678	-	175,678
Total charitable trust assets	$ 16,392,215	$ -	$ 718,126	$ -	$ 17,110,341
Total split-interest agreements	$ 18,733,458	$ 35,502	$ 718,126	$ -	$ 19,487,086
Total fair value measurements	$ 405,311,308	$ 19,020,097	$ 828,017	$ 98,555,977	$ 523,715,399

Assets Measured at Fair Value on a Recurring Basis at June 30, 2018

	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)	Net Asset Value (NAV)	June 30, 2018 Total
Investments					
Fixed-income investments:					
Money market mutual funds	$ 28,957,965	$ -	$ -	$ -	$ 28,957,965
Bonds and bond mutual funds	44,412,421	19,285,643	-	-	63,698,064
TIPS mutual funds	17,507,164	-	-	-	17,507,164
Subtotal fixed income	90,877,550	19,285,643	-	-	110,163,193
Public equity investments:					
Domestic large-cap equity	106,775,386	-	-	-	106,775,386
Domestic small-cap equity	11,728,374	-	-	-	11,728,374
REITs	6,052,374	-	-	-	6,052,374
Developed international equity	106,672,946	-	-	-	106,672,946
Emerging markets international equity (1)	32,722,662	-	-	12,312,629	45,035,291
Commodities (7)	19,402,738	-	-	3,751,036	23,153,774
Subtotal public equity	283,354,480	-	-	16,063,665	299,418,145
Alternative investments:					
Hedge funds (2)	-	-	-	50,751,908	50,751,908
Private equity funds (3)	-	-	-	29,547,253	29,547,253
Private real estate funds (4)(6)	-	-	90,765	2,221,069	2,311,834
Venture capital funds (5)	-	-	-	1,406,048	1,406,048
Subtotal alternative investments	-	-	90,765	83,926,278	84,017,043
Total investments by fair value level	$ 374,232,030	$ 19,285,643	$ 90,765	$ 99,989,943	$ 493,598,381
Split-Interest Agreements					
Charitable gift annuity assets:					
Money market mutual funds	$ 8,169	$ -	$ -	$ -	$ 8,169
Bonds and bond mutual funds	943,167	35,912	-	-	979,079
Domestic equity	643,009	-	-	-	643,009
International equity	370,628	-	-	-	370,628
REITs	310,085	-	-	-	310,085
Total charitable gift annuity assets	$ 2,275,058	$ 35,912	$ -	$ -	$ 2,310,970
Charitable trust assets:					
Money market mutual funds	419,614	-	-	-	419,614
Bonds and bond mutual funds	9,174,888	-	-	-	9,174,888
Domestic equity	2,736,858	-	-	-	2,736,858
International equity	1,592,998	-	-	-	1,592,998
REITs	2,137,755	-	-	-	2,137,755
Private real estate (6)	-	-	432,478	-	432,478
Other (6)	-	-	224,221	-	224,221
Total charitable trust assets	$ 16,062,113	$ -	$ 656,699	$ -	$ 16,718,812
Total split-interest agreements	$ 18,337,171	$ 35,912	$ 656,699	$ -	$ 19,029,782
Total fair value measurements	$ 392,569,201	$ 19,321,555	$ 747,464	$ 99,989,943	$ 512,628,163

(1) Emerging markets 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) 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.

(3) 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 13 years.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

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, 2019 and June 30, 2018, 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, 2019 and 2018:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2019

	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	$ 90,765	$ 432,478	$ 224,221
Gains included in changes in net assets -			
Unrealized gains (losses)	19,126	-	-
Change in value of split-interest agreements included in changes in net assets:			
Payments to beneficiaries	-	(6,144)	(33,000)
Change in actuarial estimate	-	116,114	(15,543)
Total change in value	-	109,970	(48,543)
Ending balance	$ 109,891	$ 542,448	$ 175,678

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2018

	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	$ 93,098	$ 432,478	$ 268,476
Gains included in changes in net assets -			
Unrealized gains (losses)	(2,333)	-	-
Change in value of split interest agreements included in changes in net assets -			
Payments to beneficiaries	-	(11,969)	(33,000)
Change in actuarial estimate	-	11,969	(11,255)
Total change in value	-	-	(44,255)
Ending balance	$ 90,765	$ 432,478	$ 224,221

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 table provides 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, 2019	June 30, 2018	June 30, 2019		
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Emerging markets international equity	$ 13,640,831	$ 12,312,629	$ -	Monthly	30 days
Commodities	-	3,751,036	-	Monthly	30 days
Hedge funds	50,429,570	50,751,908	-	Quarterly	60 days
Private equity funds	32,064,009	29,547,253	19,711,564	None	None
Private real estate funds	1,000,440	2,221,069	251,293	None	None
Venture capital funds	451,453	1,406,048	65,082	None	None
Total	$ 97,586,303	$ 99,989,943	$ 20,027,938		

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, 2019 and 2018 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 the charitable remainder trust are maintained by a third-party trustee in an irrevocable trust for the benefit of the Foundation, the Foundation recognizes as contribution revenue the present value of the estimated future benefits to be received when the trust assets are distributed. The Foundation also recognizes a charitable trust asset at fair value, using as inputs the trust's investment market values, as well as the present value of the estimated future benefits to be received from the trust. The fair values of these trusts are disclosed as Level 3 assets. 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, 2019 and 2018 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, 2019 and 2018 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.

Property and Equipment

As of June 30, 2019 and 2018, property and equipment are as follows:

	2019	2018
Land	$ 2,863,512	$ 2,863,510
Land improvements	936,115	926,463
Building and building improvements	14,045,288	13,775,619
Furnishings, fixtures, and equipment	6,226,397	5,968,571
Construction in progress	24,243	9,531
Subtotal	24,095,555	23,543,694
Less accumulated depreciation	(13,785,158)	(12,847,732)
Property and equipment - Net	$ 10,310,397	$ 10,695,962

Total depreciation expense of $1,139,771 and $1,123,599 was recorded in fiscal years 2019 and 2018, respectively.

Related-Party Debt

In March 2019, the Foundation entered into an internal loan agreement for $1,712,750 with Ohio University to fund the renovation of the Konneker Alumni Center, which is owned by the Foundation. Both the University and Foundation Boards of Trustees approved the project and funding it through an internal loan. The loan is to be repaid over a period of no more than 10 years, and the interest rate at June 30, 2019 is 4.75 percent, compounded quarterly, and is variable, based on the blended cost of the University's outstanding debt, plus an administrative fee.

Maturities of this loan as of June 30, 2019 are as follows:

Years Ending June 30	Amount
2020	$ 142,312
2021	149,193
2022	156,407
2023	163,970
2024	171,898
Due thereafter	828,284
Total	$ 1,612,064

Net Assets

The Foundation's net assets, by restriction, as of June 30, 2019 and 2018, include:

	2019	2018
With Donor Restrictions:		
Donor-restricted endowments, perpetual in nature	$ 321,544,976	$ 309,993,288
Board-designated (quasi) endowments	57,633,729	63,251,186
Property, plant and equipment	359,047	366,219
Planned gift expectancies	26,885,993	27,263,664
Unexpended gift balances	43,137,417	41,598,081
Sugar Bush Foundation	5,673,767	5,667,052
Russ LLCs	4,935,514	5,420,966
Net assets with donor restrictions	460,170,443	453,560,456
Without Donor Restrictions:		
Board-designated (quasi) endowments	93,899,547	90,464,759
Property, plant and equipment	692,080	699,388
Equity in the OU Inn	5,675,670	5,471,932
Undesignated	2,455,523	1,540,186
Net assets without donor restrictions	102,722,820	98,176,265
Total net assets	$ 562,893,263	$ 551,736,721

The Foundation's net assets, by purpose, as of June 30, 2019 and 2018, include:

	2019	2018
Net assets with donor restrictions:		
Discretionary/General Support	$ 192,674,218	$ 193,798,779
Chairs and Professorships	59,724,455	59,252,786
Research	20,178,142	20,769,613
Scholarships, Fellowships and Awards	181,877,544	173,692,005
Capital Improvements and Renovation	3,727,967	4,789,474
Other	1,988,117	1,257,799
Total net assets with donor restrictions	460,170,443	453,560,456
Net assets without donor restrictions	102,722,820	98,176,265
Total net assets	$ 562,893,263	$ 551,736,721

Donor-restricted and Board-designated Endowments

The Foundation's endowment includes both donor-restricted endowment funds and board-designated (quasi) endowment funds created with net assets with donor restrictions. The Foundation's board-designated (quasi) endowments have been created with gifts that were restricted by the donor for the benefit of a particular college within the University. These quasi endowments have been included in the following schedules because they have been invested to provide income for a long, but unspecified period in accordance with board-imposed restrictions.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions or board-imposed restrictions.

Interpretation of Relevant Law - The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the contributed value of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as endowment corpus, and presented within net assets with donor restrictions, (a) the original value of gifts donated to the endowment corpus, (b) the original value of subsequent gifts to the endowment corpus, and (c) accumulations to the endowment corpus 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 as endowment corpus is classified as accumulated endowment gains and presented within net assets with donor restrictions 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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	$ -	$ 321,544,976	$ 321,544,976
Board-designated (quasi) endowment created with donor-restricted funds	94,589,461	57,633,729	152,223,190
Total funds	$ 94,589,461	$ 379,178,705	$ 473,768,166

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Market value - Beginning of the year	$ 90,501,079	$ 373,244,473	$ 463,745,552
Net realized and unrealized gains and losses and investment income	7,149,344	12,868,870	20,018,214
Contributions	-	13,916,885	13,916,885
Spending policy transfer	(253,323)	(15,969,752)	(16,223,075)
Transfers to board-designated (quasi) endowments	-	138,956	138,956
Administrative fee	(2,807,639)	(5,020,727)	(7,828,366)
Market value - End of the year	$ 94,589,461	$ 379,178,705	$ 473,768,166

Endowment Net Asset Composition by Type of Fund as of June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	$ -	$ 309,993,287	$ 309,993,287
Board-designated (quasi) endowment created with donor-restricted funds	90,501,079	63,251,186	153,752,265
Total funds	$ 90,501,079	$ 373,244,473	$ 463,745,552

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Market value - Beginning of the year	$ 83,954,795	$ 364,337,866	$ 448,292,661
Net realized and unrealized gains and losses and investment income	9,592,345	20,187,088	29,779,433
Contributions	-	8,888,842	8,888,842
Spending policy transfer	(224,657)	(15,540,563)	(15,765,220)
Transfers to board-designated endowments	-	208,398	208,398
Administrative fee	(2,821,404)	(4,837,158)	(7,658,562)
Market value - End of the year	$ 90,501,079	$ 373,244,473	$ 463,745,552

Accumulated Investment Income – The endowment tables above include both original investment, as well as accumulated investment income. For the fiscal year ended June 30, 2019, the $321.5 million reported as donor-restricted endowments with donor restrictions includes donor-restricted endowment corpus of $229.6 million and accumulated investment income of $91.9 million. The $152.2 million reported as board-designated (quasi) endowment created with donor restricted funds includes donor-restricted original investment of $57.6 million and accumulated investment income without donor restrictions of $94.6 million. For the fiscal year ended June 30, 2018, the $310.0 million reported as donor-restricted endowments with donor restrictions includes donor-restricted endowment corpus of $217.3 million and accumulated investment income of $92.7 million. The $153.8 million reported as board-designated (quasi) endowment created with donor restricted funds includes donor-restricted original investment of $63.3 million and accumulated investment income without donor restrictions of $90.5 million. As of the fiscal years ended June 30, 2019 and 2018, the Foundation did not have any board-designated (quasi) endowment funds that were created with funds without donor restrictions.

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." These deficiencies resulted from unfavorable market fluctuations and allowable distributions made over time. The detail of the underwater accounts' deficiency at June 30, 2019 and 2018 is as follows:

	2019	2018
Fair value of underwater endowment funds	$ 12,611	$ 2,889,823
Contributed value of gifts of underwater endowment funds	19,170	2,950,789
Deficiency	$ (6,559)	$ (60,966)

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 that the endowment funds will provide average annual rates of return of approximately 8.0 percent in the long-term and 7.4 percent in the intermediate-term, gross of investment management fees 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, 2019, 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 1.4 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.

Support from Related Organizations

During 2019 and 2018, the University paid certain payroll costs amounting to $3,720,581 and $3,323,259 and additional costs of $905,557 and $278,073, 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 2019 or 2018.

Functional and Natural Classification of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions such as Instruction, Research and Fundraising. The following table provides further detail of these expenses, by showing both the functional and natural classification (Salaries, Maintenance, etc.) of each category of expenses for the years ended June 30, 2019 and June 30, 2018, respectively:

Year Ended June 30, 2019 Expenses by function:	Salaries & Benefits	Student Aid	Supplies & Services	Occupancy, Maintenance & Repairs	Travel & Entertainment	Other	Total
Program services:							
Academic support	$ 596,357	$ -	$ 761,396	$ 110,390	$ 922,823	$ 822	$ 2,391,788
Alumni relations	1,020,243	-	932,095	83,556	576,694	78,783	2,691,371
Institutional support	70,843	-	44,928	13,458	220,527	137	349,893
Instruction	2,691,691	-	282,302	596,093	314,271	904	3,885,261
Intercollegiate athletics	160,460	-	161,125	2,710,297	519,231	2,424	3,553,537
Public service	510,598	-	448,972	147,562	822,819	90	1,930,041
Research	1,186,555	-	760,140	563,691	273,377	370	2,784,133
Student aid	271,376	7,331,886	39,645	1,100	26,229	14,215	7,684,451
Student services	47,588	-	142,574	108,332	281,140	45	579,679
Total program services	6,555,711	7,331,886	3,573,177	4,334,479	3,957,111	97,790	25,850,154
Support services:							
Fundraising and development	7,742,192	-	1,498,964	325,512	1,069,504	4,745	10,640,917
Fund administration	1,102,029	-	214,281	8,157	213,864	13,207	1,551,538
Total support services	8,844,221	-	1,713,245	333,669	1,283,368	17,952	12,192,455
Related entity operations	2,427,812	-	811,611	1,388,508	58,042	1,992,510	6,678,483
Total expenses	$ 17,827,744	$ 7,331,886	$ 6,098,033	$ 6,056,656	$ 5,298,521	$ 2,108,252	$ 44,721,092

Year Ended June 30, 2018 Expenses by function:	Salaries & Benefits	Student Aid	Supplies & Services	Occupancy, Maintenance & Repairs	Travel & Entertainment	Other	Total
Program services:							
Academic support	$ 243,926	$ -	$ 428,229	$ 267,620	$ 493,980	$ 8,309	$ 1,442,064
Alumni relations	1,124,134	-	1,010,847	39,353	805,622	67,892	3,047,848
Institutional support	39,811	-	364,530	142,850	100,108	-	647,299
Instruction	2,434,647	-	1,182,330	1,892,443	903,742	5,959	6,419,121
Intercollegiate athletics	16,127	-	293,074	5,914,243	419,566	2,462	6,645,472
Public service	337,684	-	356,485	404,731	56,883	12,000	1,167,783
Research	1,075,916	-	947,175	204,823	601,611	2,538	2,832,063
Student aid	445,676	6,872,284	31,422	35,341	151,107	18,027	7,553,857
Student services	136,949	-	78,847	9,935	167,657	4,039	397,427
Total program services	5,854,870	6,872,284	4,692,939	8,911,339	3,700,276	121,226	30,152,934
Support services:							
Fundraising and development	6,886,120	-	2,042,185	358,965	883,206	11,006	10,181,482
Fund administration	742,713	-	219,649	12,668	107,423	3,284	1,085,737
Total support services	7,628,833	-	2,261,834	371,633	990,629	14,290	11,267,219
Related entity operations	-	-	536,606	1,479,335	-	4,387,788	6,403,729
Total expenses	$ 13,483,703	$ 6,872,284	$ 7,491,379	$ 10,762,307	$ 4,690,905	$ 4,523,304	$ 47,823,882

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, 2019 and 2018 are summarized below:

	2019	2018
Revenues:	$ 5,936,411	$ 5,841,267
Expenses:		
Operating and general expenses	4,688,533	4,552,920
Interest expense - Net	(21,939)	(5,066)
Realized gain (loss) on investments	-	11,170
Depreciation and amortization	767,573	775,359
Provision for income taxes	118,968	(24,428)
Total expenses	5,553,135	5,309,955
Net income	383,276	531,312
Other comprehensive income (loss)	(179,538)	(33,768)
Change in net assets	$ 203,738	$ 497,544

For fiscal years 2019 and 2018, 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 2019 and 2018, base management fees incurred by the Inn with respect to the manager were $100,000 per year and incentive fees were $164,208 and $173,809, respectively.

Property and Equipment - Property and equipment of the Inn as of June 30, 2019 and June 30, 2018 consist of the following:

	2019	2018
Land	$ 323,978	$ 323,978
Land improvements	936,115	926,463
Buildings	7,765,480	7,646,223
Furnishings, fixtures, and equipment	5,492,752	5,412,816
Construction in progress	24,243	9,531
Total property and equipment	14,542,568	14,319,011
Less accumulated depreciation	(10,043,545)	(9,478,318)
Net property and equipment	$ 4,499,023	$ 4,840,693

Debt Obligations - Long-term debt of the Inn as of June 30, 2019 and June 30, 2018 consists of the following:

	2019	2018
Term loan due	$ 769,800	$ 1,120,400
Less current portion	(373,000)	(350,500)
Less unamortized loan costs	(4,895)	(6,993)
Total long-term debt	$ 391,905	$ 762,907

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. Principal payments on the Term Loan ranging from $21,000 to $34,100 are due in monthly installments through June 2021. 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 was 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, 2019 are set forth in the following schedule:

Years Ending June 30	Amount
2020	$ 373,000
2021	396,800
Total	$ 769,800

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, 2017, 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.

During the fiscal year ended June 30, 2018 Housing's operations consisted of collecting a receivable and distributing all of its remaining assets, in the amount of $208,625, to the Foundation. Housing was formally dissolved in October 2017.

Sugar Bush Foundation

The Foundation entered into an agreement with The Sugar Bush Foundation (Sugar Bush), an Ohio not-for-profit corporation, in August 2005. Sugar Bush works with Ohio University and local communities to improve the quality of life in Appalachian Ohio by encouraging civic engagement and by fostering sustainable environmental, socioeconomic and human development.

Operations - Sugar Bush's operations for the years ended June 30, 2019 and 2018 are summarized below:

	2019	2018
Revenue:		
Interest and dividends	$ 75,917	$ 57,871
Realized gain (loss)	101,886	934,060
Unrealized gain (loss)	173,174	(668,886)
Total investment income	350,978	323,045
Expenses:		
Distribution to Foundation	344,263	406,396
Change in net assets	6,715	(83,351)

Russ LLCs

During 2009, the Foundation created three limited liability companies to receive property distributions from The Dolores H. Russ Trust (the "Trust") for the benefit of the Russ College of Engineering. The three limited liability companies are the Fritz J. and Dolores H. Russ Holdings LLC, which is the sole member of the other LLCs; the Russ Research Center LLC, which operates a research park in Beavercreek, Ohio; and Russ North Valley Road LLC, which received and subsequently liquidated a real estate gift received from the Trust. 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.

Operations – Russ LLCs' operations for the years ended June 30, 2019 and 2018 are summarized below:

	2019	2018
Revenue:		
Rental income	$ 592,936	$ 711,969
Expenses:		
Operating and general expenses	610,468	602,122
Depreciation and amortization	357,718	339,593
Taxes and insurance	110,202	123,501
Distribution to Foundation	-	250,000
Total expenses	1,078,388	1,315,216
Change in net assets	$ (485,452)	$ (603,247)

During fiscal 2019 and 2018, leases with tenants responsible for a significant amount of Russ Research Center LLC revenue expired and were not renewed. The decrease in revenue resulted in net losses for the years ended June 30, 2019 and 2018. Management is collaborating with various professional organizations in and around the Dayton/Beavercreek area to forge new and expanded research partnerships. These partnerships have resulted in new tenants being secured for the Russ Research Center LLC.

Property and Equipment - Property and equipment of the Russ LLCs as of June 30, 2019 and June 30, 2018 consist of the following:

	2019	2018
Land	$ 1,707,792	$ 1,707,792
Buildings	5,455,654	5,455,653
Furnishings, fixtures, and equipment	733,645	555,755
Total property and equipment	7,897,091	7,719,200
Less accumulated depreciation	(3,202,256)	(2,844,538)
Net property and equipment	$ 4,694,835	$ 4,874,662

Restatement

Over time, the Foundation has used temporarily restricted donor gifts to establish numerous board-designated endowments. Through the fiscal year ended June 30, 2018, the Foundation has consistently classified and reported the accumulated investment income on these board-designated endowments as temporarily restricted net assets. Similar to the accounting treatment for donor-restricted endowment funds, distributions from these board-designated endowments have been sourced from accumulated investment income while the original investment has remained intact.

During the fiscal year ended June 30, 2019, the Foundation determined that the practice described above was inconsistent with accounting standards, which provide that accumulated investment income should be classified as net assets with donor restrictions only when this restriction is explicitly stipulated by the donor or required by applicable law. Furthermore, accounting standards require that funds with donor restrictions be used prior to funds without donor restrictions being used for that same purpose. As a result, distributions from board-designated endowments should be sourced from the donor-restricted original investment rather than the accumulated investment income, which lacks a donor restriction, until the original donor-restricted investment balance is exhausted in its entirety.

A prior-period adjustment was recorded to properly classify as net assets without donor restrictions all accumulated investment income on board-designated endowments established with funds with donor restrictions. The prior period adjustment also released from restriction any prior period spending against the portion of these board-designated endowments that were established with funds with donor restrictions.

This action had no net effect on the Foundation's total financial position. However, the adjustment increased net assets without donor restrictions and reduced net assets with donor restrictions by a like amount.

As of July 1, 2017, the adjustment increased net assets without donor restrictions by $84.2 million and reduced net assets with donor restrictions by $84.2 million. For the year ended June 30, 2018, the adjustment increased the change in net assets without donor restrictions by $6.6 million and reduced the change in net assets with donor restrictions by $6.6 million. As of June 30, 2018, the adjustment increased net assets without donor restrictions by $90.8 million and reduced net assets with donor restrictions by $90.8 million.

The correction of errors and adoption of ASU 2016-14 had the following effect on net assets at July 1, 2017:

Net Asset Class	As Originally Presented at July 1, 2017	Corrections of Errors	As Corrected	As a Result of ASU 2016-14	Restated July 1, 2017 After Adoption of ASU 2016-14
Unrestricted Net Assets	$ 6,260,536	$ 84,233,788	$ 90,494,324	$ 2,231	$ -
Temporarily Restricted Net Assets	317,178,949	(83,770,056)	233,408,893	(2,231)	-
Permanently Restricted Net Assets	214,186,022	(463,732)	213,722,290	-	-
Net Assets Without Donor Restrictions	-	-	-	-	90,496,555
Net Assets With Donor Restrictions	-	-	-	-	447,128,952
Total	$ 537,625,507	$ -	$ 537,625,507	$ -	$ 537,625,507

The correction of errors and adoption of ASU 2016-14 had the following effect on net assets at June 30, 2018:

Net Asset Class	As Originally Presented at June 30, 2018	Corrections of Errors	As Corrected	As a Result of ASU 2016-14	Restated June 30, 2018 After Adoption of ASU 2016-14
Unrestricted Net Assets	$ 7,303,236	$ 90,812,063	$ 98,115,299	$ 60,966	$ -
Temporarily Restricted Net Assets	320,198,415	(90,347,947)	229,850,468	(60,966)	-
Permanently Restricted Net Assets	224,235,070	(464,116)	223,770,954	-	-
Net Assets Without Donor Restrictions	-	-	-	-	98,176,265
Net Assets With Donor Restrictions	-	-	-	-	453,560,456
Total	$ 551,736,721	$ -	$ 551,736,721	$ -	$ 551,736,721

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Required Supplementary Information

Schedule of University's Proportionate Share of the Net Pension Liability – STRS Ohio

	2019	2018	2017	2016	2015
University's proportion of the collective STRS net pension liability:					
Percentage	0.960%	1.003%	1.019%	0.992%	0.999%
Amount	$ 210,972,832	$ 238,258,194	$ 341,136,198	$ 274,039,342	$ 242,888,149
University's covered payroll	$ 89,914,465	$ 92,038,084	$ 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 payroll	234.64%	258.87%	382.01%	312.83%	280.36%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.29%	66.78%	72.09%	74.71%

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

	2019	2018	2017	2016	2015
University's proportion of the collective OPERS net pension liability:					
Percentage	0.797%	0.878%	0.894%	0.910%	0.878%
Amount	$ 219,591,985	$ 138,111,070	$ 204,643,077	$ 158,857,405	$ 106,172,642
University's covered payroll	$ 124,568,381	$ 123,297,069	$ 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 payroll	176.28%	112.01%	166.09%	131.02%	96.63%
Plan fiduciary net position as a percentage of the total pension liability	74.91%	84.85%	77.39%	81.19%	86.53%

Schedule of University Pension Contributions – STRS Ohio

	2019	2018	2017	2016	2015
Statutorily required contribution	$ 14,920,746	$ 14,598,317	$ 15,527,585	$ 14,809,723	$ 14,461,472
Contributions in relation to the actuarially determined contractually required contribution	$ 14,920,746	$ 14,598,317	$ 15,527,585	$ 14,809,723	$ 14,461,472
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 87,286,243	$ 89,914,465	$ 92,038,084	$ 89,300,361	$ 87,599,052
Contributions as a percentage of covered payroll	17.09%	16.24%	16.87%	16.58%	16.51%

Schedule of University Pension Contributions – OPERS

	2019	2018	2017	2016	2015
Statutorily required contribution	$ 18,996,110	$ 17,759,151	$ 15,956,637	$ 17,518,016	$ 17,091,376
Contributions in relation to the actuarially determined contractually required contribution	$ 18,996,110	$ 17,759,151	$ 15,956,637	$ 17,518,016	$ 17,091,376
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	126,721,759	123,083,009	$ 123,682,003	$ 122,635,620	$ 118,482,020
Contributions as a percentage of covered payroll	14.99%	14.43%	12.90%	14.28%	14.43%

Notes to Required Supplementary Information – Pension Plans

Schedule of University Pension Contributions – OPERS. The OPERS pension contribution is presented net of OPEB allocation starting in fiscal year 2017. 2017 OPEB allocation was higher compared to 2018 consequently, the OPERS net pension contribution was lower in 2017. 2016 and 2015 OPERS contribution numbers were not adjusted to exclude OPEB allocation. No OPEB allocation in 2019.

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, 2018 and December 31, 2018, respectively.

Changes in assumptions:

- STRS: During the plan year ended June 30, 2017, there were changes to several assumptions for STRS. The cost-of-living adjustment dropped from 2.00 percent to 0.00 percent. The wage inflation dropped from 2.75 percent to 2.50 percent. The investment rate of return decreased from 7.75 percent to 7.45 percent. The mortality tables used changed from RP-2000 to RP-2014.

- OPERS: During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The long-term pension investment return assumption was reduced from 8.00 percent to 7.50 percent. 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.

  During the plan year ended December 31, 2018, the long-term investment return assumption for pension was modified from 7.50 percent to 7.20 percent based on changes in the market outlook.

Schedule of University's Proportionate Share of the Net OPEB Liability – STRS Ohio

	2019	2018
University's proportion of the collective STRS net OPEB liability (asset):		
Percentage	0.960%	1.003%
Amount	$ (15,418,000)	$ 39,132,274
University's covered payroll	$ 89,914,465	$ 92,038,084
University's proportional share of the collective OPEB liability (asset), as a percentage of the University's covered payroll	-17.15%	42.52%
Plan fiduciary net position as a percentage of the total OPEB liability	176.00%	47.11%

Schedule of University's Proportionate Share of the Net OPEB Liability – OPERS

	2019	2018
University's proportion of the collective OPERS net OPEB liability:		
Percentage	0.789%	0.870%
Amount	$ 102,900,612	$ 94,509,255
University's covered payroll	$ 124,568,381	$ 123,297,069
University's proportional share of the collective OPEB liability, as a percentage of the University's covered payroll	82.61%	76.65%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%

Schedule of University OPEB Contributions – STRS Ohio

	2019	2018
Statutorily required contribution	$ -	$ -
Contributions in relation to the actuarially determined contractually required contribution	$ -	$ -
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 87,286,243	$ 89,914,465
Contributions as a percentage of covered payroll	0.00%	0.00%

Schedule of University OPEB Contributions – OPERS

	2019	2018
Statutorily required contribution	$ -	$ 618,683
Contributions in relation to the actuarially determined contractually required contribution	$ -	$ 618,683
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 126,721,759	$ 123,083,009
Contributions as a percentage of covered payroll	0.00%	0.50%

Notes to Required Supplementary Information - OPEB

Changes in benefit terms: There were no significant changes in benefit terms affecting the STRS Ohio and OPERS plans for the plan years ended June 30, 2018 and December 31, 2018, respectively.

Changes in assumptions:

- STRS: During the plan year ended June 30, 2018, there were changes to several assumptions for STRS. The health care cost trend rates decreased from 6.00 percent to 11.00 percent initial and 4.50 percent ultimate to minus 5.23 percent to 9.62 percent initial and 4 percent ultimate. The discount rate increased from 4.13 percent to 7.45 percent.

- OPERS: During the plan year ended December 31, 2018, the long-term investment return assumption for the Health Care portfolio was reduced from 6.50 percent to 6.00 percent.

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 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"), a component unit of the State of Ohio, and the University's discretely presented component unit as of and for the year ended June 30, 2019 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 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.*

To Management and the Board of Trustees
Ohio University

Purpose of this Report

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

Plante & Moran, PLLC

October 14, 2019

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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 the University's major federal programs for the year ended June 30, 2019. The 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 the 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 the 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 the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 the major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the 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 the 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.

To the Board of Trustees
Ohio University

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 14, 2019

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

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	P007A183342	$ -	$ 1,355,476
Federal Work-Study Program	84.033	P033A183342	-	1,267,140
Federal Perkins Loans Outstanding	84.038	UNKNOWN	-	9,448,611
Federal Pell Grant Program	84.063	P063P170345/18/19		35,944,028
Federal Direct Student Loan	84.268	P268K180345/19/20 P268K186641/19/20	-	218,732,176
Teacher Education Assistance for College and Higher Education Grants	84.379	P379T180345/19	-	1,195,240
Total Department of Education			-	267,942,671
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Primary Care Loans (HPSL) Outstanding	93.342	UNKNOWN	-	2,783,017
Disadvantaged Student Loans Outstanding	93.342	UNKNOWN	-	1,915,318
Total Department of Health and Human Services				4,698,335
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				272,641,006
RESEARCH AND DEVELOPMENT CLUSTER				
DEPARTMENT OF AGRICULTURE				
Direct Programs:				
U S DEPARTMENT OF AGRICULTURE	10.001	58-8040-5-006	-	87,064
U S DEPARTMENT OF AGRICULTURE	10.001	58-8020-8-002	-	7,140
U S DEPARTMENT OF AGRICULTURE	10.310	2019-67019-29288	-	56,972
U S DEPARTMENT OF AGRICULTURE	10.310	2019-67030-29670	-	4,022
U S DEPARTMENT OF AGRICULTURE	10.652	17-JV-11242309-118	-	23,334
Subtotal Direct Programs			-	178,532
Pass-Through Programs From:				
UNIVERSITY OF WISCONSIN - MADISON	10.000	814K586	-	10,126
UNIVERSITY OF NEVADA RENO	10.320	UNR-16-62	-	(14)
Subtotal Pass-Through Programs			-	10,112
Total Department of Agriculture			-	188,644
DEPARTMENT OF COMMERCE				
Pass-Through Programs From:				
TEXAS A&M UNIVERSITY	11.609	28-M1703108	-	107,942
Total Department of Commerce			-	107,942
DEPARTMENT OF DEFENSE				
Direct Programs:				
US Army				
U S ARMY CORP OF ENGINEERS	12.010	W912DR-18-2-0003	-	40,000
U S ARMY CORP OF ENGINEERS	12.010	W912DR-16-2-0002	-	32
U S ARMY MEDICAL RESEARCH AND MATERIAL COMMAND	12.420	W81XWH1810707	3,202	66,745
			3,202	106,777
Defense Advanced Research Projects Agency				
SPACE AND NAVAL WARFARE SYSTEMS CENTER	12.910	N66001-16-1-4040	-	100,087
Subtotal Direct Programs			3,202	206,864

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
DEPARTMENT OF DEFENSE (cont.)				
Pass-Through Programs From:				
BERRIEHILL RESEARCH CORPORATION	12.800	OU-S2001	$ -	$ 468,732
Total Department of Defense			3,202	675,596
DEPARTMENT OF EDUCATION				
Direct Programs:				
U S DEPARTMENT OF EDUCATION	84.305A	R305A140356	259,848	389,786
Pass-Through Programs From:				
NORTHEASTERN UNIVERSITY	84.324A	503733-78050	-	19,351
UNIVERSITY OF BRITISH COLUMBIA	84.324A	12R73590	-	360,872
EAST CAROLINA UNIVERSITY	84.324A	A19-003-S001	-	165,414
Subtotal Pass-Through Programs			-	545,637
Total Department of Education			259,848	935,423
DEPARTMENT OF ENERGY				
Direct Programs:				
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-93ER40756	-	303,273
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-02ER46012	-	106,547
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-88ER40387	-	572,249
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-06ER46317	-	152,031
U S DEPARTMENT OF ENERGY	81.049	DE-SC0014329	-	126,161
U S DEPARTMENT OF ENERGY	81.049	DE-SC0019042	-	61,272
U S DEPARTMENT OF ENERGY	81.049	DE-SC0019091	-	16,072
U S DEPARTMENT OF ENERGY	81.087	DE-EE0007105	44,173	211,607
U S DEPARTMENT OF ENERGY	81.089	DE-FE0026315	-	34,828
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031709	-	127,545
U S DEPARTMENT OF ENERGY	81.112	DE-NA0002905	-	33,988
U S DEPARTMENT OF ENERGY	81.112	DE-NA0003883	-	51,502
U S DEPARTMENT OF ENERGY	81.112	DE-NA0003909	-	9,849
Total Department of Energy			44,173	1,806,924
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
National Institutes of Health				
NATIONAL INSTITUTES OF HEALTH	93.113	1R15ES030140-01	-	32,140
NATIONAL INSTITUTES OF HEALTH	93.172	1R15HG009972-01	-	74,966
NATIONAL INSTITUTES OF HEALTH	93.173	1R15DC014587-01	-	110,195
NATIONAL INSTITUTES OF HEALTH	93.173	R03DC013388	-	41
NATIONAL INSTITUTES OF HEALTH	93.213	R01AT006978	7,922	94,054
NATIONAL INSTITUTES OF HEALTH	93.213	1R21AT009339-01	-	64,140
NATIONAL INSTITUTES OF HEALTH	93.242	1R15MH116311-01A1	-	61,728
NATIONAL INSTITUTES OF HEALTH	93.273	1R21AA024524-01A1	2,973	2,973
NATIONAL INSTITUTES OF HEALTH	93.273	1R21AA025182-01A1	-	141,527
NATIONAL INSTITUTES OF HEALTH	93.286	1R21EB022356-01A1	-	72,849
NATIONAL INSTITUTES OF HEALTH	93.307	1R01MD012579-01A1	10,432	65,746
NATIONAL INSTITUTES OF HEALTH	93.837	1R01HL127766-01A1	154,784	692,556
NATIONAL INSTITUTES OF HEALTH	93.837	1R15HL133885-01A1	-	125,700
NATIONAL INSTITUTES OF HEALTH	93.837	7R01HL112248-06	-	134,043

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 Institutes of Health (cont.)				
NATIONAL INSTITUTES OF HEALTH	93.847	1R15DK102115-01	$ -	$ (10,877)
NATIONAL INSTITUTES OF HEALTH	93.847	7R01DK101711-02	-	64,876
NATIONAL INSTITUTES OF HEALTH	93.847	7R01DK089182-06	-	35,681
NATIONAL INSTITUTES OF HEALTH	93.847	7R01DK054254-14	-	74,994
NATIONAL INSTITUTES OF HEALTH	93.847	2R01DK054254-15A1	-	185,510
NATIONAL INSTITUTES OF HEALTH	93.847	1R15DK121247-01	-	23,207
NATIONAL INSTITUTES OF HEALTH	93.853	1R15NS111376-01	-	20,783
NATIONAL INSTITUTES OF HEALTH	93.855	1R15AI105749-01A1	109,477	151,779
NATIONAL INSTITUTES OF HEALTH	93.855	1R21AI128376-01	-	155,926
NATIONAL INSTITUTES OF HEALTH	93.855	1R15AI130983-01	-	154,743
NATIONAL INSTITUTES OF HEALTH	93.855	1R03AI135788	-	111,885
NATIONAL INSTITUTES OF HEALTH	93.859	RGM116098A	-	23,619
NATIONAL INSTITUTES OF HEALTH	93.859	1R15GM110602-01A1	-	47,373
NATIONAL INSTITUTES OF HEALTH	93.859	1R15GM132841-01	-	31,460
NATIONAL INSTITUTES OF HEALTH	93.865	RO1HD088417	397	59,340
NATIONAL INSTITUTES OF HEALTH	93.866	1R01AG044424-01A1	6,751	223,124
NATIONAL INSTITUTES OF HEALTH	93.866	1R01AG059779-01	-	327,326
NATIONAL INSTITUTES OF HEALTH	93.879	R15LM012941	-	105,521
			292,736	3,458,928
Health Resources and Services Administration				
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	D04RH28409-01-00	-	10,600
			-	10,600
Subtotal Direct Programs			292,736	3,469,528
Pass-Through Programs From:				
CENTER FOR POLICY RESEARCH	93.086	90PR0006	-	16,938
UNIVERSITY OF TEXAS AT DALLAS	93.279	1603594	-	11,454
OHIO STATE UNIVERSITY	93.279	60071382	-	21,682
UNIVERSITY OF SOUTH CAROLINA	93.283	17-3242	-	1
OHIO DEPARTMENT OF HEALTH	93.283	UNKNOWN	-	2,402
OHIO STATE UNIVERSITY	93.286	60051347	-	3,861
BRIGHAM AND WOMEN'S HOSPITAL	93.837	107223	-	30,927
BOSTON UNIVERSITY	93.837	4500002694	-	238,784
BOSTON UNIVERSITY	93.847	4500002018.00	-	12,530
AUGUSTA UNIVERSITY	93.847	30835-48	-	55,097
VIRGINIA COMMONWEALTH UNIVERSITY	93.865	FP00009022_SA001	-	5,593
AEIOU SCIENTIFIC LLC	93.866	AEIOU-OU-001	-	43,912
UNIVERSITY OF WASHINGTON	93.884	UWSC9343	-	146,786
Subtotal Pass-Through Programs			-	589,967
Total Department of Health and Human Services			292,736	4,059,495
DEPARTMENT OF THE INTERIOR				
Direct Programs:				
BUREAU OF LAND MANAGEMENT	15.236	L16AC00190	-	24,225
U S OFFFICE OF SURFACE MINING	15.255	S16AC20072	-	44,014
U S GEOLOGICAL SURVEY	15.808	G17AC00188		3,432
NATIONAL PARK SERVICE	15.945	P18AC01292	-	28,078
NATIONAL PARK SERVICE	15.945	P16AC01533, P14AC00882	-	8,172
Subtotal Direct Programs			-	107,921

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
DEPARTMENT OF THE INTERIOR (cont.)				
Pass-Through Programs From:				
OHIO DEPARTMENT OF NATURAL RESOURCES	15.615	DNR01-0000041408	$ -	$ 7,136
OHIO DEPARTMENT OF NATURAL RESOURCES	15.616	DNR01-0000040193	-	30,343
OHIO DEPARTMENT OF NATURAL RESOURCES	15.657	UNKNOWN	-	21,853
Subtotal Pass-Through Programs			-	59,332
Total Department of the Interior			-	167,253
DEPARTMENT OF JUSTICE				
Direct Programs:				
U S DEPARTMENT OF JUSTICE	16.560	2016-R2-CX-0048	4,489	8,717
Total Department of Justice			4,489	8,717
DEPARTMENT OF STATE				
Direct Programs:				
U S DEPARTMENT OF STATE	19.401	S-ECAGD-16-CA-1049	-	193,567
Total Department of State			-	193,567
DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
FEDERAL AVIATION ADMINISTRATION	20.108	16-G-012	-	121,500
U S DEPARTMENT OF TRANSPORTATION	20.200	693JK18500002	-	98,453
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-16-A-80014	-	1,037,910
Subtotal Direct Programs			-	1,257,863
Pass-Through Programs From:				
NATIONAL ACADEMY OF SCIENCES	20.200	HR 18-18	9,925	85,044
UNIVERSITY OF CINCINNATI	20.200	011606-002	-	18,198
Subtotal Pass-Through Programs			9,925	103,242
Total Department of Transportation			9,925	1,361,105
ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through Programs From:				
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.605	EPA01-000005312	-	31,429
Total Environmental Protection Agency			-	31,429
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Direct Programs:				
NASA SHARED SERVICES CENTER	43.001	NNX15AJ69G	-	(314)
NASA SHARED SERVICES CENTER	43.001	80NSSC18K0665	-	30,634
NASA SHARED SERVICES CENTER	43.001	GO8-19047B	-	20,208
NASA SHARED SERVICES CENTER	43.002	NNL16AA16C	72,971	141,144
Subtotal Direct Programs			72,971	191,672
Pass-Through Programs From:				
SMITHSONIAN ASTROPHYSICAL OBSERVATORY	43.001	G07-18046B	-	7,214
SMITHSONIAN ASTROPHYSICAL OBSERVATORY	43.001	G07-18054B	-	5,238
CONTROL POINT CORPORATION	43.001	SC170001	-	2,849
SMITHSONIAN ASTROPHYSICAL OBSERVATORY	43.001	DD7-18096B	-	1,296
SMITHSONIAN ASTROPHYSICAL OBSERVATORY	43.001	DD8-19101B	-	7,494
SMITHSONIAN ASTROPHYSICAL OBSERVATORY	43.001	GO9-20058B	-	7,238

See Notes to Schedule of Expenditures of Federal Awards.

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)				
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (cont.)				
Pass-Through Programs From (cont.):				
OHIO WESLEYAN UNIVERSITY	43.007	32060	$ -	$ 67,884
UNIVERSITY OF FLORIDA	43.007	SUB00001659	-	5,239
OHIO SPACE GRANT CONSORTIUM	43.008	UNKNOWN	-	72
OHIO SPACE GRANT CONSORTIUM	43.008	UNKNOWN	-	20
OHIO SPACE GRANT CONSORTIUM	43.008	UNKNOWN	-	5,000
Subtotal Pass-Through Programs			-	109,544
Total National Aeronautics and Space Administration			72,971	301,216
NATIONAL SCIENCE FOUNDATION				
Direct Programs:				
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1554044	-	139,613
NATIONAL SCIENCE FOUNDATION	47.041	CMMI-1633500	-	59,515
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1705817	-	117,188
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1836905	-	15,131
NATIONAL SCIENCE FOUNDATION	47.041	EEC-1840402	-	58,398
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1308299	-	(132)
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1506836	-	29,737
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1508325	-	15,042
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1507670	-	99,315
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1520972	-	105,419
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1507321	-	99,978
NATIONAL SCIENCE FOUNDATION	47.049	PHY 1614479	-	174,824
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1709075	-	1,756
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1714008	-	141,065
NATIONAL SCIENCE FOUNDATION	47.049	DMS-1821162	-	40,445
NATIONAL SCIENCE FOUNDATION	47.049	DMS-1815079	-	25,978
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1812408	-	4,950
NATIONAL SCIENCE FOUNDATION	47.050	PLF-1341602	-	48,143
NATIONAL SCIENCE FOUNDATION	47.050	EAR-1349825	-	26,422
NATIONAL SCIENCE FOUNDATION	47.050	EAR-1525915	-	1,694
NATIONAL SCIENCE FOUNDATION	47.050	OPP-1744998	-	39,141
NATIONAL SCIENCE FOUNDATION	47.050	AGS-1749504	-	73,086
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1420718	-	62,411
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1513606	-	115,868
NATIONAL SCIENCE FOUNDATION	47.070	CNS-1657279	-	41,118
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1657358	-	62,474
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1703013	-	119,968
NATIONAL SCIENCE FOUNDATION	47.074	DBI-1455554	-	14,649
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1456810	-	148,564
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1456503	-	57,596
NATIONAL SCIENCE FOUNDATION	47.074	DBI-1556316	-	84,451
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1656765	-	70,033
NATIONAL SCIENCE FOUNDATION	47.074	DEB-1655230	-	49,885
NATIONAL SCIENCE FOUNDATION	47.074	DEB-1701680	-	17,780
NATIONAL SCIENCE FOUNDATION	47.074	MCB-1750361	-	151,835
NATIONAL SCIENCE FOUNDATION	47.075	SES-1557082	-	9,372
NATIONAL SCIENCE FOUNDATION	47.075	BCS-1638796	-	46,704
NATIONAL SCIENCE FOUNDATION	47.075	BCS-1644736	-	(650)
NATIONAL SCIENCE FOUNDATION	47.075	SMA-1659455	-	100,266
NATIONAL SCIENCE FOUNDATION	47.076	DGE-1645419	-	108,471
NATIONAL SCIENCE FOUNDATION	47.076	DME-1758484	-	41,817
NATIONAL SCIENCE FOUNDATION	47.083	OIA-1834859	-	51,879
Subtotal Direct Programs			-	2,671,199

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

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.)				
Pass-Through Programs From:				
THE CATHOLIC UNIVERSITY OF AMERICA	47.049	361226	$ -	$ 23,245
UNIVERSITY OF NEVADA RENO	47.050	PO116GC000066	-	3,158
UNIVERSITY OF CINCINNATI	47.076	L12-4500093879	-	20,323
Subtotal Pass-Through Programs			-	46,726
Total National Science Foundation			-	2,717,925
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			687,344	12,555,236
CHILD NUTRITION CLUSTER				
DEPARTMENT OF AGRICULTURE				
Pass-Through Programs From:				
OHIO DEPARTMENT OF EDUCATION	10.559	UNKNOWN	-	5,485
TOTAL CHILD NUTRITION CLUSTER			-	5,485
ECONOMIC DEVELOPMENT CLUSTER				
Direct Programs:				
APPALACHIAN REGIONAL COMMISSION	11.300	PW-18918-IM-17	102,288	269,272
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-69-06094	-	43,120
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-79-06120	10,020	127,888
TOTAL ECONOMIC DEVELOPMENT CLUSTER			112,308	440,280
FISH AND WILDLIFE CLUSTER				
DEPARTMENT OF THE INTERIOR				
Pass-Through Programs From:				
COMMONWEALTH OF KENTUCKY DEPT OF FISH AND WILDLIFE RESC	15.605	UNKNOWN	-	(237)
OHIO DEPARTMENT OF NATURAL RESOURCES	15.611	427	-	19,476
TOTAL FISH AND WILDLIFE CLUSTER			-	19,239
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				
DEPARTMENT OF TRANSPORTATION				
Pass-Through Programs From:				
OHIO DEPARTMENT OF TRANSPORTATION	20.205	25160	-	274
OHIO DEPARTMENT OF TRANSPORTATION	20.205	26608	-	2,791
IOWA STATE UNIVERSITY	20.205	26586	-	15,008
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27236, 27236A	-	(7,630)
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27233	2,445	2,445
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30496	-	135,638
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27939	16,362	86,355
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30791	13,310	123,138
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27831	-	(4,625)
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30418	1,341	1,341
OHIO DEPARTMENT OF TRANSPORTATION	20.205	27960	-	(1,552)
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30266	-	2,564
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30218	-	64,154
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30409	5,390	31,149
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30649	(2,016)	107,512
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30584	(5,255)	(5,255)
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30720	9,389	44,624
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30725	35,286	76,958

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

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 (cont.):				
OHIO DEPARTMENT OF TRANSPORTATION	20.205	31795	$ 93,237	$ 155,379
OHIO DEPARTMENT OF TRANSPORTATION	20.205	32449	32,580	109,436
OHIO DEPARTMENT OF TRANSPORTATION	20.205	32378	11,390	45,825
OHIO DEPARTMENT OF TRANSPORTATION	20.205	32392	3,558	45,082
OHIO DEPARTMENT OF TRANSPORTATION	20.205	32372	-	29,393
UNIVERSITY OF AKRON	20.205	04204_OU	-	9,565
OHIO DEPARTMENT OF TRANSPORTATION	20.205	32393	11,531	23,578
OHIO DEPARTMENT OF TRANSPORTATION	20.205	33411	5,600	12,900
EL ROBINSON ENGINEERING	20.205	31796	-	4,082
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			234,148	1,110,129
SPECIAL EDUCATION (IDEA) CLUSTER				
DEPARTMENT OF EDUCATION				
Pass-Through Programs From:				
UNIVERSITY OF CINCINNATI	84.027A	011010-002	4,209	4,648
UNIVERSITY OF CINCINNATI	84.027A	011507-002-1	-	27,244
UNIVERSITY OF CINCINNATI	84.027A	011507-002-2	-	30,697
MUSKINGUM VALLEY EDUCATIONAL SERVICE CENTER	84.027A	UNKNOWN	-	9,999
TOTAL SPECIAL EDUCATION (IDEA) CLUSTER			4,209	72,588
TRIO CLUSTER				
DEPARTMENT OF EDUCATION				
Direct Programs:				
U S DEPARTMENT OF EDUCATION	84.042A	P042A150073	-	336,651
U S DEPARTMENT OF EDUCATION	84.047A	P047A121446-16	-	60
TOTAL TRIO CLUSTER			-	336,711
MEDICAID CLUSTER				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs From:				
OHIO STATE UNIVERSITY	93.778	60055249	-	(649)
CASE WESTERN RESERVE UNIVERSITY	93.778	G-1819-05-0094	-	159,858
OHIO STATE UNIVERSITY	93.778	60060959	-	405,448
OHIO STATE UNIVERSITY	93.778	60065916	-	11,185
OHIO STATE UNIVERSITY	93.778	60069320	-	13,582
TOTAL MEDICAID CLUSTER			-	589,424
OTHER PROGRAMS				
APPALACHIAN REGIONAL COMMISSION				
Direct Programs:				
APPALACHIAN REGIONAL COMMISSION	23.001	PW-18610-IM-16	330,663	739,722
APPALACHIAN REGIONAL COMMISSION	23.002	PW-19369-IM-19	-	14,555
Subtotal Direct Programs			330,663	754,277

See Notes to Schedule of Expenditures of Federal Awards.

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS (cont.)				
APPALACHIAN REGIONAL COMMISSION (cont.)				
Pass-Through Programs From:				
BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT	23.001	SBEG18001	$ -	$ 45,937
EAST TENNESSEE STATE UNIVERSITY	23.011	18-132-1-S4.1	-	4,493
Subtotal Pass-Through Programs			-	50,430
Total Appalachian Regional Commission			330,663	804,707
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Pass-Through Programs From:				
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	15ACH-1502-18-OC068	-	289,244
Total Corporation for National and Community Service			-	289,244
DEPARTMENT OF AGRICULTURE				
Direct Programs:				
U S DEPARTMENT OF AGRICULTURE	10.351	41-005-260238852-G04	-	69,925
U S DEPARTMENT OF AGRICULTURE	10.351	41-005-260238852-G05	-	2,815
U S DEPARTMENT OF AGRICULTURE	10.351	41-005-260238852-G06	-	88,090
Total Department of Agriculture			-	160,830
DEPARTMENT OF COMMERCE				
Pass-Through Programs From:				
BOWLING GREEN STATE UNIVERSITY	11.303	10008059-OU	-	84,937
Total Department of Commerce			-	84,937
DEPARTMENT OF DEFENSE				
Direct Programs:				
NATIONAL SECURITY AGENCY	12.900	H98230-18-1-0193	-	61,441
NATIONAL SECURITY AGENCY	12.900	H98230-19-1-0187	-	4,427
Subtotal Direct Programs			-	65,868
Pass-Through Programs From:				
OHIO DEVELOPMENT SERVICES AGENCY	12.002	SBEG18001	-	231,233
Total Department of Defense			-	297,101
DEPARTMENT OF EDUCATION				
Pass-Through Programs:				
OHIO DEPARTMENT OF HIGHER EDUCATION	84.002	UNKNOWN	-	100,810
TRIMBLE LOCAL SCHOOL DISTRICT	84.287	UT18277	-	242
ATHENS CITY SCHOOL DISTRICT	84.287	UT18278	-	164,656
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT19134	-	148,969
ALEXANDER LOCAL SCHOOL DISTRICT	84.287	UT19136	-	171,143
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT19139	-	149,059
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT19612	-	2,220
TRIMBLE LOCAL SCHOOL DISTRICT	84.287	UT19618	-	105
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT20213	-	102
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UNKNOWN	-	126,071
TRIMBLE LOCAL SCHOOL DISTRICT	84.287	UNKNOWN	-	170,794
ALEXANDER LOCAL SCHOOL DISTRICT	84.287	UNKNOWN	-	182,932
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UNKNOWN	-	188,747
OHIO DEPARTMENT OF HIGHER EDUCATION	84.334	UNKNOWN	-	66,531
Total Department of Education			-	1,472,381

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS (cont.)				
DEPARTMENT OF ENERGY				
Direct Programs:				
U S DEPARTMENT OF ENERGY	81.214	DE-EM0004147	$ -	$ 385,132
Total Department of Energy			-	385,132
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Centers for Disease Control				
CENTERS FOR DISEASE CONTROL AND PREVENTION	93.262	2T03OH009841	-	108,130
Health Resources and Services Administration				
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.211	G25RH32459	33,918	92,501
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.243	G02HP27951	5,000	81,523
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	D04RH31792	33,000	176,955
			71,918	350,979
Subtotal Direct Programs			71,918	459,109
Pass-Through Programs:				
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.086	C-1617-17-0531	-	(10)
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.086	C-1819-17-0107	-	6,111
OHIO DEPARTMENT OF YOUTH SERVICES	93.092	8AS4010	-	77,925
THE UNIVERSITY OF TOLEDO	93.107	F2016-88	-	123,163
PORTSMOUTH CITY HEALTH DEPT	93.136	UNKNOWN	-	30,000
NATIONAL RURAL HEALTH ASSOCIATION	93.155	UNKNOWN	-	3,691
NATIONAL AHEC ORGANIZATION	93.185	UNKNOWN	-	13,998
PACIFIC INSTITUTE	93.211	925	-	20,158
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL	93.211	5112961	-	37,114
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.243	1900525	79,809	259,867
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.590	G-1819-22-0394	-	1,671
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.590	JFS01-0000022233	-	1,627
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.590	G-1819-22-0463	-	3
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.645	G-1819-06-0341	-	6,593
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.658	G-1819-06-0341	-	42,351
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.659	G-1819-06-0341	-	40,028
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.788	1900359	11,000	30,000
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.788	1800552	215,136	799,424
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.788	1900462	-	30,000
TRINITY HOSPITAL TWIN CITY	93.912	UNKNOWN	-	5,106
PORTSMOUTH CITY HEALTH DEPT	93.912	UNKNOWN	-	(2,555)
TRINITY HOSPITAL TWIN CITY	93.912	UNKNOWN	-	2,209
HOPEWELL HEALTH CENTERS	93.912	HRSA-OU	-	48,580
OHIO DEPARTMENT OF HEALTH	93.913	DOH01-0000051964	-	51,246
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.958	1800274	-	(89)
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.959	1900157	25,000	150,072
OHIO DEPARTMENT OF HEALTH	93.994	UNKNOWN	-	10,252
Subtotal Pass-Through Programs			330,945	1,788,535
Total Department of Health and Human Services			402,863	2,247,644
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass-Through Programs From:				
ATHENS COUNTY COMMISSIONERS	14.228	UNKNOWN	-	18,228
Total Department of Housing and Urban Development			-	18,228

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS (cont.)				
DEPARTMENT OF THE INTERIOR				
Pass-Through Programs From:				
RACCOON CREEK PARTNERSHIP	15.253	UNKNOWN	$ -	$ 127
RACCOON CREEK PARTNERSHIP	15.253	UNKNOWN	-	7,519
Total Department of the Interior			-	7,646
DEPARTMENT OF JUSTICE				
Pass-Through Programs From:				
OHIO ATTORNEY GENERAL'S OFFICE	16.575	2018-VOCA-109854198	-	18,557
OHIO ATTORNEY GENERAL'S OFFICE	16.575	2019-VOCA-132133424	-	52,627
Total Department of Justice			-	71,184
DEPARTMENT OF LABOR				
Pass-Through Programs From:				
COLUMBUS STATE COMMUNITY COLLEGE	17.282	UNKNOWN	-	45
Total Department of Labor			-	45
DEPARTMENT OF STATE				
Pass-Through Programs From:				
INSTITUTE OF INTERNATIONAL EDUCATION	19.400	IIE0136 OU 3.15.2017	-	4,442
AMIDEAST	19.400	20320-19	-	32,373
INSTITUTE OF INTERNATIONAL EDUCATION	19.400	FST1901 OHIOU EGSP 2019	-	890
INSTITUTE OF INTERNATIONAL EDUCATION	19.400	FST1801 OHIO 6.1.18	-	157,043
INSTITUTE OF INTERNATIONAL EDUCATION	19.401	UNKNOWN	-	85,168
FHI360	19.421	PO19002344	-	5,883
Total Department of State			-	285,799
DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-021-2017	-	139,971
Total Department of Transportation			-	139,971
ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through Programs From:				
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.460	17(h)EPA-08	-	10,010
OHIO DEPARTMENT OF NATURAL RESOURCES	66.460	UNKNOWN	-	19,109
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.460	15(h)EPA-35	-	8,940
OHIO DEPARTMENT OF NATURAL RESOURCES	66.460	DNR01-0000040839	176,810	295,810
Total Environmental Protection Agency			176,810	333,869
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Pass-Through Programs From:				
OHIO AEROSPACE INSTITUTES	43.008	UNKNOWN	-	5,000
Total National Aeronautics and Space Administration			-	5,000

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Agency/Pass-Through Grantor	CFDA No.	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OTHER PROGRAMS (cont.)				
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Direct Programs:				
NATIONAL ENDOWMENT FOR THE HUMANITIES	45.162	AV-260606-18	$ -	$ 73,165
NATIONAL ENDOWMENT FOR THE HUMANITIES	45.169	HZ-265426-19	-	67
Subtotal Direct Programs			-	73,232
Pass-Through Programs From:				
ARTS MIDWEST TOURING FUND	45.025	22234	-	3,600
Total National Endowment for the Arts			-	76,832
SMALL BUSINESS ADMINISTRATION				
Pass-Through Programs From:				
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-16-324	-	64,035
APPALACHIAN PARTNERSHIP FOR ECONOMIC GROWTH	59.037	UNKNOWN	-	42,902
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-19-324	-	186,200
Total Small Business Administration			-	293,137
TOTAL OTHER PROGRAMS			**910,336**	**6,973,687**
GRAND TOTAL FEDERAL AWARDS			**$ 1,948,345**	**$ 294,743,785**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Ohio University (the "University") under programs of the federal government for the year ended June 30, 2019. The information in the 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 the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in 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 minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Noncash Assistance

During the year ended June 30, 2019, Ohio University did not receive any nonmonetary assistance.

Note 4 - Adjustments and Transfers

During the year ended June 30, 2019, the University transferred $397,028 of the 2018-2019 FWS Program (84.033) award to the Supplemental Educational Opportunity Grant (SEOG) Program (84.007).

Note 5 - 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, 2019 consist of the following:

Cluster/Program Title	CFDA Number	Loan Balances
Federal Perkins Loans Outstanding	84.038	$ 8,128,172
Primary Care Loans (HPSL) Outstanding	93.342	1,875,731
Disadvantaged Student Loans Outstanding	93.342	2,186,217
	Total	$ 12,190,120

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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 None reported

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
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 Number	Name of Federal Program or Cluster	Opinion
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, and 93.342	Student Financial Assistance Cluster	Unmodified
Various	Research and Development Cluster	Unmodified
20.205	Highway Planning and Construction Cluster	Unmodified
23.001	Appalachian Regional Development	Unmodified
93.788	State Targeted Response to the Opioid Crisis	Unmodified

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

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OHIO UNIVERSITY

Associate Vice President
for Finance and Controller

HDL Center Room 204
1 OHIO University
Athens, OH 45701-2979
T: 740.593-0159

Ohio University

October 14, 2019

Summary Schedule of Prior Audit Findings

Prior Year Finding Number:
2018-001

Fiscal Year in Which the Finding Initially Occurred:
2018

Federal Program, CFDA Number and Name:
Student Financial Assistance, CFDA Nos. 84.063 and 84.268, Federal Pell Grant and Federal Direct Loan Programs

Original Finding Description:
Ohio University did not report the proper student status changes for certain students that graduated or withdrew and one student's change in status was not reported within the required timeframe.

Status/Partial Corrective Action (as applicable):
Fully Corrected.

Planned Corrective Action:
N/A

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OHIO AUDITOR OF STATE
KEITH FABER

OHIO UNIVERSITY

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 30, 2020