WRIGHT STATE UNIVERSITY | 50 YEARS

Annual Report and Single Audit Reports

for the year ended June 30, 2017

Office of the Controller

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

ANNUAL REPORT AND SINGLE AUDIT REPORTS FOR FEDERAL AWARDS
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JUNE 30, 2017

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Independent Auditor's Report

Board of Trustees
Wright State University
Dayton, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Wright State University (University), collectively a component unit of the State of Ohio as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Managements 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.

Auditors Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Audited by Other Auditors

The 2016 financial statements were audited by other auditors and their report thereon, dated October 14, 2016 expressed an unmodified opinion.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* as listed in the table of contents is presented for purposes of additional analysis 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 November 6, 2017, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BKD, LLP

Cincinnati, Ohio
November 6, 2017

Management's Discussion and Analysis
Fiscal Years Ended June 30, 2017 and 2016

Wright State University's Management Discussion and Analysis (MD&A) presents an overview of its financial condition and assists the reader in focusing on significant financial issues for the year ended June 30, 2017, with selected comparative information for the years ended June 30, 2016 and 2015. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

Financial and Other University Highlights

- The Higher Learning Commission (HLC) issued a report in July 2016 reaffirming the university's accreditation. The reaffirmation was a result of the collaborative effort of numerous faculty, staff, and student representatives. The reaccreditation is effective for 10 years beginning with the 2016-2017 academic year. Wright State University (the University) has been continuously accredited since 1968.

- In efforts to pursue the university's mission of transforming the lives of our students and the communities we serve, the University encourages students, faculty and staff to provide their time and skills to engage in significant community service opportunities. It was announced during fiscal year 2017 that the University was named to the 2015 President's Higher Education Community Service Honor Roll for the university's support of volunteering, student community service, service learning and civic engagement.

- The University continues to be recognized nationally for its programs. During the fiscal year 2017, *U.S. News & World Report* included the University in the following rankings: tied for No. 82 in Best Medical Schools: Primary Care; tied for No. 168 in Best Graduate Schools (Nursing and Health); No. 56 in Best Online Graduate Engineering Programs (Master of Industrial and Human Factors Engineering); No. 43 in Best Online Programs – Graduate Educations (Master of Education); No. 63 in Best Online Programs – Graduate Business (Master of Information Systems and Master in Logistics and Supply Chain Management); and No. 115 in Best Graduate Educations Programs – Master of Nursing. *Military Times* named the University to its Best for Vets rankings. Programs in The College of Nursing and Health were recognized by both RegisteredNursing.org and Top RN to BSN, a leading nursing school program resource.

- One of the newest buildings on campus – the Student Success Center – is increasing attention and awareness of the university's efforts for student academic success. The building features high-tech, active learning classrooms; writing and math support labs; careful placement of windows and glass; and an outdoor rain garden. The design has earned a Silver LEED certified designation by the U.S. Green Building Council, a Merit Award for newly completed buildings from the Dayton Chapter of the American Institute of Architects and a mention as an Outstanding Design by *American School and University* magazine. Perhaps more importantly, the building's Academic Success Centers have recorded an increased number of student visits and increased numbers of students served.

- For the 38th consecutive year, the university's Model United Nations team earned a delegation award at the annual national conference in New York City. The team represented Italy this year and was named an Outstanding Delegation – the highest honor. In addition, students won six Outstanding Position Paper awards and two peer-selected Outstanding Delegate in Committee awards.

- While tuition for undergraduate programs and the Boonshoft School of Medicine remained the same in 2017 as in 2016, non-resident fees as well as tuition for graduate programs, the School of Professional Psychology and the Doctor of Nursing Practice programs increased approximately 3.0% for 2017. This compares to a 2.3% tuition increase for graduate level and professional schools in 2016. The University continues to pursue revenue enhancing efforts and expense optimization initiatives in order to mitigate the necessary increases in tuition costs. The University remains the fourth lowest in-state undergraduate tuition rate among Ohio's thirteen four-year public institutions.

- Total state appropriations increased $2.9 million from 2016 to 2017 in addition to a $3.6 million increase from to 2015 to 2016. The 2016 and 2015 increases were primarily a result of a larger pool of state dollars awarded to higher education, as well as the university's continued success in driving course and degree completions in alignment with the university's mission and the priorities of the State's performance funding model.

- The 2017 budget approved by the WSU Board of Trustees in June 2016 called for a planned use of reserves of $15.6 million as part of a two-year budget remediation plan designed to address the university's challenges of unfunded expenses and revenue shortfalls. The plan called for targeted reductions in spending and savings to be attained through personnel attrition. In addition to the budget remediation plan, the University developed a voluntary, enhanced retirement option for retirement-eligible employees during 2017. The plan, referred to as the Voluntary Retirement Incentive Program (VRIP) resulted in 153 employee retirements. Although these positions represented a combined annual base budget of $14.4 million of salaries and benefits, those savings were not realized immediately because retirement schedules varied. In fact, the VRIP increased expenses in 2017 by $10 million due to the payout of accrued vacation and sick leave as well as the accrual for future benefits. Additional strains on the 2017 budget included lower than planned tuition and fee revenue and investment income. Positive variances in state appropriations and lower than expected costs for scholarship and fellowship provided some relief. Unfortunately, the University also incurred some additional negative budget variances attributable to the cancellation of the Presidential Debate. These challenges resulted in a $24.5 million reduction in unrestricted net position. This, combined with the impact of GASB No. 68, reduced unrestricted net position by $44.6 million during 2017. Net investment in capital assets decreased by $2.2 million as a result of the completion of large capital projects and the impact of depreciation on those assets. Relatively small reductions of restricted expendable net position of $0.3 million, combined with the decreases to net investment in capital assets and unrestricted net position, resulted in a total decrease in net position during 2017 of $47.1 million. This is compared to the $37.4 million decrease in 2016 that was driven by negative variances in tuition revenue, state appropriations and investment income, as well as the impact of GASB No. 68.

- Fall 2016 headcount enrollment was 17,775 as compared to 18,059 in fall 2015. Although enrollment at the Lake Campus was up slightly, overall the University experienced a 1.6% decrease in headcount recording lower enrollment in undergraduate and graduate programs. Despite the slight increases to the tuition rates of nonresident, graduate and professional programs mentioned previously, decreased credit hours led to a $10.1 million (5.2%) decrease in gross student tuition for fiscal year 2017. The decrease in gross tuition was offset by a $2.0 million decrease in scholarships, resulting in an overall $8.1 million decrease in net tuition and fees revenue. Fall 2015 headcount enrollment represented an increase of 1.6% from fall 2014. However, increased scholarships negated the impact of increased gross tuition revenue and net tuition and fees decreased $2.2 million in fiscal year 2016.

- In October 2014, The Wright State University Foundation launched a $150 million fundraising campaign known as *Rise. Shine. The Campaign for Wright State University*. Campaign priorities identified included scholarships, endowed chairs/professorships and facility improvements. The campaign concluded on June 30, 2017, having raised $167.7 million. The University is honored to have had Tom Hanks, Hollywood icon, and Amanda Wright Lane, great grandniece of university namesakes Wilbur and Orville Wright, co-chair the campaign.

- A nine-month national search concluded in March 2017 when Dr. Cheryl B. Schrader was named as the university's next president. Dr. Schrader is the university's seventh president; and she took office July 1, 2017. She earned her bachelor's degree in electrical engineering from Valparaiso University and her master's and Ph.D. in electrical engineering from the University of Notre Dame. In her first year at the University, Schrader plans to emphasize financial sustainability, administrative transparency and campus conversation.

Using the Annual Report

This annual report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. The three financial statements should help the reader of the annual report understand the university's overall financial condition and how it has changed as a result of the current year's financial activities. These financial statements present similar information to that disclosed in private sector (i.e. corporate) financial statements. The financial statements will also assist the reader in evaluating the ability of the University to meet its financial obligations.

Under the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* and GASB Statement No. 80*, Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, the Wright State University Foundation (the Foundation) and the Wright State Applied Research Corporation (WSARC) have both been determined to be component units of the University. Accordingly, the Foundation and WSARC are discretely presented in the university's financial statements. Management's Discussion and Analysis and information included in this discussion and analysis relate only to the University and not to the Foundation or to WSARC unless specifically noted.

Comparison of the university's financial statements between fiscal years 2017, 2016, and 2015 is complicated by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68,* which significantly revise accounting for pension costs and liabilities and may cause significant fluctuations from year to year. For reasons discussed below, many end users of these financial statements will gain a clearer understanding of the university's actual financial condition by adding deferred inflows of resources related to pension and the net pension liability to the reported net position and subtracting deferred outflows of resources related to pension from the reported net position.

Prior to the adoption of GASB No. 68 and No. 71, the University followed GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* when accounting for pension costs. GASB No. 27 focused on a funding approach limiting pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under GASB No. 68, the net pension liability equals the university's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service,
2. Less plan assets available to pay these benefits.

In Statement No. 68, GASB notes pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading services in exchange for wages, benefits, and the promise of a future pension. GASB noted the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and therefore it should be reported by the government as a liability since it received the benefit of the exchange. However, the University is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by state statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by state statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law and there is a specific, legal limit to its contribution to the pension system. In Ohio, no legal means exists to enforce the unfunded liability of the pension system to governmental employers. Because all parties enter the employment exchange with notice as to the law, state law mitigates the moral obligation of the public employer to the employee. The pension system is responsible for the administration of the plan.

Although most noncurrent liabilities have set repayment schedules, net pension liability has no repayment schedule. As explained above, items affecting net pension liability such as changes in pension benefits, contribution rates, and return on investments are outside the control of the University. In the event contributions, investment returns, and other changes are insufficient to meet required pension payments, state statute does not assign or identify the responsible party for the unfunded portion. Due to the unique nature of net pension liability, it is separately identified within the noncurrent liabilities section of the Statement of Net Position.

In accordance with GASB No. 68, the university's statements - prepared on an accrual basis of accounting - include an annual pension expense for its proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows of resources. The University is also reporting a net pension liability and deferred inflows/outflows of resources related to pensions.

Statements of Net Position

The Statement of Net Position, which reports all assets, liabilities, deferred inflows of resources and deferred outflows of resources of the University, presents the financial position of the University as of June 30^{th}, the end of the fiscal year. The university's net position is simply the residual after subtracting liabilities and deferred inflows of resources from the sum of assets and deferred outflows of resources. The change in net position during the fiscal year is an indicator of the change in the overall financial condition of the University during the year.

Certain amounts from 2016 and 2015 have been reclassified to conform to current-year presentation. This includes reclassifying $4.1 million and $8.9 million for 2016 and 2015, respectively, of restricted cash and cash equivalents representing unspent bond proceeds to be used for capital projects from current to noncurrent assets. These reclassifications had no effect on the change in net position.

A summary of the university's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30 is as follows:

	2017	2016	2015
	(All dollar amounts in thousands)		
Current assets	$ 71,327	$ 61,363	$ 85,601
Noncurrent assets:			
Capital assets, net	369,245	375,898	365,995
Other	20,387	57,365	89,104
Deferred outflows of resources	77,678	50,233	19,322
Total assets and deferred outflows of resources	538,637	544,859	560,022
Current liabilities	66,463	66,595	71,504
Noncurrent liabilities	430,846	377,401	333,513
Deferred inflows of resources	3,957	16,361	33,120
Total liabilities and deferred inflows of resources	501,266	460,357	438,137
Net position:			
Net investment in capital assets	285,387	287,556	275,426
Restricted	16,493	16,821	17,573
Unrestricted	(264,509)	(219,875)	(171,114)
Total net position	$ 37,371	$ 84,502	$ 121,885

The university's total net position decreased $47.1 million in 2017 and $37.4 million in 2016. Net investment in capital assets decreased $2.2 million in 2017 as large capital projects have been completed and related depreciation has been recorded. This compares to a $12.1 million increase in net investment in capital assets related to the significant progress in the renovation and expansion of the Creative Arts Center made during 2016 which was primarily funded by internal resources and some state capital appropriations. Unrestricted net position decreased $44.6 million in 2017 and $48.8 million in 2016 as a result of budget challenges mentioned previously and as a result of the impact of GASB 68.

Total assets and deferred outflows of resources decreased $6.2 million in 2017 from 2016 and decreased $15.2 million in 2016 from 2015. *Current assets*, comprised primarily of cash and operating investments, student and sponsor receivables, and prepaid expenses, increased by $10 million in 2017 and decreased by $24.2 million in 2016. Cash and short term investments increased $10.9 million during 2017 and decreased $20.4 million during 2016. The accounts receivable balance increased $0.3 million in 2017 and decreased $3.6 million during 2016. The 2016 decrease was largely related to the write-off of $4.4 million of outstanding receivables from an affiliated entity.

Other noncurrent assets decreased $37 million from $57.4 million in 2016 to $20.4 million in 2017. This compares to a $31.7 million decrease in 2016. These assets are comprised of restricted cash and cash equivalents, long-term investments, noncurrent student loans receivable, and noncurrent prepaid expenses and advanced charges. Long-term investments represent the majority of the balance in 2017, 2016 and 2015 at $10.3 million, $43.6 million and $69.1 million, respectively. A significant portion of the $33.3 million decrease in long-term investments during 2017 is related to the decrease in unrestricted net position resulting from the university's budgeted use of reserves as well as the other budget challenges previously mentioned. Loans receivable comprise the balance of the noncurrent assets at $8.5 million, $9.4 million and $11 million in 2017, 2016 and 2015, respectively. The decrease in this balance over the past three years is the result of reductions in new loans being initiated and returns of funds to the sponsor.

Capital assets, net of depreciation decreased $6.7 million to $369.2 million in 2017 and increased $9.9 million to $375.9 million in 2016. While gross capital assets increased in 2017 primarily due to the completion of various capital projects, accumulated depreciation increased at a larger amount as the university depreciated newer buildings and renovations. The majority of capital activity in both 2017 and 2016 was for the Creative Arts Center renovation. Routine moveable equipment and library acquisitions were also made during both years.

Deferred outflows of resources includes unamortized loss from the refunding of debt in 2013 and balances related to GASB No. 68. The unamortized loss from refunding balance was $0.4 million in 2017, 2016 and 2015. The deferred outflows of resources balance related to pension was $77.3 million in 2017, $49.8 million in 2016 and $18.9 million in 2015. The increase in these balances is completely outside of the university's control and largely relates to the university's proportionate share of differences between expected and actual experience, changes in assumptions, as well as projected and actual investment earnings recorded by the state retirement plans.

Current liabilities are comprised primarily of accounts payable; accrued liabilities; unearned revenues from both student fees and advance payments for contracts and grants; and the current portion of noncurrent liabilities. These liabilities were relatively unchanged at $66.5 million in 2017, and decreased $4.9 million from $71.5 at June 30, 2015 to $66.6 million at June 30, 2016. The overall change in current liabilities is comprised of changes in a number of balances. In 2017, accounts payable balances decreased $3.5 million to $10.5 million, largely due to decreases related to the completion of various capital projects during the year being partially offset by smaller increases including a $1.9 million accrual for a Department of Education assessment. Accrued liabilities is almost entirely composed of payroll related liabilities and withholding, and remained flat in 2017. In 2017, unearned revenue decreased $1.3 million from $24.4 million in 2016 to $23.1 million in 2017 which compares to a $4 million decrease in 2016. The primary components of unearned revenue are income received in advance of expenditures from project sponsors on contracts and grants as well as summer semester tuition and fees for the subsequent fiscal year received prior to the close of the current year end. In 2017, the unearned revenue balance related to contracts and grants was relatively unchanged at $5.5 million in both years. In 2017, unearned tuition and fees decreased $1.7 million due to lower summer semester revenues in 2017 caused by a significant decrease in enrollment. Current liabilities decreased $4.9 million during 2016 mainly as a result of a $4 million decrease in unearned revenue.

Noncurrent liabilities are comprised of unearned revenue, net pension liability, compensated absences, an accrual for voluntary retirement incentive, and the noncurrent portion of university debt. In total these balances increased $53.4 million from $377.4 million at June 30, 2016 to $430.8 million at June 30, 2017. This increase is primarily attributable to the $60.1 million change in net pension liability which increased from $278.2 million as of June 30, 2016 to $338.3 million as of June 30, 2017. The net pension liability represents the university's proportionate share of the net pension liabilities recorded by the state retirement plans. An accrual for the voluntary retirement incentive program (VRIP) also increased noncurrent liabilities by $3.8 million in 2017. The offsetting reduction in noncurrent liabilities was a result of a $7.4 million decrease as the University continues to service its debt along with a $2.7 million decrease in the compensated absences accrual. Noncurrent liabilities increased $43.9 million from $333.5 million at June 30, 2015 to $377.4 million at June 30, 2016. The increase is attributable to a $50.1 million increase in net pension liability and an offsetting $5.9 million decrease in noncurrent liabilities as the University continued to service its debt.

Deferred inflows of resources includes balances related to GASB No. 68. In 2017, the deferred inflows of resources related to pension decreased $12.4 million from $16.4 million at June 30, 2016 to $4 million at June 30, 2017. The deferred inflows of resources related to pension decreased $16.7 million from $33.1 million at June 30, 2015 to $16.4 million at June 30, 2016. These decreases are completely beyond the university's control and relate to the university's proportionate share of differences between expected and actual experience, as well as projected and actual investment earnings recorded by the state retirement plans.

Net position represents the remaining balance of the university's assets after adding deferred outflows of resources and deducting liabilities and deferred inflows of resources.

A more detailed summary of the university's net position as of June 30 is as follows:

	2017	2016	2015
	(All dollar amounts in thousands)		
Net investment in capital assets	$ 285,387	$ 287,556	$ 275,426
Restricted expendable	16,493	16,821	17,573
Unrestricted:			
Designated	(210,741)	(180,300)	(150,276)
Undesignated	(53,768)	(39,575)	(20,838)
Total net position	$ 37,371	$ 84,502	$ 121,885

Net investment in capital assets represents the university's capital assets after subtracting accumulated depreciation and the principal amount of outstanding debt attributable to the acquisition, construction or improvement of those assets. During 2017, net investment in capital assets decreased $2.2 million as various capital projects were completed and depreciation on those assets ensued. This compares to a $12.1 million increase in 2016 as progress was made on various large capital projects.

Restricted expendable net position represents funds externally restricted to specific purposes, such as student loans or sponsored projects. The majority of the balances for both 2017 and 2016 represents funds restricted for student loans. The net position in these funds has remained relatively constant in recent years with the $0.3 million decrease in 2017 and the $0.8 decrease in 2016 related to lower levels of loans awarded to students and returns of funds to sponsors.

Unrestricted net position represents funds the University has at its disposal to use for whatever purposes it determines appropriate. While these funds are not subject to external restrictions, the University has designated these funds internally for various academic, research, student aid, and capital purposes. Colleges and divisions are permitted to retain the portion of their budgeted funds which remain unspent at the close of each fiscal year. Doing so in past years has accumulated reserves which provided funding for high priority programs and projects during the current year. Unrestricted net position decreased $44.6 million, from ($219.9) million in 2016 to ($264.5) million in 2017. This compares to the $48.8 million decrease in unrestricted net position in 2016, from ($171.1) million in 2015 to ($219.9) million in 2016.

As previously mentioned, GASB No. 68 has had a significant impact on the university's net position. As of June 30, 2017, the cumulative net impact of the implementation of the pension standard is ($264.9) million as presented in the table below:

	2017	2016	2015
	(All dollar amounts in thousands)		
Unrestricted net position			
Balance before reporting for pensions	$ 415	$ 24,883	$ 71,233
Impact of implementation of pension standards			
Deferred outflows of resources - pensions	77,324	49,849	18,909
Net pension liability	(338,291)	(278,246)	(228,136)
Deferred inflows of resources - pensions	(3,957)	(16,361)	(33,120)
Net impact of implementation of pension standards	(264,924)	(244,758)	(242,347)
Total unrestricted net position	$ (264,509)	$ (219,875)	$ (171,114)

Statements of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the University. A summary of the university's revenues, expenses and changes in net position for the years ended June 30 is as follows:

	2017	2016	2015
	(All dollar amounts in thousands)		
Operating revenues:			
Student tuition & fees - net	$ 140,389	$ 148,460	$ 150,582
Grants and contracts	70,534	69,297	63,845
Sales and services	4,640	4,943	5,571
Auxiliary enterprises	11,418	11,435	10,482
Other	3,338	4,037	2,985
Total	230,319	238,172	233,465
Operating expenses	409,648	408,053	382,245
Operating loss	(179,329)	(169,881)	(148,780)
Nonoperating revenues (expenses):			
State appropriations	92,431	89,548	85,983
Federal grants	19,494	21,329	22,777
State grants	3,886	4,454	3,342
Gifts	10,284	10,000	9,110
Investment income (loss)	3,438	(1,007)	4,304
Interest expense	(3,088)	(3,232)	(3,177)
Other expense	(105)	(1,269)	(2,037)
Capital appropriations	4,394	8,500	5,505
Capital grants and gifts	1,464	4,175	948
Total	132,198	132,498	126,755
Decrease in net position	(47,131)	(37,383)	(22,025)
Net position - beginning of year	84,502	121,885	143,910
Net position - end of year	$ 37,371	$ 84,502	$ 121,885

The university's primary revenue source for its core programs and operations continues to be state appropriations and student tuition and fees, which when combined amounted to over 63.7% of the university's total 2017 revenues. In 2016, state appropriations and student tuition and fees were a similar percentage of the university's total revenue at 63%. Another 25.7% of 2017 revenues, and 28.7% of 2016 revenues, were in the form of grants and contracts, a restricted revenue source received from external sponsors of specific projects. Although the accounting standards classify state appropriations as a nonoperating revenue source in the financial statements, the University continues to manage state funding as an operating revenue item because it is intended to support instructional activities. In 2017, gross tuition and fees decreased $10.1 million, primarily due to a decrease in student credit hours on the Dayton campus. This decrease in revenue was somewhat mitigated by the increase in graduate tuition and fees, but the undergraduate tuition and fees were held constant as required by the State. Lake Campus undergraduate student credit hours increased in 2017, which helped offset the lower Main Campus tuition revenue. Although the University experienced a slight increase in enrollment headcount and credit hours from 2015 to 2016, the resulting $2.2 million increase in gross tuition revenue was offset by an increase in scholarship allowance of $4.3 million, which caused an overall decrease in net student tuition and fees of $2.1 million.

The allocation of subsidy made by the State of Ohio to public higher education institutions is based on degree and course completions. While there are additional influences and factors affecting the actual allocation of the subsidy, this change promotes the importance of the academic success of the student, which aligns with the university's mission and strategy. The University experienced a 3.2% and 4.2% increase in funding from subsidy in 2017 and 2016, respectively. Although the University has experienced slight increases in subsidy in recent years, the table below depicts how declining state funding in the past three decades has forced universities to shift the burden for funding the cost of higher education to students and their families.

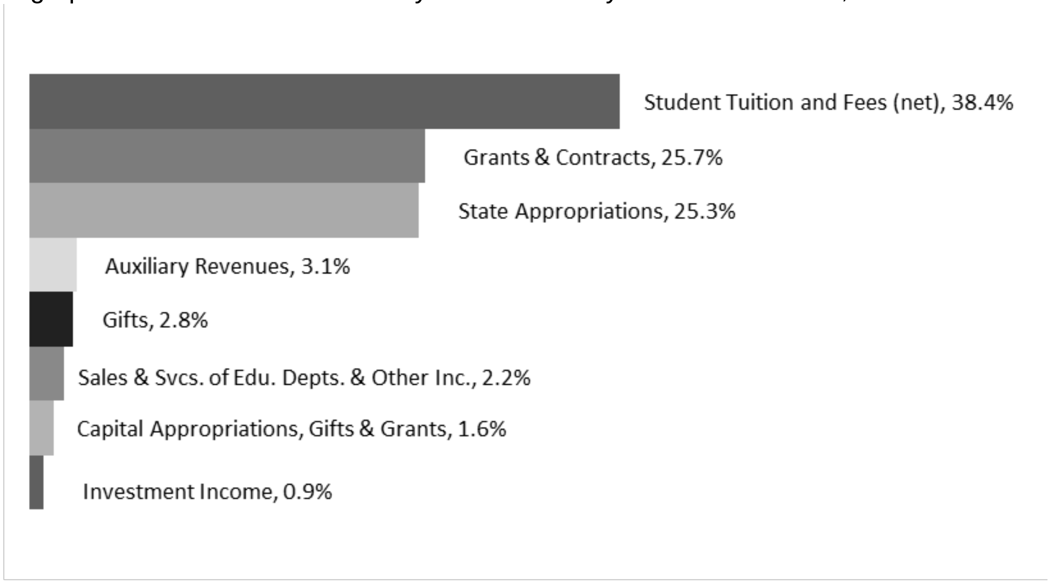
State Appropriations per Dollar of Gross Tuition

Fiscal Year	Gross Tuition	State Appropriations	Net State Appropriations per Dollar of Gross Tuition
1980	$ 13,833,157	$ 29,604,813	$ 2.14
1990	40,939,473	63,889,505	1.56
2001	74,956,371	86,874,854	1.16
2005	121,717,222	84,724,080	0.70
2010	161,383,354	97,498,261	0.60
2015	193,177,031	85,982,652	0.45
2016	195,419,847	89,548,056	0.46
2017	185,271,956	92,430,682	0.50

The net state appropriations received by the University per dollar of gross tuition revenue has declined 76.7% from $2.14 in 1980 to $0.50 in 2017. Despite the efforts and intentions made at the state level to support higher education, the University must find ways to generate substantial amounts of revenue from sources other than state appropriations if it wishes to lessen the financial burden that has been placed upon students and their families. State funding has not kept up with the growth and increased diversity of higher education's mission. Universities are serving a broader role in the educational process not only providing academic programs but also an array of research, community engagement, job creation and additional activities. This has placed a greater share of the total costs of education on the students. In an attempt to reverse this trend, the University continues to pursue supplements to its revenue sources. Research continues to be a focus, as does a strong emphasis on fundraising. Even though the University has raised its tuition in almost all years when allowed by state law, the University continues to maintain its position in the State with a lower than average level of tuition and fees relative to other Ohio four-year public institutions. This has been the case for at least the past decade. The University still ranks as the fourth lowest (out of 13) of the four-year public institutions with respect to undergraduate student tuition rates. It should be noted that two of the three universities with lower tuition receive special state funding for the purpose of subsidizing tuition.

Trends have shown the amount of state appropriations allocated to the University and higher education in general have not kept pace with overall enrollment growth and have in fact been shrinking, requiring the University to rely more on tuition and fees as its primary operating revenue source. In response to this dynamic, the University continues to emphasize the development of alternative revenue sources and reengineering its business model. The University, collaborating with its affiliate – WSARC, continues to expand its applied research portfolio, partnering with neighboring Wright Patterson Air Force Base as well as regional commercial enterprises to help drive and create economic development and jobs in the area. These initiatives have the potential to enhance revenue for the University and should help offset some of the decline in our more traditional revenue sources such as state appropriations.

Below is a graphic illustration of revenues by source for the year ended June 30, 2017.



State appropriations increased $2.9 million from $89.5 million in 2016 to $92.4 million in 2017 compared to the $3.5 million increase from $86 million in 2015 to $89.5 million in 2016. The University does not expect any dramatic changes in its level of funding and is encouraged by the increase in the total pool of funds provided by the State for 2016 and 2017.

Student tuition and fees, net were $140.4 million, $148.5 million, and $150.6 million in 2017, 2016, and 2015, respectively, which provided a 5.4% decrease from 2016 to 2017 and a 1.4% decrease from 2015 to 2016. Undergraduate tuition and fees were held constant in 2017, as mandated by the State, while non-resident fees as well as tuition for graduate, the School of Professional Psychology and the Doctor of Nursing Practice programs increased approximately 3.0% in 2017. This compares to a 2.3% tuition increase for graduate programs and professional schools in 2016. Tuition revenue before the application of scholarships (financial aid applied to students' bills) in 2017 was down $10.1 million, or 5.2%, from 2016 largely due to a decrease in student credit hours - both undergraduate and graduate - at the Dayton campus. The decrease in gross tuition revenue was offset by a lower scholarship allowance so the net impact was an $8.1 million decrease in 2017. Gross tuition revenue reported in 2016 was up $2.2 million, or 1.2%, from 2015 due to increased graduate level tuition rates as well as slight increases in both undergraduate and graduate level credit hours. This increase in gross tuition revenue was offset by a $4.4 million increase in scholarships which resulted in a $2.1 million reduction in net tuition revenue in 2016.

Grants and contracts totaled $93.9 million in 2017, decreasing $1.2 million from $95.1 million in 2016. Although federal grants and contracts increased $4.3 million and state and local contracts and grants increased $0.7 million, nongovernmental grants and contracts decreased $6.2 million during 2017. The $5.1 million increase in 2016 was attributable to a $2.5 million increase in state grants and a $3.3 increase in nongovernmental grants with an offset caused by a reduction in federal grants.

Sales and services, which are primarily revenues generated from specific departmental sales activities to organizations external to the University, were $4.6 million, $4.9 million, and $5.6 million, for the years ended June 30, 2017, 2016, and 2015, respectively. The largest portion of these revenues are clinical income and other services generated by the Boonshoft School of Medicine. Other revenue sources include conferences and events; printing and communication services; as well as computing and telecommunications. The decreases of $0.3 million in 2017, $0.7 million in 2016, and $0.3 million in 2015 were largely driven by a declines in Boonshoft School of Medicine revenue.

Auxiliary revenues were $11.4 million, $11.4 million, and $10.5 million, for the years ended June 30, 2017, 2016, and 2015, respectively. Auxiliary enterprises are comprised of residence life and housing, bookstores, hospitality (dining and catering) services, vending, parking and transportation, intercollegiate athletics, the Student Union, and the Nutter Center.

Investment income (loss) was $3.4 million in 2017, ($1) million in 2016, and $4.3 million in 2015. The $4.4 million increase in 2017 was largely attributable to market performance and asset allocation in the portfolio. As additional strain has been placed on the portfolio to fund liquidity needs created by budget deficits, the University has reduced the budget for investment income due to the reduced market value of the assets held.

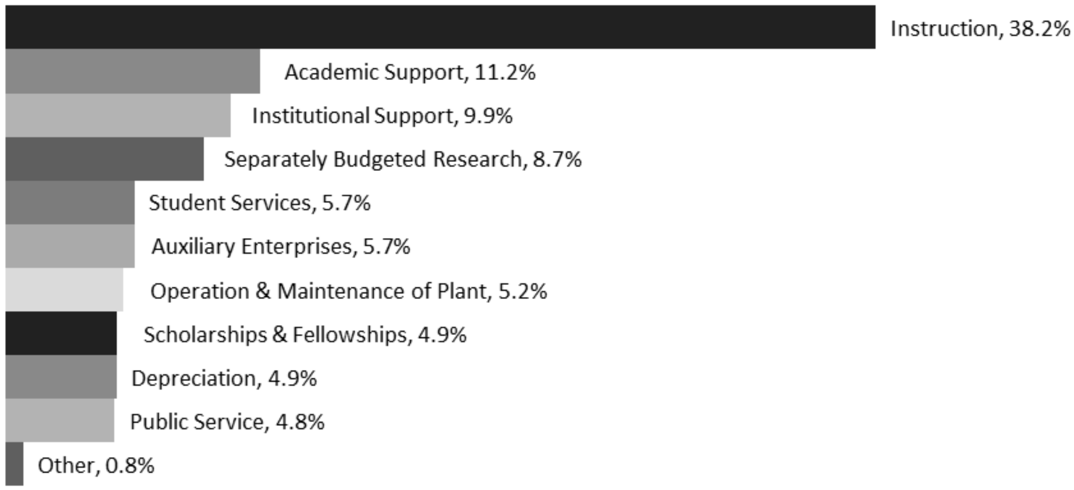
Capital Appropriations, Gifts and Grants were $5.9 million in 2017, a decrease of $6.8 million from the $12.7 million realized in 2016. The $12.7 million realized in 2016 was an increase of $6.3 million from the $6.4 million realized in 2015. The decrease from 2016 to 2017 was due to the completion of various capital projects during the previous year. The main project supported by capital appropriations in 2017 was for classroom modernization and maintenance ($2.5 million). Additional appropriations were received for IT disaster recovery, and building envelope repairs. The University experienced a $6.3 million increase in capital appropriations, gifts and grants in 2016 compared to 2015 as a result of both greater capital appropriations from the State of Ohio and from capital grants and gifts. The major capital appropriations received in 2016 were for the renovation of the Creative Arts Center, classroom modernization, a shared salt storage facility, and the Neuroscience and Engineering Collaboration Building.

Expenses

A summary of the university's expenses for the years ended June 30 is as follows:

	2017	2016	2015
	(All dollar amounts in thousands)		
Operating expenses			
Instruction and departmental research	$ 157,545	$ 145,335	$ 142,835
Separately budgeted research	36,050	38,949	32,992
Public service	19,835	21,008	16,995
Academic support	46,244	45,921	42,464
Student services	23,341	23,992	23,002
Institutional support	41,100	42,320	37,150
Operation and maintenance of plant	21,604	24,709	23,853
Scholarships and fellowships	20,211	22,221	21,017
Auxiliary enterprises	23,553	22,829	20,988
Depreciation	20,165	20,769	20,949
Total operating expenses	409,648	408,053	382,245
Nonoperating expenses			
Interest on capital asset-related debt	3,088	3,232	3,177
Other nonoperating expenses	105	1,269	2,037
Total nonoperating expenses	3,193	4,501	5,214
Total expenses	$ 412,841	$ 412,554	$ 387,459

The following is a graphic illustration of expenses by function for the year ended June 30, 2017.



Total operating expenses were $409.6 million in 2017 as compared to $408 million in 2016 and to $382.2 million in 2015. The $1.6 million increase in 2017 represents a 0.4% increase in operating expenses. This increase is a combination of a $17.8 million increase in pension-related expenses largely offset by a $16.2 million decrease in university expenditures. University expenditures in 2017 were lower by $4.4 million due to a one-time write-off of outstanding amounts due from an affiliated entity recorded in 2016. As part of its budget remediation efforts, the University intentionally curtailed spending in a number of areas such as overnight travel; catering and local meals; minor construction; memberships and dues; supplies; computers, furniture and office equipment; consulting, etc. At 66% of 2017 operating expenses, salaries and wages represent the largest part of the university's budget. This compares to 67.6% in 2016 and 70% in 2015. Significant steps have been taken to reduce the university's budget in this category. The most notable action was the previously mentioned VRIP which resulted in 153 employee retirements representing $14.4 million in salaries and wages. All position vacancies are reviewed and evaluated for the possibility of filling immediately due to safety, compliance or program requirements, versus delaying the hiring of a replacement or even eliminating the position.

Statements of Cash Flows

The Statement of Cash Flows also provides information about the university's financial health by reporting the cash receipts (inflows) and cash payments (outflows) of the University during the year.

A summary of the Statements of Cash Flows is as follows:

	2017	2016	2015
	(All dollar amounts in thousands)		
Cash provided (used) by:			
Operating activities	$ (131,391)	$ (146,118)	$ (131,487)
Noncapital financing activities	125,792	125,231	122,847
Capital and related financing activities	(22,965)	(28,656)	(57,037)
Investing activities	31,854	41,000	50,965
Net increase (decrease) in cash and cash equivalents	3,290	(8,543)	(14,712)
Cash and cash equivalents-beginning of year	21,101	29,644	44,356
Cash and cash equivalents-end of year	$ 24,391	$ 21,101	$ 29,644

Total cash and cash equivalents increased $3.3 million in 2017 as compared to an $8.5 million decrease in 2016. Net cash outflow for operating activities decreased by $14.7 million from $146.1 million in 2016 to $131.4 million in 2017. This is in contrast to the $14.6 million increase in cash outflow for operating activities from 2015 to 2016. Although cash inflow from tuition and fees was down $9.4 million in 2017 from 2016, the University outflows for payments were less as follows: $5.4 million less for employees' salaries and benefits, $11.3 million less for suppliers and $3.8 million less for scholarships to students. Net cash provided by non-capital financing activities remained relatively constant at $125.8 million in 2017 compared to $125.2 million in 2016. Although cash inflows from state appropriations were up $2.9 million in 2017, this increase was offset by a decrease of $2.4 million in cash outflows for grants for noncapital purposes. Net cash used by capital and related financing activities decreased $5.7 million from $28.7 million in 2016 to $23 million in 2017. The impact of debt service on cash outflows remained relatively constant at approximately $10 million for both 2017 and 2016. Capital appropriations and grants and gifts as a source of cash was $4.3 million lower in 2017 than in 2016. However, the outflow of cash for the purchase of capital assets was $10 million less in 2017 than in 2016. Net cash provided by investing activities was $31.9 million in 2017, down $9.1 million from $41 million in 2016. This represents the results of the net impact of investment portfolio activity aimed at maximizing investment income while providing cash to meet the university's liquidity needs.

Capital Assets and Debt

Capital Assets

The University had approximately $369.2 million invested in capital assets, net of accumulated depreciation of $316.3 million at June 30, 2017 and $375.9 million invested in capital assets, net of accumulated depreciation of $302.4 million at June 30, 2016. Depreciation expense for the years ended June 30, 2017 and 2016 was $20.2 million and $20.7 million, respectively.

A summary of net capital assets for the year ended June 30 is as follows:

	2017	2016	2015
	(All dollar amounts in thousands)		
Land, land improvements and infrastructure	$ 41,045	$ 42,427	$ 43,025
Buildings	295,108	282,199	275,849
Machinery and equipment	18,159	18,337	20,488
Library books and publications	14,624	15,131	15,802
Construction in progress	309	17,805	10,831
Total capital assets - net	$ 369,245	$ 375,899	$ 365,995

The university's capital assets net of accumulated depreciation decreased $6.7 million in 2017 compared to a $10 million increase in 2016. The University experienced a slower growth in capital assets in 2016 as compared to the depreciation expense being recorded on large capital assets that were completed and placed in service during the year. During 2017 and 2016, the majority of capital spending related to the continuation of the Creative Arts Center. Minor construction projects and acquisitions of machinery and equipment as well as library books and publications also occurred during the year.

Debt

The University did not enter into any new debt agreements during 2017. Furthermore, the University has no current plans to initiate any new debt in the foreseeable future.

In November 2011, the University issued $55.2 million General Receipts Series 2011A Bonds to fund construction of a new classroom building, replacement of main water lines, renovation of the Student Union, renovation of the Schuster Concert Hall, improvement and addition of the Rinzler Student Sports Complex, construction of the NEC Building, expansion of the Creative Arts Center, replacement of the Nutter Center scoreboard, construction of parking lots and acquisition of a parcel of land adjacent to main campus. As of June 30, 2017 all of the bond proceeds have been utilized for the previously named projects. As of June 30, 2016, $1.7 million of bond proceeds remained unspent and available. Series 2011B bonds, totaling $1.5 million, were also issued as an advance refunding of $1.4 million outstanding Series 2003 General Receipts serial and term bonds. The average coupon rate of the Series A bonds is 4.82%, but the effective interest rate is only 4.13%.

In November 2012, the University issued $23.2 million in General Receipts bonds which were sold at a premium of $2.1 million. These bonds have an effective interest rate of 2.87% and consist of $21.4 million serial bonds and a $1.8 million term bond. Of the total bonds, $9.0 million were issued to pay the associated bond issuance costs and to finance construction of a student academic success center to be located within a new classroom building, a new multi-functional student commons building, and relocation of a grounds storage facility. As of June 30, 2017 and 2016, unspent bond proceeds and premiums provide a balance of $1.4 million and $2.4 million, respectively, of funding for these projects. The remaining $14.2 million Series 2012 bonds were issued as an advance refunding of $14.4 million outstanding Series 2004 General Receipts serial and term bonds. The advance refunding resulted in an economic gain to the University of $1.3 million and a savings of $1.6 million in debt service payments.

In February 2013, the University entered into a $25.5 million Loan Agreement with the Ohio Air Quality Development Authority to fund the second phase of an energy conservation project. This debt was issued as a Series A note backed by a $17.2 million tax exempt revenue bond and a Series B note backed by an $8.3 million tax exempt revenue bond (QECB). The Series A note carries an interest rate of 1.78% and the Series B note carries an interest rate of 4.16%. The QECB qualifies for a large federal rebate that brings the effective interest rate down to .94%. The weighted average interest rate of the entire $25.5 million Loan Agreement is 1.51%. The University expects to reduce energy consumption by nearly 40 percent through the funded energy efficiency investments that include applying state-of-the-art technology to modernize heating/cooling plants in buildings across its Dayton and Celina campuses. The project promises to save the University more than $35 million over a 15-year period which well exceeds the debt service on the notes.

Outstanding debt was $85.7 million, $92.9 million, and $100 million at June 30, 2017, 2016, and 2015, respectively. The 2017 balance of $85.7 million includes $66.4 million of outstanding bonds and $19.3 million of outstanding notes. The 2016 balance of $92.9 million includes $72 million of outstanding bonds and $20.9 million of outstanding notes. The 2015 balance of $100 million includes $77.5 million of outstanding bonds and $22.5 million of outstanding notes. In May 2017, Moody's Investor Service downgraded the rating for the university's outstanding General Receipts bonds from A2 to Baa2 with a negative outlook citing financial stress, operating deficits and decreased liquidity among the reasons for the downgrade.

Concluding Thoughts

As the University celebrates its 50th anniversary during the 2017 – 2018 academic year, we face the same challenges as those experienced by other institutions of higher education: enrollment targets; rapidly evolving technology that impacts our business practices, our students and our delivery methods; continued downward pressure on state appropriations; demands for more affordable tuition and lower student debt; limited budgets and resources; increased compliance requirements at the federal and state levels; and perhaps most importantly ensuring we meet the needs of an ever-evolving student body. The University faces all of these, as well as the very real need to increase public trust and support for our institution.

The dedicated, talented, intelligent, and determined staff and faculty of the University are prepared to face these challenges, conquer the hurdles and move the University forward. The University continues to address budgetary and liquidity constraints through remediation efforts that include active management of personnel attrition; increased unit budget reviews and controls; increased contract and purchasing reviews strengthening policies; continued review and prioritization of programs and services; and persistent efforts to improve efficiencies in processing and delivery of services. The University actively pursues opportunities for cost-reductions such as the recent, significant restructuring of healthcare benefits. The University has begun the process of reviewing the delivery of health related and other educational programs that may ultimately provide for a consolidation or reorganization of colleges. This will increase efficiencies, reduce costs, increase student awareness of these programs and improve the students' education and experience.

The University also continues efforts to pursue increased affordability, student engagement, course-completion and graduation rates, as well as incentives to encourage students to graduate as quickly as possible. The University partners with area high schools to promote the College Credit Plus Program which enables local high school students to earn college credit while completing requirements for their high school diploma. The University offers a Summer Tuition Discount Program during the summer term which provides qualifying students a 20% discount on undergraduate summer tuition for up to three credit hours. This program 1) encourages students to successfully complete at least 12 hours during the fall and spring semesters, thereby shortening the time it takes them to graduate, 2) provides a financial incentive to students to take summer courses, and 3) lowers the overall cost of the students' degrees. The University is also evaluating the possibility of a four-year tuition guarantee program beginning in fiscal 2019. This will promote timely graduation, increase degree completion and lower the cost of the student's degree. The University is piloting a textbook affordability program that encourages faculty to use more affordable textbook options when possible. Additional emphasis is placed on enrollment management strategies and the development of new initiatives to attract and retain students. One such initiative has been the restructuring of academic advising to enhance the student's experience and improve student engagement.

Wright State University President, Dr. Cheryl Schrader, joined the University in July 2017. She encourages the University to be resilient and disciplined and to avoid complacency as we move forward to prepare the University for the next 50 years. Dr. Schrader has provided her focus for her first year which includes financial sustainability, administrative transparency and campus conversation. Dr. Schrader has also started a comprehensive strategic planning process that will result in a plan that provides direction and aligns the university's resources to its mission, values and priorities. As Dr. Schrader has recently indicated in her State of the University Address, "Wright State finds itself on a precipice, ready to soar."

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Net Position
June 30, 2017 and 2016

	2017	2016
Current assets:		
Cash and cash equivalents	$ 22,954,904	$ 16,967,812
Short-term investments	8,655,941	3,764,610
Accounts receivable (net of allowance for doubtful accounts of $1,420,000 in 2017 and $1,655,000 in 2016)	31,816,677	31,497,887
Loans receivable (net of allowance for doubtful loans of $3,278,000 in 2017 and $3,369,000 in 2016)	3,707,359	4,350,723
Inventories	131,312	124,873
Prepaid expenses	1,357,028	1,151,299
Advanced charges	2,703,452	3,505,693
Total current assets	71,326,673	61,362,897
Noncurrent assets:		
Restricted cash and cash equivalents	1,436,316	4,133,030
Loans receivable (net of allowance for doubtful loans of $86,000 in 2017 and $95,000 in 2016)	8,506,568	9,412,710
Other assets	136,000	169,568
Other long-term investments	10,308,226	43,649,395
Capital assets, net	369,244,501	375,898,675
Total noncurrent assets	389,631,611	433,263,378
Total assets	460,958,284	494,626,275
Deferred outflows of resources:		
Bond refunding	354,087	383,594
Pension related	77,324,255	49,849,147
Total assets and deferred outflows of resources	$ **538,636,626**	$ **544,859,016**
Current liabilities:		
Accounts payable trade and other	$ 10,537,285	$ 14,062,116
Accrued liabilities	14,809,409	15,047,433
Unearned revenue	23,135,132	24,428,669
Refunds and other liabilities	1,014,039	854,071
Current portion of noncurrent liabilities	16,967,051	12,202,633
Total current liabilities	66,462,916	66,594,922
Noncurrent liabilities:		
Unearned revenue	1,601,009	1,921,211
Net pension liability	338,291,085	278,245,869
Noncurrent liabilities	90,953,323	97,233,544
Total noncurrent liabilities	430,845,417	377,400,624
Deferred inflows of resources	3,957,061	16,361,428
Total liabilities and deferred inflows of resources	501,265,394	460,356,974
Net Position:		
Net investment in capital assets	285,387,131	287,556,322
Restricted - expendable:		
Instruction and departmental research	9,886	8,461
Separately budgeted research	1,700	
Loans	16,481,781	16,812,605
Unrestricted	(264,509,266)	(219,875,346)
Total net position	37,371,232	84,502,042
Total liabilities and deferred inflows of resources and net position	$ **538,636,626**	$ **544,859,016**

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

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $44,883,000 in 2017 and $46,960,000 in 2016)	$ 140,388,956	$ 148,459,847
Federal grants and contracts	35,696,281	29,560,722
State grants and contracts	6,502,919	5,446,520
Local grants and contracts	819,024	544,873
Nongovernmental grants and contracts	27,515,814	33,745,355
Sales and services	4,639,894	4,942,974
Auxiliary enterprises sales (net of scholarship allowances of $2,466,000 in 2017 and $2,361,000 in 2016)	11,418,116	11,435,491
Other operating revenues	3,338,412	4,037,397
Total operating revenues	**230,319,416**	**238,173,179**
OPERATING EXPENSES		
Educational and general:		
Instruction and departmental research	157,545,483	145,334,728
Separately budgeted research	36,050,052	38,949,072
Public service	19,834,597	21,008,075
Academic support	46,243,898	45,920,598
Student services	23,341,171	23,992,085
Institutional support	41,099,638	42,321,373
Operation and maintenance of plant	21,603,607	24,708,558
Scholarships and fellowships	20,211,247	22,220,978
Total educational and general	365,929,693	364,455,467
Auxiliary enterprises	23,552,642	22,829,464
Depreciation	20,165,432	20,768,503
Total operating expenses	**409,647,767**	**408,053,434**
Operating (loss)	(179,328,351)	(169,880,255)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	92,430,682	89,548,056
Federal grants	19,494,081	21,329,254
State grants	3,885,796	4,454,101
Gifts	10,283,759	10,000,042
Investment income/(loss) (net of investment expenses of $218,000 in 2017 and $420,000 in 2016)	3,438,103	(1,007,093)
Interest on capital asset-related debt	(3,088,446)	(3,231,964)
Other nonoperating (expenses)	(104,987)	(1,269,215)
Net nonoperating revenues (expenses)	126,338,988	119,823,181
(Loss) before other revenues, expenses, gains or losses	(52,989,363)	(50,057,074)
Capital appropriations from the State of Ohio	4,394,239	8,499,639
Capital grants and gifts	1,464,314	4,174,565
(Decrease) in net position	**(47,130,810)**	**(37,382,870)**
NET POSITION		
Net position - beginning of year	84,502,042	121,884,912
Net position - end of year	**$ 37,371,232**	**$ 84,502,042**

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

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

CASH FLOWS FROM OPERATING ACTIVITIES	2017	2016
Student tuition and fees	$ 138,065,293	$ 147,481,060
Federal, state, local, and nongovernmental grants and contracts	71,849,413	66,449,371
Sales and services of educational and other departmental activities	3,070,683	4,943,392
Payments to employees	(207,578,867)	(212,663,091)
Payments for benefits	(62,712,528)	(62,978,926)
Payments to suppliers	(68,921,353)	(80,220,672)
Payments for scholarships and fellowships	(18,614,023)	(22,367,547)
Student loans issued	(1,395,817)	(1,380,539)
Student loans collected	2,945,323	2,984,444
Student loan interest and fees collected	390,166	439,811
Auxiliary enterprise sales	11,510,740	11,194,439
Net cash (used) by operating activities	**(131,390,970)**	**(146,118,258)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	92,430,682	89,548,056
Direct lending receipts	94,569,364	96,119,114
Direct lending disbursements	(94,501,561)	(96,182,433)
Grants for noncapital purposes	23,379,877	25,783,355
Gifts	9,913,819	9,963,178
Net cash provided by noncapital financing activities	**125,792,181**	**125,231,270**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations from the State of Ohio	4,949,310	7,766,347
Capital grants and gifts received	1,340,765	2,821,135
Purchases of capital assets	(19,644,518)	(29,393,285)
Proceeds from sales of capital assets	366,890	48,530
Principal paid on capital debt and leases	(6,882,338)	(6,682,255)
Interest paid on capital debt and leases	(3,408,741)	(3,545,672)
Bond interest subsidy	314,238	329,730
Net cash (used) by capital and related financing activities	**(22,964,394)**	**(28,655,470)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	47,768,754	108,619,135
Interest on investments	507,671	130,470
Purchase of investments	(16,422,864)	(67,749,912)
Net cash provided by investing activities	**31,853,561**	**40,999,693**
Net Increase/(Decrease) in Cash and Cash Equivalents	**3,290,378**	**(8,542,765)**
Cash and Cash Equivalents - Beginning of Year	21,100,842	29,643,607
Cash and Cash Equivalents - End of Year	**$ 24,391,220**	**$ 21,100,842**

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

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

Reconciliation of operating (loss) to net cash (used) by operating activities:		**2017**		**2016**
Operating loss	$	(179,328,351)	$	(169,880,255)
Depreciation and amortization		19,874,737		20,477,808
Provision for doubtful accounts		349,274		677,695
Provision for doubtful loans		164,549		(37,654)
Pension expense		20,165,741		2,411,119
Changes in assets and liabilities:				
Accounts receivable		(935,427)		3,713,224
Inventories		(6,439)		(10,980)
Prepaid expenses		(205,729)		(11,719)
Advanced charges		802,241		273,961
Other assets		33,568		(22,899)
Accounts payable		1,994,672		(1,087,147)
Accrued liabilities		(238,024)		135,281
Unearned revenue		(1,293,537)		(4,027,244)
Compensated absences		(1,700,000)		300,000
Voluntary retirement incentive		7,386,830		
Refunds and other liabilities		159,968		(671,007)
Loans to students and employees		1,384,957		1,641,559
Net cash (used) by operating activities	$	**(131,390,970)**	$	**(146,118,258)**

Noncash transactions:				
Donated capital assets	$	123,549	$	1,344,195
Purchases of capital assets in accounts payable	$	276,826	$	5,750,831

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 3,751,810	$ 1,049,283
Pledges receivable (net)	9,980,600	12,381,300
Gifts receivable from trusts held by others	1,410,200	1,314,700
Investment in securities	117,227,326	112,339,191
Other investments	537,568	634,750
Interest and dividends receivable	221,022	160,715
Capital assets (net)	2,410,023	2,532,135
Annuity assets	815,586	744,395
Other assets	882,450	911,754
Total assets	$ 137,236,585	$ 132,068,223
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		
Wright State University	$ 1,524,729	$ 1,154,789
Trade and other	129,998	184,947
Deposits held in custody for others	2,056,483	1,957,705
Annuities payable	374,600	352,100
Loan payable	400,000	600,000
Total liabilities	4,485,810	4,249,541
NET ASSETS		
Unrestricted		
Designated	2,352,861	1,829,847
Undesignated	5,196,495	3,374,339
Temporarily restricted	80,664,493	78,655,374
Permanently restricted	44,536,926	43,959,122
Total net assets	132,750,775	127,818,682
Total liabilities and net assets	$ 137,236,585	$ 132,068,223

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the year ended June 30, 2017 with comparative 2016 totals

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016
Revenue and other support					
Gifts and contributions	$ 154,978	$ 3,546,500	$ 568,021	$ 4,269,499	$ 9,408,574
Investment earnings					
Interest and dividends	735,760	1,787,242	-	2,523,002	6,409,866
Net realized and unrealized gains (losses)	2,362,996	7,065,983	-	9,428,979	(8,566,748)
Administrative fee charged to certain restricted accounts	782,438	(782,438)	-	-	-
Change in value of split interest agreements	-	95,500	(30,283)	65,217	(92,111)
Other income	107,044	45,420	112,910	265,374	203,190
Net assets released from restrictions	9,846,832	(9,846,832)	-	-	-
Change in donor restrictions	-	61,144	(61,144)	-	-
Total revenue and other support	13,990,048	1,972,519	589,504	16,552,071	7,362,771
Expenses					
Program services					
Scholarships	3,037,346	-	-	3,037,346	3,368,276
University programs	5,906,322	-	-	5,906,322	5,707,199
Athletic programs	426,541	-	-	426,541	383,793
Research	495,393	-	-	495,393	479,000
Miscellaneous grants	243,545	-	-	243,545	595,295
Other program expenses and losses (gains)	115,268	(36,600)	11,700	90,368	10,400
Fund raising	1,037,528	-	-	1,037,528	1,415,946
Management and general	382,935	-	-	382,935	405,999
Total expenses	11,644,878	(36,600)	11,700	11,619,978	12,365,908
Change in net assets	2,345,170	2,009,119	577,804	4,932,093	(5,003,137)
Net assets					
Beginning of year	5,204,186	78,655,374	43,959,122	127,818,682	132,821,819
End of year	$ 7,549,356	$ 80,664,493	$ 44,536,926	$ 132,750,775	$127,818,682

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016
Revenue and other support				
Gifts and contributions	$ 151,419	$ 8,379,149	$ 878,006	$ 9,408,574
Investment earnings				
Interest and dividends	1,617,594	4,792,272	-	6,409,866
Net realized and unrealized gains (losses)	(2,711,807)	(5,854,941)	-	(8,566,748)
Administrative fee charged to certain restricted accounts	845,485	(845,485)	-	-
Change in value of split interest agreements	-	(79,940)	(12,171)	(92,111)
Other income (expense)	205,500	(3,727)	1,417	203,190
Net assets released from restrictions	9,838,213	(9,838,213)	-	-
Change in donor restrictions	-	(107,050)	107,050	-
Total revenue and other support	9,946,404	(3,557,935)	974,302	7,362,771
Expenses				
Program services				
Scholarships	3,368,276	-	-	3,368,276
University programs	5,707,199	-	-	5,707,199
Athletic programs	383,793	-	-	383,793
Research	479,000	-	-	479,000
Miscellaneous grants	595,295	-	-	595,295
Other program expenses and losses (gains)	10,400	-	-	10,400
Fund raising	1,415,946	-	-	1,415,946
Management and general	405,999	-	-	405,999
Total expenses	12,365,908	-	-	12,365,908
Change in net assets	(2,419,504)	(3,557,935)	974,302	(5,003,137)
Net assets				
Beginning of year	7,623,690	82,213,309	42,984,820	132,821,819
End of year	$ 5,204,186	$ 78,655,374	$ 43,959,122	$127,818,682

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

Wright State Applied Research Corporation
Statements of Financial Position
June 30, 2017 and 2016

Assets	2017	2016
Cash and cash equivalents	$ 12,025,250	$ 8,706,781
Billed accounts receivable	2,117,596	3,229,636
Unbilled accounts receivable	2,178,473	1,127,062
Other accounts receivable	28,190	1,248
Prepaid expenses and other	56,112	1,184,661
Due from Wright State University	1,011,637	-
Note receivable	1,303,000	-
Investment	-	202,500
Other assets	300,000	300,000
Property and equipment, net	4,483,023	5,050,671
Total assets	$ 23,503,281	$ 19,802,559

Liabilities and Net Assets

	2017	2016
Liabilities		
Accounts payable and accrued expenses	$ 4,112,897	$ 1,367,489
Other payables	-	32,788
Due to Wright State University	2,954,955	5,019,168
Deferred revenue	11,413,365	7,503,496
Total liabilities	18,481,217	13,922,941
Unrestricted Net Assets	5,022,064	5,879,618
Total liabilities and net assets	$ 23,503,281	$ 19,802,559

The accompanying notes are an integral part of these financial statements

Wright State Applied Research Corporation

Statements of Activities

Years Ended June 30, 2017 and 2016

	2017	2016
Revenue		
Contract and grant revenue	$ 20,048,161	$ 15,191,206
Commercial revenue	409,001	-
Rental income	821,646	115,390
Interest income	57,449	7,473
Total revenue	21,336,257	15,314,069
Expenses		
Program services		
Direct labor	2,966,706	5,886,830
Travel	130,891	96,796
Subcontract costs	13,676,409	4,136,382
Other direct costs	498,508	409,553
Total program services expenses	17,272,514	10,529,561
Support services		
Overhead	3,452,355	3,873,415
General and administration	1,346,190	2,774,982
Other	122,752	270,732
Total support services	4,921,297	6,919,129
Total expenses	22,193,811	17,448,690
Change in net assets before contributions	(857,554)	(2,134,621)
Contributions	-	1,194,444
Forgiveness of amounts due to Wright State University	-	4,384,460
Change in net assets	(857,554)	3,444,283
Net assets		
Beginning of year	5,879,618	2,435,335
End of year	$ 5,022,064	$ 5,879,618

The accompanying notes are an integral part of these financial statements

(1) Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

Wright State University (the University) is a state-assisted institution of higher education created in 1967. The University has an enrollment of approximately 17,700 undergraduate, graduate, and professional students on its two campuses. The financial statements include the university's eight colleges, three schools, and other individual departments. The university's Board of Trustees approves policies and procedures by which the University is governed.

The university's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The University is a political subdivision of the State of Ohio and accordingly, its financial statements are discretely presented in the State of Ohio's Comprehensive Annual Financial Report in accordance with GASB Statement No. 14, and amended by GASB Statement Nos. 39, 61 and 80. These statements provide additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as a component unit of the University based upon the nature and significance of their relationship to the University. Although the Wright State University Foundation (the Foundation) and the Wright State Applied Research Corporation (WSARC) are legally separate, tax-exempt entities, it has been determined they meet the criteria for discrete presentation within the university's financial statements. The Foundation and WSARC are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards that have been codified in Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's or WSARC's financial information in the university's financial reporting entity for these differences.

The Foundation is the primary fund-raising organization for the University and contributions to the Foundation are primarily restricted to the activities of the University. These contributions are relied upon for the on-going operations of the University. The Foundation is exempt for federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the Foundation can be obtained by sending a request to the Wright State University Foundation Bldg., 3640 Colonel Glenn Highway, Dayton, OH 45435.

WSARC is the contracting entity for the Wright State Research Institute (WSRI), a department of the University. WSARC maintains a tax-exempt status according to the provisions of Section 501(c)(3) of the Internal Revenue Service. WSARC provides applied research services such as business development, total cost accounting and recovery, Federal Acquisition Regulations based contracting support for large contracts, security support and special facilities for classified contracts to WSU and WSRI. Complete financial statements for WSARC can be obtained by sending a request to the Wright State Applied Research Corporation, 4035 Colonel Glenn Highway, Suite 100, Beavercreek, OH 45431.

No other affiliated organization meets the requirements for inclusion in the university's financial statements.

Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of the University have been prepared using the economic resources measurement focus and on the full accrual basis of accounting, whereby revenue is recognized in the period earned, or in the case of advances from other governments, when all eligibility requirements are met in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Expenses are recognized when the related liabilities are incurred.

Financial Statements
The University reports as a business-type activity, as defined by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

New Accounting Standards Adopted
In fiscal year 2017, the University adopted new accounting standard GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which was issued in January 2017. The statement requires the blending method when presenting component units in the financial statements if the component unit is organized as a not-for-profit corporation and the University is the sole corporate member. This additional criterion does not apply to component units in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. There was no impact on the financial statements related to the implementation of this statement.

In fiscal year 2017, the University adopted new accounting standard GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73,* issued in March 2016. This Statement addresses certain issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. There was no significant impact on the financial statements related to the implementation of this statement.

Upcoming Accounting Standards
In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Under GASB 75 and similar to GASB 68 (pensions), the University, as a cost-sharing employer, will be required to recognize its proportionate share of the collective unfunded net Other Post-Employment Benefits (OPEB) liability, OPEB expense, and deferred OPEB outflows (inflows) of resources of the state's retirement system plans within its financial statements. This will be a significant change for every participating employer in all cost-sharing plans around the country. Institutions will see a significant liability reflected on their statements of net position along with an impact to OPEB expenses and a corresponding reduction to unrestricted net position. The GASB also necessitates expanded disclosures and required supplemental information to the university's financial statements. The University will also be required to track certain components of the net OPEB liability (deferred inflows/outflows of resources) and amortize them over the appropriate periods in accordance with the standard. The University has not yet determined its share of the unfunded net OPEB liability; but it is expected to be significant and material to the university's financial statements. The provisions of this statement are effective for financial statements for the year ending June 30, 2018.

Management believes the implementation of this statement will have a significant impact on the financial statements, but is still evaluating the overall effect.

In March 2016, GASB issued Statement No.81, *Irrevocable Split-Interest Agreements*, effective for the university's fiscal year ending June 30, 2018. This Statement establishes standards for irrevocable split interest agreements in which resources are irrevocably transferred to an intermediary who administers these resources for the benefit of two or more beneficiaries. Under this standard, the University is required to recognize assets, liabilities, and deferred inflows of resources at the inception of such agreements. Additionally, this Statement requires recognition of assets representing a beneficial interest in irrevocable split-interest agreements that are administered by a third party in which the University controls the present service capacity of the beneficial interest. The University is evaluating the impact Statement No. 81 will have on its financial statements; although preliminarily the University believes there will be no impact.

In November 2017, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the university's fiscal year ending June 30, 2019. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The University is evaluating the impact Statement No. 83 will have on its financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, effective for the university's fiscal year ending June 30, 2020. This Statement establishes criteria for identifying fiduciary activities of the University. The focus of the criteria is generally on (1) whether the University is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The University is evaluating the impact Statement No. 84 will have on its financial statements.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, effective for the university's fiscal year ending June 30, 2018. The purpose of this Statement is to address various topics identified during the implementation and application of certain GASB statements. These topics include issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The University is evaluating the impact Statement No. 85 will have on its financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for the university's fiscal year ending June 30, 2018. This Statement provides guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The University is evaluating the impact Statement No. 86 will have on its financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*, effective for the university's fiscal year ending June 30, 2021. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as deferred inflows of resources or deferred outflows of resources based on the payment provisions of the contract. This pronouncement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. The University is evaluating the impact Statement No. 87 will have on its financial statements.

Net position

- Net investment in capital assets comprises total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets, and related debt.
- Restricted net position consists of restricted assets, deferred outflows of resources, liabilities, and deferred inflows of resources related to those assets. Expendable restricted net position represents resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties such as guarantors.
- Unrestricted net position represents the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. This net position is not subject to external restrictions. Management or the Board of Trustees designates most of the unrestricted net position for specific purposes in research, academic, capital acquisition, or other initiatives.

It is the university's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted net position and unrestricted net position are available.

Cash and Cash Equivalents

Cash and cash equivalents include amounts held in the State Treasury Asset Reserve of Ohio (STAROhio). In addition, external investment managers may maintain balances in a money market fund. These balances are included as cash equivalents due to their high liquidity and short-term nature. Other investments purchased with three months or less to maturity are also considered cash equivalents.

Accounts and Loans Receivable

Accounts and loans receivable are recorded net of allowances for uncollectible accounts and loans. These allowances are based on management's judgment of potential uncollectible amounts, based on historical experience and type of receivable. Accounts receivable primarily include tuition and fee charges to students, charges to grant sponsors, and charges for auxiliary enterprise services provided to students, faculty and staff. Loans receivable are mainly funds borrowed by students under various federal and other loan programs.

Investments

All investments are stated at fair value in accordance with GASB statement 72, *Fair Value Measurement and Application.* Investments of publically traded securities are reported at fair value, as established by the major securities markets. Money market investments (U.S. Treasury and Agency obligations) that have a remaining maturity of one year or less at the time of purchase are reported at amortized cost and approximate fair value. Investment income is recognized on an accrual basis. Purchases and sales of investments are accounted for on the trade date basis. Investment trade settlements receivable and payable represent investment transactions occurring on or before June 30, which settle after such date. Realized and unrealized gains and losses are reported as investment income or loss.

All securities purchased by external investment managers in the university's "liquidity" and "diversified" investment pools, with the exception of money market purchases and redemptions, are considered investments regardless of maturity date, as these investment pools are designed more for capital appreciation and have average durations of at least two years. Investments with maturities of less than one year are considered short-term or current.

Alternative investments are generally less liquid than publically traded securities and include private equity, investments in real assets, and other strategies. These alternative investments are intended to reduce market risk, credit risk and interest rate risk. The University believes the carrying amounts of these holdings are reasonable estimates of the fair values as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for the investment existed. Such difference could be material.

Inventories
Inventories - which consist principally of publications, general merchandise and other goods - are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Capital Assets and Collections
Capital assets include land, land improvements, infrastructure, buildings, machinery, equipment, software, library books, publications and construction in progress. They are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. Normal repairs and maintenance are expensed in the year in which the expenses are incurred. The threshold for capitalizing moveable equipment with an estimated useful life of more than one year is $5,000. Using the straight-line method, capital assets are depreciated over their estimated useful lives; generally, 40 years for buildings, 30 years for land improvements and infrastructure, 15 years for library books and publications, and 5 to 10 years for machinery and equipment. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements.
Effective with the fiscal year ended June 30, 2015, the capitalization threshold for the purchase of moveable equipment may be waived when the acquisition is related to a major project. Moveable equipment items attributable to a major project may be capitalized and depreciated over a 5 year useful life. A major project is defined as a project in which: (1) the total construction cost (building improvement, land improvement, infrastructure, etc.) is anticipated to be $100,000 or more and the moveable capital equipment expenditures are expected to be at least $100,000; or (2) although the construction costs are anticipated to be less than $100,000, the total project costs, including moveable equipment, are anticipated to be at least $200,000.

Compensated Absences
Compensated absences is comprised of vacation and sick leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to service already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes employees currently eligible to receive termination benefits and those identified as probable of receiving payment in the future.

Unearned Revenue
Unearned revenue primarily consists of the amounts received in advance from grant and contract sponsors that have not yet been earned under the terms of the agreement and amounts received in advance for tuition and fees not yet earned. These amounts were $5.5 million and $15.4 million, respectively, for the year ended June 30, 2017 and $5.5 million and $17.2 million, respectively, for the year ended June 30, 2016.

Deferred Outflows and Inflows of Resources
Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period but do not require any further exchange of goods or services. Deferred outflows of resources in the university's financial statements consist of the unamortized deferred refunding balance and pension related balances.

Deferred inflows of resources represent an acquisition of resources that apply to a future period and will not be recognized as revenue until that time. Deferred inflows in the university's financial statements are related to pensions and are further explained in Note 7.

Revenues and Expenses
Revenues and expenses are classified as operating or nonoperating. Operating revenues are resources primarily from exchange transaction activities. These include payments received for services, such as tuition and fees, and most grants and contracts. Nonoperating revenues are from non-programmatic sources and have the characteristics of nonexchange transactions. They include state appropriations, some federal and state grants, gifts, and investment income. Nearly all of the university's expenses are a result of exchange transactions, and therefore classified as operating expenses. The major recurring nonoperating expenses are net losses on the disposition of capital assets and interest expense on capital assets-related debt.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS) and additions to/deductions from their fiduciary net positions have been determined on the same basis as reported by these pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Scholarship Allowances
Scholarship allowances represent aid awarded to the student in the form of reduced tuition and are computed and reported in the financial statements under the alternate method as prescribed by the National Association of College and University Business Officers (NACUBO). Financial aid in the form of a cash payment to the student is reported as scholarship and fellowship expense in the financial statements. Third party loans such as Federal Direct loans and certain aid awarded to the students by third parties are credited to the student's account as if the student made the payment.

Income Taxes
The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, certain revenues are considered unrelated business income and are taxable under Internal Revenue Code Sections 511 through 513.

Estimates
The preparation of 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, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Previous Year's Financial Information

Certain amounts from the prior year have been reclassified to conform to current-year presentation. These reclassifications had no impact on the change in net position.

(2) Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments in the financial statements is based on criteria set forth by GASB. Cash equivalents are defined to include investments with original maturities of three months or less. Consistent with this definition, university funds on deposit in the State Treasury Asset Reserve of Ohio are classified as cash equivalents in the Statements of Net Position. However, for GASB Statement No. 3 disclosure purposes (see below), the funds in the State Treasury Asset Reserve of Ohio are classified as investments.

Deposits

Under state law, the university's deposits must be secured by Federal Deposit Insurance and collateralized for amounts in excess of FDIC coverage. Collateral may be pledged or pooled. Pooled collateral may be held on the financial institution's premises or held by its trust department or agent on its behalf. The fair value of the pledged securities plus the federal deposit insurance must at all times equal one hundred five percent of the total amount of public deposits to be secured by the pooled securities. These securities may be held in the name of the University or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. The University does not have a deposit policy for custodial credit risk.

As of June 30, 2017 and 2016, the university's bank balances are $21,617,362 and $22,854,386, respectively. Of these balances, $17,898,807 and $21,002,029, respectively, are uninsured with collateral held by pledging banks not in the university's name.

At June 30, the carrying amount of deposits (book balances) is as follows:

	2017	2016
Petty cash	$ 36,196	$ 39,807
Demand deposits	16,684,692	19,931,911
Money market funds	2,384,681	46,178
Total	$ 19,105,569	$ 20,017,896

The difference in the carrying amount and bank balances is caused by items in-transit (primarily outstanding checks) and by cash on hand.

Investments - Fair Value

Wright State University's Board of Trustees approved a revision to the university's Investment Policy Statement in October 2016. The University utilizes a discretionary model in which a fiduciary manager is responsible for investing the university's portfolio utilizing a fund of funds approach. This Investment Policy provides for the prudent investment of the university's assets in a manner which will meet three main objectives: safety, liquidity and return on investment. The Investment Policy parallels state law which requires an amount equal to at least twenty-five percent of the university's investment portfolio be invested in securities of the United States government or one of its agencies or instrumentalities, the treasurer of the State of Ohio's pooled investment program, obligations of the State of Ohio, or any political subdivision of the State of Ohio, certificates of deposit of any national bank located in the State of Ohio, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds or bankers' acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system.

The University categorizes its investments within the fair value hierarchy established by generally accepting accounting principles. Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) on the measurement date in the university's principal or most advantageous market. 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. Some investments are valued at net asset value (NAV) and are therefore not subject to the hierarchy classification.

The fair value of university investments at June 30 is as follows:

	2017				
	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Other
Investment in securities:					
Stocks and traded securities	$ 971,376	$ 971,376	$	$	$
State Treasury Asset Reserve of Ohio (STAROhio)	5,285,651	5,285,651			
Mutual funds:					
Equity	77,170	77,170			
Fixed income	2,066,231	2,066,231			
Alternative assets:					
Hedge funds	7,525,594				7,525,594
Private equity partnerships	7,190,249				7,190,249
Distressed debt	773,173				773,173
Private real estate	357,174				357,174
Total investments in securities	24,246,618	8,400,428			15,846,190
Other investments:					
Real estate	3,200			3,200	
Total other investments	3,200			3,200	
Total investments	$ 24,249,818	$ 8,400,428	$	$ 3,200	$ 15,846,190

	2016				
	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Other
Investment in securities:					
Stocks and traded securities	$ 779,013	$ 779,013	$	$	$
State Treasury Asset Reserve of Ohio (STAROhio)	1,082,946	1,082,946			
Mutual funds:					
Equity	15,291,205	15,291,205			
Fixed income	8,925,588	8,925,588			
Alternative assets:					
Hedge funds	6,831,933				6,831,933
Private equity partnerships	5,760,937				5,760,937
Distressed debt	6,337,309				6,337,309
Private real estate	3,484,820				3,484,820
Total investments in securities	48,493,751	26,078,752			22,414,999
Other Investments:					
Real estate	3,200			3,200	
Total other investments	3,200			3,200	
Total investments	$ 48,496,951	$ 26,078,752	$	$ 3,200	$ 22,414,999

The balance of deposits and investments reported above are included in the Statements of Net Position as follows:

		Year Ended June 30	
		2017	2016
Deposits	$	19,105,569	$ 20,017,896
Investments		24,249,818	48,496,951
Total	$	43,355,387	$ 68,514,847
Included in the Statements of Net Position			
Cash and cash equivalents	$	22,954,904	$ 16,967,812
Restricted cash and cash equivalents		1,436,316	4,133,030
Short-term investments		8,655,941	3,764,610
Long-term investments		10,308,226	43,649,395
Total	$	43,355,387	$ 68,514,847

Balances held in the State of Treasury Asset Reserve of Ohio (STAROhio) are included in the total fair value of investments for disclosure purposes. However, these balances are considered cash and cash equivalents for reporting on the Statements of Net Position.

The following presents a reconciliation of the fair value of investments reported above to the investments reported on the Statements of Net Position.

		Year Ended June 30	
		2017	2016
Total fair value of investments	$	24,249,818	$ 48,496,951
State Treasury Asset Reserve (STAROhio)		5,285,651	1,082,946
Fair value of investments less STAROhio	$	18,964,167	$ 47,414,005
Included in the Statements of Net Positions			
Short-term investments	$	8,655,941	$ 3,764,610
Long-term investments		10,308,226	43,649,395
Total	$	18,964,167	$ 47,414,005

Because alternative investments - hedge funds, private equity, distressed debt and private real estate – have no active market, they are valued using NAV which is based on information such as historical and current performance of the underlying assets; cash flow projections; liquidity and credit premiums required by a market participant; and financial trend analysis with respect to the individual fund manager. Furthermore the liquidity of these investments may be impacted by the lack of a present market for the interest in the funds, lock-up periods, redemption notice periods and limits to the frequency of redemptions.

The following table provides additional information for those assets valued using NAV:

	Fair Value June 30 2017	Fair Value June 30 2016	Redemption Frequency	Redemption Notice Period	Lock-up Period	Earliest Redemption Date
Alternative assets:						
Hedge funds	$ 7,525,594	$ 6,831,933	semi- annual	95 days	24 mos.	NA
Private equity partnerships	7,190,249	5,760,937	not liquid	not liquid		
Distressed debt	773,173	6,337,309	quarterly	65 days	24 mos.	NA
Private real estate	357,174	3,484,820	quarterly	65 days		
Total	$ 15,846,190	$ 22,414,999				

The university's hedge fund allocation is invested in a "fund of funds" structured as an offshore company. The fund's investment objective is to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market cycle. The fund is broadly diversified and invests in various private funds such as hedge funds that pursue hedged or other alternative investment strategies, private equity funds, hybrid funds and any other alternative investment funds, while also opportunistically investing directly in other securities and financial instruments. The fund's portfolio may be allocated across several hedge fund styles and strategies, including, but not limited to credit hedging, distressed debt, equity long/short and global macro. The fund generally invests in 15-25 funds and the fund of funds manager requires full transparency of each of the underlying funds' investment positions. The University is no longer subject to the fund's initial two-year lock-up period which expired in January 2017. On June 30, 2017, the University gave notice of its desire to redeem this investment and it was subsequently liquidated on July 31, 2017. Therefore the fair value of this investment is considered a current asset in the June 30, 2017 Statement of Net Position. The University has no significant unfunded commitments to this hedge fund allocation as of June 30, 2017 and 2016.

Approximately 67% of the university's private equity partnership is a domestic partnership for the purpose of making private equity investments (the "Investee Funds"). The partnership is typically invested in venture capital, growth equity and buyout funds focusing on oil and gas exploration, technology, healthcare and telecom sectors. The investments consist of nonmarketable limited partnership interests in a select group of nonregistered private investment partnerships for long term capital appreciation. It is estimated the underlying assets of the investments will generally be liquidated in the next 5 to 8 years. Certain of the Investee Funds may take additional time to liquidate which will in turn impact the timing of when the University will be in a position to liquidate itself from the partnership. During the fiscal year ended June 30, 2012, Wright State University made a $5,000,000 original commitment to this fund. As of June 30, 2017 and 2016, the university's outstanding commitment related to this is $850,000 and $1,350,000, respectively.

The remaining 33% of the university's private equity fund investment is structured as a domestic partnership in which the University is a limited partner. The investment objective of the partnership is to achieve an attractive risk-adjusted return relative to other asset class alternatives through the identification and selection of a set of private assets managers across a broad spectrum of private equity, real estate, infrastructure and real assets whose stated terms are 5 to 7 years. Diversification is accomplished by investing 40-60% of committed capital in underlying funds focused on the United States, 20-40% on Europe and 0-30% on emerging markets. Capital commitments of the limited partners are payable to the partnership in installments over a 3–5 year period. During the fiscal year ended June 30, 2015, Wright State University made a $4,900,000 original commitment to this fund. As of June 30, 2017 and 2016, the university's outstanding commitment related to this is $2,799,404 and $3,436,404, respectively.

The university's investment in distressed debt is in the form of a fund that invests in a diversified portfolio of structured credit instruments, the majority of which are Collateralized Debt Obligation (CDO) equity and mezzanine notes. CDOs are structured finance securities that hold a diversified pool of income-generating collateral that is financed through the issuance of debt securities. CDO investors assume the first level of default risk. These notes are lowly correlated to traditional and other alternative investments, have minimal interest rate risk, and are highly transparent. In addition to CDOs, investments in the fund may include fixed income securities, loan participations, credit-linked notes, medium term notes, registered and unregistered investment companies or pooled investment vehicles and derivatives instruments such as credit default swaps and total return swaps. The University is no longer subject to the fund's initial two-year lock-up period which expired in January 2017, and is in the process of liquidating the investment, The University exercised its option to redeem this fund in March 2017. Liquidation occurred in April 2017. The balance reflected above is the contractual holdback (10%) which will be liquidated upon the fund's finalization of its 2017 financial statements. This will occur during the university's next fiscal year. Therefore, this balance is considered a current asset in the June 30, 2017 Statement of Net Position.

The university's investment in private real estate seeks both current and long-term capital appreciation principally through investing in pooled investment vehicles that invest in commercial real estate properties. The investment strategy targets approximately 80–95% of the fund's net assets for investment in open-end core funds focused on high-quality core real estate properties. The remaining 5–25% of the net assets may be invested in liquid real estate strategies for cash management purposes or less liquid higher return strategies and properties focused on value-added and opportunistic real estate opportunities. No more than 25% of the net assets in the funds are focused on investments outside the United States. On June 30, 2016, the University notified the fund of its intent to exercise its redemption option. The fund was subsequently liquidated on July 29, 2016. The fair value represents the 10% holdback which was received in July 2017 and is therefore reported as a current asset in the June 30, 2017 Statement of Net Position.

Investments – Risks

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the University. The Investment Policy has established asset allocations and permissible asset classes in order to minimize the various risks and the probability of loss. The new Investment Policy provides for a portfolio comprised of mutual funds managed in accordance with the diversification and industry concentration restrictions set forth in the Investment Company Act of 1940 which provides, among other things, protection in terms of concentration of risk for issuers and for industry sectors.

Interest Rate Risk

The university's Investment Policy minimizes the risk of the loss of value due to changing interest rates through the use of target durations for each of the university's investment pools. The Cash Pool is maintained to meet the daily obligations of the University and consists of highly liquid instruments with little to no risk of loss of principal. The Liquidity Pool provides a source of funds in the event the Cash Pool is insufficient to meet the university's cash needs and maintains a weighted average life of less than five years. The Diversified Investment Pool provides the University an opportunity to earn a higher rate of return through investments with longer durations.

The maturities of the university's interest bearing investments at June 30 are as follows:

	2017 Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10
Bond funds	$ 2,066,231	$	$ 1,627,857	$ 438,374

	2016 Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10
Bond funds	$ 8,925,588	$ 279,789	$ 6,320,604	$ 2,325,195

Credit Risk

Credit risk is the risk the issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Credit quality information, commonly expressed in terms of credit ratings issued by nationally recognized 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 university's Investment Policy limits exposure to credit risk by limiting purchases of fixed income securities to no lower than AA for the Cash Pool and Liquidity Pool accounts. The vast majority of portfolio mutual fund holdings are required to invest in investment grade funds. The only exception to this represents those funds held as part of the high yield strategy. The allocation for this is targeted at three percent of the overall portfolio.

The university's credit risk at June 30 is as follows:

		2017 Credit Ratings				
Investment Type	Total	AAA/Aaa	AA/Aa	A	BBB/Baa	B
State Treasury Asset Reserve (STAROhio)	$ 5,285,651	$ 5,285,651	$	$	$	$
Bond funds	2,066,231	833,681		1,232,550		
Total	$ 7,351,882	$ 6,119,332	$	$ 1,232,550	$	$

		2016 Credit Ratings				
Investment Type	Total	AAA/Aaa	AA/Aa	A	BBB/Baa	B
State Treasury Asset Reserve (STAROhio)	$ 1,082,946	$ 1,082,946	$	$	$	$
Bond funds	8,925,588	2,527,987	3,792,617	279,789	1,199,029	1,126,166
Total	$ 10,008,534	$ 3,610,933	$ 3,792,617	$ 279,789	$ 1,199,029	$ 1,126,166

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities in the possession of an outside party. As of June 30, 2017 and 2016, none of the university's investments were exposed to custodial, counterparty credit risk. The university's Investment Policy minimizes custodial credit risk through the use of mutual funds and other pooled asset portfolios transacted through national reputable brokerage firms protected by the Securities Investor Protection Corporation.

Concentration of Credit Risk
Concentration of credit risk is the risk associated with a lack of diversification. It is the risk of loss attributed to the magnitude of the university's investment in a single issuer. Investments are diversified within asset classes with the intent to minimize the risk of losses to the portfolio. As previously mentioned, concentration of credit risk is managed at the mutual fund level as required by the Investment Company Act of 1940. As of June 30, 2017 and 2016, the University has no reportable concentration of credit risk as no one single issuer constitutes more than five percent of the university's investment portfolio.

Foreign Currency Risk
Foreign currency risk relates to the possible adverse effects changes in exchange rates can have on the fair value of investments. As of June 30, 2017 there is no exposure to foreign currency risk. At June 30, 2016, the university's exposure to foreign currency was limited to its investment in international mutual funds of $6,691,998.

Restricted Cash and Cash Equivalents
The university's restricted cash and cash equivalents at June 30 are as follows:

			Amount Unspent	
Debt	Date Issued	Amount Issued	2017	2016
Unspent debt proceeds:				
Series 2011A	November 2011	$ 55,240,000	$	$ 1,702,798
Series 2012	November 2012	23,195,000	1,436,208	2,379,193
2013 Notes	February 2013	25,000,000		51,039
Total unspent debt proceeds		$ 103,435,000	$ 1,436,208	$ 4,133,030
Trust account:				
Series 2009			$ 22	$
2013 Notes			86	
Total trust account			$ 108	$
Total restricted cash and cash equivalents			$ 1,436,316	$ 4,133,030

The unspent proceeds are held in Project Fund trust accounts as provided for in the bond resolutions approved by the Board of Trustees. The bond resolutions also require the bond proceeds to be held by a bank or trust company which is a member of the Federal Deposit Insurance Corporation. The Bank of New York Mellon acts as the trustee of the bond project funds for the Series 2011 and 2012 bonds. The Huntington National Bank acts as the trustee of the project fund for 2013 Notes Series A and B. As of June 30, 2017 and 2016, $1,436,208 and $4,133,030, respectively, of the unspent debt related proceeds are classified as restricted cash and cash equivalents in the Statements of Net Position.

The June 30, 2017 restricted cash balance includes $108 of interest income earned by and held in the trust account used for making debt service payments.

The unspent bond proceeds and accumulated interest earned and held by the trustee are included in demand deposits in the carrying amount of deposits as of June 30, 2017 and 2016.

Investment Income (Loss)

The composition of investment income (loss) is as follows:

	Year Ended June 30	
	2017	2016
Net interest and dividend income	$ 257,908	$ 969,336
Realized gains (losses) on sales	284,143	(812,393)
Unrealized gains (losses) in fair value	2,896,052	(1,164,036)
Total	$ 3,438,103	$ (1,007,093)

(3) Accounts Receivable

The composition of accounts receivable at June 30 is as follows:

	2017	2016
Sponsor receivables	$ 10,698,816	$ 9,970,117
Student and student-related accounts	14,605,902	13,943,220
Wright State University Foundation	1,524,729	1,154,789
Wright State Applied Research Corporation	2,954,955	5,019,168
Interest receivable	41,009	52,127
State appropriations	424,614	1,264,605
Other, primarily departmental sales and services	2,986,652	1,748,861
Total	33,236,677	33,152,887
Less: Allowance for doubtful accounts	1,420,000	1,655,000
Net accounts receivable	$ 31,816,677	$ 31,497,887

(4) Capital Assets

Capital assets activity for the years ended June 30, 2017 and 2016 is summarized as follows:

	Balance 7/1/2016	Additions	Retirements	Transfers	Balance 6/30/2017
Land	$ 4,051,702	$	$ (67,500)	$	$ 3,984,202
Land improvements and infrastructure	60,361,778	727,785			61,089,563
Buildings	466,649,077	6,415,426	(42,138)	17,496,310	490,518,675
Machinery and equipment	75,562,570	5,285,226	(6,048,816)		74,798,980
Library books and publications	53,819,834	1,480,975	(458,127)		54,842,682
Construction in progress	17,805,364			(17,496,310)	309,054
Total	678,250,325	13,909,412	(6,616,581)		685,543,156
Less accumulated depreciation:					
Land improvements and infrastructure	21,986,394	2,042,812			24,029,206
Buildings	184,450,473	10,966,101	(5,485)		195,411,089
Machinery and equipment	57,225,770	5,168,954	(5,754,814)		56,639,910
Library books and publications	38,689,013	1,987,565	(458,128)		40,218,450
Total accumulated depreciation	302,351,650	20,165,432	(6,218,427)		316,298,655
Capital assets, net	$ 375,898,675	$ (6,256,020)	$ (398,154)	$	$ 369,244,501

	Balance 7/1/2015	Additions	Retirements	Transfers	Balance 6/30/2016
Land	$ 4,051,702	$	$	$	$ 4,051,702
Land improvements and infrastructure	58,925,326	1,464,075	(27,623)		60,361,778
Buildings	449,708,100	15,902,161		1,038,816	466,649,077
Machinery and equipment	87,433,105	5,463,777	(17,334,312)		75,562,570
Library books and publications	54,389,003	1,472,878	(2,042,047)		53,819,834
Construction in progress	10,831,408	8,012,772		(1,038,816)	17,805,364
Total	665,338,644	32,315,663	(19,403,982)		678,250,325
Less accumulated depreciation:					
Land improvements and infrastructure	19,952,003	2,034,467	(76)		21,986,394
Buildings	173,858,649	10,591,824			184,450,473
Machinery and equipment	66,945,530	5,998,502	(15,718,262)		57,225,770
Library books and publications	38,587,350	2,143,710	(2,042,047)		38,689,013
Total accumulated depreciation	299,343,532	20,768,503	(17,760,385)		302,351,650
Capital assets, net	$ 365,995,112	$ 11,547,160	$ (1,643,597)	$	$ 375,898,675

(5) Noncurrent Liabilities

Noncurrent liabilities consist of bonds payable, notes payable, equipment lease purchase obligations, compensated absences, unearned revenue, net pension liability and voluntary retirement incentive. Activity for noncurrent liabilities for the years ended June 30, 2017 and 2016 is summarized as follows:

	Beginning Balance 07/01/2016	Additions	Reductions	Ending Balance 6/30/2017	Current Portion
Bonds and notes:					
General obligation bonds	$ 72,033,563	$	$ 5,615,295	$ 66,418,268	$ 5,805,780
Notes payable	20,902,614		1,587,338	19,315,276	1,615,593
Total bonds and notes	92,936,177		7,202,633	85,733,544	7,421,373
Other liabilities:					
Compensated absences	16,500,000	4,547,745	6,247,745	14,800,000	6,000,000
Unearned revenue	26,349,880	145,430,616	147,044,355	24,736,141	23,135,132
Net pension liability	278,245,869	71,529,279	11,484,063	338,291,085	
Voluntary retirement incentive		7,386,830		7,386,830	3,545,678
Total other liabilities	321,095,749	228,894,470	164,776,163	385,214,056	32,680,810
Total noncurrent liabilities	$ 414,031,926	$ 228,894,470	$ 171,978,796	$ 470,947,600	$ 40,102,183

	Beginning Balance 07/01/2015	Additions	Reductions	Ending Balance 06/30/2016	Current Portion
Bonds, notes and equipment lease purchase obligations:					
General obligation bonds	$ 77,447,271	$	$ 5,413,708	$ 72,033,563	$ 5,615,295
Notes payable	22,462,192		1,559,578	20,902,614	1,587,338
Equipment leases	22,677		22,677		
Total bonds, notes and equipment leases	99,932,140		6,995,963	92,936,177	7,202,633
Other liabilities:					
Compensated absences	16,200,000	5,087,314	4,787,314	16,500,000	5,000,000
Unearned revenue	30,697,326	174,956,756	179,304,202	26,349,880	24,428,669
Net pension liability	228,135,876	54,013,934	3,903,941	278,245,869	
Total other liabilities	275,033,202	234,058,004	187,995,457	321,095,749	29,428,669
Total noncurrent liabilities	$ 374,965,342	$ 234,058,004	$ 194,991,420	$ 414,031,926	$ 36,631,302

Bonds payable on June 30, 2017 consist of Series 2009, 2011, and 2012 General Receipts Serial and Term bonds. The maturity dates, interest rates, and the outstanding principal balances of capital activities at June 30, 2017 are as follows:

Description	Maturity Dates	Interest Rates	Outstanding Principal	Unamortized Premium	Total
Bonds payable:					
Series 2009	2017-2019	4.73% - 5.31%	$ 2,520,000	$	$ 2,520,000
Series 2011A	2017-2031	4.56% - 5.00%	41,905,000	2,553,626	44,458,626
Series 2011B	2017-2023	2.38% - 3.75%	945,000		945,000
Series 2012	2017-2032	3.00% - 5.00%	17,180,000	1,314,642	18,494,642
Total bonds payable			62,550,000	3,868,268	66,418,268
Notes payable:					
Ohio Air Quality Development:					
Series A	2017-2024	1.78%	11,002,576		11,002,576
Series B	2024-2028	4.16%	8,312,700		8,312,700
Total notes payable			19,315,276		19,315,276
Total			$ 81,865,276	$ 3,868,268	$ 85,733,544

The scheduled maturities of bonds and notes for the next five years and for the subsequent periods of five years are as follows:

Year Ended June 30	Principal	Interest	Total
2018	$ 7,095,593	$ 3,437,851	$ 10,533,444
2019	7,364,351	3,163,390	10,527,741
2020	5,393,620	2,866,002	8,259,622
2021	5,573,410	2,663,712	8,237,122
2022	5,593,731	2,453,391	8,047,122
2023-2027	29,957,589	8,861,172	38,818,761
2028-2032	20,886,982	2,436,531	23,323,513
Total	$ 81,865,276	$ 25,882,049	$ 107,747,325

Interest expense incurred on indebtedness for the years ended June 30, 2017 and 2016 was $3,088,446 and $3,231,964, respectively. Interest expense on construction related debt of $264,061 and $366,326 was capitalized to the related projects in 2017 and 2016, respectively.

All general receipts of the University, except for state appropriations, are pledged for payment of all outstanding bonds. The Series A and Series B Notes evidence the university's obligation to make loan payments from Available Receipts. The Notes are subordinated to the university's obligations to pay debt service on all General Receipts Obligations.

The Series 2009 Bonds are Federally Taxable – Build America Bonds. The University is eligible for a 35% rebate of interest expense paid for the Series 2009 Bonds in the form of a federal subsidy. The Series 2013B Note is related to an Ohio Air Quality Development Authority Qualified Energy Conservation Bond which is eligible for a 70% federal rebate based on the Qualified Tax Credit Rate as of the bond sale date (4.6%). The benefit of this rebate has been assigned to the University. The rebates for the 2009 Bonds and the 2013B Note were $307,615 and $325,852 for the years ended June 30, 2017 and 2016, respectively. The rebates were reported as Other Nonoperating Revenues and do not reduce the amount reported as interest expense for the year. Likewise, the amounts reported above for future interest expense have not been reduced by the federal rebates anticipated for future years. The University expects to receive $2,541,063 in future federal rebates.

(6) Operating Leases

The University leases certain properties and equipment under operating lease agreements. Facilities and equipment under these agreements are not recorded on the Statements of Net Position. Rent expenses for the years ended June 30, 2017 and 2016 were $1,582,505 and $2,335,005, respectively.

Future minimum payments for all material operating leases as of June 30, 2017, are as follows:

2018	$ 1,384,304
2019	401,163
2020	340,635
2021	338,151
2022	347,746
2023-2033	1,108,508
Total minimum lease payments	$ 3,920,507

(7) **Pension Plans**

Pensions and Net Pension Liability

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

GASB No. 68 requires governmental employers to report a net pension liability on the Statement of Net Position. The net pension liability represents the university's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position (assets available to pay the pension benefits). The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

GASB 68 assumes the net pension liability for each plan is solely the obligation of the employers because (1) the employers benefit from the employee services, and (2) state statute requires all funding to come from these employers. The University cannot control benefit terms or the manner in which pensions are financed; however, the University does receive the benefit of employee services in exchange for compensation including pension.

Plan Descriptions

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

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

Defined Benefit Plans pay service retirement benefits using a fixed formula based on age, years of service and salary. In addition to service retirement, participants are eligible for disability and survivor benefits.

Defined Contribution Plans are member-directed, optional retirement plans available to new members. Participants allocate both member and employer contributions in investment choices provided by the plans. Retirement benefits are based on the member's account value.

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

Benefits Provided

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

OPERS Benefits
Under OPERS, retirement benefits are specific to each plan and members must meet the eligibility requirements based on their age and years of service within the plan. Retirement eligibility also varies by division and transition group.

Defined Benefit members who were eligible to retire before January 7, 2023 under law in effect prior to SB 343 are included in transition Groups A and B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

University members in transition Group A are eligible for full retirement benefits at any age with 30 years of service or at age 65 with 5 years of service. Group B members are eligible for full benefits at age 52 with 31 years of service, at any age with 32 years of service, or at age 66 with 5 years of service. Group C members are eligible for full benefits at age 55 with 32 years of service or at age 67 with 5 years of service. Members in Groups A and B are eligible for retirement with reduced benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit. Members of Group C are eligible for reduced retirement benefits at age 57 with 25 years of service or at age 62 with 5 years of service.

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

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

In the Combined Plan, the benefit formula for the defined benefit component of the plan for university members in transition Groups A and B applies a factor of 1% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1% to the member's FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. These options also permit early retirement with a reduced benefit as early as age 48 under qualifying circumstances.

Members of the Defined Benefit and Combined Plans who become disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. Law enforcement officers are immediately eligible for disability benefits if disabled by an on-duty illness or injury. Members participating in the Defined Contribution Plan are not eligible for disability benefits. Disability benefits are determined in the same manner as retirement benefits.

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

STRS Benefits
Members of the Defined Benefit plan are eligible for full retirement benefits at any age with 30 years of service or at age 65 with five years of service. Age and service requirements for full retirement benefits increased effective August 1, 2015 and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026. Employees are eligible to retire with reduced benefits at age 60 with five years of qualifying service credit, at age 55 with 25 years of service, or with 30 years of service regardless of age. Age and service requirements for reduced retirement benefits increased effective August 1, 2015 and will continue to increase periodically until age 55 with 29 years of service on August 1, 2021.

Prior to August 1, 2015, benefits under the Defined Benefit Plan benefits were based on 2.2% of FAS for the three highest years of earnings, multiplied by years of total Ohio service credit and the percentage increased if the member has 35 or more years of contributing service credit. Effective August 1, 2015, benefits are now based on an annual amount equal to 2.2% of FAS for the five highest years of earnings, multiplied by all years of service. Under the Combined Plan, benefits are based on the balance in the member's defined contribution account plus an annual amount equal to 1% of FAS for the three highest paid years multiplied by years of total Ohio service credit. Effective August 1, 2015, FAS is the average of the member's five highest salary years.

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 the individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Disability benefits are determined in the same manner as retirement benefits.

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

Contributions

Ohio Revised Code Chapters 145 and 3307 set the rates for employer and employee contributions for OPERS and STRS, respectively. Contribution rates can only be modified by the state legislature.

OPERS Contributions
Under OPERS, the employee contribution rate for the plan years ended December 31, 2016 and 2015 was 10% for all employees with the exception of law enforcement and public safety, which are 13% and 12%, respectively. The employer contribution rate is 14% for all employees with the exception of law enforcement and public safety, whose rate is 18.1%.

For Member-Directed Plans, for the plan years ended December 31, 2016 and 2015, 13.23% was paid into the member's member-directed account and the remaining 0.77% was paid to OPERS to cover unfunded liabilities, as required by state legislation. Effective July 1, 2017, these rates changed to 11.56% and 2.44%, respectively. The university's contributions to OPERS were $8,315,454 and $9,034,533 for the fiscal years ended June 30, 2017 and 2016, respectively. The university's contributions were equal to the required contributions for each year as set by state statute.

STRS Contributions
Under STRS plans, the employee contribution rates were 14% and 13%, for years ended June 30, 2017 and 2016, respectively. Under the Combined Plan, 2.0% and 1.5% of the employee contributions were used to fund the defined benefit for the years ended June 30, 2017 and 2016, respectively. The member contribution rate increased to 14% of salary effective July 1, 2016. The employer contribution rate is 14%. Under the Defined Contribution Plan, 4.5% of the employer contribution is used to amortize the unfunded actuarial accrued liability of the defined benefit plan. Effective July 1, 2017, this mitigating rate will change to 4.47%. The university's contributions to STRS for the years ended June 30, 2017 and 2016, respectively, were $10,531,111 and $10,739,476. The university's contributions were equal to the required contributions as set by state statute.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At June 30, 2017 and 2016, respectively, the University reported liabilities of $338,291,085 and $278,245,869 for its proportionate share of the OPERS and STRS net pension liabilities which were measured as of December 31, 2016 and 2015 and June 30, 2016 and 2015, respectively. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those respective dates. The university's proportion of the net pension liabilities for STRS as well as the OPERS Combined Plan were based on the university's share of contributions to each plan relative to the total employer contributions received from all participating employers of each plan. The calculation of proportionate share for the Member-Directed Plan is based on employer contributions to the plan as contributions specific to purchased defined benefit annuities are identifiable only to retirees purchasing the annuities. The university's proportion of the net pension liability for the OPERS Traditional Plan was based on the combined university employer and member contributions relative to the total combined employer and member contributions received from all participating employers and members of the plan.

Information for each plan's proportionate share and pension expense for the years ended June 30, 2017 and 2016 is as follows:

	OPERS	STRS	Total
Fiscal Year Ended 6/30/2017:			
Measurement date	December 31, 2016	July 1, 2016	
Proportionate share of the net pension liability	$ 95,391,676	$ 242,899,409	$ 338,291,085
Proportion of the net pension liability	0.42111392%	0.72565741%	
Pension expense	$ 11,981,553	$ 8,184,188	$ 20,165,741
Fiscal Year Ended 6/30/2016:			
Measurement date	December 31, 2015	July 1, 2015	
Proportionate share of the net pension liability	$ 76,754,115	$ 201,491,754	$ 278,245,869
Proportion of the net pension liability	0.44437907%	0.72906324%	
Pension expense	$ 3,631,667	$ (1,220,548)	$ 2,411,119

At June 30, 2017 and 2016, the University reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	STRS	Total
Fiscal Year Ended 6/30/2017:			
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 169,492	$ 9,827,471	$ 9,996,963
Net effect of changes in assumptions	15,240,139		15,240,139
Net difference between projected and actual earnings on pension plan investments	15,246,110	20,481,799	35,727,909
University contributions subsequent to the measurement date	3,073,053	10,531,111	13,604,164
Net effect of change in proportionate share	42,391	2,712,689	2,755,080
Total	$ 33,771,185	$ 43,553,070	$ 77,324,255
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 750,084	$	$ 750,084
Net effect of change in proportionate share	2,434,132	772,845	3,206,977
Total	$ 3,184,216	$ 772,845	$ 3,957,061

	OPERS	STRS	Total
Fiscal Year Ended 6/30/2016:			
Deferred Outflows of Resources:			
Differences between expected and actual experience	$	$ 9,157,707	$ 9,157,707
Net difference between projected and actual earnings on pension plan investments	22,813,991		22,813,991
University contributions subsequent to the measurement date	3,521,053	10,739,477	14,260,530
Net effect of change in proportionate share		3,616,919	3,616,919
Total	$ 26,335,044	$ 23,514,103	$ 49,849,147
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 1,594,311	$	$ 1,594,311
Net difference between projected and actual earnings on pension plan investments		13,957,345	13,957,345
Net effect of change in proportionate share	809,772		809,772
Total	$ 2,404,083	$ 13,957,345	$ 16,361,428

As of June 30, 2017 and 2016, the University reported $3,073,053 and $3,521,053, respectively, as deferred outflows of resources related to pensions resulting from university contributions to OPERS made subsequent to the measurement date. As of June 30, 2017 and 2016, the University reported deferred outflows of resources related to pensions of $10,531,111 and $10,739,477, respectively, resulting from university contributions to STRS made subsequent to the measurement date. These contributions will be recognized as reductions of the net pension liabilities in the years ending June 30, 2018 and 2017, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	OPERS	STRS	Total
2018	$ 10,949,620	$ 5,611,363	$ 16,560,983
2019	11,707,537	5,611,365	17,318,902
2020	5,275,334	13,217,746	18,493,080
2021	(423,197)	7,808,640	7,385,443
2022	(3,031)		(3,031)
Thereafter	7,653		7,653
Total	$ 27,513,916	$ 32,249,114	$ 59,763,030

Actuarial Assumptions

OPERS

The total pension liabilities in the December 31, 2016 and 2015 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2016:

Inflation	3.25%
Salary increases	3.25% – 10.75%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

2015:

Inflation	3.75%
Salary increases	4.25% – 10.05%, including inflation
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

For 2016, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010.

For 2015, mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Projection Scale AA.

The actuarial assumptions used in the December 31, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period January 1, 2011 - December 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The OPERS Board of Trustees sets target allocations as well as minimum and maximum allowable allocations, or ranges, surrounding each asset class target. The purpose of these ranges is to appropriately and cost-effectively balance the Board’s investment policy with the investment strategies pursued over shorter time periods. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the plan years ended December 31, 2016 and 2015 are summarized in the following table:

	2016		2015	
OPERS Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	23.00%	2.75%	23.00%	2.31%
Domestic equity	20.70%	6.34%	20.70%	5.84%
International equity	18.30%	7.95%	18.30%	7.40%
Real estate	10.00%	4.75%	10.00%	4.25%
Private equity	10.00%	8.97%	10.00%	9.25%
Other investments	18.00%	4.92%	18.00%	4.59%
Total	100.00%		100.00%	

STRS
The total pension liabilities in the June 30, 2016 and 2015 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75% – 12.25%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Projection Scale AA.

The actuarial assumptions used in the June 30, 2016 and 2015 valuations were based on the results of an actuarial experience study effective July 1, 2012.

The long-term expected rate of return on pension plan investments was determined by STRS's investment consultant by developing best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class. The STRS Board of Trustees sets target allocations as well as minimum and maximum allowable allocations, or ranges, surrounding each asset class target. The purpose of these ranges is to appropriately and cost-effectively balance the Board's investment policy with the investment strategies pursued over shorter time periods. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan years ended June 30, 2016 and 2015 are summarized in the following table:

STRS Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	18.00%	3.75%
Domestic equity	31.00%	8.00%
International equity	26.00%	7.85%
Real estate	10.00%	6.75%
Alternatives	14.00%	8.00%
Liquidity reserves	1.00%	3.00%
Total	100.00%	

Discount Rates

The discount rates used to measure the total pension liabilities for OPERS were 7.5% for the plan year ended December 31, 2016 and 8% for the plan year ended December 31, 2015. The discount rate used to measure the total pension liabilities for STRS was 7.75% for plan years ended June 30, 2016 and 2015, respectively. The projection of cash flows used to determine the discount rates assumed employee contributions will be made at the current contribution rate and contributions from the University will be made at statutorily required rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return for each plan (7.5% and 8% for OPERS and 7.75% for STRS). Based on those assumptions, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the respective long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of The University's Proportionate Share of The Net Pension Liability to Changes in The Discount Rate

Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the university's proportionate share of the net pension liabilities calculated using the discount rates of 7.5% and 8% for OPERS for 2017 and 2016, respectively, and 7.75% for STRS is compared to what the university's proportionate share of the net pension liabilities would be if calculated using a discount rate 1 percentage point lower (6.5% and 7% for OPERS and 6.75% for STRS) or 1 percentage point higher (8.5% and 9% for OPERS and 8.75% for STRS) than the current rate.

The following table provides the results of the sensitivity analysis at June 30:

	2017		
	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	(6.50%)	(7.50%)	(8.50%)
STRS Range	(6.75%)	(7.75%)	(8.75%)
University's proportionate share:			
OPERS net pension liability	$ 146,164,473	$ 95,391,676	$ 53,102,731
STRS net pension liability	322,793,577	242,899,409	175,503,969
Total	$ 468,958,050	$ 338,291,085	$ 228,606,700

	2016		
	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	(7.00%)	(8.00%)	(9.00%)
STRS Range	(6.75%)	(7.75%)	(8.75%)
University's proportionate share:			
OPERS net pension liability	$ 122,733,851	$ 76,754,115	$ 37,987,664
STRS net pension liability	279,887,247	201,491,754	135,196,678
Total	$ 402,621,098	$ 278,245,869	$ 173,184,342

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

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

<u>Alternative Retirement Plan (ARP) Contributions</u>

Certain full-time university staff and faculty have the option to choose the ARP in place of OPERS or STRS. The ARP is a defined contribution plan which provides employees with the opportunity to establish individual retirement accounts with a defined group of investment options, with each participant having control of the assets and investment options associated with those assets. The administrators of the plan are the providers of the plan investment options. Authority to establish and amend benefits and contribution requirements for the ARP is provided by state statute per the Ohio Revised Code.

Under the provisions of ARP, the required contribution rate for plan participants for employees who would otherwise participate in OPERS was 10% of the employees' covered compensation for the years ended June 30, 2017 and 2016. The required rates for plan participants who would otherwise participate in STRS were 14% and 13% for those for the years ended June 30, 2017 and 2016, respectively. The university's contributions to a participating faculty member's account and to STRS are 9.5% and 4.5% of a participant's compensation, respectively. Effective July 1, 2017, those rates will change to 9.53% and 4.47%, respectively. The university's contributions to a participating staff member's account and to OPERS were 13.23% and 0.77% of a participant's compensation, respectively through December 31, 2016. Effective July 1, 2017, the contribution rates to a participating staff member's account and to OPERS are 11.56% and 2.44%, respectively. Plan participants' contributions were $8,281,811 and $7,903,171, and the university's contributions to the plan providers amounted to $7,466,023 and $7,501,937 for the years ended June 30, 2017 and 2016, respectively. In addition, the amounts contributed to STRS by the University on behalf of ARP participants were $1,817,177 and $1,809,017, respectively, for the years ended June 30, 2017 and 2016. The amounts contributed to OPERS by the University on behalf of ARP participants were $208,607 and $212,870 for the years ended June 30, 2017 and 2016, respectively.

Payables to the Pension Plans
At June 30, 2017 and 2016, the University reported payables of $775,261 and $767,656 to OPERS and $1,578,667 and $1,633,545 to STRS Ohio for the outstanding amounts of contributions to the pension plans required for the years ended June 30, 2017 and 2016, respectively.

(8) Other Postemployment Benefits (OPEB)

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

Ohio Public Employees Retirement System

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

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was an effective rate of 1.5% and 2% for the years ended June 30, 2017 and 2016, respectively. The portion of the university's 2017 and 2016 contributions to OPERS used to fund postretirement benefits was $868,591 and $1,260,217. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

State Teachers Retirement System of Ohio

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

Under Ohio Law, funding for postemployment health care may be deducted from employer contributions. Of the 14% employer contribution rate, no contribution amounts were allocated to postemployment health care for 2017 or 2016.

(9) State Support

The University is a state-assisted institution of higher education which receives a student subsidy from the State of Ohio primarily based upon the number of successful degree and course completions. This subsidy is calculated annually by the Ohio Department of Higher Education (formerly known as the Ohio Board of Regents), Ohio's higher education advising and coordinating board.

In addition to student subsidies, the State of Ohio provides funding for construction of major plant facilities. The funding is obtained from the issuance of general obligation bonds by the Ohio Public Facilities Commission (OPFC), which in turn results in construction and subsequent transfer of the facility to the University by the Ohio Department of Higher Education. Costs incurred during construction are included in construction in progress and recognized as capital appropriations. Upon completion of a facility, the Ohio Department of Higher Education turns control over to the University.

University facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State. As a result of the above described financial assistance provided by the State to the University, outstanding debt issued by OPFC is not included in the university's financial statements.

(10) Commitments and Contingencies

At June 30, 2017, the University is committed under contractual obligations for:

Capital expenditures	$ 2,003,140
Non-capital goods and services	13,948,793
Total contractual commitments	$ 15,951,933

These commitments are being funded from the following sources:

State appropriations requested and approved	$ 2,806,419
University funds	13,145,514
Total sources	$ 15,951,933

The University is presently involved as a defendant or codefendant in various matters of litigation. The university's administration believes that the ultimate disposition of these matters would not have a material adverse effect upon the financial statements of the University.

Wright State University is the subject of an ongoing federal investigation. The expected time of completion and the potential impacts of the investigation are unknown at this time.

In June 2015, The U.S. Department of Education (DOE) concluded a program review of Wright State University's administration of programs authorized by Title IV of the Higher Education Act of 1965 for the 2013 – 2014 and 2014 – 2015 academic award years. The University submitted a response to the review in August 2015. The University received a Final Program Review Determination (Final Determination) from the DOE in July 2016. The University submitted an appeal in accordance with the provisions outlined in the Final Determination. A settlement agreement between the University and the DOE was executed on November 1, 2017. Per the agreement, the University will remit $1,982,562 to the DOE within 30 days of the execution of the agreement. An additional $33,189 in funds will be returned to the university's Federal Perkins Loan Program and Federal Supplemental Education Opportunity Grant funds before February 28, 2018. This liability has been accrued as of June 30, 2017.

In conjunction with the DOE program review, the university's Eligibility and Certification Approval Report expired on March 1, 2017 and is currently operating under a month-to-month approval. Full recertification is expected as soon as the program review is closed, which is expected to happen no later than February 28, 2018. Management believes the University is in compliance with the DOE's program requirements. However, difficulties or delays in maintaining eligibility to administer Title IV funds could negatively impact the university's ability to attract students and maintain operations.

The University is the subject of an ongoing federal criminal investigation of H-1B visa fraud. The University has also been involved in several other investigations by federal and state administrative entities including U.S. Airforce Office of Special Investigations, NASA Glenn Office of Investigations, the Ohio Inspector General, and the Ohio Auditor of State for matters revealed through a forensic audit requested by the university's legal counsel. The expected time of completion and the potential impacts of the investigations are unknown at this time.

The University receives significant assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. Management believes that any potential disallowance of claims would not have a material effect on the financial statements.

The University maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The University also carries professional coverage for employees and its Board of Trustees. Over the past three years, settlement amounts related to these insured risks have not exceeded the university's coverage amounts. There has been no significant change in coverage from last year.

The University is self-insured for all employee health care benefits with Anthem, Delta Dental, and Vision Service Plan as the third party administrators. Under the terms of the policy, the University is billed for actual claims on a weekly or monthly basis. In addition, liabilities for estimates of outstanding claims and claims incurred but not reported under self-insurance programs have been recorded in accrued liabilities.

Changes in the self-insured health care liabilities for the past three fiscal years are as follows:

	2017	2016	2015
Liability at beginning of fiscal year	$ 2,000,000	$ 1,800,000	$ 1,670,000
Current year claims including changes in estimates	33,468,184	30,933,643	29,354,091
Claim payments	(33,293,184)	(30,733,643)	(29,224,091)
Liability at end of fiscal year	$ 2,175,000	$ 2,000,000	$ 1,800,000

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

Collective Bargaining Agreements
Chapter 4117 of the Ohio Revised Code constitutes collective bargaining law for employees in the state of Ohio. The University is a party to collective bargaining agreements with the American Association of University Professors (AAUP); one representing tenure eligible and tenured faculty and another representing non-tenure eligible faculty. These contracts expired June 30, 2017 and are currently being renegotiated. The University is a party to collective bargaining agreements with the Fraternal Order of Police Ohio Labor Council; one representing non-supervisory on-campus police officers and sergeants and another representing communication center operators. These contracts expired June 30, 2017 but have been extended to December 31, 2017. Additionally, the University is a party to a collective bargaining agreement with the International Brotherhood of Teamsters Local 957 that expires on August 31, 2018, which covers skilled, semi-skilled and labor employees.

11) <u>Selected Disclosures of the Wright State University Foundation (a component unit)</u>

The University is the sole beneficiary of the Wright State University Foundation, Inc., a separate, not-for-profit entity governed by a separate Board of Trustees, organized for the purpose of promoting educational and research activities. Assets of the Foundation relate principally to donor restricted funds and are discretely presented in the accompanying financial statements. Amounts transferred to the University from the Foundation are recorded as nonoperating “gifts” and “capital grants and gifts” in the accompanying financial statements. Following are selected disclosures from the Wright State University Foundation, Inc. financial statements.

A. <u>Summary of Significant Accounting Policies</u>

In accordance with generally accepted accounting principles as applied to not-for-profit organizations, the consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. The Financial Accounting Standards Board (“FASB”) is the accepted standards setting body for establishing accounting principles generally accepted in the United States (“GAAP”). The following is a summary of the Foundation’s significant accounting and reporting policies presented to assist the reader in interpreting the financial statements and other data in this report.

Principles of Consolidation
The consolidated financial statements include the accounts of Wright State University Foundation and its wholly-owned limited liability company subsidiary Fairborn Office Property LLC. The consolidated entities are collectively referred to as “the Foundation”. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Cash and Cash Equivalents
The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents, except cash equivalent holdings in its investment portfolios that have resulted from recent security sales that will used to purchase other long-term securities.

Pledges Receivable
Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are recorded in the period in which the conditions have been met. Payments on pledges to be collected in future years are recorded at net present value. All pledges are presented net of an allowance for doubtful collections.

Gifts Receivable from Trusts Held by Others
Irrevocable trusts which will benefit the Foundation are recognized as gift revenue and as a receivable in an amount equal to the present value of the estimated future benefits to be received when trust assets are distributed. Adjustments to the receivable to reflect 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 will be recognized as changes in the value of the asset.

Investment in Securities
Investments are stated at fair value. The fair values of investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments, when appropriate. Investments are initially recorded at their acquisition cost if they were purchased and at fair value if they are received through a contribution or exchange transaction. Securities traded on a national exchange are valued at their last reported sales price on the exchange on which they are traded.

Alternative investments, such as hedge funds, private equity, distressed debt and limited partnerships for which there is no ready market, are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Because of the inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments may differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material.

Realized gains or losses are included in the consolidated statement of activities. Unrealized gains or losses are based on the differences between cost and fair value of each classification of security and are reported in the consolidated statement of activities. Investments are managed by professional investment managers.

Annuity Assets/Payable
Under charitable gift annuity agreements, the Foundation has recorded the donated assets at fair value and the liabilities to the donor and/or his/her beneficiaries at the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the gift is the difference between the asset and liability and is recorded as gift revenue.

Capital Assets
Expenditures for property and equipment and items that substantially increase the useful lives of existing assets are capitalized at cost. It is the policy of the Foundation to capitalize additions with an original cost of $5,000 or more. Assets acquired by gift are valued at fair value as of the date donated. The Foundation provides for depreciation using the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	Years
Land improvements	10-25
Buildings	20-65
Machinery and equipment	5-10

Long-lived assets, such as buildings, machinery and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. At June 30, 2017 and 2016, management has concluded that they are unaware of any impairments to be recorded.

Deposits Held in Custody for Others
These assets represent resources received and held by the Foundation as custodian. The assets are placed in the Foundation's investment portfolio and receive a pro-rata share of net investment earnings.

Functional Allocation of Expenses
The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs paid by the Foundation that relate to operations of the University's Advancement Division are classified as fund raising expenses. Costs specific to the operation of the Foundation as an independent entity are classified as management and general expenses.

Net Assets
The Foundation's net assets are classified into three categories: (1) unrestricted net assets, which include no donor-imposed restrictions, (2) temporarily restricted net assets, which include donor-imposed restrictions that will be satisfied in the future and (3) permanently restricted net assets, which include donor-imposed restrictions that the assets be maintained permanently.

The unrestricted net assets consist of operating funds available for any purpose authorized by the Board of Trustees. Included in unrestricted net assets are funds that have been designated as endowments by the board (quasi-endowments). The board may elect to reverse the decision to designate unrestricted net assets.

Temporarily restricted net assets consist of funds arising from a gift in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent. Temporarily restricted net assets also include unspent gains on donor-restricted gifts by virtue of the Foundation's spending policy. This policy, which was approved by the Board of Trustees, aims to protect the Foundation's donor-designated endowments from the effects of inflation by reinvesting a portion of the earnings on these funds as if they were endowment funds. Since the reinvestment of earnings from endowments was not explicitly designated by the donors, the reinvested earnings cannot be classified as permanently restricted under GAAP.

Quasi-endowment funds may also be established by request of a University college or department in accord with the Foundation's quasi-endowment policy adopted by the Board of Trustees in fiscal year 2011. The objective of this policy is to allow significantly large temporarily restricted funds to generate earnings that may be used by the requesting unit for the purpose(s) specified by the donor.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor.

Gifts and Contributions
Gifts and contributions are recorded at their fair value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset categories. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

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

Investment Earnings
Interest and dividends from endowment investments are credited to temporarily restricted funds and spent in compliance with donor stipulations and the Foundation's spending policy. Interest and dividends from non-endowment investments are credited to the unrestricted fund for expenditure at the discretion of the Foundation's Board of Trustees. Realized gains or losses are determined based on the average cost method.

Net Assets Released from Restrictions
When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Federal Income Taxes
The Foundation has been approved under the Internal Revenue Code Section 501(c)(3) as a nonprofit organization exempt from federal taxes on its normal activities. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction.

GAAP prescribes recognition thresholds and measurement attributes for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2017 and 2016, respectively.

The Foundation does not have any tax benefits recorded at June 30, 2017, and does not expect that position to significantly change in the next year. The Foundation would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at June 30, 2017 and 2016.

Fair Value of Financial Instruments
Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The carrying value of the Foundation's financial instruments, which include cash and cash equivalents, pledges receivable, investments, accounts payable, annuity agreements and long-term debt, approximate fair value.

Transfers Between Fair Value Hierarchy Levels
Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Subsequent Events
Management has performed an analysis of the activities and transactions subsequent to June 30, 2017, to determine the need for any adjustments to and/or disclosures within the audited consolidated financial statements for the year ended June 30, 2017. Management has performed their analysis through October 13, 2017, the date the consolidated financial statements were available to be issued.

Estimates
The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications
Certain reclassifications have been made to the 2016 consolidated financial statements to confirm to the 2017 consolidated financial statement presentation. These reclassifications had no effect on net assets or the change in net assets.

B. Business and Concentrations of Credit Risk

The Foundation's financial instruments that are exposed to various risks, such as interest rate, market and concentrations of credit risk consist primarily of cash and investments. The Foundation deposits its cash in federally insured banks. At June 30, 2017, the Foundation's cash accounts exceeded federally insured limits by approximately $3,558,000.

Investments are managed by a professional investment management company under an outsourced chief investment officer arrangement. The investment manager is subject to the Foundation's investment policy, approved by the Board of Trustees, which contains objectives, guidelines and restrictions designed to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the funds without undue exposure to risk. Certain funds have been pooled for ease of management and to achieve greater diversification in investments. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible the changes in risks in the near term would result in material changes in the fair value of long-term investments and net assets of the Foundation.

C. Fair Value of Financial Instruments

Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market on the measurement date.

The fair value hierarchy established by U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

In May 2015, the FASB issued ASU No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value practical expedient provided by Accounting Standards Codification 820, Fair Value Measurement. The guidance is effective for fiscal years beginning after December 15, 2016, with retrospective application to all periods presented and may be implemented earlier, which the Foundation elected to do. Consequently, the Foundation has added an "investments measured at net asset value" column to the fair value table presented below and reclassified its hedge fund, private equity, distressed debt and limited partnership investments to that classification since these investments utilize the NAV practical expedient. Such an adjustment was also made to the previous fiscal year's presentation to ensure comparability.

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2017 and 2016. Certain level classifications in the table below were reclassified from prior year to conform to current year presentation:

	Fair Value Measurements at June 30, 2017 Using				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	Totals
Assets					
Gifts receivable from trusts held by others	$	$	$ 1,410,200	$	$ 1,410,200
Investment in securities:					
Cash and equivalents					0
Mutual funds:					
Equity	57,834,630				57,834,630
Fixed Income	41,014,272				41,014,272
Alternative assets:					
Hedge funds				9,456,738	9,456,738
Private equity				5,281,180	5,281,180
Distressed debt				3,640,506	3,640,506
Total investment in securities	98,848,902			18,378,424	117,227,326
Other investments:					
Limited partnerships				537,568	537,568
Annuity assets:					
Cash equivalents	35,517				35,517
Mutual funds-securities	780,069				780,069
Total annuity assets	815,586				815,586
Total	$ 99,664,488	$	$ 1,410,200	$ 18,915,992	$ 119,990,680

	Fair Value Measurements at June 30, 2016 Using				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	Totals
Assets					
Gifts receivable from trusts held by others	$	$	$ 1,314,700	$	$ 1,314,700
Investment in securities:					
Cash and equivalents	798,523				798,523
Mutual funds:					
Equity	53,747,392				53,747,392
Fixed Income	42,081,026				42,081,026
Alternative assets:					
Hedge funds				8,585,077	8,585,077
Private equity				4,193,647	4,193,647
Distressed debt				2,933,526	2,933,526
Total investment in securities	96,626,941			15,712,250	112,339,191
Other investments:					
Limited partnerships				634,750	634,750
Annuity assets:					
Cash equivalents	40,549				40,549
Mutual funds-securities	703,846				703,846
Total annuity assets	744,395				744,395
Total	$ 97,371,336	$	$ 1,314,700	$ 16,347,000	$ 115,033,036

The table below presents a reconciliation and consolidated statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2017 and 2016:

	2017
	Gifts Receivable from Trusts Held by Others
Beginning balance, July 1	$ 1,314,700
Change in value of split interest agreements	95,500
Ending balance, June 30	$ 1,410,200

	2016
	Gifts Receivable from Trusts Held by Others
Beginning balance, July 1	$ 1,394,640
Change in value of split interest agreements	(79,940)
Ending balance, June 30	$ 1,314,700

The fair value of gifts receivable from trusts held by others is based on a valuation model that calculates the present value of estimated residual trust value. The valuation model incorporates assumptions that market participants would use in estimating future investment earnings. Management determines the fair value based on best information available (Level 3 inputs).

Investments in securities consist primarily of mutual fund shares managed by a professional investment management company utilizing the "outsourced chief investment officer" model of portfolio administration, as described in Note 11B. The fair value of mutual funds is based on quoted prices in active markets (Level 1 inputs).

For private equity, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual securities. Due to current market conditions, as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market value volatility.

With respect to hedge funds and distressed debt, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual security valuations.

For the past several years, the Foundation's hedge fund allocation has been divided between two funds. In FY16, due to performance concerns, the Foundation decided to exit one of those funds. By the end of the year, the investment had been liquidated, although approximately ten percent of the assets were escrowed pending completion of the annual audit and issuance of the fund's financial statements. The escrowed amount was shown as a cash equivalent in the Investment in Securities section in the FY16 table in this Note and was reallocated to other investments during FY17.

The Foundation's remaining hedge fund allocation is invested in a "fund of funds" structured as an offshore company. The fund's investment objective is to seek to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market cycle. The fund is broadly diversified and invests in various private funds such as hedge funds that pursue hedged or other alternative investment strategies, private equity funds, hybrid funds and any other alternative investment funds, while also opportunistically investing directly in any other securities and financial instruments. The fund generally invests in 15-20 funds and the fund of funds manager requires full transparency of each of the underlying funds' investment positions. The Foundation is no longer subject to the fund's initial two-year lock-up period and may, therefore, request liquidation on a semi-annual basis with 95 days prior notification. At June 30, 2017, the Foundation has no significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on NAV.

Approximately 42% of the Foundation's private equity fund investment is structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to invest the capital contributed to it in a diversified pool of long-term investments in non-publically traded companies. Diversification is accomplished by investing 40-60% of committed capital in underlying funds focused on the United States, 20-40% on Europe and 0-30% on emerging markets. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2017, the Foundation's total capital commitment of $3,500,000 was 71.4% ($2,498,908) funded. The fund made return-of-capital distributions during the year and no further capital calls were received. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

The balance of the Foundation's investment in the private equity space is in a fund also structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to continue the investment policy of the first fund, but seeks more diversification, shorter duration and a focus on cash returns. Diversification is accomplished by investing over five sub-class targets: buyouts, venture capital, debt, real estate and real assets/infrastructure. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2017, the Foundation's total capital commitment of $6,400,000 was 42.9% ($2,743,636) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

For FY15, the Foundation's investment in distressed debt was in the form of a fund that invests in a diversified portfolio of structured credit instruments, the majority of which are Collateralized Debt Obligation (CDO) equity and mezzanine notes. CDOs are structured finance securities that hold a diversified pool of income-generating collateral that is financed through the issuance of debt securities. CDO investors assume the first level of default risk. These notes are lowly correlated to traditional and other alternative investments have minimal interest rate risk and are highly transparent. The valuation of this investment is based on NAV. In FY16, the Foundation decided to exit this fund in favor of a distressed debt fund that focused on the energy sector (described below). Accordingly, a request was made to liquidate the investment, which was accomplished before June 30, 2016. However, approximately 10% of these assets were placed in escrow pending completion of the fund's annual audit and issuance of its financial statements. The escrow is shown as a cash equivalent in the Investment in Securities section in the FY16 table in this Note and was reallocated to other investments in FY17.

The Foundation's remaining investment in distressed debt is in the form of a fund that invests directly and indirectly in below investment grade bonds and loans (and other debt and equity instruments) of U.S. and international energy companies. The fund is structured as a domestic limited partnership. The fund seeks to generate high absolute returns by investing in securities which are purchased or acquired at a significant discount to fair value and/or offer high coupon rates. The fund will maintain a flexible approach to attempt to identify the most attractive risk-adjusted returns primarily within the energy debt space primarily through: 1) below investment grade bonds and loans of U.S. energy companies which trade at a discount to fair value; 2) direct lending at attractive risk-adjusted rates to U.S. energy companies; and/or 3) smaller allocations to U.S. investment grade and emerging markets companies. The Foundation's investment in this asset class was fully funded at June 30, 2017. The Foundation is subject to the fund's lockup period of three years, which will end in August 2018. Once the lockup period is over, liquidations may be requested on a semi-annual basis with a 95 days prior notice, subject to fund director consent and certain gate, holdback and suspension restrictions. The valuation of this investment is based on NAV and subject to a monthly lag.

Valuation of limited partnership shares reported as "other investments" are derived from reports issued by the general partners adjusted for capital contributions and withdrawals throughout the fiscal year. Although the fund custodians provide annual audited financial statements for each of the funds, the value of the underlying securities is difficult to ascertain as there is no active market associated with these ownership interests. The valuation of this investment is based on NAV.

D. Pledges Receivable

Pledges receivable at June 30, 2017 and 2016, by fund type, are as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	$ 16,494	$ 3,085,436	$ 96,836	$ 3,198,766
One to five years	3,500	5,454,639	416,633	5,874,772
Six years or greater		2,000,000		2,000,000
Gross pledges receivable	19,994	10,540,075	513,469	11,073,538
Present value discount	(294)	(1,007,475)	(12,969)	(1,020,738)
Allowance for uncollectible pledges	(100)	(59,600)	(12,500)	(72,200)
Pledges receivable (net)	$ 19,600	$ 9,473,000	$ 488,000	$ 9,980,600

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	$ 17,952	$ 3,904,050	$ 336,287	$ 4,258,289
One to five years		6,962,508	336,125	7,298,633
Six years or greater		2,005,500		2,005,500
Gross pledges receivable	17,952	12,872,058	672,412	13,562,422
Present value discount	(52)	(1,076,458)	(7,612)	(1,084,122)
Allowance for uncollectible pledges		(96,200)	(800)	(97,000)
Pledges receivable (net)	$ 17,900	$ 11,699,400	$ 664,000	$ 12,381,300

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 0.72% to 1.89%.

E. Gifts Receivable from Trusts Held by Others

The Foundation is a party to charitable gift trusts. Third party trustees maintain trust assets in irrevocable trusts for the benefit of the Foundation. The fair values of the trusts are estimated based upon the fair value of the assets contributed by the donor less the present value of the payment expected to be made to other beneficiaries. The present value is calculated using the discount rate the year in which the trust was established. Rates ranged from 1.72% to 4.92%. The balances at June 30, 2017 and 2016, are $1,410,200 and $1,314,700, respectively, and are included in temporarily restricted net assets.

F. Investment in Securities

The fair value of the Foundation's investments, at June 30, 2017 and 2016, are as follows:

	2017	2016
Cash and equivalents	$ -	$ 798,523
Mutual funds:		
Equity	57,834,630	53,747,392
Fixed income	41,014,272	42,081,026
Alternative assets	18,378,424	15,712,250
Totals	$ 117,227,326	$ 112,339,191

Net realized gains on sales of investments were $449,610 and $1,284,952 for the years ended June 30, 2017 and 2016, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains (losses) amounted to $8,979,369 and ($9,851,700) for the years ended June 30, 2017 and 2016, respectively.

In July 2017, the Foundation liquidated approximately $1.6 million of its endowment portfolio and used the proceeds to purchase bonds in the same amount issued by the Toledo Port Authority that were related to a construction project at Wright State's Lake Campus. The bonds will be repaid in the form of lease payments made by Lake Campus to Double Bowler, Inc., an affiliated entity of the University.

G. Other Assets

In July of 2012, the Foundation, along with the University of Dayton, purchased an option to acquire real property owned by the Miami Valley Research Foundation (MVRF) in Greene County, Ohio. The Foundation's share of the option price was $250,000. The renewable option agreement is valid for a period of two years, after which the option payment is returned to the Foundation without interest accruing. The option further provides that the MVRF may prematurely terminate the agreement and return the option payment along with a 5% annual premium. The option expired in June 2014, but was renewed through June 9, 2019 by both parties.

Also, included in other assets are unrestricted funds set aside for a specific group of University students to invest in order to provide them experience in managing a "live" portfolio. The project is known as Raider Asset Management (RAM). As the funds are not under the direct control of the Foundation's investment management system, they have been separately classified from investments in securities. The balance at June 30, 2017 and 2016 was $338,613 and $269,519, respectively. Earnings generated from the project are included in other income. Total net returns for 2017 and 2016 amounted to $69,094 and ($786), respectively.

H. Capital Assets

Capital assets activity for the year ended June 30, 2017 and 2016 is summarized as follows:

	2017				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets:					
Land	$ 173,000	$	$	$	$ 173,000
Buildings and improvements	2,644,131				2,644,131
Machinery and equipment	28,632				28,632
Total capital assets	2,845,763	-			2,845,763
Less accumulated depreciation:					
Buildings and improvements	299,311	118,021			417,332
Machinery and equipment	14,317	4,091			18,408
Total accumulated depreciation	313,628	122,112			435,740
Capital assets, net	$ 2,532,135	$ (122,112)	$	$	$ 2,410,023

	2016				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets:					
Land	$ 173,000	$	$	$	$ 173,000
Buildings and improvements	2,550,064			94,067	2,644,131
Machinery and equipment	28,632				28,632
Construction in progress	46,563	47,504		(94,067)	
Total capital assets	2,798,259	47,504			2,845,763
Less accumulated depreciation:					
Buildings and improvements	183,902	115,409			299,311
Machinery and equipment	10,226	4,091			14,317
Total accumulated depreciation	194,128	119,500			313,628
Capital assets, net	$ 2,604,131	$ (71,996)	$	$	$ 2,532,135

I. Debt Guaranty

During fiscal year 2011, the Foundation entered into agreement with Dayton Regional STEM Schools, Incorporated (“STEM”) guaranteeing payments on a lease (and such other obligations imposed by the lease) related to the purchase and renovation of an existing building that is utilized by STEM in fulfillment of its corporate purposes. STEM is one of ten Ohio schools offering students a relevant, real world educational experience that will prepare them for college and opportunities in the work world. Wright State University has acted as STEM’s fiscal agent as well as providing space, supplies and personnel in support of its operations. The agreement pledges unrestricted net assets of the Foundation in an amount not to exceed $3,000,000 and the designation of unrestricted net assets in the amount of one year of maximum debt service ($600,000) on bonds associated with the project. Since the guaranty may expire without being drawn upon, the total guaranty does not necessarily represent future cash requirements. As of June 30, 2017, no amounts have been recognized as a liability under the financial guaranty in the Foundation’s consolidated statement of financial position as the likelihood that STEM would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

(12) Selected Disclosures of the Wright State Applied Research Corporation (a component unit)

Wright State Applied Research Corporation (“WSARC”) was incorporated on July 26, 2004, as Wright Center of Innovation for Advanced Data Management and Analysis, Inc. (“WCI”) to deliver solutions that improve the performance and decision making of individuals and teams by integrating human factors design with innovative visualization and computing technologies. On March 30, 2011, WCI changed its name to Wright State Applied Research Corporation. WSARC is the contracting entity for the Wright State Research Institute, a department of Wright State University (the “University”). WSARC was also granted tax-exempt status according to the provisions of Section 501(c)(3) of the Internal Revenue Service on July 26, 2004.

WSARC is governed by a board of directors (the “Board”). The Board includes the University president (or his/her designee), two individuals appointed by the University president, a representative of the University’s board of trustees and a maximum of nine elected directors who are independent and unrelated to the University.

A. Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of WSARC have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Contract and Grant Revenue and Accounts and Notes Receivable
WSARC’s principal revenue is derived from sponsored research contracts, which are primarily cost plus fixed fee in nature. Sponsored research contracts are agreements for specific research, which is performed for a sponsor. WSARC recognizes sponsored research contract revenue prorated based upon the costs incurred on each sponsored research contract. The prorated revenue closely approximates the percentage of work completed for each contract. Contract and grant revenue consists primarily of government funding for 2017 and 2016.

Accounts receivable are reflected for both billed and unbilled amounts based upon the work completed for a particular grant or contract. WSARC uses the allowance method to estimate uncollectible accounts and notes receivable in these two categories. The allowances, if any, are based on prior experience and management’s analysis of specific contracts. Interest is not charged on any past due balances. As of June 30, 2017 and 2016, there were no allowances recorded.

Cash and Cash Equivalents

WSARC considers all demand deposits, certificates of deposit, and money market funds with an original maturity of three months or less to be cash and cash equivalents. WSARC maintains cash balances at banks and the accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. As of June 30, 2017 and 2016, WSARC had uninsured deposits of approximately $12,055,000 and $8,457,000, respectively.

Property and Equipment

Property and equipment with an original purchase price or donated value of $5,000 or greater is capitalized at cost for purchased assets and at fair value for donated assets. The straight-line method of depreciation is used over the assets' estimated useful lives (three to seven years for most assets, up to 40 years for buildings and improvements).

Impairment of Long-Lived Assets

WSARC continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision. In evaluating whether these long-lived assets are recoverable, WSARC estimates the sum of the expected future cash flows, undiscounted and without interest charge derived from such assets over their remaining useful life. Management believes that there was no impairment of long-lived assets for the years ended June 30, 2017 and 2016.

Deferred Revenue

Cash received in advance of being earned is recorded as deferred revenue. In the subsequent period, when the revenue recognition criteria are met, revenue is recognized and the deferred revenue is reduced accordingly. The state of Ohio appropriated funds to WSARC for projects and activities that commenced in 2016. At June 30, 2017 and 2016, the balance of deferred revenue relating to the state appropriation is $11,413,365 and $7,503,496, respectively.

Net Assets

Under accounting principles generally accepted in the United States of America, WSARC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations or are designated for use by WSARC's Board of Directors.

- Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met either by actions of WSARC and/or the passage of time.

- Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by WSARC.

As of June 30, 2017 and 2016, there are no donor restrictions on any of the net assets of WSARC and therefore, all net assets are reflected as unrestricted.

University Support of WSARC

University employees provide operational, technical and administrative functions for WSARC. These services are recorded as expenses as incurred by WSARC.

Income Tax
WSARC has been determined to be exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (the "Code"), as an organization described in Sections 501(c)(3) and 170(b)(l)(A)(ii) of the Code. However, WSARC is subject to federal income tax on any unrelated business taxable income.

WSARC files tax returns in the U.S. federal jurisdiction.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires WSARC's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Contingencies
WSARC receives significant assistance from numerous federal and state agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the sponsor. Any disallowed claims resulting from such audits could become a liability. Management believes that any potential disallowance of claims would not have a material effect on the financial statements.

WSARC is periodically involved as a defendant or codefendant in various matters of litigation. Management believes that the ultimate disposition of any current matters would not have a material adverse effect upon the financial statements. In addition, WSARC is a participant in an ongoing federal investigation of the University. The expected time of completion and the potential impacts of the investigation on WSARC are unknown at this time.

Functional Allocation of Expenses
The costs of supporting the various programs and activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program and support services categories based on estimated time spent by personnel and other methods.

Subsequent Events
Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Reclassifications
Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. These reclassifications had no effect on the change in net assets.

B. Property and Equipment

Property, plant and equipment consist of the following at June 30, 2017 and 2016:

	2017	2016
Land	$ 751,085	$ 751,085
Software for projects	552,259	453,201
Computers and hardware	2,162,905	2,162,905
Buildings and building improvements	2,167,474	2,167,474
Furniture and fixtures	1,155,637	1,155,637
Truck trailer	520,904	520,904
Equipment	972,670	972,670
	8,282,934	8,183,876
Less accumulated depreciation	3,799,911	3,133,205
Net	$ 4,483,023	$ 5,050,671

During 2017, WSARC identified $3,842,660 of fully-depreciated property and equipment that had been previously disposed but not removed from its books and records. Such amounts have been removed and presented as such on a retrospective basis.

C. Other Assets

On June 26, 2015, WSARC converted a $300,000 note receivable from the Miami Valley Research Foundation into an option to purchase a proportionate share of approximately 125 acres of land located in Greene County, Ohio. The option expires on June 9, 2019. If the option is not exercised, the $300,000 consideration paid will be returned to WSARC.

D. Related Parties

WSARC is responsible for reimbursing the University for subsequent direct and certain indirect costs incurred by the University related to sponsored research contracts managed by WSARC. Total expenses recorded related to the University were $7,479,282 and $11,030,735 for the years ended June 30, 2017 and 2016, respectively. In addition, WSARC recognizes revenue for space leased to the University in WSARC's building on a month-to-month basis and reimbursement of WSARC expenses incurred on University grants. Total revenue recorded from the University was $3,008,751 and $906,503 for the years ended June 30, 2017 and 2016, respectively. The balances owed to and due from the University at June 30, 2017 and 2016, respectively, are stated below.

	2017	2016
Due to Wright State University - accrued wages	$ 2,954,955	$ 5,019,168
Due from Wright State University		
Rent	$ 777,697	$
Other	233,940	
Total due from Wright State University	$ 1,011,637	$

During the year ended June 30, 2016, Wright State University forgave $4,384,460 of the amount due from WSARC. This amount represents costs incurred by the University to cover short falls in operational costs incurred by WSARC. The shortfalls in operations were a result of indirect cost rates not fully covering operational costs. Indirect cost rates have been renegotiated in recent years.

In addition, during the year ended June 30, 2016, WSARC received contributions of equipment in the amount of $1,194,444. These contributions were received from capital appropriations from the State of Ohio through Wright State University.

E. Debt Guaranty

During fiscal year 2014, a donor made a bequest to the University of an office building in the donor's name. The donor has a mortgage on the building of approximately $2,700,000. During fiscal year 2014, WSARC entered into an agreement with the lender guarantying the debt service payments of the mortgage. As of June 30, 2017 and 2016, no amounts were recognized as a liability under the financial guaranty in WSARC's statements of financial position.

F. Note Receivable

WSARC issued a note receivable to Advanced Technical Intelligence Center for Human Capital Development (ATIC) on December 1, 2016, for $1,404,119. The note is secured by a fourth mortgage interest in real property owned by ATIC (property) located in Greene County, Ohio. The note bears interest at a per annum rate of 1.29%. Monthly installment payments of $2,500 are due until the earlier of December 31, 2021, or the date ATIC sells the property, at which time the entire then-remaining principal balance and accrued and unpaid interest are due in full.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE WRIGHT STATE UNIVERSITY PROPORTIONATE SHARE
OPERS NET PENSION LIABILITY AND CONTRIBUTIONS

(Dollar amounts in thousands)
(Percentages rounded to thousandths)

	2017	2016	2015 (1)
University's proportion of the net pension liability (asset) (2)	0.421%	0.444%	0.455%
University's proportionate share of the net pension liability (asset) (2)	$ 95,392	$ 76,754	$ 54,649
OPERS fiduciary net position as a percentage of the total pension liability (2)	77.386%	81.192%	86.533%
University's covered-employee payroll (2)	$ 61,511	$ 62,769	$ 61,994
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll (2)	155.081%	122.280%	88.152%
Statutorily required contribution (3)	$ 8,315	$ 9,035	$ 9,046
Contributions in relation to the statutorily required contribution (3)	$ 8,315	$ 9,035	$ 9,046
Annual contribution deficiency (excess) (3)	$		$
University's covered-employee payroll (3)	$ 57,571	62,672	$ 62,945
Contributions as a percentage of covered-employee payroll (3)	14.443%	14.416%	14.371%

(1) Information prior to 2015 is not available
(2) Amount presented determined as of the OPERS December 31st fiscal year end occurring during the respective university June 30th fiscal year-end
(3) Amount presented determined as of the respective university June 30th fiscal year-end

SCHEDULE OF THE WRIGHT STATE UNIVERSITY PROPORTIONATE SHARE
STRS NET PENSION LIABILITY AND CONTRIBUTIONS
(Dollar amounts in thousands)
(Percentages rounded to thousandths)

	2017	2016	2015 [1]
University's proportion of the net pension liability (asset) [2]	0.726%	0.729%	0.713%
University's proportionate share of the net pension liability (asset) [2]	$ 242,899	$ 201,492	$ 173,487
STRS fiduciary net position as a percentage of the total pension liability [2]	66.778%	72.088%	74.707%
University's covered-employee payroll [2]	$ 63,346	$ 63,798	$ 61,581
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll [2]	383.448%	315.828%	281.722%
Statutorily required contribution [3]	$ 10,531	$ 10,739	$ 10,757
Contributions in relation to the statutorily required contribution [3]	$ 10,531	$ 10,739	$ 10,757
Annual contribution deficiency (excess) [3]	$	$	$
University's covered-employee payroll [3]	$ 62,056	$ 63,321	$ 64,347
Contributions as a percentage of covered-employee payroll [3]	16.970%	16.960%	16.717%

(1) Information prior to 2015 is not available
(2) Amount presented determined as of the STRS June 30th fiscal year-end occurring one year prior to the respective university June 30th fiscal year-end
(3) Amount presented determined as of the respective university June 30th fiscal year-end

Notes to Required Supplementary Information

Changes of Benefit Terms

Amounts reported in 2016 for STRS reflect the following plan changes effective August 1, 2015:

1. Age and service requirements increased effective for retirement dates beginning on or after August 1, 2015 to any age and 31 years of service; or age 65 and five years of service.
2. Final average salary (FAS) increased to the highest five years (up from three years).
3. The benefit formula changed to 2.2% for all years of service for retirement dates beginning on or after July 1, 2015. The formula for retirement dates prior to July 1, 2015 was 2.2% for the first 30 years and an escalating formula for every year of service over 30 years.

There were no changes of benefit terms for OPERS for the fiscal years presented.

Changes of Assumptions

Amounts reported in 2016 for OPERS reflect the following assumption changes:

1. The investment rate of return assumption was changed from 8.0% to 7.5%.
2. The wage inflation range assumption (including inflation) was reduced from 4.25% - 10.05% to 3.25% - 10.75%.
3. The price inflation assumption was reduced from 3.75% to 3.25%.
4. Mortality assumptions were increased to reflect the longer life expectancies of members.

There were no changes of assumptions for STRS for the fiscal years presented.

SUPPLEMENTARY INFORMATION

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number	Total Federal Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER				
U.S. Department of Education Direct Programs -				
Federal Supplemental Educational Opportunity Grant	84.007			$ 373,233
Federal Direct Loan Program	84.268			94,501,561
Federal Work Study Program	84.033			978,102
Federal Perkins Loan Program	84.038			13,177,521
Federal Pell Grant Program	84.063			19,120,849
Total U.S. Department of Education Direct Programs				128,151,266
U.S. Department of Health and Human Services Direct Programs -				
Nurse Faculty Loan Program	93.264			11,444
Health Professions Student Loans	93.342			12,294
Loans to Disadvantaged Students	93.342			157,547
Nurse Faculty Loan Program	93.264			163,343
Nursing Student Loans	93.364			958,293
Primary Care Loans	93.342			1,224,659
Total U.S. Department of Health and Human Services Direct Programs				2,527,580
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				**130,678,846**

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number	Total Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER				
U.S. Department of Agriculture, Prime -				
Evaluating the Risk Posed by Emerald Ash Borer to Fringetrees: Chionanthus spp.	10.025			$ 11,953
U.S. Department of Agriculture, Subcontract -				
Host Tree Oviposition Attractants for Female Emerald Ash Borers	10.025	Pennsylvania State University	5507-WSU-USDA-0689	26,026
OHIO - Smarter Lunchrooms - Local Partnership Stipend	10.574	Ohio Department of Education	6490E; PO 15213; PO 15739	1,268
OHIO - Smarter Lunchrooms - Evaluation of 2015-2016	10.574	Ohio Department of Education	EDUD201610505	4,044
Total U.S. Department of Agriculture, Subcontract				31,338
Total U.S. Department of Agriculture				43,291
U.S. Agency for International Development, Subcontract -				
Aerobic Cometabolic Biodegrad. of Dilute Concentrns of Carbamazephine and Diclofenac	98.001	RTI International		13,540
U.S. Department of Commerce, Subcontract -				
Characterizing Ammonium Dynamics Affecting Harmful Cyanobacterial Blooms in Lake Erie	11.417	The Ohio State University	PO RF01437695; PROJ 60053689	48,811
From the Headwaters to the Littoral Zone: Using Attached Algae as Indicators of Ecosys	11.417	The Ohio State University	RF01436773; 60053688	50,068
Laser Powder Bed Additive Manufacturing Process Development	11.609	Carnegie Mellon University	1080322-335858	(15,321)
Sediment Nitrogen Dynamics in the Western Basin of Lake Erie Relative to Cyanobacteria	11.417	The Ohio State University	RF01436768; 60053694	32,419
Swimming Performance of Great Lakes Minnows and Darters	11.417	The Ohio State University	60055609; RF01444211	7,662
Urgent Response to the Current Cyanobacterial Bloom in Lake Okeechobee: Community Ammo	11.417	University of Florida	UFDSP00011332, 113890; PD-16-10	9,998
Total U.S. Department of Commerce				133,637
U.S. Department of Defense, Prime -				
1550-nm Extrinsic-GaAs Photomixers Arrays and Spectrometers	12.431			82,478
A Methodology to Protect Classified Technical Documents: The Diagram Modification Appr.	12.300			135,667
AFRL Research Collaboration Program	12.800			132,054
Algorithms on Generalized Networks	12.910			43,575
Alternate Tinnitus Management Techniques Developed Using Blood-Oxygen-Level-Dependent	12.300			487,871
Comprehensive Learning Objectives for Warfighter Needs	12.800			2,071,618
Dynamic Generalizations of Systems Factorial Technology for Modeling Perception of Fuse	12.800			1,856
Electrochemically Controlling the Ring Size and Molecular Topology of Cyclic Polyesters	12.431			31,480
Evaluation of a Brief Marriage Intervention for Internal Behavioral Health Consultants	12.420			263,532
Goal Driven Autonomy and Robust Architectures for Long Duration Missions	12.300			265,058
Hemodynamic Response to Hypoxia	12.340			18,185
Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)	12.800			1,675,049
Lapse of Attention Predicted in Semi-structured Ecological Settings (LAPSES)	12.300			265,205
Maximizing the Collective Intelligence of a Network Using Novel Measures of Socio-Cogni	12.431			165,910
Neuroscience and Medical Imaging	12.800			(120,220)
Precision High Intensity Training through Epigenetics (PHITE)	12.300			519,007
Real-Time Detection of Cellular Respiratory Bio-Markers of Early Stage Infections	12.420			38,900
Revolutionary Intelligence and Influence Technologies (RIIT)	12.800			767,508
Role of SRC-3delta4 in the Progression and Metastasis of Castration-Resistant Prostate	12.420			114,847
Sensor and Information Research Center for Understanding Systems (SIRCUS)	12.800			1,628,835
The Role of Dynamic Representational Networks in Expertise in Visual Scene Recognition	12.300			46,875
Theory and Research Unifying Social/Game-Theoretical/Ecological/Cognitive & Computation	12.800			131,682
Up-Armoring At-Risk Military Couples	12.800			18,243
WSARC - AFRL ACE-EM	12.800			723
WSARC - Deploy Train Tech (DTT)	12.800			349,813
WSARC - FY17_USAM-AMP Course 101	12.800			8,400
WSARC - HAPTIX	12.910			109,943
WSARC - HIVE	12.800			26,870
WSARC - HMT	12.800			6,690,357
WSARC - LEAP	12.910			327,896
WSARC - MiDLE	12.800			733,897
WSARC - USAM-AMP Course 101	12.800			16,320
WSARC - USAM-ATLS Class	12.800			20,561
Total U.S. Department of Defense, Prime				17,069,995
U.S. Department of Defense, Subcontract -				
2016/17 Aerospace Propulsion Outreach Program-APOP-External Combustor	12.800	Universal Technology Corporation	SUB 16-7900-0008-15-C8	14,206
A Biologically-Inspired Topological Design Tool for Additive Manufacturing of Air Platf	12.300	Adjoint Technologies, LLC	RSC16004	12,499
A Randomized Double-Blind Placebo-Cntrlld Dose-Escalation Study of NNZ-2566 in Patients	12.800	The Geneva Foundation	NEU-2566-TBI-001	628
Additive Manufac. R&D Involving Turbine Engine Low Cycle Fatigue Behavior	12.800	Universal Technology Corporation	SUB 16-7900-0003-02-C7	12,783
Aeromechanical Investigation of Turbine Engine High Speed Compressors	12.800	Universal Technology Corporation	16-7900-0003-02-C5	30,475
All Solid-State Lithium Electrochemical Technology	12.800	University of Dayton	RSC16021-LD0072	27,573
Application of Human Operator Information Models (HOIM) for Research on Non-Invas. Brain	12.800	InfoSciTex Corp	FPH02-S014 -TO 0003; PO153078	10,710
Applications in Computational and Experimental Electromagnetics-ACE-EM	12.800	Wright State Applied Research Corporation	SUB 11118-001; PO W000000112	2,935
Assessing the Impact of Dwell and Multi-Axial Fatigue on Performance of Titanium Alloys	12.800	University of Dayton	SUB RSC14058; ACCT L46S22	15,136
Brain-Computer Interfaces for Human-Autonomous Teaming (BCI-HAT)	12.800	Wright State Applied Research Corporation	1084-WSU; POFY16-061	13,261
Brain-Computer Interfaces for Human-Autonomous Teaming (BCI-HAT)	12.800	Wright State Applied Research Corporation	11106.001 (WSU) PO W000000042	43,414
Broad Area Terahertz Frequency Spectroscopic Material State Awareness	12.800	BerrieHill Research Corporation	BRC_S6202	35,511
Carbon Nanotube Synthesis and Modeling	12.800	Universal Energy Systems Inc. (UES Inc.)	S-999-128-001	7,560
Center for Integrated Thermal Management of Aerospace Vehicles	12.800	The Trustees of Purdue University	SUB 4104-60185	31,145
Clutter Modeling for Ray Tracing Methods	12.800	Riverside Research	PO013375 DRC.C01372P.013375.15	(123)
Cognitive Performance Research	12.800	InfoSciTex Corp	PO160562	19,007

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number		Total Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense, Subcontract (Continued) -					
Collaborative Center in Multidisciplinary Sciences (CCMS)	12.800	Virginia Polytechnic Institute and State University	SUB 450298-19553	$	39,756
Collaborative Research: A Cellworks Optimization Method for Air Vehicle Design	12.800	University of Hawaii	PO Z10113736 SUB MA1028		42,085
Contact-Free/Antenna-Free CW THz Optoelectronic Probe	12.300	University of Notre Dame	202837WS		18,102
Contested Environment Radio Frequency Exploitation and Research (CERFER)	12.800	Matrix Research & Engineering	CRFR-0024		110,019
Contested Environment Radio Frequency Exploitation and Research (CERFER)	12.800	Matrix Research & Engineering	CRFR-0024-01-02		95,000
Cooperative RF Sensors - Phase II	12.800	Matrix Research & Engineering	AF0178-WSU-01		18,174
Cost Estimating Models for Advanced Composite Aircraft Using Additive Manufacturing	12.800	Wyle Laboratories	PO WSCS00064		915
CRISPR IGS Pilot Project	12.910	Ginkgo Bioworks			17,579
Cyber Attack and Mission Impact Research - Suspicion in Information Technology	12.800	Systems Research and Applications International	SRAS000671-2; PROJ 13699.033		21,196
Deep Level Transient Spectroscopy (DLTS)	12.800	Selecttech Services Corporation	PO 6159-35-2543		30,000
Design and Fabrication of an External Combustor for a JetCat Turbojet Engine	12.800	Universal Technology Corporation	SUB 15-7900-0006-10-C4		(6,011)
Design/Development and Characterization of Microwave/Terahertz Frequency Superconduct.	12.800	University of Dayton	RSC15005		30,889
Development of Robust Compact Sources for Alkali Atom Systems	12.800	Universal Energy Systems Inc. (UES Inc.)	S-926-013-011		14,969
Development of Robust Compact Sources for Alkali Atom Systems	12.800	Universal Energy Systems Inc. (UES Inc.)	SUB S-114-053-001		19,656
Distributed Passive Radar Networks for Target Detection in Non-Homogeneous Environments	12.800	Defense Engineering Corporation	PO 10234		5,110
Electrical and Optical Characterization	12.800	Wyle Laboratories	A10552.0005.S002, PO APSC02040		290,378
Electron Optics Anal. Towards Fundamental Understanding of Functional Thin Film Material	12.800	Universal Energy Systems Inc. (UES Inc.)	S-114-050-001		19,215
Environmental Compensation Algorithms for Real-time Air Quality Sensors	12.800	Henry M. Jackson Foundation	SUB 3331; PO 874116		40,255
Expanded INSIGHTS Functionality: Multi UserTeam Support	12.910	High Performance Technologies, Inc.	PO7166 R7 TO09 PROJ BY15-081SP		35,333
Extended Scene-Based Processing Improvements	12.800	Invertix	ATEP-II TO A0000.0070		39,119
Funct. Mag. Resonance Imaging and Diffusion Tensor Imaging Using Transcranial DC Stim.	12.800	InfoSciTex Corp	FPH02-S014-TO 0003-PO160562		68,122
Growth and Characterization of Multiferroic Materials	12.800	Azimuth Corporation	SUB 238-5404-WSU; PO238-004-001		23,291
Growth Characterization and Test Structure Fabrication of Emerging Electronic Materials	12.800	Universal Technology Corporation	16-S7405-25-C1		17,389
High Impact Technologies	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ-WSU-15-1-AFRL-OC1		29,352
High-Resolution Sensing of DNA Nanostructures in the THz Region (MURI)	12.431	University of California	2010-2510		96,803
Human Dismount Synthetic Data Generation	12.800	InfoSciTex Corp	SUB 6000-S005; TO0003; PO 161022		43,116
III-N Devices and Architectures for THz Electronics	12.300	University of Notre Dame	201836		44,044
Improved Analysis Tool Development	12.800	Invertix	TO-0026		15,007
Improving Electrical and Mechanical Performances of Electrolyte Membranes for Flexible	12.800	University of Dayton	RSC16001 ACCT L50642-7S05		16,704
Infrared Tracking	12.800	Etegent Technologies, Ltd.	ETE120		5,769
Initial Interface for Synthetic Test Generation Tool	12.800	EDAptive Computing, Inc.	PO 012517-WSU-01		36,344
Integrated Sense-Assess and Augment (ISAA)	12.800	Wright State Applied Research Corporation	11120.001 (WSU) PO W000000099		27,424
Interactions with Semi-Automatic Remotely Piloted Vehicles (I MACE)	12.800	InfoSciTex Corp	1430-S004		(2,583)
Leveraging Emerging Accelerator Technologies toward Developing Acoustic Imaging Reconst	12.910	Engility Corp	PROJ BY16-089SP PO 0007166 R10		41,427
Low Power Anti-jam GPS Integrated Circuit Development	12.800	RBS Technologies, LLC	WSU-2014-1813 MOD4		124,746
Mechanistic Interpretations of Hypobaria and Hyperoxia Using Metabolomics and Proteomic	12.800	Henry M. Jackson Foundation	SUB AWARD 3145/PO 855228		48,482
Medical Information Decision Assistance and Support	12.300	Milcord LLC	SC-1507-01		19,060
Metabolomics Anal. of Fecal Extracts in 'Humanized' Microbiome Mouse Model of Tox. Exp.	12.800	Henry M. Jackson Foundation	SUB AWARD 3748; PO 900681		8,554
Micro-Raman Investigation of Residual and Thermal Stresses in Si/SiC Composites	12.800	Universal Technology Corporation	15-S7415-02-C1		504
Mission-Directed Learning Environment	12.800	Wright State Applied Research Corporation	11099-WSU PO W000000087		65,731
Modeling and Analysis of Damping Performance of Hard Coatings in Turbomachinery	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ10-WSU-16-4-AFRL		12,335
Near Real Extraction Proof of Concept Research & Development Support	12.800	Invertix	TO-A030		8,260
NMR-Based Urinary Metabolomics in Rats Exposed to Burn Pit Emissions	12.800	Henry M. Jackson Foundation	SUB AWARD 3065/PO 852173		131,204
Object Physics for Exploitation and Recognition Advancements Opera TO2	12.800	Leidos, Inc.	P010151904-2		6,046
Passive Radio Frequency (RF) Identification Environment (PRIDE)	12.800	Leidos, Inc.	P010189658		2,265
Performance Understanding for Layered Sensing Exploitation: Rigorous Assessment of Tech	12.800	InfoSciTex Corp	FPH66-S005 TO01; PO 162155		141,227
Phase-Cancelled - Broadband - Graphene-based Impedance Sensor Phase II	12.800	Universal Technology Corporation	17-7611-02-C1		231,348
Power and Thermal Management System for Hypersonic Vehicles	12.800	Acumentrics	PO 204717		141
Power and Thermal Management System for Hypersonic Vehicles	12.800	Acumentrics	PO 207355		4,110
Probabilistic Design Criteria for Decision Making with Uncertainty	12.800	University of Dayton	RSC17010		9,976
Radar Agnostic SAR ATR	12.800	Systems Technology Research	PO16-00157; SUB 2016-1112		41,543
Radar Net	12.910	Systems Technology Research	2014-1056		19,603
Rapid Qualification Methods for Powder Bed Direct Metal AM Processes	12.800	Case Western Reserve University	RES508101		(5)
Reactionary Assistance Support: Using Container Technology for Data Analytics on HPC Pl	12.910	Engility Corp	PO 0007166 R11		19,781
Robust Adaptable Information-Aided Cognition Target Identification	12.351	Advratech LLC	S-014-4105-01		805
SAR Image Formation from CAD Models	12.800	Deep Learning Analytics, LLC	DLA-IDIQ-062315-WS 081215-01		126,171
SBIR Phase I; Topic 80	12.800	Universal Technology Corporation	SUB 17-7613-00-C2		20,782
SBIR Phase II: Novel Signal Processing for Airborne Passive Synthetic Aperture Radar	12.800	Systems Technology Research	2015-1079		79,908
Separability and Stability Analysis of Laser Vibrometry Signals	12.800	Leidos, Inc.	P010125637; TASK P010125637-1		40,705
Situational Awareness via Mixed-Initiative Universal Recognition Analysis and Inference	12.300	Decisive Analytics Corporation	PO 000000289		246,913
SOFT-Nanostructured Architectures for Structural Batteries	12.800	Universal Energy Systems Inc. (UES Inc.)	SUB S-999-12G-001 MOD 01		16,861
Stochastic Metamodeling for Design Validation - Federal	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ30-WSU-16-3-AFRL		6,791
Target Recognition and Adaption in Contested Environments (TRACE)	12.800	Systems Technology Research	2015-1076		303,993
Temperature Dependent Creep of Novel Solder Materials	12.800	DfR Solutions LLC	PO 10044		3,442
Terahertz Frequency Materials Testing at Cryogenic Temp. and in High Magnetic Fields	12.800	Lake Shore Cryotronics Inc.			3,782
Terahertz Spectroscopic Chemical Sensor for Analysis of Fatigued Human Breath	12.800	Universal Technology Corporation	SUB 17-7612-00-C1		222,792
Test and Evaluation Support for VEA and TRACE	12.800	Jacobs Technology Inc.	1081-05-00-02		16,199
The Prospective Observational Vascular Injury Trial (PROOVIT)	12.420	National Trauma Institute	NTI-NTRR15-12		11,100
The System for Assessing Complex Contextual Attention and Dynamic Engagement (SACCADE)	12.800	Lockheed Martin	PO 4102818803 LINE 10		67,037
Towards Understanding Nanoscale Failure Mechanisms in Multifunc. Composite Material	12.800	Universal Technology Corporation	16-S7407-15-C1		17,217
Training for Resilient Systems Design	12.800	Tier1 Performance Solutions LLC	MSA 1317 PROJECT CODE AFM3012		47,495
Trust Calibration and Human-Machine Teaming	12.800	Systems Research and Applications International	SRAS002156-1; PROJ 14843-001		27,292
Turbine Engine Inlet Distortion Aeromechanical Investigation for AFRL-RQTI	12.800	Universal Technology Corporation	15-7900-0003-02-C4		17,868
Ultra-Wide Band Gap Materials	12.800	Azimuth Corporation	238-5404-WRT PO 238-004-069		20,838
Visualization of Particulate Data	12.800	Henry M. Jackson Foundation	SUB 3272 PO 870120		50,317
Vulnerability Detect. and Anal. for Unmanned Sys. Autonomy Svcs Architechture (UxAS)	12.800	Wright Brothers Institute Inc. (The)	WBSC 7255 SOI WSU 0001		49,564
WSARC - AC/MC-130J Radio	12.800	MacAulay-Brown, Inc.	DSC8085-01		4,448
WSARC - Adapt Learn & Assess App	12.800	L3 Technologies, Inc.	JN-1006069		525
WSARC - AMT & Trust in Automation	12.800	Ball Aerospace & Technologies Corp.	15S1369T-TO9 HIRT		366
WSARC - Army SAIVE Phase II SBIR	12.800	The Design Knowledge Co.	1164.92-SLIN 0001		1,854
WSARC - CARP Phase II	12.800	Soar Technology	10314.01		20,556
WSARC - CRAMMIT	12.800	The Design Knowledge Co.	1176.93		35,945
WSARC - HIRT TO9 AMT & Trust	12.800	Ball Aerospace & Technologies Corp.	16S0244C-TO9 HIRT		633
WSARC - IMPACT RQ-TO: 0006	12.800	InfoSciTex Corp.	PO 152677/FPH02-S009		218,523
WSARC - ISR Payloads Support	12.800	Technology Service Corp.	TSC-1099-40066-CLIN1		139,573

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)				
U.S. Department of Defense, Subcontract (Continued) -				
WSARC - MOLES	12.800	The Design Knowledge Co.	1919.03.11	$ 54,347
WSARC - P4 Partnership Res Study	12.800	CBD Advisors		60,332
WSARC - PMAA	12.800	Aptima Inc.	1139-1965	14,995
WSARC - RAST	12.800	InfoSciTex Corp.	FPH98-S004/PO 150473	1,246,977
WSARC - SAVANT	12.800	Soar Technology	10319.02	27,764
WSARC - SAVANT Tool Eval & Align	12.800	Northrop Grumman	7500135233-CLIN 1	21,073
WSARC - Security Cyber-Physical	12.800	Tenet3	06022016-01	133,951
WSARC - TAHMT	12.800	SRA International, Inc.	SRAS002249-0	3,792
WSARC - TTAS	12.800	MacAulay-Brown, Inc.	PO DSC6056	165,117
Total U.S. Department of Defense, Subcontract				6,064,222
Total U.S. Department of Defense				23,134,217
U.S. Department of Education, Subcontract -				
Facilitating Transfer of Mathematical Knowledge from Classroom to Real Life	84.305A	The Ohio State University	60041905-WSU	138,425
Mission HydroSci: A Virtual Environment for Next Generation Science Learning	84.305	Curators of the University of Missouri	C00047775-1	32,498
Mission HydroScience	84.411	Curators of the University of Missouri	C00046299-1	26,612
Total U.S. Department of Education				197,535
U.S. Department of Energy, Subcontract -				
Center for Geologic Storage of CO2	81.049	University of Illinois	2014-03595-03, IGC AB897	85,308
Development and Application of a Hydrothermal Atomic Force Microscope	81.049	Oak Ridge National Laboratory	4000114518	69,872
Total U.S. Department of Energy				155,180
U.S. Environmental Protection Agency, Subcontract -				
Analysis of Fish Tissue for Selenium	66.469	University of Wisconsin-Board of Regents	PO 21894	21,062
Nutrient and Sediment Retent. Potent. by Cntrld Pond and Riparian Tile Buffer Sys.	66.469	Ohio EPA	PROJ WRIGHT-FDSEDM14	8,753
Total U.S. Environmental Protection Agency				29,815
U.S. Department of Health and Human Services, Prime -				
A Natural History Study of Buprenorphine Diversion Self-Treatment and Use of Drug Abuse	93.279			379,056
Characterizing Fentanyl Outbreaks: Ethnographic and Forensic Perspectives	93.279			204,339
Discovery of Germline Genes and Regulatory Networks in Planarians	93.865			58,934
Effects of Virtual Reality Simulation on Worker Emergency Evacuation of Neonates	93.226			246,703
Environmental Pro-Oxidation Stressors and Immunosuppression	93.113			117,922
ERK3 Kinase Signaling in Lung Cancer	93.396			329,476
Field-Initiated Program	93.433			180,912
HIF1 Alpha Regulation of Trophoblast Differentiation In Vivo	93.865			73,282
Isoform-Specific Regulation of the Coxsackie and Adenovirus Receptor in Polarized Epith	93.855			170,038
K-Ras Plasma Membrane Interactions: A Tractable Therapeutic Target	93.396			67,350
Managing Dementia through Multisens. Smart Phone App. to Support Aging in Place	93.879			94,996
Mechanisms of Reciprocal Inhibition Development	93.853			54,580
Mechanisms Underlying Excitability Regulation of Motoneuron Types in ALS	93.853			300,184
NIDA National Early Warning System Network iN3: An Innovative Approach	93.279			6,886
Photodynamic Therapy-Induced Immune Mod.: Mechanisms and Influence on Therap. Efficacy	93.846			193,379
Platelet Activating Factor and Epidermal Cytoxicity	93.837			361,788
PLD2 as a GEF or as a Lipase is Central to Leukocyte Chemotaxis	93.837			195,909
Pre-mRNA Processing Factors Maintain Normal Mitosis	93.859			91,149
Quantitative Endoscopic Imaging and Structured Light Delivery for Controlled Drug	93.286			100,620
Reduced Motoneuron Excitability in Sepsis	93.853			312,083
Rhesus Model for Proinflammatory Influences on Depression	93.242			39,278
Role of DeltaNp63alpha in Vitamin D Mediated Cell Survival in Skin Cancer	93.393			160,718
Scabies: Biology, Culture, Host Specificity and Antigens	93.855			338,040
SCH: kHealth: Semantic Multisensory Mobile Approach to Personalized Asthma Care	93.865			250,611
Second-site Genetic Modifiers of CTG/CAG Microsatellite Stability	93.859			49,810
Signaling Mechanism of the DNA Replication Checkpoint	93.859			144,547
Stress-induced Sickness During Social Separation	93.242			116,111
Synaptic Function: Effects of the Nerve Injury Repair and Altered Activity	93.853			(713)
Telomere Length Dynamics in Relation to Changes in Adiposity and Metabolic Risk	93.847			59,804
Trending Social Media Analysis to Monitor Cannabis and Synthetic Cannabinoid Use	93.279			475,556
TRPM7 and Cellular pH	93.855			272,019
Wounding Therapy and Photocarcinogenesis	93.866			294,618
Total U.S. Department of Health and Human Services, Prime				5,739,985
U.S. Department of Health and Human Services, Subcontract -				
African Ancestry Genomic Psychiatry Project	93.242	State Univ New York Research Foundation	1129280-72487	104,769
Blood Flow Velocimetry Using Digital Subtraction Angiography	93.837	Radiation Monitoring Devices, Inc.	SUB C17-14	34,072
Characterizing Placebo Response to Active Treatment using Very High Dimensional Data	93.242	New York University School of Medicine	PO M160019286 PROJ 105312	87,837
Community Health Worker Conference	93.778	The Ohio State University	60055249/PO RF01449571	17,052
Comparing Interventions for Opioid Dependent Patients Presenting in Medical EDs	93.279	New York University School of Medicine	15-A0-00-005065-01	36,014
DCOP Fiscal Agency Federal	93.395	Dayton Clinical Oncology Program (DCOP)	5UG1CA189957-03	930,171
Development and Validation of a Virtual Airway Skill Trainer (VAST)	93.838	Rensselaer Polytechnic Institute	A12577 PO154691	96,617
Evaluation of Efficacy and Safety of AB103 a CD28 Co-stimulatory Receptor Modulator	93.061	Atox Bio, Ltd.	ATB-202	1,508

See notes to the Schedule of Expenditures of Federal Awards.

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)				
U.S. Department of Health and Human Services, Subcontract (Continued) -				
Genetic Epidemiology of Ocular Health and Disease	93.867	University of Texas Rio Grande Valley	7R01ET024384-03-03	$ 25,645
Intestinal Epithelial Cell Regulation of Allergic Inflammation at Distant Sites	93.847	The Ohio State University	60047886/PO RF01432240	10,765
LAR Charges for VAMC Travers	93.866	Veterans Affairs Medical Center		(5,688)
Mechanisms of Photocarcinogenesis in Geriatric Skin	93.113	Indiana University	IN4683125WSU MOD1; PO 1641122	(8,947)
Mechanisms of Photocarcinogenesis in Geriatric Skin	93.113	Indiana University	IN4683135WSU; PO 1641122	101,558
MEDTAPP Healthcare Access Initiative-Community Health Workers First	93.778	The Ohio State University	60051005/PO RF01413226	4,000
MEDTAPP Healthcare Access Initiative-Community Health Workers First	93.778	The Ohio State University	PROJ 60055249/PO RF01449570	315,845
MEDTAPP Healthcare Access Initiative-Community Health Workers First EXPANSION	93.778	The Ohio State University	60051005/PO RF01424606	145
MISTIE III: A Phase III Randmzd Open Label 500-Subject Clin. Trial of Min. Invas. Surgery	93.853	Johns Hopkins University	2003084709/NCT00961532	4,688
Modeling Social Behavior for Healthcare Utilization and Outcomes in Depression	93.242	Cornell University	SUB 16081375	283,002
Montgomery County (OH) SAMHSA 2015 Drug Court Grant	93.243	Montgomery County Common Pleas Court		37,368
Non-contact THz Sensing of Corneal Hydration	93.867	University of California, Los Angeles (UCLA)	0125 G PA 247	37,628
Platelet-Oriented Inhibition in New TIA (POINT)	93.061	EMMES Corporation		5,058
Renal Osteodystrophy: A Fresh Approach	93.847	Kentucky University	3200000108-16-102 PO7800003041	13,223
Synaptic Function: Effects of the Nerve Injury and Altered Activity	93.853	Georgia Tech Research Corporation	RG574-G2	298,870
Telomere Length Dynamics in Relation to Changes in Adiposity and Metabolic Risk	93.847	University of Texas Health Science Center at Houston		73,027
The Learning and Working During the Transition to Adulthood Rehabilitation Research	93.433	University of Massachusetts Worcester	WA00373816/OSP2016123	3,026
The Learning and Working During the Transition to Adulthood Rehabilitation Research	93.433	University of Massachusetts Worcester	WA00498476/OSP2017116	15,112
Updating Skeletal Maturity Methods for U.S. Children	93.846	Curators of the University of Missouri	C00054285-1	37,883
Total U.S. Department of Health and Human Services, Subcontract				2,560,248
Total U.S. Department of Health and Human Services				8,300,233
U.S. Department of Interior, Prime -				
Demonstration of Semantic Web Technologies As Applied to Surface Water Categorization	15.808			119,958
Developing a Standardized Field Key to Distinguish Among Mallards (Anas Platyrhynchos)	15.655			9,929
Total U.S. Department of Interior, Prime				129,887
U.S. Department of Interior, Subcontract -				
Mercury Analysis of Environmental Samples - Federal Sources	15.608	More Than One Source of Support	PO 0094368	14,344
Total U.S. Department of Interior				144,231
U.S. Department of Justice, Subcontract -				
The Westwood Partnership to Prevent Juvenile Repeat Violent Offenders	16.609	Ohio Governor's Office of Criminal Justice Services	2014-PS-PSN-431	27,058
National Aeronautics and Space Administration, Prime -				
Monte Carlo Calculations of the Photochemical Escape Fluxes of O, C and N from Mars	43.001			56,689
National Aeronautics and Space Administration, Subcontract -				
Empirical Optimization of Physical Properties in SLM Ti-6Al-4V	43.009	Universal Technology Corporation	17-7616-00-C1	31,149
In-Process Monitoring of Additive Manufacturing	43.001	Universal Technology Corporation	17-7615-00-C1	247,008
MAVEN Mission	43.001	University of Colorado	PO 1000013110 REF 1546525	259,585
NASA Lunar Mining Robot: Senior Design Team	43.001	Ohio Space Grant Consortium	OSGC CHK 1806	5,000
NASA STTR Phase I: Integrated Modeling and SLM Process Development Chamber	43.001	Advratech LLC	PO 2015811	(143)
Real-Time Geometric Analysis of Additive Manufacturing	43.001	Advratech LLC	PO 2015810	22,988
Support for Task Analysis Visualization Environment Needs Requirements (TAVERN)	43.001	Charles River Analytics Inc.	SC15296001	12,000
Total National Aeronautics and Space Administration, Subcontract				577,587
Total National Aeronautics and Space Administration				634,276
National Science Foundation, Prime -				
A National Model for Engineering Mathematics Education	47.076			39,918
Collaborative Proposal: Developing a Battery of Interdisciplinary Methods	47.041			69,829
Collaborative Research: Dimensions US-Biota São Paulo: Chemically Mediated Multi-Trop.	47.074			62,282
Collaborative Research: GEOTRACES Arctic Section: Mercury Speciation and Cycling	47.050			67,755
Collaborative Research: GOALI Integrated Control for Microstructure and Melt Pool Dime	47.041			664
Collaborative Research: GOALI: Optimal Inpatient Discharge Planning Under Uncertainty	47.041			51,343
Collaborative Research: I/UCRC Center for Surveillance Research - Phase II	47.041			91,768
Collaborative Research: Process Development Across Alloy Systems for Powder Bed Addit.	47.041			11,822
Collaborative Research: RDE-RAD: Ohio's STEM Ability Alliance (OSAA)	47.076			3,872
Collaborative RET Site: Inspiring the Next Generation of a Highly-Skilled Workforce	47.041			86,067
Collaborative: TUES: Software Defined Radio Laboratory Platform for Enhancing Undergr.	47.076			144,295
Contribution of Hemodynamic Shear Stress Abnormalities to Calcific Bicuspid Aortic Valve	47.041			73,628
CPS: Synergy: Collaborative Research: Methodologies for Engineering with Plug-and-Learn	47.070			39,950
CRII: CSR: Towards Understanding and Mitigating the Impact of Web Robot Traffic	47.070			40,330
CRPA: Into the Rift: A Multimedia Experience for Advancing Ecosystem-Based Science Ed.	47.076			143
CUTE: Instructional Laboratories for Cloud Computing Education	47.076			23,502
EAGER: Collaborative Research: A New Science of Visual Experience	47.041			85,410
EAGER: Intelligent Agent Incident Command System Augmentation	47.070			53,946
EAGER: Novel Catalyst Design Using Hierarchical Hybrid Materials	47.041			25,992
EarthCube Building Blocks: Collaborative Proposal: GeoLink - Leveraging Semantics	47.050			58,093
Exploiting 3-5 Difluoro Aromatic Systems to Functionalize Poly(arylene ether)s	47.049			14,162
III: Small: TRON - Tractable Reasoning Ontologies	47.070			28,017

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)				
National Science Foundation, Prime (Continued) -				
IIS: Medium: Context-Aware Harrassment Detection on Social Media	47.070			$ 236,122
In the Footsteps of Katharine Wright: Promoting STEM Women through LEADER	47.076			88,038
INSPIRE Track 1: Intrinsic Oscillations in Supramolecular Assemblies	47.041			50,897
Intergove. Personnel Act (IPA) Assignment of Dr. Tamera Schneider from WSU	47.075			135,368
ISWC 2016 Student Travel Awards	47.070			19,961
MRI: Acquisition of High Performance Computer Cluster for Multidisciplinary Computation	47.070			20,542
MRI: Acquisition of Ion Torrent Personal Genome Machine to Establish High-Throughput	47.074			(830)
Optimal Control of Quantum Systems: Transformative NMR and EPR Applications	47.049			208,694
PFI: AIR-TT: Market Driven Innovations and Scaling up of Twitris	47.041			84,337
Regulated Sialylation Modulates Cardiac Excitability and Conduction	47.074			178,313
REU Site: Data-Driven Cyber Security Research	47.070			86,532
REU Site: Undergraduate Research in Intelligent Autonomous Vehicles	47.041			56,347
RI: Small: Developing Large Scale Distributed Syntactic Semantic and Lexical Language	47.070			9,830
Roles and Regulation of Aqua/Glyceroporin in a Freeze-Tolerant Amphibian	47.074			9,840
The CECS Student Success Scholarship Program: Leveraging Curricular Innovation	47.076			113,172
Total National Science Foundation, Prime				2,369,951
National Science Foundation, Subcontract -				
Distance-Based Variable Selection for High-dimensional Biological Data	47.049	Iowa State University	420-21-17A	869
Hazards SEES: Citizen and Physical Sensing Enabled Decision Support for Disaster Mgt.	47.050	The Ohio State University	PO RF01414911 PROJ 60047971	147,977
Midwest Photonics Education Center: Proposal for an ATE Regional Center	47.076	Indian Hills Community College	20-3-9557-48	7,085
Native Point Defects, Electrically-Active Impurities and Plasmonics At ZnO Interfaces	47.049	The Ohio State University	RF01354806	102,976
NSF Travel Award IJCAI July 2016	47.070	IJCAI International Joint Conference Artificial Intelligence	TRAVEL AWARD	1,059
Ohio LSAMP Alliance	47.076	The Ohio State University	PO RF01345710 AND RF01470498	24,451
Supporting Scientific Practices in Elementary and Middle School Classroom	47.076	Northwestern University	SP0009801-PROJ0002732	50,228
Travel Award from Columbia University for Allison Agather	47.050	Columbia University	CHECK 1001139552	575
Total National Science Foundation, Subcontract				335,220
Total National Science Foundation				2,705,171
U.S. Department of Transportation, Prime -				
Development and Valid. of a Standard Color Palette and Updates to the FAA Color Std.	20.108			66,011
U.S. Department of Veterans Administration, Prime -				
Dayton Veterans Affairs Medical Center IPA Agreement Baker-Nolan	64.115			43,120
Dayton Veterans Affairs Medical Center IPA Agreement Cates	64.115			35,195
Dayton Veterans Affairs Medical Center IPA Agreement Hager	64.115			83,544
Dayton Veterans Affairs Medical Center IPA Agreement Kemp	64.115			37,861
Dayton Veterans Affairs Medical Center IPA Agreement Rapp	64.115			41,998
Dayton Veterans Affairs Medical Center IPA Agreement Romer	64.115			76,181
Dayton Veterans Affairs Medical Center IPA Agreement Van Meeveren	64.115			10,843
Dayton Veterans Affairs Medical Center IPA Agreement Zhang	64.115			25,891
Predicting-at-Admission the Discharge Disposition of Veterans from VISN1 Medical Center	64.018			2,367
Veterans Affairs Medical Center IPA Agreement Kemp	64.115			49,697
Veterans Affairs Medical Center IPA Agreement Zhang	64.115			9,299
Total U.S. Department of Veterans Administration, Prime				415,996
U.S. Department of Veterans Administration, Subcontract -				
Mice Care Laboratory Animal Resources	64.115	Veterans Affairs Medical Center	552-16-3-217-0056	21,397
Total U.S. Department of Veterans Administration				437,393
TOTAL RESEARCH AND DEVELOPMENT CLUSTER				**36,021,588**
MEDICAID CLUSTER				
MEDTAPP Healthcare Access Initiative: Preparing the Workforce for Ohio's Medicaid Pop.	93.778	The Ohio State University	PROJ 60051005/PO RF01424583	16,817
MEDTAPP Healthcare Access Initiative: Preparing the Workforce for Ohio's Medicaid Pop.	93.778	The Ohio State University	PROJ 60051005/PO RF01413278	76,773
MEDTAPP Healthcare Access Initiative: Preparing the Workforce for Ohio's Medicaid Pop.	93.778	The Ohio State University	PROJ 60055249/PO RF01449572	489,728
TOTAL MEDICAID CLUSTER				**583,318**
TRIO CLUSTER				
Building Successful Futures	84.047			232,880
TOTAL TRIO CLUSTER				**232,880**
U.S. Department of Commerce, Prime -				
NIST SURF Fellowship Gaithersburg	11.620			10,745
U.S. Department of Defense, Prime -				
Southwest Ohio Region DD	12.614			2,993,812

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U.S. Department of Defense, Subcontract -				
Research Trends in Defense Contracting	12.110	The Ohio State University	SUBAWARD 3003175719	$ (969)
Science Mathematics and Research for Transformation (SMART) Defense Scholarship Program	12.800	American Society for Engineering Education		26,416
Wright Brothers Institute Operations	12.800	Wright Brothers Institute Inc. (The)	WBSC 7255 WSU-TE	378,549
WSARC - TRACE-Security Services	12.800	Systems & Technology Research	2016-1127	11,952
Total U.S. Department of Defense, Subcontract				415,948
Total U.S. Department of Defense				3,409,760
U.S. Department of Education, Prime -				
Wright State CCAMPIS: Childcare Access Means Parents in School Program	84.335			129,221
U.S. Department of Education, Subcontract -				
Authentic In-Class Integration Of Reasoning and Content Support for Teachers	84.367	Ohio Department of Higher Education	16-39	3,599
Evaluation of Student Success Outcomes Related to Career Technical Strategies	84.048	Ohio Department of Higher Education		69
FY17 Alternative Teacher Preparation and Retention Grant	84.048	Ohio Department of Education		25,000
GEAR UP Scholarship Program	84.334	Ohio Department of Higher Education		7,300
Lesson Study as Collaborative/Practice-Based Professional Development	84.366	Ohio Department of Education	PO 15245 & PO 15384	47,524
Partners in Integrated Earth Systems Science (PIES) (FY16)	84.367	Ohio Department of Higher Education	15-46	38,144
Partners in Integrated Earth Systems Science (PIES) (FY17)	84.367	Ohio Department of Higher Education	16-40	20,738
Passport to Future Year Two	84.184	Ohio Department of Education	PROJ 10213	71,955
Passport to the Future	84.184	Ohio Department of Education	PROJ 9392	9,873
Reading Recovery: Scaling Up What Works 2014/2015	84.396	The Ohio State University	PO RF01377422/RF01377420	1,750
Science Teaching for Ohio's New Economy (STONE) FY15	84.367	Ohio Department of Higher Education	14-48	(103)
Science Teaching for Ohio's New Economy (STONE) FY16	84.367	Ohio Department of Higher Education	15-47	30,450
Science Teaching for Ohio's New Economy (STONE) FY17	84.367	Ohio Department of Higher Education	16-42	17,624
Support for Position of Associate Director SCTAI FY17	84.048	Ohio Department of Higher Education		83,277
Support for Position of Senior Associate Director SCTAI FY17	84.048	Ohio Department of Higher Education		95,181
Total U.S. Department of Education, Subcontract				452,381
Total U.S. Department of Education				581,602
U.S. Department of Health and Human Services, Prime -				
Accelerating Primary Care Transformation Wright (APCT-Wright)	93.884			390,510
Biomedical Scholars Program	93.859			234,664
Disability and Rehabilitation Research Program	93.433			422,543
Enhancing ICS Project with Montgomery County Syringe Exchange Program	93.243			35,198
Integrated Continuum-of-Care Services (ICS) Project	93.243			511,240
Integrated SBIRT Training for Medical Nursing Counseling and Clinical Psych. Students	93.243			344,204
Montgomery County Offender Reentry Program	93.243			214,046
Peer Movement Project (PMP)	93.243			92,271
Short-Term Health Research Training to Increase Diversity	93.837			70,944
Sisterline: Substance Abuse Treatment and HIV Prevention for African-American Women	93.243			274,724
Wright State University Veteran's Bachelor of Science Nursing Program	93.359			278,380
Total U.S. Department of Health and Human Services, Prime				2,868,724
U.S. Department of Health and Human Services, Subcontract -				
45417 MHFA Project	93.243	Mt. Olive Baptist Church		8,144
BHRX	93.243	Ohio Department of Mental Health and Addiction Services	99-2572-SSHS-P-16-162014	16,728
Child Welfare Workforce Professional Education Program FY16/FY17	93.658	Ohio Department of Job and Family Services	G-1617-06-0276; JFS010000019695	76,882
Children Matter! Montgomery County (CMMC) Project FY16-17	93.104	Montgomery County ADAMH Services Board	RESOLUTION 15-047	58,642
Children Matter! Montgomery County (CMMC) Project FY17-18	93.104	Montgomery County ADAMH Services Board	BOARD RESOLUTION 16-061	62,672
Community Health Assessment Support to Greene, Miami and Preble Counties	93.994	Greene County Combined Health District		105,268
East Dayton AWARE Project	93.243	Montgomery County ADAMH Services Board	BOARD RESOLUTION 16-001	7,777
Madison County Community Health Improvement Plan	93.994	Madison County/London City Health District		13,655
Mental Health First Aid Training in Hamilton County	93.243	Mental Health America of Northern Kentucky & Southwest Ohio		8,047
Ohio SBIRT FY16	93.959	Ohio Department of Mental Health and Addiction Services	4235C/99-2573-SBIRT-C-16-1450	2,871
Ohio SBIRT FY17	93.243	Ohio Department of Mental Health and Addiction Services	1700337 DIRECT / 4253C	153,297
Ohio's Strategic Prevention Framework for Prescription Drugs (SPF Rx) - WSU	93.243	Ohio Department of Mental Health and Addiction Services	1700696	45,501
Ohio's Coordinating Center of Excellence in Mental Health/Intellectual Disability	93.958	Ohio Department of Mental Health and Addiction Services		85,883
Ohio's Coordinating Center of Excellence in Mental Illness/Developmental Disability	93.630	Ohio Developmental Disabilities Council	12HE01HE16	42,477
PECE-PACT: Parents Early Childhood Education/Positive Action Choices Training FY2017	93.959	Montgomery County ADAMH Services Board	BOARD RESOLUTION 16-025	55,221
PECE-PACT: Parents Early Childhood Education/Positive Action Choices Training FY2016	93.959	Montgomery County ADAMH Services Board	BOARD RESOLUTION 15-012	109
Southwest Ohio Regional Prevention Coordinator Proposal	93.590	Ohio Department of Job and Family Services	G-1617-22-0534; JFS01-000020741	119,403
Total U.S. Department of Health and Human Services, Subcontract				862,577
Total U.S. Department of Health and Human Services				3,731,301
U.S. Department of Homeland Security, Subcontract -				
OMORT Sustainment	97.067	Ohio Emergency Management Agency	DPSFE210 FY14 STATE HOMELAND	656
U.S. Department of Housing and Urban Development, Subcontract -				
2016 Greene County Analysis of Impediments to Fair Housing Choice	14.401	Greene County Department of Development		(2,150)

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number	Total Federal Expenditures
U.S. Department of Justice, Subcontract -				
Initiative to Improve Quality and Access to Information and Services for Sexual Assault	16.575	Ohio Office of the Attorney General	2017-VOCA-43551447	$ 31,894
U.S. Department of Labor, Subcontract -				
Economic and Labor Market Data for Area 7 Local Plan	17.283	Clark State Community College		7,456
Evaluation of Northwest State Community College's Trade Adjustment Assistance Community	17.282	Northwest State Community College		52,017
Total U.S. Department of Labor				59,473
National Aeronautics and Space Administration, Prime -				
Aerospace Medicine Training for the Era of Expanding Human Space Flights	43.009			479,900
National Aeronautics and Space Administration, Subcontract -				
African-American and Female Students in Engineering and Computer Science at Wright Stat	43.001	Ohio Space Grant Consortium	CHECK 1686	4,004
Community College Bridge Mentoring Program	43.001	Ohio Space Grant Consortium	OSGC CHECK 1737	5,000
Ohio Space Grant Consortium Scholarship-Fellowship Program 2016-2017	43.001	Ohio Space Grant Consortium	OSGC 2016-2017	5,000
OSGC Travel Allocation Funds 2015-2016	43.001	Ohio Space Grant Consortium	OSGC CHECK 1767	2,136
Total National Aeronautics and Space Administration, Subcontract				16,140
Total National Aeronautics and Space Administration				496,040
National Endowment for the Humanties, Subcontract -				
Encountering Shakespeare: Conference and Teaching Workshops and Art Gala	45.163	Ohio Humanities Council	PROJ QU16-061	5,000
Small Business Administration, Subcontract -				
Small Business Development Center FY2016	59.037	Ohio Development Services Agency	OSBG-16-306	67,866
Small Business Development Center FY2017	59.037	Ohio Development Services Agency	OSBG-17-306	157,988
Total Small Business Administration				225,854
U.S. Department of State, Subcontract -				
Community Partnership Grant FY2016	19.402	Global Ties U.S.		5,636
National Meeting 2017	19.402	Global Ties U.S.	CHECK 15817606	346
Total U.S. Department of State				5,982
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 176,072,789**

Subtotals of CFDAs with Multiple Awards

Air Force Defense Research Sciences Program	12.800	416,917
International Visitors Program (B)	19.402	5,982
Aerospace Education Services Program	43.001	16,140
Cross Agency Support	43.009	479,900
Small Business Development Centers	59.037	225,854
Career and Technical Education -- Basic Grants to States	84.048	203,527
Drug-Free Schools and Communities National Programs	84.184	81,828
Improving Teacher Quality State Grants (A)	84.367	110,453
Comprehensive Community Mental Health Services for	93.104	121,314
Substance Abuse and Mental Health Services-Projects of Regional and National Significance (B)	93.243	1,711,177
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	422,543
Medical Assistance Program	93.778	583,317
Block Grants for Prevention and Treatment of Substance	93.959	58,201
Maternal and Child Health Services Block Grant to the States	93.994	118,923

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Schedule of Amounts Passed-Through to Subrecipients

Subrecipient Name	CFDA No.	Program Title	Expenditures
361 Interactive LLC	12.800	WSARC - HMT	$ 445,169
361 Interactive LLC Total			**445,169**
Academy for Direct Support Professionals, Inc.	93.630	Ohio's Coord Center of Excellence in Mental Illness and DD	543
Academy for Direct Support Professionals, Inc. Total			**543**
Air Force Institute of Technology	43.001	In-Process Monitoring of Additive Manufacturing	140,523
Air Force Institute of Technology	47.076	In the Footsteps of Katharine Wright: Promoting STEM	4,000
Air Force Institute of Technology Total			**144,523**
Allen County Board of DD	93.630	Ohio's Coord Center of Excellence in Mental Illness and DD	500
Allen County Board of DD Total			**500**
American College of Medical Toxicology	93.279	National Early Warning System Network iN3 An Innov Apprch	7,200
American College of Medical Toxicology Total			**7,200**
Applied Information Sciences	12.800	WSARC - HMT	829,540
Applied Information Sciences Total			**829,540**
Aptima Inc.	12.800	WSARC - MiDLE	369,987
Aptima Inc. Total			**369,987**
Area Agency on Aging	93.778	MEDTAPP Hlthcr Access Init.- Prep Wokfrce for OH's Medic Pop	7,500
Area Agency on Aging Total			**7,500**
Ball Aerospace & Technologies Corporation	12.800	WSARC - HMT	2,955,458
Ball Aerospace & Technologies Corporation Total			**2,955,458**
Battelle	12.800	WSARC - LVC Tech Support	(10,222)
Battelle Total			**(10,222)**
Big Brothers Big Sisters	84.184	Passport to Future Year Two	12,881
Big Brothers Big Sisters Total			**12,881**
Brigham and Women's Hospital, Inc.	93.279	Trndng Soc Media Anal. to Monitor Cannabis & Synth Cannab Use	20,429
Brigham and Women's Hospital, Inc.	93.837	PLD2 as a GEF or as a Lipase is Central to Leukocyte Chemo.	13,232
Brigham and Women's Hospital, Inc. Total			**33,661**
Central State University	47.076	In the Footsteps of Katharine Wright: Promoting STEM	912
Central State University Total			**912**
Cherry Street Services Inc.	93.242	African Ancestry Genomic Psychiatry Project	23,650
Cherry Street Services Inc. Total			**23,650**
Children's Hospital Medical Center	93.226	Effects of VR Sim on Worker Emergcy Evac of Neonates	104,851
Children's Hospital Medical Center Total			**104,851**
Clark University	12.420	Eval of a Brief Marrge Intrvtnfor Intrnl Behav. Hlth Cnslt.	108,304
Clark University Total			**108,304**
Columbia University	93.279	A Natural History Study of Buprenorphine Diversion Self-Treatment	25,903
Columbia University	93.279	Trndng Soc Media Anal. to Monitor Cannabis & Synth Cannab Use	25,984
Columbia University Total			**51,887**
Coshocton County Board of Developmental Disabilities	93.630	Ohio's Coord Center of Excellence in Mental Illness and DD	787
Coshocton County Board of Developmental Disabilities Total			**787**
David L. Post	20.108	Dvlpmt and Valid of a Stnd Color Palette and Updates to the FAA Color	45,090
David L. Post Total			**45,090**
Florida Institute for Human & Machine Cognition (IHMC)	12.800	Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)	79,838
Florida Institute for Human & Machine Cognition (IHMC)	12.800	WSARC - HMT	59,154
Florida Institute for Human & Machine Cognition (IHMC) Total			**138,992**

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Schedule of Amounts Passed-Through to Subrecipients

Subrecipient Name	CFDA No.	Program Title	Expenditures
General Atomics	12.800	Revolutionary Intelligence and Influence Technologies (RIIT)	$ 379,644
General Atomics Total			**379,644**
Georgia Tech Research Corporation	93.853	Reduced Motoneuron Excitability in Sepsis	17,720
Georgia Tech Research Corporation Total			**17,720**
Howard University	47.076	A National Model for Engineering Mathematics Education	8,200
Howard University Total			**8,200**
Huron County Board of MRDD	93.630	Ohio's Coord Center of Excellence in Mental Illness and DD	2,000
Huron County Board of MRDD Total			**2,000**
Indiana University	12.300	Alternate Tinnitus Management Techniques Developed Using B-O-L-D	20,927
Indiana University	47.041	INSPIRE Track 1: Intrinsic Oscillations in Supramolecular Assemblies	17,903
Indiana University	93.837	Platelet Activating Factor and Epidermal Cytoxicity	61,580
Indiana University	93.866	Wounding Therapy and Photocarcinogenesis	106,666
Indiana University Total			**207,076**
InfoSciTex Corporation	12.800	Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)	114,206
InfoSciTex Corporation Total			**114,206**
Kennesaw State University	93.590	Southwest Ohio Regional Prevention Coordinator Proposal	8,283
Kennesaw State University	93.994	Commun. Hlth Assess. Sppt to Greene; Miami; and Preble Counties	14,000
Kennesaw State University Total			**22,283**
Kindred Rehab Services Inc.	93.778	MEDTAPP Hlthcr Access Init.- Prep Wokfrce for OH’s Medic Pop	20,000
Kindred Rehab Services Inc Total			**20,000**
Learn to Earn Dayton	12.800	WSARC - Dayton Metro Plan for Economic Diversity	114,845
Learn to Earn Dayton Total			**114,845**
Lehigh University	12.300	Goal Driven Autnmy and Robst Arch. for Long Dration Missions	66,481
Lehigh University Total			**66,481**
Leidos, Inc.	12.800	Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)	(2,691)
Leidos, Inc.	12.800	Neuroscience and Medical Imaging	(123)
Leidos, Inc.	12.800	WSARC - Analyst Test Bed	(2,344)
Leidos, Inc. Total			**(5,158)**
Maine Medical Center	47.041	GOALI/Collab. Rsrch:Optml Inpatnt Dischg Plan Under Uncert.	2,183
Maine Medical Center Total			**2,183**
Miami University	93.226	Effects of VR Sim on Worker Emergcy Evac of Neonates	40,685
Miami University Total			**40,685**
Mini University, Inc.	84.335	Wright State CCAMPIS	129,222
Mini University, Inc. Total			**129,222**
Montgomery County Coroner's Office	93.279	Characterzng Fentanyl Outbrks: Ethngrphc and Forensic Perspectives	11,116
Montgomery County Coroner's Office Total			**11,116**
Morgan State University	47.076	A National Model for Engineering Mathematics Education	13,880
Morgan State University Total			**13,880**
Mount Olive Baptist Church	93.243	Sisterline:Sbstnc Abuse Trtmt and HIV Prvntn for African-Amer. Womer	34,800
Mount Olive Baptist Church Total			**34,800**
Navmar Applied Sciences	12.800	WSARC - HIVE	6,398
Navmar Applied Sciences Total			**6,398**
New York University	47.049	Optimal Ctrl of Quantum Sys:Transform NMR and EPR Applic.	107,489
New York University Total			**107,489**

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Schedule of Amounts Passed-Through to Subrecipients

Subrecipient Name	CFDA No.	Program Title	Expenditures
Oklahoma State University	12.800	SIRCUS	$ 52,334
Oklahoma State University Total			**52,334**
Omega Community Development Corporation	84.184	Passport to Future Year Two	49,074
Omega Community Development Corporation Total			**49,074**
Public Health Dayton & Montgomery County	93.243	Enhancing ICS Proj. with Mntgmry Cnty Syringe Exchange Program	11,717
Public Health Dayton & Montgomery County	93.243	Integrated Continuum-of-Care Services (ICS) Project	7,048
Public Health Dayton & Montgomery County Total			**18,765**
Radiance Technologies	12.800	WSARC - HMT	(199)
Radiance Technologies Total			**(199)**
Resilient Cognitive Solutions	12.800	WSARC - HMT	628,558
Resilient Cognitive Solutions Total			**628,558**
San Antonio College	47.076	A National Model for Engineering Mathematics Education	5,879
San Antonio College Total			**5,879**
Sinclair Community College	12.800	Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)	50,000
Sinclair Community College	12.800	WSARC - Dayton Metro Plan for Economic Diversity	168,068
Sinclair Community College Total			**218,068**
SRA International Inc.	12.800	WSARC - HMT	304,456
SRA International Inc. Total			**304,456**
The Academy for STEM and Sports (TAFSS)	84.184	Passport to the Future	7,356
The Academy for STEM and Sports (TAFSS) Total			**7,356**
The Entrepreneurs Center	12.800	WSARC - Dayton Metro Plan for Economic Diversity	692,797
The Entrepreneurs Center Total			**692,797**
The Ohio State University	12.800	SIRCUS	30,685
The Ohio State University	12.800	WSARC - HMT	100,776
The Ohio State University	93.630	Ohio's Coord Center of Excellence in Mental Illness and DD	7,215
The Ohio State University Total			**138,676**
The Perduco Group	12.800	WSARC - Dayton Metro Plan for Economic Diversity	159,942
The Perduco Group Total			**159,942**
The Regents of the University of California	93.865	HIF1 Alpha Regulation of Trophoblast Differentiation in vivo	462
The Regents of the University of California Total			**462**
The Research Foundation for SUNY	93.286	Quant. Endos. Imaging and Struc. Light Deliv. for Ctrld Drug	14,704
The Research Foundation for SUNY Total			**14,704**
The Salk Institute for Biological Studies	12.300	Precision High Intensity Training through Epigenetics (PHITE)	145,299
The Salk Institute for Biological Studies Total			**145,299**
The University of Alabama at Birmingham	12.300	Precision High Intensity Training through Epigenetics (PHITE)	184,994
The University of Alabama at Birmingham Total			**184,994**
TM Capture, LLC	12.800	WSARC - Dayton Metro Plan for Economic Diversity	79,200
TM Capture, LLC Total			**79,200**
Treble One LLC	12.800	WSARC - Dayton Metro Plan for Economic Diversity	58,803
Treble One LLC Total			**58,803**
University of California, Davis	93.242	Rhesus Model for Proinflammatory Influences on Depression	38,410
University of California, Davis Total			**38,410**
University of Cincinnati	93.226	Effects of VR Sim on Worker Emergcy Evac of Neonates	60,418
University of Cincinnati Total			**60,418**

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Schedule of Amounts Passed-Through to Subrecipients

Subrecipient Name	CFDA No.	Program Title	Expenditures
University of Dayton	12.800	Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)	$ 75,000
University of Dayton	12.800	WSARC - HMT	90,636
University of Dayton	12.800	WSARC - Dayton Metro Plan for Economic Diversity	214,243
University of Dayton	12.800	WSARC - TTAS	3,535
University of Dayton	47.074	Roles & Reg of Aqua/Glyceroporin in a Freeze-Tolerant Amph.	8,871
University of Dayton	47.076	In the Footsteps of Katharine Wright: Promoting STEM	3,871
University of Dayton Total			**396,156**
University of Dayton Research Institute	47.076	In the Footsteps of Katharine Wright: Promoting STEM	28,326
University of Dayton Research Institute Total			**28,326**
University of Maryland	47.076	The CECS Stdnt Success Schol Prog: Leverag. Curriculr Innov.	14,418
University of Maryland Total			**14,418**
University of Massachusetts Medical School	93.279	Trndng Soc Media Anal. to Monitor Cannabis & Synth Cannab Use	19,885
University of Massachusetts Medical School Total			**19,885**
University of Michigan	12.800	SIRCUS	64,644
University of Michigan Total			**64,644**
University of Minnesota	93.847	Telomere Length Dyn. in Relation to Chngs in Adipsty and Metab Risk	7,043
University of Minnesota Total			**7,043**
University of Missouri	47.070	RI:Small:Develop Lrg Scale Distrib Syntac, Semant & Lex Lang	7,261
University of Missouri Total			**7,261**
University of Pennsylvania	12.800	SIRCUS	412,827
University of Pennsylvania Total			**412,827**
University of San Diego	47.076	A National Model for Engineering Mathematics Education	672
University of San Diego Total			**672**
University of Washington	93.853	Reduced Motoneuron Excitability in Sepsis	42,343
University of Washington Total			**42,343**
Wright Brothers Institute	12.800	WSARC - Dayton Metro Plan for Economic Diversity	602,002
Wright Brothers Institute Total			**602,002**
Wright State Applied Research Corporation	12.614	Southwest Ohio Region DD	2,111,644
Wright State Applied Research Corporation Total			**2,111,644**
Wright State University	12.800	WSARC - MiDLE	65,731
Wright State University	12.800	WSARC - AMT & Trust in Automation	13,261
Wright State University	12.800	WSARC - HIRT TO9 AMT & Trust	43,414
Wright State University	12.800	WSARC - ISAA	27,424
Wright State University Total			**149,830**
Grand Total			**$ 13,279,330**

See notes to the Schedule of Expenditures of Federal Awards.

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared using the accrual basis of accounting in accordance with the format as set forth in 2 CFR 200 (Uniform Guidance) Subpart F, *Audit Requirements,* issued by the United States Office of Management and Budget. The Schedule reflects the expenditures of Wright State University under programs financed by the U.S. government for the year ended June 30, 2017. 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.

For purposes of the Schedule, expenditures of federal awards include the following:

- Direct federal awards
- Federal Direct Student Loans processed by the University
- Outstanding balances of federal loan programs administered by the University
- Pass-through funds received from non-Federal organizations made under federally sponsored programs conducted by those organizations.

Awards are classified into major program and non-major program categories in accordance with the provisions of the Office of Management and Budget (OMB) 2 CFR 200 (Uniform Guidance) Subpart F, *Audit Requirements*. Catalog of Federal Domestic Assistance (CFDA) Numbers or Primary Grant Numbers are presented for those programs for which such numbers are available.

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.

In addition, the discretely presented component unit Wright State Applied Research Corporation is included in the University's financial statements and schedule of expenditures of federal awards.

The University did not elect to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

B. FEDERAL DIRECT STUDENT LOANS

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan program (CFDA Number 84.268).

C. FEDERAL LOAN PROGRAMS

The federal loan programs listed subsequently are administered directly by the University and balances and transactions relating to the programs are included in the university's financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule.

Total loan balances outstanding of the U.S. Department of Education and the U.S. Department of Health and Human Services student financial assistance loan programs for the fiscal year are identified below:

	CFDA Number	Outstanding Balance at June 30, 2017
Federal Perkins Loan Program	84.038	$ 11,314,621
Nurse Faculty Loan Program	93.264	8,347
Health Professions Student Loans	93.342	12,294
Loans for Disadvantaged Students	93.342	120,196
Nurse Faculty Loan Program	93.264	90,842
Nursing Student Loan Program	93.364	810,132
Primary Care Loans	93.342	791,661

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

Board of Trustees
Wright State University
Dayton, Ohio

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 Wright State University (the University) and its aggregate discretely presented component units, collectively a component unit of the State of Ohio, which comprise the statement of net position as of June 30, 2017 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 6, 2017.

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the University's 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

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 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. 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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*.

University's Response to Findings

The University's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We also noted certain matters that we reported to the University's management in a separate letter dated November 6, 2017.

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 entity'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.

BKD, LLP

Cincinnati, Ohio
November 6, 2017

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

Independent Auditor's Report

Board of Trustees
Wright State University
Dayton, Ohio

Report on Compliance for Each Major Federal Program

We have audited Wright State University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the University's major federal program for the year ended June 30, 2017. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, contracts 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 the University's major federal program 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* (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 the 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 its major federal program for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-002. Our opinion on the major federal program is not modified with respect to these matters.

The University's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002, that we consider to be a significant deficiency.

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

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.

BKD, LLP

Cincinnati, Ohio
November 6, 2017

WRIGHT STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year End June 30, 2017

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☒ Yes	☐ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?	☒ Yes	☐ None reported
Material weakness(es)?	☐ Yes	☒ No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☒ Yes ☐ No

7. The University's major program was:

Cluster/Program	CFDA Number
Student Financial Assistance Cluster	84.063, 84.007, 84.033, 84.268, 84.038, 93.264, 93.342, 93.364

8. The threshold used to distinguish between Type A and Type B programs was $3,000,000.

9. The University qualified as a low-risk auditee? ☒ Yes ☐ No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2017-001	***Criteria or specific requirement*** – Management is responsible for establishing and maintaining effective control over financial reporting.

Condition – Management does not have documented evaluations (or continued re-evaluations) of its potential component units with respect to GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*.

Context – GASB Statement No. 61 requires governments to determine if a potential component unit meets the criteria to be included in its financial statements; and if so, the government should determine if the component unit be discretely presented or blended component unit.

Effect – The financial statements could have been materially misstated due to inappropriately excluding a component unit or incorrectly presenting a component unit as discrete or blended.

Cause – Management does not have a process to document GASB Statement No. 61 conclusions for all potential component units nor a process to re-evaluate those conclusions on a periodic basis.

Recommendation – We recommend management implement a process to identify and document all potential component units as well as evaluate and document its determination of component unit status as either a blended or discretely presented component unit. This process should be completed at least annually as triggering events may change a previously determined conclusion including changes to affiliation agreements, by-laws, board composition or other factors.

Reference Number	Finding
2017-001	***Views of responsible officials and planned corrective actions –***

University management agrees a more formal, documented evaluation of potential component units with respect to the GASB statements mentioned is warranted. Although reviews of potential component units have been done in prior years, the process was not formally documented.

During FY17, the Board of Trustees, partnering with the University Director of Compliance, created an Affiliated Entities Policy (AEP) and defined the processes for determining an affiliated entity, evaluating the entity's alignment with the university's strategic vision and future objectives and the methodology for the University to monitor the entity's compliance with the policy. In addition, a preliminary list of potential component units was created.

The AEP broadly establishes a framework within which the affiliated entities shall operate to support the University's mission and aims at mitigating financial, legal or other risks to the University while still fulfilling their own missions. The AEP includes provisions related to the definition and creation of affiliated entities; guiding principles for affiliated entities; and University oversight of the affiliated entities. Affiliated entities will enter into a memorandum of agreement which will, among other things, require the affiliated entities to submit an annual report to the University and the Board of Trustees which will include materials such as financial statements and footnotes; tax filings (e.g. 990 or 1120); annual budget reports; list of current directors and officers; etc. The affiliated entity reviews were initiated during FY17 and will continue during FY18 and subsequent years.

As part of the FY17 audit, The Office of the Controller collaborated with the Director of Compliance and the Office of General Counsel to review potential component units using information and documentation provided by the affiliated entities and obtained via public sources (such as the entities' websites, GuideStar and the Ohio Secretary of State business search function). Formal write-ups related to the evaluation of each potential were created for permanent retention and as a basis for future, annual reviews. The Office of the Controller will create a list of entities to be reviewed and updated each fiscal year with a log indicating the date of the most recent review. Furthermore, the Office of the Controller will request the Director of Compliance and Office of General Counsel provide any updates related to known changes in affiliated entity agreements, by-laws, board composition, etc.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
2017-002	***Federal Program*** – U.S Department of Education – Student Financial Assistance Cluster CFDA No. 84.007, Federal Supplemental Educational Opportunity Grant Program CFDA No. 84.033, Federal Work Study Program CFDA No. 84.038, Federal Perkins Loan Program CFDA No. 93.264, Nursing Faculty Loan Program CFDA No. 84.268, Federal Direct Student Loan Program CFDA No. 84.063, Federal Pell Grant Program CFDA No. 93.342, Health Professions Student Loans Program CFDA No. 93.364, Nursing Student Loans Program Program Year 2016-2017

Criteria or specific requirement – Special Tests and Provisions – Management is responsible for reporting changes in student status to the National Student Loan Data System for Students (NSLDS). Changes in enrollment must be reported within 30 days. However, if a roster file is expected within 60 days, management may report the status changes via that roster. (34 CFR 685.309b)

Condition – Changes in status for three students were not accurately and/or timely reported to NSLDS. Specifically, status changes for three students were not reported to the NSLDS within 60 days and therefore, did not reflect the correct status timely.

Questioned Costs – There were no questioned costs as a result of this finding.

Context – From a sample of 30 student status changes tested (population of 3,832 student status changes), the change in status for three students was not reported accurately and/or timely to the NSLDS. Our sampling method was not, and was not intended to be, statistically valid.

Effect – Timely and accurate reporting of status changes is important because it is used to determine if the student is still considered enrolled, must be moved into repayment, or is eligible for an in-school deferment. For students moving into repayment, the out-of-school status effective date determines when the grace period begins and how soon a student must begin repaying loan funds.

Cause – The primary cause for the reporting issues related to students who graduated at the end of the term were not being reported timely to NSLDS due to the University's graduation audit process.

Reference Number	Finding

Identification as a repeat finding – N/A

Recommendation – We recommend management report students as withdrawn within 60 days if the graduation audit process will take longer than 60 days. Once the University concludes the student has officially graduate from their program, change the status from withdrawn to graduated to ensure timely and accurate reporting to NSC and NSLDS.

Views of responsible officials and planned corrective actions –

Response:

The Office of Financial Aid Staff and Office of the Registrar's Staff have reviewed the NSLDS finding as cited above. Wright State University received a Dear Colleague Letter dated April 7, 2017 that provided updated information regarding reporting requirements for graduation dates to NSLDS, however, due to the timing of our spring semester commencement ceremony on April 27, 2017; we were not able to implement the updated guidance immediately. We understand that this is a non-punitive audit finding, and have resolved to correct the issue for future terms.

Action Plan:

- The Office of the Registrar will schedule future submissions for graduation date confirmations to align with timing requirements for NSLDS.
- The Office of the Registrar will work with the Commencement/Graduation team to ensure that all degrees are conferred within 30 days after a commencement ceremony and records are updated appropriately.
- The Office of the Registrar will send a push file to NSC to update the status to withdrawn for any students whose degrees are not conferred within 30 days after a commencement ceremony.
- If needed, the Office of the Registrar will request that NSC send a push graduation file to NSLDS to ensure compliance with NSLDS timing requirements.
- The Office of Financial Aid and the Office of the Registrar will continue to review and discuss any updates in guidance for NSLDS submission requirements.

WRIGHT STATE UNIVERSITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017

Reference Number	Summary of Finding	Status

No matters are reportable.

WRIGHT STATE UNIVERSITY

OFFICE OF THE
CONTROLLER

wright.edu/controller

Office of the Controller

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