



WRIGHT STATE
UNIVERSITY

OFFICE OF THE
CONTROLLER

Annual Report and Single Audit Reports

for the
year ended
June 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Wright State University
3640 Col. Glenn Highway
Dayton, Ohio 45435

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

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 5, 2020

This page intentionally left blank.

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

ANNUAL REPORT AND SINGLE AUDIT REPORTS FOR FEDERAL AWARDS

TABLE OF CONTENTS

JUNE 30, 2019

| | Page (s) |
|--|----------|
| Part I - Financial Information | |
| Independent Auditor's Report | 2 |
| Management's Discussion and Analysis | 5 |
| Financial Statements: | |
| Wright State University Statements of Net Position | 17 |
| Wright State University Statements of Revenues, Expenses and Changes in Net Position | 18 |
| Wright State University Statements of Cash Flows | 19 |
| Wright State University Foundation, Inc. Consolidated Statements of Financial Position | 21 |
| Wright State University Foundation, Inc. Consolidated Statements of Activities | 22 |
| Wright State Applied Research Corporation Statements of Financial Position | 24 |
| Wright State Applied Research Corporation Statements of Activities | 25 |
| Notes to Financial Statements | 26 |
| Required Supplementary Information: | |
| Schedule of the Wright State University's Proportionate Share of the OPERS Net Pension Liability and Contributions | 83 |
| Schedule of the Wright State University's Proportionate Share of the STRS Net Pension Liability and Contributions | 84 |
| Schedule of the Wright State University's Proportionate Share of the OPERS Net OPEB Liability and Contributions | 85 |
| Schedule of the Wright State University's Proportionate Share of the STRS Net OPEB Liability and Contributions | 86 |
| Notes to Required Supplementary Information | 87 |
| Part II - 2 CFR 200 Supplemental Financial Reports | |
| Schedule of Expenditures of Federal Awards | 90 |
| Notes to the Schedule of Expenditures of Federal Awards | 99 |
| 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 <i>Government Auditing Standards</i> - Independent Auditor's Report | 100 |
| Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance - Independent Auditor's Report | 102 |
| Schedule of Findings and Questioned Costs | 105 |
| Summary Schedule of Prior Audit Findings | 111 |

This page intentionally left blank.

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 discretely presented component units of the University as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit 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 audits 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 audits were 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 as 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 audits 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 also have issued our report dated October 25, 2019, 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 solely 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 effectiveness of the University's 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
October 25, 2019

The following discussion and analysis provides an overview of the financial position and activities of Wright State University (University) as of and for the years ended June 30, 2019 and 2018 with selected comparative information for the year ended June 30, 2017. The discussion contains highly summarized information and should be read in conjunction with the accompanying financial statements and footnotes, which follow this section.

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 were prepared by management in accordance with principles established by the Governmental Accounting Standards Board (GASB). In conformance with those principles, the Wright State University Foundation (the Foundation) and the Wright State Applied Research Corporation (WSARC) have been determined to be component units of the University. The statements and selected notes for the Foundation and WSARC are discretely (separately) presented with the University's financial statements. Management's Discussion and Analysis relates only to the University and not to the Foundation or to WSARC unless specifically noted.

The Statement of Net Position presents the financial position of the University as of June 30th by reporting all assets, liabilities, deferred inflows of resources and deferred outflows of resources of the University. The University's net position is the residual after subtracting liabilities and deferred inflows of resources from the sum of assets and deferred outflows of resources. Net position is one indicator of the overall financial condition of the University.

The Statement of Revenues, Expenses and Changes in Net Position presents the total revenues earned and expenses incurred by the University during the fiscal year, along with the increase or decrease in net position. This statement depicts the University's revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of the change in the University's overall financial condition.

The Statement of Cash Flows presents detailed information about cash inflows and cash outflows during the fiscal year. The statement reports the major sources and uses of cash and is useful in the assessment of the University's ability to meet cash obligations when due.

Financial Highlights for Fiscal Year Ended June 30, 2019

- The University's net position improved \$27.6 million during fiscal year 2019. Of that amount, \$13.6 million is attributable to improvements in operations and \$14.0 million is attributable to the effects of GASB 68 & 75, pension and other postemployment benefits (OPEB).
- Overall operating revenues declined 4.2% or \$9.0 million in 2019 vs. 2018. Tuition and fee revenue (net) declined \$9.5 million, primarily the result of a decline in student headcount of 1,550 in fall 2018 from fall 2017 (17,108 to 15,558).
- The Wright Guarantee tuition program was implemented in Fall of 2018 and secures the annual cost of in-state tuition, housing rates, and meal plans over a four-year college career for new incoming, degree seeking undergraduate students.
- Operating expenses increased \$42.3 million in 2019 over 2018, of which a \$25.5 million reduction resulting from cost cutting measures across the University was more than offset by a \$67.8 million increase attributable to pension and OPEB adjustments. This resulted in a decrease in overall performance of \$61.0 million in 2019 vs. 2018.

- Non-operating revenues/expenses declined \$5.5 million in 2019 primarily due to reductions in state appropriations, state and federal grants, gifts, and other partially offset by increases in investment income and reduced interest expense.
- The National Association of College and University Business Officers updated Advisory Guidance 18-03 in November 2018 for the Federal Perkins Loan Program close-out. The portion of the University's net position in the Perkins loan fund related to the federal government's contributions was reclassified in fiscal year 2019 to a liability. This expense of \$8.6 million displays separately on the Statement of Revenues, Expenses and Changes in Net Position.

Financial Highlights for Fiscal Year Ended June 30, 2018

- In fiscal year 2018, the University adopted new accounting standard GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The results of this implementation had a significant effect on the financial statements as described throughout this report. Data included herein, from fiscal year 2017, has not been restated for the adoption of GASB 75, as it would be impractical to do so.
- The University previously adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The implementation of GASB 68 also significantly affects the financial statements as described throughout this report.
- The University's net position improved \$88.6 million during fiscal year 2018. Of that amount, \$6.9 million is attributable to improvements in operations and \$81.7 million is attributable to the effects of GASB 68 & 75 (pension and OPEB).
- Overall operating revenues declined 5.7% or \$13.2 million in 2018 vs. 2017. Tuition and fee revenue (net) declined \$10.5 million, primarily the result of a decline in student headcount of 670 in fall 2017 from fall 2016 (17,778 to 17,108).
- Operating expenses declined \$150.0 million in 2018 over 2017, of which \$48.1 million was the result of cost cutting measures across the University and \$101.9 million was attributable to pension and OPEB adjustments. This resulted in an improvement in overall performance of \$135.7 million in 2018 vs. 2017.
- Non-operating revenues/expenses declined \$0.7 million in 2018 primarily due to reductions in state appropriations and a reduction in investment income.
- The University's net position, including the effects of new accounting standards for pensions and post-retirement benefits improved \$15.4 million in 2018 vs. 2017.

Statement of 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:

| | 2019 | 2018 | 2017 |
|--|-----------------------------------|------------------|------------------|
| | (All dollar amounts in thousands) | | |
| Current assets | \$ 99,646 | \$ 76,220 | \$ 71,327 |
| Noncurrent assets: | | | |
| Capital assets, net | 345,971 | 356,752 | 369,245 |
| Other | 29,353 | 21,090 | 20,387 |
| Deferred outflows of resources | <u>66,341</u> | <u>69,553</u> | <u>77,678</u> |
| Total assets and deferred outflows | <u>541,311</u> | <u>523,615</u> | <u>538,637</u> |
| Current liabilities | 65,042 | 64,901 | 66,463 |
| Noncurrent liabilities | 334,575 | 363,003 | 430,846 |
| Deferred inflows of resources | <u>61,286</u> | <u>42,938</u> | <u>3,957</u> |
| Total liabilities and deferred inflows | <u>460,903</u> | <u>470,842</u> | <u>501,266</u> |
| Net position: | | | |
| Net investment in capital assets | 274,794 | 277,923 | 285,387 |
| Restricted | 15,714 | 14,721 | 16,493 |
| Unrestricted | <u>(210,100)</u> | <u>(239,871)</u> | <u>(264,509)</u> |
| Total net position | <u>\$ 80,408</u> | <u>\$ 52,773</u> | <u>\$ 37,371</u> |

Assets and Deferred Outflows of Resources

Current assets, comprised primarily of cash and operating investments, student and sponsor receivables, and prepaid expenses, increased \$23.4 million in 2019, which is primarily the result of an increase in cash of \$24.4 million offset by reductions in short-term investments of \$.8 million. In 2018, current assets increased by \$4.9 million. Cash increased \$15.8 million during 2018, short-term investments decreased \$7.9 million, and accounts receivable balance decreased \$2.4 million.

Capital assets, net of depreciation decreased \$10.8 million in 2019 to \$346.0 million. Additions of \$10.3 million were offset by \$19.9 million in depreciation, less retirements of \$1.2 million. In 2018 capital assets decreased \$12.5 million to \$356.8 million. Routine moveable equipment and library acquisitions were also made during both years.

Other noncurrent assets are comprised of restricted cash and cash equivalents, long-term investments, noncurrent student loans receivable, noncurrent prepaid expenses, and other postemployment benefit assets. Other noncurrent assets increased \$8.3 million in 2019 due to an other postemployment benefits asset of \$9.7 million partially offset by a decrease in student loans receivable of \$1.4 million. In 2018 other noncurrent assets increased \$.7 million, due to an increase in long-term investments of \$3.0 million offset by reductions in restricted cash and loans receivable of \$1.2 million in each classification.

Deferred outflows of resources represent consumption of resources that does not require a further exchange transaction of goods and services and is applicable to a future reporting period. For 2019 deferred outflows declined \$3.2 million driven largely by the change in pension related balances from \$64.8 million to \$61.6 million. In 2018 deferred outflows of resources included unamortized loss from the refunding of debt in 2013 of \$.3 million, pension related balance of \$64.8 million, and OPEB related balance of \$4.5 million.

Total assets and deferred outflows of resources increased \$17.7 million in 2019 as compared to a decrease of \$15.0 million in 2018. These fluctuations are driven mainly by the inclusion of the pension and OPEB related accounting standards.

Liabilities and Deferred Inflow of Resources

Current liabilities are comprised of accounts payable; accrued and other liabilities; unearned revenues from both student fees and advance payments for contracts and grants; refunds, and the current portion of noncurrent liabilities. Current liabilities were relatively unchanged in 2019 at \$65.0 million. Increases occurred in accounts payable for \$2.2 million and unearned revenue for \$.6 million. These increases were offset by decreases of \$1.0 million in refunds and other liabilities, \$1.0 million in accrued liabilities, and \$.6 million in the current portion of noncurrent liabilities. While the current portion of noncurrent liabilities in 2019 includes \$4.5 million for the Perkins loan program, the addition of this liability was more than offset by decreases in voluntary retirement incentive program (VRIP) of \$3.1 million and revenue bonds and notes of \$2.0 million. Current liabilities decreased \$1.6 million to \$64.9 million in 2018 vs. 2017 due to a reduction in trade payables, accrued liabilities and unearned revenue of \$3.0 million, offset by increases in refunds of \$.9 million and \$.5 million in the current portion of long-term liabilities.

Noncurrent liabilities are comprised of unearned revenue, net pension liability, OPEB, refundable advances for Federal Perkins loans, capital lease, and other noncurrent liabilities including compensated absences, an accrual for the voluntary retirement incentive, and the noncurrent portion of University debt. Noncurrent liabilities declined by \$28.4 million in 2019 vs. 2018 driven largely by a reduction of \$25.8 million in pension and OPEB liabilities and \$6.4 million in other noncurrent liabilities, offset by the addition of \$4.2 million for Federal Perkins loans. The Department of Education is working with universities and colleges to close out this expired loan program. The reduction in the pension and OPEB liabilities was primarily due to a reduction in the University's proportionate share of the liability and assumption changes in the State Teachers Retirement system of Ohio (STRS) OPEB plan. The decline in other noncurrent liabilities includes \$5.7 million in bonds and notes payable, \$.4 million in voluntary retirement program and \$.3 million in compensated absences.

In 2018 these balances declined by \$67.8 million to \$363.0 million at June 30, 2018. This decrease was primarily attributable to the \$122.1 million change in net pension liability and \$12.2 million in other noncurrent liabilities, offset by the addition of the OPEB liability of \$66.5 million. The net pension liability represents the University's proportionate share of the net pension liabilities recorded by the state retirement plans.

Deferred inflows of resources represent an acquisition of resources that does not require a further exchange of goods and services and is applicable to a future reporting period. In 2019 deferred inflows for pensions increased \$3.1 million, mostly attributed to adjustments related to the reduction in the University's proportionate share of the STRS pension plan balances. OPEB contributed a \$15.2 million increase to deferred inflows.

In 2018, the deferred inflows of resources related to pension increased \$32.7 million from \$4.0 million at June 30, 2017 to \$36.7 million at June 30, 2018. These increases related to a decline in the change in assumptions of \$43.3 million offset by an increase in proportionate share of \$18.4 million. The addition of the GASB 75 OPEB standard in 2018 added \$6.2 million to deferred inflows.

Net Position

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. The University's net position improved \$27.6 million in 2019 over 2018. The improvement during the year is attributed to \$13.6 million in operational improvements and \$14.0 million to pension and OPEB adjustments.

The University's total net position improved \$15.4 million in 2018 over 2017, after a beginning balance adjustment (reduction) of \$73.2 million and an improvement during the year of \$88.6 million. The beginning balance adjustment reflects the University's proportionate share of the beginning OPEB liability for the year. The increase in 2018 was composed of \$6.9 million in operations and \$8.5 million in pensions and OPEB.

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

| | 2019 | 2018 | 2017 |
|----------------------------------|-----------------------------------|------------------|------------------|
| | (All dollar amounts in thousands) | | |
| Net investment in capital assets | \$ 274,794 | \$ 277,923 | \$ 285,387 |
| Restricted expendable | 15,714 | 14,721 | 16,493 |
| Unrestricted: | | | |
| Designated | (160,930) | (182,098) | (210,741) |
| Undesignated | <u>(49,170)</u> | <u>(57,773)</u> | <u>(53,768)</u> |
| Total net position | <u>\$ 80,408</u> | <u>\$ 52,773</u> | <u>\$ 37,371</u> |

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. The decline of \$3.1 million in 2019 is mostly comprised of \$19.9 million in depreciation and a \$.6 million recorded loss on sale of the Kettering Center offset by capital additions of \$10.3 million and \$7.5 million of debt retirement. In 2018 net investment in capital assets declined \$7.5 million.

Restricted expendable net position represents funds externally restricted to specific purposes, such as student loans or sponsored projects. In fiscal 2019, a \$9.7 million balance appears related to other postemployment benefits for STRS for which there is a corresponding noncurrent asset. In fiscal 2018, the majority of the restricted expendable balance represents funds restricted for student loans. The increase of \$1.0 million in 2019 is the result of the addition of the \$9.7 million other postemployment benefit partially offset by reclassifying \$8.7 million Perkins loan program Federal contributions ultimately refundable to the government to a new liability. The decrease in net position in 2018 of \$1.8 million resulted from returning \$1.0 million of Perkins loan funds and a reduction in loan advances.

Unrestricted net position represents the portion of net position that is not subject to external restrictions. The University may designate these funds internally for various academic, research, student aid, and capital purposes. Unrestricted net position increased \$29.8 million in 2019 over 2018 and increased \$24.6 million in 2018 vs. 2017 (see table below).

GASB 68 and GASB 75 have had a significant effect on the University's unrestricted net position. The cumulative impact of the implementation of the pension and OPEB standards is (\$252.1) million and (\$256.4) million for 2019 and 2018, respectively, as presented in the following table:

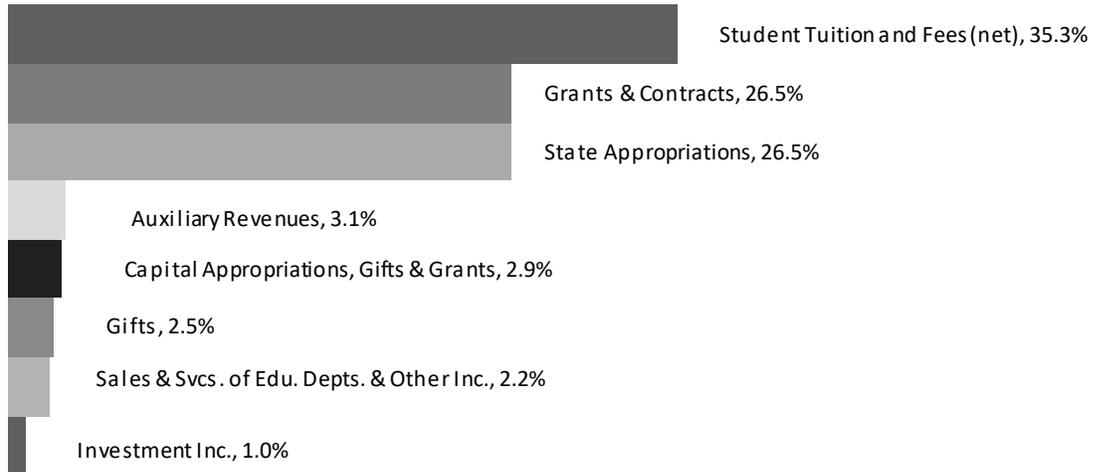
| | 2019 | 2018 | 2017 |
|--|--|---------------------|---------------------|
| | <u>(All dollar amounts in thousands)</u> | | |
| Unrestricted net position | | | |
| Balance before reporting for pensions & OPEB | \$ 42,000 | \$ 16,525 | \$ 415 |
| Impact of implementation of pension & OPEB standards | | | |
| Deferred outflows of resources - pensions & OPEB | 66,046 | 69,227 | 77,324 |
| Net pension & OPEB liability | (256,860) | (282,685) | (338,291) |
| Deferred inflows of resources - pensions & OPEB | <u>(61,286)</u> | <u>(42,938)</u> | <u>(3,957)</u> |
| Net impact of implementation of pension & OPEB | <u>(252,100)</u> | <u>(256,396)</u> | <u>(264,924)</u> |
| Total unrestricted net position | <u>\$ (210,100)</u> | <u>\$ (239,871)</u> | <u>\$ (264,509)</u> |

Statements of Revenues, Expenses and Changes in Net Position

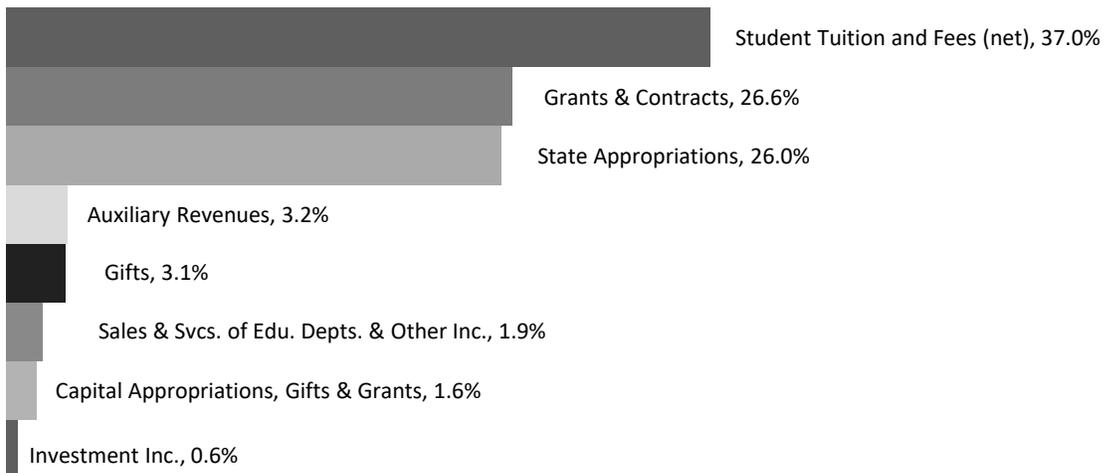
The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the University. A summary of the University's revenues, expenses and changes in net position for the years ended June 30 is as follows:

| | 2019 | 2018 | 2017 |
|--|--|------------------|------------------|
| | <u>(All dollar amounts in thousands)</u> | | |
| Operating revenues: | | | |
| Student tuition & fees - net | \$ 120,379 | \$ 129,882 | \$ 140,389 |
| Grants and contracts | 69,632 | 69,142 | 70,534 |
| Sales and services | 3,826 | 3,953 | 4,640 |
| Auxiliary enterprises | 10,575 | 11,067 | 11,418 |
| Other | <u>3,677</u> | <u>3,069</u> | <u>3,338</u> |
| Total | 208,089 | 217,113 | 230,319 |
| Operating expenses | <u>301,927</u> | <u>259,665</u> | <u>409,648</u> |
| Operating loss | (93,838) | (42,552) | (179,329) |
| Nonoperating revenues (expenses): | | | |
| State appropriations | 90,492 | 91,056 | 92,431 |
| Federal grants | 17,676 | 19,618 | 19,494 |
| State grants | 3,201 | 4,384 | 3,886 |
| Gifts | 8,652 | 10,760 | 10,284 |
| Investment income | 3,395 | 2,255 | 3,438 |
| Interest expense | (2,872) | (3,145) | (3,088) |
| Other revenue (expense) | (398) | 757 | (105) |
| Capital appropriations | 8,388 | 4,268 | 4,394 |
| Capital grants and gifts | 1,587 | 1,207 | 1,464 |
| Reclassification of restricted net position to a liability (termination of the Perkins Loan program) | <u>(8,648)</u> | | |
| Total | <u>121,473</u> | <u>131,160</u> | <u>132,198</u> |
| Increase (decrease) in net position | 27,635 | 88,608 | (47,131) |
| Net position - beginning of year | <u>52,773</u> | <u>(35,835)</u> | <u>84,502</u> |
| Net position - end of year | <u>\$ 80,408</u> | <u>\$ 52,773</u> | <u>\$ 37,371</u> |

Revenues by source for the year ended June 30, 2019.



Revenues by source for the year ended June 30, 2018.



Operating Revenues

Overall operating revenues declined \$9.0 million or 4.2% in 2019 vs. 2018, from \$217.1 million to \$208.1 million. The largest factor was a decline in tuition and fee revenue (net) of \$9.5 million or 7.3%. Student headcount for Fall 2018 declined 1,550 from Fall 2017 (17,108 to 15,558) but was somewhat offset by an increase in tuition rates as noted below. Headcount enrollment was 17,778 in fall 2016.

Student tuition and fees, net were \$120.4 million, \$129.9 million and \$140.4 million, in 2019, 2018, and 2017, respectively, which resulted in a 7.3% decrease from 2018 to 2019 and a 7.5% decrease from 2017 to 2018. Fee rates for continuing resident undergraduate students remained unchanged in fiscal 2019 vs. 2018. The tuition rate for the Wright Guarantee tuition program increased by nearly 4% over non-guarantee tuition and will remain unchanged for four years. Graduate and non-resident fee rates increased 3% from fiscal 2018 to 2019. Tuition revenue before the application of scholarships (financial aid applied to students' bills) in 2018 was down \$12.3 million, or 6.6%, from 2017 due to a combination of lower enrollment somewhat offset by an increase in tuition rates for graduate and non-resident students.

Grants and contracts totaled \$69.6 million in 2019 vs. \$69.1 million in 2018 and \$70.5 million in 2017. The fluctuations are due to changes in grant revenue from federal, state and local sponsors.

Sales and services, which are primarily revenues generated from specific departmental sales activities to organizations external to the University, were \$3.8 million, \$4.0 million, and \$4.6 million, for the years ended June 30, 2019, 2018, and 2017, respectively. Over half of these revenues are generated by the Boonshoft School of Medicine, student health clinic, and telecommunications. Other revenue sources include theatre productions; conferences and events; as well as printing and communication services.

Auxiliary revenues were \$10.6 million, \$11.1 million, and \$11.4 million, for the years ended June 30, 2019, 2018, and 2017, 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. In 2019, a small increase in parking and transportation revenues was more than offset by decreases in all of the other auxiliaries.

Other operating revenues include rebates, administrative fees, and other miscellaneous revenues. 2019 increases were primarily related to payment for services provided to WSARC and construction projects.

Nonoperating Revenues

State appropriations decreased \$.6 million in 2019 from \$91.1 million in 2018 to \$90.5 million. State appropriations decreased \$1.3 million in 2018 from \$92.4 million in 2017. 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.

Investment income improved \$1.1 million to \$3.4 million in 2019 from \$2.3 million in 2018. The \$1.1 million increase in 2019 was largely attributable to increased investment balances due to the University's strengthening net cash position and reduction in bank cash on hand. The University experienced investment revenue of \$3.4 million in 2017. The \$1.1 million decrease in 2018 was largely attributable to market performance and asset allocation in the portfolio. The University adopted a more conservative investment approach and moved funds from short term investments to more liquid cash vehicles that paid lower interest rates.

Federal grants and state grants are primarily composed of restricted funding for Pell, SEOG (Supplemental Educational Opportunity Grant), and OCOG (Ohio College Opportunity Grants) programs. These grants were \$20.9 million in 2019, \$24.0 million in 2018, and \$23.4 million in 2017.

Gifts revenues, all of which are received through the Foundation, decreased \$2.1 million from \$10.8 million in 2018 to \$8.7 million in 2019. The Boonshoft School of Medicine experienced the largest decline of \$1.6 million. Gifts increased \$.5 million in 2018 from \$10.3 million in 2017.

Capital Appropriations, Gifts and Grants were \$10.0 million in 2019 vs. \$5.5 million in 2018 and \$5.9 million in 2017. The change in capital appropriations is dependent on the level of authorized construction activity. Large projects in 2019 included the Lake Campus Connector to the Andrews Building (\$2.1 million), Veterans and Workforce Gateway (\$1.6 million), instructional lab modernization and maintenance (\$1.3 million), wireless infrastructure upgrade (\$1.2 million), Dunbar library modernization (\$1.0 million), and

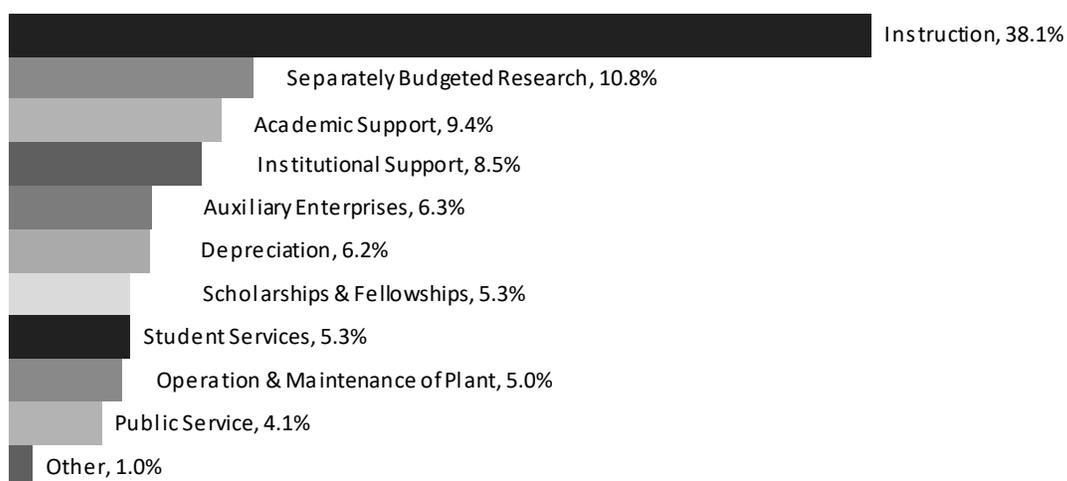
elevator upgrades (\$.6 million). Major capital activity in 2018 included the Veterans and Workforce Gateway (\$1.1 million) and the Lake campus Agriculture and Water Quality Education Center (\$1.1 million).

Expenses

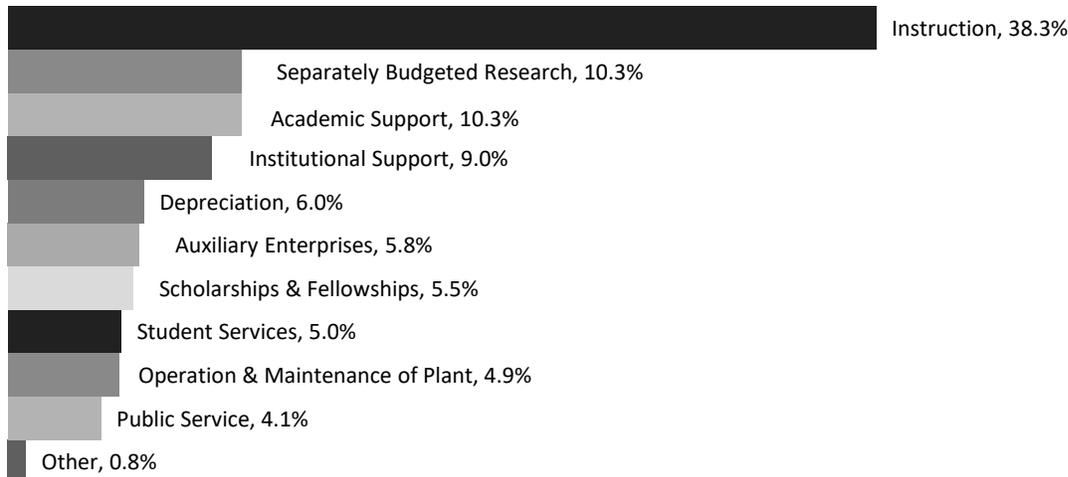
A summary of the University's expenses for the years ended June 30 is as follows:

| | 2019 | 2018 | 2017 |
|--|-----------------------------------|-------------------|-------------------|
| | (All dollar amounts in thousands) | | |
| Operating expenses | | | |
| Instruction and departmental research | \$ 121,606 | \$ 131,563 | \$ 149,907 |
| Separately budgeted research | 34,447 | 35,496 | 33,854 |
| Public service | 12,959 | 14,148 | 18,649 |
| Academic support | 29,995 | 35,345 | 43,650 |
| Student services | 16,836 | 17,351 | 21,914 |
| Institutional support | 27,067 | 30,853 | 37,843 |
| Operation and maintenance of plant | 16,070 | 16,952 | 20,650 |
| Scholarships and fellowships | 16,850 | 18,951 | 20,203 |
| Auxiliary enterprises | 20,130 | 20,002 | 22,647 |
| Pension and OPEB | (13,959) | (81,734) | 20,166 |
| Depreciation | 19,926 | 20,738 | 20,165 |
| Total operating expenses | 301,927 | 259,665 | 409,648 |
| Nonoperating expenses | | | |
| Interest on capital asset-related debt | 2,872 | 3,145 | 3,088 |
| Other nonoperating (revenues)/expenses | 398 | (757) | 105 |
| Total nonoperating expenses | 3,270 | 2,388 | 3,193 |
| Total expenses | \$ 305,197 | \$ 262,053 | \$ 412,841 |

The following is a graphical illustration of expenses by function for the year ended June 30, 2019.



The following is a graphical illustration of operating expenses by function for the year ended June 30, 2018.



Total operating expenses were \$301.9 million in 2019 vs. \$259.7 million in 2018 and \$409.6 million in 2017. Operating expenses increased \$42.3 million in 2019 over 2018, of which a \$25.5 million decrease in operations was more than offset by a \$67.8 million increase attributable to pension and OPEB adjustments. The \$150.0 million decline in 2018 is a combination of a \$101.9 million decrease in pension and OPEB related expenses and a \$48.1 million decrease in University expenditures. Salaries and wages represent the largest part of the University's expenses at 53% of both 2019 and 2018 total operating expenses, excluding the impact of pension and OPEB adjustment.

Nonoperating expenses chiefly relate to capital assets including interest expense on capital assets-related debt and gains/losses on the disposition of capital assets. Nonoperating expenses were \$3.3 million in 2019, \$2.4 million in 2018, and \$3.2 million in 2017. One contributing factor in the \$.9 million increase in expense in 2019 was the \$.6 million recorded loss upon sale of the Kettering Center.

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:

| | 2019 | 2018 | 2017 |
|---|-----------------------------------|------------------|------------------|
| | (All dollar amounts in thousands) | | |
| Cash provided (used) by: | | | |
| Operating activities | \$ (89,950) | \$ (108,209) | \$ (131,391) |
| Noncapital financing activities | 119,815 | 126,835 | 125,792 |
| Capital and related financing activities | (9,599) | (11,097) | (22,965) |
| Investing activities | 4,125 | 7,113 | 31,854 |
| Net increase in cash and cash equivalents | 24,391 | 14,642 | 3,290 |
| Cash and cash equivalents-beginning of year | 39,033 | 24,391 | 21,101 |
| Cash and cash equivalents-end of year | <u>\$ 63,424</u> | <u>\$ 39,033</u> | <u>\$ 24,391</u> |

Total cash and cash equivalents increased \$24.4 million in 2019 as compared to a \$14.6 million increase in 2018. Net cash outflow for operating activities decreased by \$18.2 million from \$108.2 million in 2018 to \$90.0 million in 2019. Cash from operating revenues declined \$11.6 million mainly due to a reduction in tuition receipts of \$8.3 million. Payments for salaries and benefits declined \$20.4 million. Payments to suppliers decreased \$5.2 million. There was also a decrease of \$3.9 million for scholarships and fellowships. Cash inflow for noncapital financing activities came down \$7.0 million, primarily due to decreases of \$3.1 million in both grants for noncapital purchases and gifts. Cash outflow for capital and related financing activities declined \$1.5 million mostly as a result of an increase in capital appropriations from the State of Ohio of \$3.2 million partially offset by larger outflows for purchases of capital assets of \$2.2 million. Cash inflows from investing activities declined \$3.0 million as the University continued to rely less on cash flows from investments to fund operations.

Total cash and cash equivalents increased \$14.6 million in 2018 as compared to a \$3.3 million increase in 2017. Net cash outflow for operating activities decreased by \$23.2 million from \$131.4 million in 2017 to \$108.2 million in 2018. Cash from operating revenues declined \$8.5 million mainly due to a reduction in tuition receipts. Payments for salaries and benefits declined \$26.9 million partially offset by an increase of \$2.8 million for scholarships and fellowships. Cash outflow for capital and related financing activities declined \$11.9 million mostly as a result of a decline in the purchase of capital assets of \$13.2 million. Cash inflows from investing activities declined \$24.7 million as the University relied less on cash flows from investments to fund operations, instead managing cash through the change in operating cash flow

Capital Assets and Debt

Capital Assets The University's investment in capital assets was \$346.0 million net of accumulated depreciation of \$351.2 million at June 30, 2019 as compared to \$356.8 million at June 30, 2018 and \$369.2 million at June 30, 2017. Depreciation expense for the years ended June 30, 2019, 2018 and 2017 was \$19.9 million, \$20.7 million and \$20.2 million, respectively.

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

| | 2019 | 2018 | 2017 |
|--|-----------------------------------|-------------------|-------------------|
| | (All dollar amounts in thousands) | | |
| Land, land improvements and infrastructure | \$ 37,413 | \$ 39,414 | \$ 41,045 |
| Buildings | 282,344 | 288,517 | 295,108 |
| Machinery and equipment | 13,090 | 14,678 | 18,159 |
| Library books and publications | 12,815 | 13,834 | 14,624 |
| Construction in progress | 309 | 309 | 309 |
| Total capital assets - net | <u>\$ 345,971</u> | <u>\$ 356,752</u> | <u>\$ 369,245</u> |

Depreciation expense and retirement of assets has exceeded the growth in assets over the last three years. During 2019, larger projects included \$2.1 million for the Lake Campus Andrews Hall Connector and \$1.6 million at the Dayton Campus Student Union for the Veterans and Workforce Gateway project. In 2018 major projects included \$2.8 million for the Lake Campus Agriculture and Water Quality Education Center and \$1.2 million for remodeling in the Student Union, Creative Arts building and the Library. During 2017, the majority of capital spending related to the Creative Arts Center project. Minor construction projects and acquisitions of machinery and equipment as well as library books and publications also occurred during the year.

Debt As of June 30, 2019, bonds, lease and notes payable totaled \$71.8 million vs. \$79.5 million as of June 30, 2018 and \$85.7 million as of June 30, 2017. In 2018 the University entered into a capital lease of \$1.3 million for the Lake Campus Agriculture and Water Quality Education Center. The 2019 balance was comprised of \$54.6 million of general obligation bonds, \$16.1 million in outstanding notes and \$1.1 million capital lease. The 2018 balance of \$79.5 million includes \$60.6 million of outstanding bonds, \$17.7 million of outstanding notes and \$1.2 million capital lease. The 2017 balance of \$85.7 million includes \$66.4 million

of outstanding bonds and \$19.3 million of outstanding notes. On February 14, 2019, Moody's Investors Service issued a comment indicating the University's resolution of the faculty strike was credit positive, eliminating near term operational risks. On July 30, 2018, Moody's Investors Service issued a credit opinion updating its credit analysis of the University confirming the Baa2 rating with a negative outlook. The University has no current plans to initiate new debt in the foreseeable future. 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.

Future Economic Factors

Like other universities, Wright State has been faced with declining enrollment and corresponding budgetary and liquidity constraints. Headcount enrollment declined 11.7% from 15,558 in fall 2018 to 13,742 in fall 2019 (fiscal 2020). The University initiated remediation efforts that reduced the operating budget by \$50 million in 2018, \$16 million in 2019 and an additional budget reduction of \$19 million has been approved for fiscal 2020. Enrollment is expected to be relatively stable at the current level in the foreseeable future somewhat mitigating financial pressure.

The State of Ohio passed a biennial budget in July 2019 that included authority to increase undergraduate fees for continuing students by 2% for each year of the biennium, and to increase fees in the tuition guarantee program by 2% plus a factor for inflation in each year of the biennium. The University also increased other tuition rates to partially offset the decline in the number of students for fall 2019.

The State of Ohio establishes a pool of funds each year to subsidize instruction at the 14 state institutions of higher education. The budget for those funds was increased by 2% in the biennial budget and the University's share of the increase was \$749,000 for fiscal 2020. The University's share of the pool fluctuates based on degree and course completions. While there are additional influences and factors affecting the actual allocation of the subsidy, the formula promotes the importance of the academic success of the student.

A fiscal sustainability plan has been implemented and plans are being actively formulated to enhance revenues. Additionally, a five-year enrollment management plan is being implemented and a program review of each academic unit is underway.

Efforts for revenue enhancements include:

- Online course offerings are being developed with the goal of having all core courses offered online.
- The University continues the implementation of a four-year tuition guarantee program. This will promote timely graduation, increase degree completion and lower the cost of the student's degree. The guarantee program also enhances tuition revenue with each entering cohort of new students.
- The University continues a textbook affordability program that encourages faculty to use more affordable textbook options when possible, making college more affordable and improving the likelihood of student retention.

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Net Position
June 30, 2019 and 2018

| | 2019 | 2018 |
|--|-----------------------|-----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 63,143,048 | \$ 38,751,757 |
| Short-term investments | - | 768,113 |
| Accounts receivable (net of allowance for doubtful accounts of \$1,770,000 in 2019 and 2018) | 29,945,314 | 29,457,108 |
| Loans receivable (net of allowance for doubtful loans of \$3,170,000 in 2019 and \$3,285,000 in 2018) | 2,652,586 | 3,134,655 |
| Inventories | 132,288 | 127,202 |
| Prepaid expenses | 1,130,677 | 1,496,152 |
| Advanced charges | 2,642,402 | 2,484,673 |
| Total current assets | 99,646,315 | 76,219,660 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | 281,098 | 281,098 |
| Loans receivable (net of allowance for doubtful loans of \$59,000 in 2019 and \$74,000 in 2018) | 5,861,718 | 7,353,182 |
| Net other postemployment benefits asset | 9,662,866 | - |
| Other assets | 201,975 | 148,195 |
| Other long-term investments | 13,345,266 | 13,307,242 |
| Capital assets, net | 345,970,979 | 356,752,381 |
| Total noncurrent assets | 375,323,902 | 377,842,098 |
| Total assets | 474,970,217 | 454,061,758 |
| Deferred outflows of resources: | | |
| Bond refunding | 295,073 | 324,580 |
| Pension related | 61,575,460 | 64,757,565 |
| Other postemployment benefits related | 4,470,362 | 4,470,894 |
| Total assets and deferred outflows of resources | \$ 541,311,112 | \$ 523,614,797 |
| | | |
| Current liabilities: | | |
| Accounts payable trade and other | \$ 10,779,017 | \$ 8,613,071 |
| Accrued liabilities | 12,964,196 | 13,954,036 |
| Unearned revenue | 23,523,178 | 22,955,084 |
| Refunds and other liabilities | 941,858 | 1,960,877 |
| Current portion of noncurrent liabilities (other than unearned revenue) | 16,833,315 | 17,418,130 |
| Total current liabilities | 65,041,564 | 64,901,198 |
| Noncurrent liabilities: | | |
| Unearned revenue | 960,605 | 1,280,807 |
| Refundable advances for Federal Perkins loans | 4,168,964 | - |
| Net pension liability | 215,022,234 | 216,206,393 |
| Net other postemployment benefits liability | 41,837,509 | 66,480,626 |
| Other noncurrent liabilities | 72,585,451 | 79,035,113 |
| Total noncurrent liabilities | 334,574,763 | 363,002,939 |
| Deferred inflows of resources | | |
| Pension related | 39,799,031 | 36,688,868 |
| Other postemployment benefits related | 21,487,334 | 6,248,726 |
| Total liabilities and deferred inflows of resources | 460,902,692 | 470,841,731 |
| | | |
| Net Position: | | |
| Net investment in capital assets | 274,793,760 | 277,923,291 |
| Restricted - expendable: | | |
| Instruction and departmental research | 18,258 | 12,953 |
| Separately budgeted research | 148 | - |
| Institutional support | 4,310 | 1,947 |
| Loans | 6,028,916 | 14,706,254 |
| Other postemployment benefits - STRS | 9,662,866 | - |
| Unrestricted | (210,099,838) | (239,871,379) |
| Total net position | 80,408,420 | 52,773,066 |
| Total liabilities and deferred inflows of resources and net position | \$ 541,311,112 | \$ 523,614,797 |

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, 2019 and 2018

| | 2019 | 2018 |
|---|----------------------|----------------------|
| OPERATING REVENUES | | |
| Student tuition and fees (net of scholarship allowances of \$39,418,000 in 2019 and \$43,101,000 in 2018) | \$ 120,379,010 | \$ 129,881,548 |
| Federal grants and contracts | 30,439,372 | 32,380,520 |
| State grants and contracts | 8,212,753 | 7,814,291 |
| Local grants and contracts | 437,185 | 637,185 |
| Nongovernmental grants and contracts | 30,542,610 | 28,309,960 |
| Sales and services | 3,825,656 | 3,952,882 |
| Auxiliary enterprises sales (net of scholarship allowances of \$2,362,000 in 2019 and \$2,492,000 in 2018) | 10,575,442 | 11,066,940 |
| Other operating revenues | 3,677,036 | 3,070,107 |
| Total operating revenues | 208,089,064 | 217,113,433 |
| OPERATING EXPENSES | | |
| Educational and general: | | |
| Instruction and departmental research | 121,606,459 | 131,562,958 |
| Separately budgeted research | 34,447,005 | 35,495,612 |
| Public service | 12,959,320 | 14,147,872 |
| Academic support | 29,994,949 | 35,344,827 |
| Student services | 16,836,463 | 17,350,544 |
| Institutional support | 27,066,858 | 30,854,364 |
| Operation and maintenance of plant | 16,069,626 | 16,952,234 |
| Scholarships and fellowships | 16,849,529 | 18,951,135 |
| Total educational and general | 275,830,209 | 300,659,546 |
| Auxiliary enterprises | 20,130,248 | 20,002,310 |
| Pension and OPEB | (13,958,734) | (81,734,291) |
| Depreciation | 19,925,512 | 20,737,765 |
| Total operating expenses | 301,927,235 | 259,665,330 |
| Operating loss | (93,838,171) | (42,551,897) |
| NONOPERATING REVENUES (EXPENSES) | | |
| State appropriations | 90,491,687 | 91,055,767 |
| Federal grants | 17,676,104 | 19,617,769 |
| State grants | 3,200,579 | 4,383,960 |
| Gifts | 8,652,000 | 10,760,047 |
| Investment income (net of investment expenses of \$47,000 in 2019 and \$38,000 in 2018) | 3,395,631 | 2,254,893 |
| Interest on capital asset-related debt | (2,872,441) | (3,144,883) |
| Other nonoperating revenues (expenses) | (396,842) | 757,621 |
| Net nonoperating revenues (expenses) | 120,146,718 | 125,685,174 |
| Income before other revenues, expenses, gains or losses | 26,308,547 | 83,133,277 |
| Capital appropriations from the State of Ohio | 8,388,326 | 4,268,272 |
| Capital grants and gifts | 1,586,843 | 1,206,839 |
| Reclassification of restricted net position to a liability (termination of Perkins Loan Program) | (8,648,362) | - |
| Increase in net position | 27,635,354 | 88,608,388 |
| NET POSITION | | |
| Net position - beginning of year | 52,773,066 | (35,835,322) |
| Net position - end of year | \$ 80,408,420 | \$ 52,773,066 |

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, 2019 and 2018

| CASH FLOWS FROM OPERATING ACTIVITIES | 2019 | 2018 |
|---|-----------------------------|-----------------------------|
| Student tuition and fees | \$ 121,308,797 | \$ 129,579,271 |
| Federal, state, local, and nongovernmental grants and contracts | 67,851,059 | 69,826,318 |
| Sales and services of educational and other departmental activities | 3,923,863 | 6,189,258 |
| Payments to employees | (171,698,511) | (185,268,035) |
| Payments for benefits | (51,342,589) | (58,125,855) |
| Payments to suppliers | (56,304,250) | (61,506,382) |
| Payments for scholarships and fellowships | (17,435,534) | (21,384,767) |
| Student loans issued | (394,544) | (685,742) |
| Student loans collected | 2,402,240 | 2,411,832 |
| Student loan interest and fees collected | 481,572 | 391,021 |
| Auxiliary enterprise sales | 11,258,111 | 10,364,081 |
| | <u>(89,949,786)</u> | <u>(108,209,000)</u> |
| Net cash (used) by operating activities | | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| State appropriations | 90,491,687 | 91,055,767 |
| Direct lending receipts | 85,892,706 | 88,164,790 |
| Direct lending disbursements | (86,059,973) | (88,094,266) |
| Federal nonexchange grant - Perkins loans | (41,661) | - |
| Grants for noncapital purposes | 20,876,683 | 24,001,729 |
| Gifts | 8,656,159 | 11,707,028 |
| | <u>119,815,601</u> | <u>126,835,048</u> |
| Net cash provided by noncapital financing activities | | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital appropriations from the State of Ohio | 7,395,673 | 4,178,221 |
| Capital grants and gifts received | 1,453,986 | 1,192,839 |
| Purchases of capital assets | (8,622,839) | (6,417,219) |
| Proceeds from sales of capital assets | 536,828 | 305,734 |
| Principal paid on capital debt and leases | (7,451,491) | (7,182,732) |
| Interest paid on capital debt and leases | (3,188,261) | (3,470,663) |
| Bond interest subsidy | 276,951 | 296,744 |
| | <u>(9,599,153)</u> | <u>(11,097,076)</u> |
| Net cash (used) by capital and related financing activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sales and maturities of investments | 4,256,531 | 11,729,214 |
| Investment income | 2,256,448 | 625,397 |
| Purchase of investments | (2,388,350) | (5,241,948) |
| | <u>4,124,629</u> | <u>7,112,663</u> |
| Net cash provided by investing activities | | |
| Net Increase in Cash and Cash Equivalents | 24,391,291 | 14,641,635 |
| Cash and Cash Equivalents - Beginning of Year | <u>39,032,855</u> | <u>24,391,220</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 63,424,146</u> | <u>\$ 39,032,855</u> |

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, 2019 and 2018

Reconciliation of operating loss to net cash used by operating activities:

| | <u>2019</u> | <u>2018</u> |
|---|-------------------------------|--------------------------------|
| Operating loss | \$ (93,838,171) | \$ (42,551,897) |
| Depreciation and amortization | 19,634,817 | 20,447,070 |
| Provision for doubtful accounts | 1,179,754 | 992,787 |
| Provision for doubtful loans | 98,354 | 185,196 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (512,844) | 438,002 |
| Inventories | (5,086) | 4,110 |
| Prepaid expenses | 26,060 | (265,496) |
| Advanced charges | (157,729) | 218,779 |
| Other assets | (53,780) | (12,195) |
| Net other postemployment benefits asset | (9,662,866) | - |
| Deferred outflows - pensions and OPEB | 3,182,637 | 8,427,685 |
| Accounts payable | 910,149 | (2,117,651) |
| Accrued liabilities | (989,840) | (855,373) |
| Unearned revenue | 568,094 | (180,048) |
| Compensated absences | (300,000) | (1,900,000) |
| Refundable advances for Federal Perkins loans | 41,661 | - |
| Voluntary retirement incentive | (3,441,154) | (3,365,725) |
| Refunds and other liabilities | (1,019,019) | 946,838 |
| Loans to students and employees | 1,867,682 | 1,540,894 |
| Net liabilities - pensions and OPEB | (25,827,276) | (129,142,509) |
| Deferred inflows - pensions and OPEB | 18,348,771 | 38,980,533 |
| Net cash used by operating activities | <u>\$ (89,949,786)</u> | <u>\$ (108,209,000)</u> |

Noncash investing, capital, and financing activities:

| | | |
|--|---------------------|---------------------|
| Net unrealized gain in fair value of investments | \$ <u>1,042,946</u> | \$ <u>962,530</u> |
| Donated capital assets | \$ <u>132,857</u> | \$ <u>14,000</u> |
| Capital Lease | \$ <u>-</u> | \$ <u>1,307,106</u> |
| Purchases of capital assets in accounts payable | \$ <u>1,752,430</u> | \$ <u>498,862</u> |

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,156,547 | \$ 2,403,792 |
| Pledges receivable (net) | 5,932,900 | 7,616,900 |
| Gifts receivable from trusts held by others | 1,531,200 | 1,529,900 |
| Investment in securities | 121,738,277 | 118,974,016 |
| Other investments | 1,865,280 | 2,107,293 |
| Interest and dividends receivable | 329,127 | 324,403 |
| Capital assets (net) | 2,165,797 | 2,287,911 |
| Annuity assets | 841,450 | 837,991 |
| Other assets | 824,700 | 858,565 |
| | <u>\$ 137,385,278</u> | <u>\$ 136,940,771</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Accounts payable and accrued liabilities | | |
| Wright State University | \$ 573,589 | \$ 577,748 |
| Trade and other liabilities | 144,851 | 124,716 |
| Deposits held in custody for others | 2,113,602 | 2,013,390 |
| Annuities payable | 374,100 | 382,100 |
| | <u>3,206,142</u> | <u>3,097,954</u> |
| NET ASSETS: | | |
| Without donor restrictions | | |
| Designated by Board | 2,435,505 | 2,362,078 |
| Undesignated | 6,799,719 | 6,314,783 |
| With donor restrictions | | |
| Purpose / time restricted | 78,266,299 | 79,289,590 |
| Perpetually restricted | 46,677,613 | 45,876,366 |
| | <u>134,179,136</u> | <u>133,842,817</u> |
| Total Net Assets | <u>\$ 137,385,278</u> | <u>\$ 136,940,771</u> |
| Total Liabilities and Net Assets | <u>\$ 137,385,278</u> | <u>\$ 136,940,771</u> |

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, 2019 with comparative 2018 totals

| | <u>Without Donor</u> <u>Restriction</u> | <u>With Donor</u> <u>Restriction</u> | <u>Total</u> <u>2019</u> | <u>Total</u> <u>2018</u> |
|---|--|---|-----------------------------|-----------------------------|
| REVENUE AND OTHER SUPPORT: | | | | |
| Gifts and contributions | \$ 137,793 | \$ 4,285,920 | \$ 4,423,713 | \$ 4,891,397 |
| Investment earnings: | | | | |
| Interest and dividends | 1,285,673 | 4,424,380 | 5,710,053 | 3,905,611 |
| Net realized and unrealized gains | 8,754 | 212,171 | 220,925 | 3,357,358 |
| Administrative fee charged to certain restricted accounts | 860,645 | (860,645) | - | - |
| Change in value of split interest agreements | - | (22,835) | (22,835) | 69,699 |
| Other income (loss) | 3,235 | 227,944 | 231,179 | 248,602 |
| Net assets released from restrictions | 8,492,879 | (8,492,879) | - | - |
| Total revenue and other support | <u>10,788,979</u> | <u>(225,944)</u> | <u>10,563,035</u> | <u>12,472,667</u> |
| EXPENSES AND LOSSES: | | | | |
| Program services: | | | | |
| Scholarships | 3,290,754 | - | 3,290,754 | 3,329,309 |
| University programs | 4,291,085 | - | 4,291,085 | 5,504,557 |
| Athletic programs | 257,309 | - | 257,309 | 179,346 |
| Research | 701,294 | - | 701,294 | 728,228 |
| Miscellaneous grants | 93,105 | - | 93,105 | 185,156 |
| Other program expenses and losses (gains) | - | (3,900) | (3,900) | (18,900) |
| Fund raising | 960,775 | - | 960,775 | 1,090,137 |
| Management and general | 636,294 | - | 636,294 | 382,792 |
| Total expenses | <u>10,230,616</u> | <u>(3,900)</u> | <u>10,226,716</u> | <u>11,380,625</u> |
| CHANGE IN NET ASSETS | 558,363 | (222,044) | 336,319 | 1,092,042 |
| NET ASSETS | | | | |
| Beginning of year | <u>8,676,861</u> | <u>125,165,956</u> | <u>133,842,817</u> | <u>132,750,775</u> |
| End of year | <u>\$ 9,235,224</u> | <u>\$ 124,943,912</u> | <u>\$ 134,179,136</u> | <u>\$ 133,842,817</u> |

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, 2018

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total 2018</u> |
|---|--------------------------------------|-----------------------------------|-----------------------|
| REVENUE AND OTHER SUPPORT: | | | |
| Gifts and contributions | \$ 146,034 | \$ 4,745,363 | \$ 4,891,397 |
| Investment earnings: | | | |
| Interest and dividends | 1,056,778 | 2,848,833 | 3,905,611 |
| Net realized and unrealized gains | 643,000 | 2,714,358 | 3,357,358 |
| Administrative fee charged to certain restricted accounts | 838,811 | (838,811) | - |
| Change in value of split interest agreements | - | 69,699 | 69,699 |
| Other income (loss) | 182,425 | 66,177 | 248,602 |
| Net assets released from restrictions | <u>9,659,882</u> | <u>(9,659,882)</u> | <u>-</u> |
| Total revenue and other support | <u>12,526,930</u> | <u>(54,263)</u> | <u>12,472,667</u> |
| EXPENSES AND LOSSES: | | | |
| Program services: | | | |
| Scholarships | 3,329,309 | - | 3,329,309 |
| University programs | 5,504,557 | - | 5,504,557 |
| Athletic programs | 179,346 | - | 179,346 |
| Research | 728,228 | - | 728,228 |
| Miscellaneous grants | 185,156 | - | 185,156 |
| Other program expenses and losses (gains) | (100) | (18,800) | (18,900) |
| Fund raising | 1,090,137 | - | 1,090,137 |
| Management and general | <u>382,792</u> | <u>-</u> | <u>382,792</u> |
| Total expenses | <u>11,399,425</u> | <u>(18,800)</u> | <u>11,380,625</u> |
| CHANGE IN NET ASSETS | 1,127,505 | (35,463) | 1,092,042 |
| NET ASSETS | | | |
| Beginning of year | <u>7,549,356</u> | <u>125,201,419</u> | <u>132,750,775</u> |
| End of year | <u>\$ 8,676,861</u> | <u>\$ 124,943,912</u> | <u>\$ 133,842,817</u> |

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

Wright State Applied Research Corporation
Statements of Financial Position
June 30, 2019 and 2018

Assets

| | 2019 | 2018 |
|----------------------------------|---------------|---------------|
| Cash and cash equivalents | \$ 1,552,679 | \$ 5,486,607 |
| Billed accounts receivable | 4,449,721 | 3,364,979 |
| Unbilled accounts receivable | 2,186,141 | 2,924,875 |
| Prepaid expenses and other | 64,915 | 63,748 |
| Due from Wright State University | 238,304 | 457,590 |
| Other assets | 300,000 | 300,000 |
| Property and equipment, net | 3,668,530 | 4,066,852 |
| Total assets | \$ 12,460,290 | \$ 16,664,651 |

Liabilities and Net Assets

Liabilities

| | | |
|---------------------------------------|-----------|--------------|
| Accounts payable and accrued expenses | 2,713,908 | \$ 4,794,229 |
| Due to Wright State University | 3,620,514 | 3,623,484 |
| Deferred revenue | 2,920,598 | 5,168,463 |
| Total liabilities | 9,255,020 | 13,586,176 |

Net Assets Without Donor Restriction

| | | |
|----------------------------------|---------------|---------------|
| | 3,205,270 | 3,078,475 |
| Total liabilities and net assets | \$ 12,460,290 | \$ 16,664,651 |

The accompanying notes are an integral part of these financial statements

Wright State Applied Research Corporation
Statements of Activities
Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|-------------------------------------|---------------|---------------|
| Revenue | | |
| Contract and grant revenue | \$ 31,074,384 | \$ 28,720,428 |
| Commercial revenue | 204,701 | 295,267 |
| Rental income | 43,461 | 320,088 |
| Interest and other income | 26,033 | 71,609 |
| Total revenue | 31,348,579 | 29,407,392 |
| Expenses | | |
| Program services | | |
| Direct labor | 4,437,734 | 4,159,186 |
| Travel | 237,662 | 305,287 |
| Subcontract costs | 17,396,168 | 18,351,666 |
| Other direct costs | 2,562,540 | 1,210,595 |
| Total program services expenses | 24,634,104 | 24,026,734 |
| Support services expenses | 6,587,680 | 6,051,247 |
| Bad debt expense on note receivable | - | 1,273,000 |
| Total expenses | 31,221,784 | 31,350,981 |
| Change in Net Assets | 126,795 | (1,943,589) |
| Net assets | | |
| Beginning of year | 3,078,475 | 5,022,064 |
| End of year | \$ 3,205,270 | \$ 3,078,475 |

The accompanying notes are an integral part of these financial statements

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

(1) **Organization and Summary of Significant Accounting Policies**

Organization

Wright State University (the University) is a state-assisted institution of higher education created in 1967. The University operates eight colleges, three schools, and other individual departments on its Dayton and Lake Campuses. The University's Board of Trustees consists of nine voting members, who have been appointed by the governor of the State of Ohio. The Board of Trustees approves the policies and procedures by which the University is governed.

Basis of Presentation

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. Under the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the University reports certain entities as discretely presented component units. Component units are legally separate organizations which have a fiscal dependency and financial benefit or burden relationship with the primary government and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

Wright State University Foundation (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.

Wright State Applied Research Corporation (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.

Both 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 and WSARC

have separate and independent governing boards. The University's Board of Trustees does not provide governance or administrative oversight for the discretely presented component units. Further description and selected disclosures of the Foundation and WSARC may be found in footnotes 11 and 12.

Basis of Accounting

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 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.

Net position

The University's financial resources are classified for accounting and reporting purposes into the following net position categories:

- 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 is available for purposes as determined by external entities that have placed time or purpose restrictions on the use of the assets.
- 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 acquisition 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. 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.

Perkins Loan Program

Funds provided by the United States government under the Federal Perkins Loan program are loaned to qualified students and re-loaned after collection. The Federal Perkins Loan program expired on September 30, 2017. These funds could not be re-loaned after June 30, 2018 and are ultimately refundable to the government. A liability has been recorded, accordingly, in the accompanying Statement of Net Position, as prescribed by National Association of College and University Business Officers (NACUBO).

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.

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 and OPEB 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 pension and OPEB related balances.

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.

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.

Cost-Sharing Defined Benefit Pension Plans

The University participates in two cost-sharing, multiple-employer defined benefit pension plans, the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement system of Ohio (STRS) (the Plans).

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 plans and additions to/deductions from their fiduciary net positions have been determined on the same basis as reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Cost-Sharing Defined Benefit Other Postemployment Benefit Plans

The Plans also provide other postemployment benefits (OPEB) in addition to pension benefits. For purposes of measuring the net OPEB asset, liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plans and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported 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 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.

Recent Accounting Pronouncements

As of June 30, 2019, the following GASB statements were implemented which did not have a significant financial or disclosure impact on the financial statements.

In November 2016, 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.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for the University's fiscal year ending June 30, 2019. The purpose of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement also clarifies which liabilities governments should include when disclosing information related to debt.

As of June 30, 2019, GASB had issued the following statements that could be applicable to the University upon implementation in future reporting periods. The University continues to evaluate the impact of these 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.

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 inflows of resources or 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.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the University's fiscal year ending June 30, 2021. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period. This Statement supersedes the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, effective for the University's fiscal year ending June 30, 2020. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement defines a majority equity interest and specifies that a majority equity interest that meets the definition of an investment should be measured using the equity method.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for the University's fiscal year ending June 30, 2022. This Statement provides a single method for government issuers to report conduit debt obligations and related commitments. The definition of conduit debt obligations is broadened and clarified. Under this Statement, a government issuer will be required to recognize a liability if qualitative factors indicate that it is more likely than not that it will support one or more conduit debt service payments.

(2) Cash, Cash Equivalents and Investments

The classifications of cash, cash equivalents and investments in the financial statements are 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 STAROhio are classified as cash equivalents in the Statements of Net Position. However, for GASB Statement No. 3 disclosure purposes (see below), the funds in STAROhio 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, 2019 and 2018, the University's bank balances are \$21,578,353 and \$11,624,186, respectively. Of these balances, \$4,205,824 and \$5,570,829, 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:

| | <u>2019</u> | <u>2018</u> |
|--------------------|---------------------|---------------------|
| Petty cash | \$ 31,282 | \$ 31,807 |
| Demand deposits | 2,420,369 | 4,599,172 |
| Money market funds | <u>6,425,314</u> | <u>4,468,938</u> |
| Total | <u>\$ 8,876,965</u> | <u>\$ 9,099,917</u> |

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

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:

| | 2019 | | | | NAV |
|---|---------------------|--|---|---|--------------------|
| | Totals | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Investment in securities: | | | | | |
| Stocks and traded securities | \$ 487,896 | \$ 487,896 | \$ - | \$ - | \$ - |
| State Treasury Asset Reserve of Ohio (STAROhio) | 54,547,181 | 54,547,181 | - | - | - |
| Mutual funds: | | | | | |
| Fixed income | 2,970,423 | 2,970,423 | - | - | - |
| Alternative assets: | | | | | |
| Private equity partnerships | 9,883,747 | - | - | - | 9,883,747 |
| Total investments in securities | 67,889,247 | 58,005,500 | | | 9,883,747 |
| Other investments: | | | | | |
| Real estate | 3,200 | - | - | 3,200 | - |
| Total other investments | 3,200 | - | - | 3,200 | - |
| Total investments | <u>\$67,892,447</u> | <u>\$ 58,005,500</u> | <u>\$ -</u> | <u>\$ 3,200</u> | <u>\$9,883,747</u> |

| | 2018 | | | | NAV |
|---|---------------------|--|---|---|--------------------|
| | Totals | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Investment in securities: | | | | | |
| Stocks and traded securities | \$ 1,098,094 | \$ 1,098,094 | \$ - | \$ - | \$ - |
| State Treasury Asset Reserve of Ohio (STAROhio) | 29,932,938 | 29,932,938 | - | - | - |
| Mutual funds: | | | | | |
| Equity | 164,988 | 164,988 | - | - | - |
| Fixed income | 3,252,638 | 3,252,638 | - | - | - |
| Alternative assets: | | | | | |
| Hedge funds | 768,113 | - | - | - | 768,113 |
| Private equity partnerships | 8,788,322 | - | - | - | 8,788,322 |
| Total investments in securities | 44,005,093 | 34,448,658 | - | - | 9,556,435 |
| Other investments: | | | | | |
| Real estate | 3,200 | - | - | 3,200 | - |
| Total other investments | 3,200 | - | - | 3,200 | - |
| Total investments | <u>\$44,008,293</u> | <u>\$ 34,448,658</u> | <u>\$ -</u> | <u>\$ 3,200</u> | <u>\$9,556,435</u> |

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

| | Year Ended June 30 | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Deposits | \$ 8,876,965 | \$ 9,099,917 |
| Investments | <u>67,892,447</u> | <u>44,008,293</u> |
| Total | <u>\$ 76,769,412</u> | <u>\$ 53,108,210</u> |
| Included in the Statements of Net Position | | |
| Cash and cash equivalents | \$ 63,143,048 | \$ 38,751,757 |
| Restricted cash and cash equivalents | 281,098 | 281,098 |
| Short-term investments | - | 768,113 |
| Long-term investments | <u>13,345,266</u> | <u>13,307,242</u> |
| Total | <u>\$ 76,769,412</u> | <u>\$ 53,108,210</u> |

Balances held in 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 | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Total fair value of investments | \$ 67,892,447 | \$ 44,008,293 |
| State Treasury Asset | | |
| Reserve (STAROhio) | <u>54,547,181</u> | <u>29,932,938</u> |
| Fair value of investments less STAROhio | <u>\$ 13,345,266</u> | <u>\$ 14,075,355</u> |
| Included in the Statements of Net Position | | |
| Short-term investments | \$ - | \$ 768,113 |
| Long-term investments | <u>13,345,266</u> | <u>13,307,242</u> |
| Total | <u>\$ 13,345,266</u> | <u>\$ 14,075,355</u> |

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 | | Redemption Frequency | Redemption Notice Period | Lock-up Period | Earliest Redemption Date | Unfunded Commitment |
|---------------------|--------------------|--------------|-------------------------|--------------------------------|-------------------|--------------------------------|------------------------|
| | 2019 | 2018 | | | | | |
| Alternative assets: | | | | | | | |
| Hedge funds (A) | \$ - | \$ 768,113 | semi-annual | 95 days | 24 mos. | NA | \$ - |
| Private equity (B) | 9,883,747 | 8,788,322 | not liquid | not liquid | | | 2,235,991 |
| Total | \$ 9,883,747 | \$ 9,556,435 | | | | | \$ 2,235,991 |

(A) For hedge funds, 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. The limited partnerships are illiquid in that no present market exists for the interest in the funds nor is one expected to develop. The University exercised its option for redemption of the fund for June 30, 2017. The fund was subsequently liquidated on July 31, 2017 with 90% of the fund being distributed. The 10% holdback escrow was subsequently released in July 2018.

(B) 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.

Approximately 38% of the University's private equity fund partnership is structured as a domestic partnership in which the University is a limited partner. The investment's objective 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.

The remaining 62% of the University's private equity partnership is a domestic partnership for the purpose of making private equity investments. 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.

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 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:

| Investment Type | 2019 Investment Maturities (in years) | | | |
|-----------------|---------------------------------------|-------------|--------------|------|
| | Fair Value | Less Than 1 | 1-5 | 6-10 |
| Bond funds | \$ 2,970,423 | \$ - | \$ 2,970,423 | \$ - |

| Investment Type | 2018 Investment Maturities (in years) | | | |
|-----------------|---------------------------------------|-------------|--------------|------------|
| | Fair Value | Less Than 1 | 1-5 | 6-10 |
| Bond funds | \$ 3,252,638 | \$ - | \$ 2,570,521 | \$ 682,117 |

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:

| Investment Type | 2019 Credit Ratings | | | |
|---|----------------------|----------------------|-------------------|---------------------|
| | Total | AAA/Aaa | AA/Aa | A |
| State Treasury Asset Reserve (STAROhio) | \$ 54,547,181 | \$ 54,547,181 | \$ - | \$ - |
| Bond funds | 2,970,423 | - | 722,399 | 2,248,024 |
| Total | <u>\$ 57,517,604</u> | <u>\$ 54,547,181</u> | <u>\$ 722,399</u> | <u>\$ 2,248,024</u> |

| Investment Type | 2018 Credit Ratings | | | |
|---|----------------------|----------------------|-------------|---------------------|
| | Total | AAA/Aaa | AA/Aa | A |
| State Treasury Asset Reserve (STAROhio) | \$ 29,932,938 | \$ 29,932,938 | \$ - | \$ - |
| Bond funds | 3,252,638 | 1,299,467 | - | 1,953,171 |
| Total | <u>\$ 33,185,576</u> | <u>\$ 31,232,405</u> | <u>\$ -</u> | <u>\$ 1,953,171</u> |

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, 2019 and 2018, 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, 2019 and 2018, 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 changes that exchange rates can have on the fair value of investments. The University's Investment Policy allows the fiduciary manager to invest in stocks, traded securities, and mutual funds with foreign investments as part of its Global Equity, Global Fixed Income, and Cash Equivalent Reserve asset classes. Private equity partnerships and equity mutual funds are subject to foreign currency exposures.

Restricted Cash and Cash Equivalents

The University's restricted cash and cash equivalents at June 30 are as follows:

| Debt | Date Issued | Amount Issued | Amount Unspent | |
|--|---------------|----------------|-------------------|-------------------|
| | | | 2019 | 2018 |
| Unspent Debt Proceeds: | | | | |
| Series 2011A | November 2011 | \$ 55,240,000 | \$ - | \$ - |
| Series 2012 | November 2012 | 23,195,000 | 281,098 | 280,990 |
| 2013 Notes | February 2013 | 25,000,000 | - | - |
| Total Unspent Debt Proceeds | | \$ 103,435,000 | \$ 281,098 | \$ 280,990 |
| Trust Account: | | | | |
| Series 2009 | | | - | 22 |
| 2013 Notes | | | - | 86 |
| Total Trust Account | | | - | 108 |
| Total Restricted Cash and Cash Equivalents | | | <u>\$ 281,098</u> | <u>\$ 281,098</u> |

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, 2019 and 2018, \$281,098 of the unspent debt related proceeds are classified as restricted cash and cash equivalents in the Statements of Net Position.

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, 2019 and 2018.

Investment Income (Loss)

The composition of investment income is as follows:

| | Year Ended June 30 | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Net interest and dividend income | \$ 1,621,517 | \$ 656,439 |
| Realized gains/(losses) on sales | 731,168 | 635,924 |
| Unrealized gains/(losses) in fair value | 1,042,946 | 962,530 |
| Total | <u>\$ 3,395,631</u> | <u>\$ 2,254,893</u> |

(3) Accounts and Loans Receivable

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

| | 2019 | 2018 |
|--|----------------------|----------------------|
| Sponsor receivables | \$ 10,267,766 | \$ 9,512,967 |
| Student and student-related accounts | 13,831,746 | 13,694,403 |
| Wright State University Foundation | 573,589 | 577,748 |
| Wright State Applied Research Corporation | 3,620,514 | 3,623,484 |
| Interest receivable | 46,773 | 43,452 |
| State appropriations | 1,507,318 | 1,499,665 |
| Other, primarily departmental sales and services | 1,867,608 | 2,275,389 |
| Total | 31,715,314 | 31,227,108 |
| Less: Allowance for doubtful accounts | 1,770,000 | 1,770,000 |
| Net accounts receivable | <u>\$ 29,945,314</u> | <u>\$ 29,457,108</u> |

Loans receivable consist primarily of Perkins loans and are net of an allowance for doubtful loans of \$3,229,000 and \$3,359,000 at June 30, 2019 and 2018, respectively. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

(4) Capital Assets

Capital assets activity for the years ended June 30, 2019 and 2018 is summarized as follows:

| | Balance 7/1/2018 | Additions | Retirements | Transfers | Balance 6/30/2019 |
|--------------------------------------|-----------------------|------------------------|-----------------------|-------------|-----------------------|
| Land | \$ 3,931,772 | \$ - | \$ (605,200) | \$ - | \$ 3,326,572 |
| Land improvements and infrastructure | 61,550,574 | 635,421 | - | - | 62,185,995 |
| Buildings | 495,388,216 | 5,916,004 | (1,357,820) | - | 499,946,400 |
| Machinery and equipment | 75,126,926 | 2,964,047 | (1,788,935) | - | 76,302,038 |
| Library books and publications | 54,876,643 | 822,842 | (556,880) | - | 55,142,605 |
| Construction in progress | 309,054 | - | - | - | 309,054 |
| Total | <u>691,183,185</u> | <u>10,338,314</u> | <u>(4,308,835)</u> | <u>-</u> | <u>697,212,664</u> |
| Less accumulated depreciation: | | | | | |
| Land improvements and infrastructure | 26,068,434 | 2,030,962 | - | - | 28,099,396 |
| Buildings | 206,870,733 | 11,544,624 | (812,745) | - | 217,602,612 |
| Machinery and equipment | 60,449,121 | 4,508,231 | (1,745,006) | - | 63,212,346 |
| Library books and publications | 41,042,516 | 1,841,695 | (556,880) | - | 42,327,331 |
| Total accumulated depreciation | <u>334,430,804</u> | <u>19,925,512</u> | <u>(3,114,631)</u> | <u>-</u> | <u>351,241,685</u> |
| Capital assets, net | <u>\$ 356,752,381</u> | <u>\$ (9,587,198)</u> | <u>\$ (1,194,204)</u> | <u>\$ -</u> | <u>\$ 345,970,979</u> |
| | | | | | |
| | Balance 7/1/2017 | Additions | Retirements | Transfers | Balance 6/30/2018 |
| Land | \$ 3,984,202 | \$ 15,070 | \$ (67,500) | \$ - | \$ 3,931,772 |
| Land improvements and infrastructure | 61,089,563 | 655,108 | (34,367) | (159,730) | 61,550,574 |
| Buildings | 490,518,675 | 4,709,811 | - | 159,730 | 495,388,216 |
| Machinery and equipment | 74,798,980 | 1,959,112 | (1,631,166) | - | 75,126,926 |
| Library books and publications | 54,842,682 | 1,110,642 | (1,076,681) | - | 54,876,643 |
| Construction in progress | 309,054 | - | - | - | 309,054 |
| Total | <u>685,543,156</u> | <u>8,449,743</u> | <u>(2,809,714)</u> | <u>-</u> | <u>691,183,185</u> |
| Less accumulated depreciation: | | | | | |
| Land improvements and infrastructure | 24,029,206 | 2,039,324 | (96) | - | 26,068,434 |
| Buildings | 195,411,089 | 11,459,644 | - | - | 206,870,733 |
| Machinery and equipment | 56,639,910 | 5,338,050 | (1,528,839) | - | 60,449,121 |
| Library books and publications | 40,218,450 | 1,900,747 | (1,076,681) | - | 41,042,516 |
| Total accumulated depreciation | <u>316,298,655</u> | <u>20,737,765</u> | <u>(2,605,616)</u> | <u>-</u> | <u>334,430,804</u> |
| Capital assets, net | <u>\$ 369,244,501</u> | <u>\$ (12,288,022)</u> | <u>\$ (204,098)</u> | <u>\$ -</u> | <u>\$ 356,752,381</u> |

In 2018, the University entered into an agreement with a related party, Double Bowler Properties Corp, to lease the Agriculture and Water Quality Education Center building on the University's Lake campus. The lease term is for 15 years with semiannual payments of approximately \$66,000. The University has the option to purchase the building for \$100 at the conclusion of the lease term. Accordingly, the University has accounted for the lease as a capital lease. The University contributed \$1.5 million in capital improvements to the building funded through state capital appropriations. The total cost of the building approximated \$3 million with the other \$1.5 million in capital improvements financed by the related party through a bond issuance which was purchased by the Wright State University Foundation. Expense associated with the capital lease was \$132,864 and \$133,306 for the years ended June 30, 2019 and 2018, respectively.

(5) **Noncurrent Liabilities**

Activity for noncurrent liabilities for the years ended June 30, 2019 and 2018 is summarized as follows:

| | Balance 07/01/2018 | Additions | Reductions | Balance 06/30/2019 | Current Portion |
|--|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Bonds, notes and capital lease purchase obligations: | | | | | |
| General obligation bonds | \$ 60,612,489 | \$ - | \$ 6,033,733 | \$ 54,578,756 | \$ 4,020,703 |
| Notes payable | 17,699,683 | - | 1,644,351 | 16,055,332 | 1,673,620 |
| Capital lease | 1,219,966 | - | 87,140 | 1,132,826 | 87,140 |
| Total bonds, notes and capital lease | 79,532,138 | - | 7,765,224 | 71,766,914 | 5,781,463 |
| Other liabilities: | | | | | |
| Compensated absences | 12,900,000 | 4,693,458 | 4,993,458 | 12,600,000 | 6,000,000 |
| Refundable advances for Federal Perkins loans | - | 8,640,865 | - | 8,640,865 | 4,471,901 |
| Unearned revenue | 24,235,891 | 129,609,751 | 129,361,859 | 24,483,783 | 23,523,178 |
| Net pension liability | 216,206,393 | 38,114,478 | 39,298,637 | 215,022,234 | - |
| Net OPEB liability | 66,480,626 | 8,488,170 | 33,131,287 | 41,837,509 | - |
| Voluntary retirement incentive | 4,021,105 | - | 3,441,154 | 579,951 | 579,951 |
| Total other liabilities | 323,844,015 | 189,546,722 | 210,226,395 | 303,164,342 | 34,575,030 |
| Total noncurrent liabilities | \$ 403,376,153 | \$ 189,546,722 | \$ 217,991,619 | \$ 374,931,256 | \$ 40,356,493 |
| | | | | Ending Balance | Current Portion |
| | Balance 07/01/2017 | Additions | Reductions | 06/30/2018 | |
| Bonds, notes and capital lease purchase obligations: | | | | | |
| General obligation bonds | \$ 66,418,268 | \$ - | \$ 5,805,779 | \$ 60,612,489 | \$ 6,033,733 |
| Notes payable | 19,315,276 | - | 1,615,593 | 17,699,683 | 1,644,351 |
| Capital lease | - | 1,307,106 | 87,140 | 1,219,966 | 87,140 |
| Total bonds, notes and capital lease | 85,733,544 | 1,307,106 | 7,508,512 | 79,532,138 | 7,765,224 |
| Other liabilities: | | | | | |
| Compensated absences | 14,800,000 | 4,216,299 | 6,116,299 | 12,900,000 | 6,000,000 |
| Unearned revenue | 24,736,141 | 150,895,857 | 151,396,107 | 24,235,891 | 22,955,084 |
| Net pension liability | 338,291,085 | 35,319,221 | 157,403,913 | 216,206,393 | - |
| Net OPEB liability | - | 80,835,106 | 14,354,480 | 66,480,626 | - |
| Voluntary retirement incentive | 7,386,830 | - | 3,365,725 | 4,021,105 | 3,652,906 |
| Total other liabilities | 385,214,056 | 271,266,483 | 332,636,524 | 323,844,015 | 32,607,990 |
| Total noncurrent liabilities | \$ 470,947,600 | \$ 272,573,589 | \$ 340,145,036 | \$ 403,376,153 | \$ 40,373,214 |

Unearned revenue received in advance from grant and contract sponsors and for tuition and fees were \$4.5 million and \$17.1 million, respectively, for the year ended June 30, 2019 and \$5.7 million and \$15.6 million, respectively, for the year ended June 30, 2018.

As of June 30, 2019, the University recognized a liability in the amount of \$8,640,865, for the refundable advances associated with the Federal Perkins Loan program expiration. This amount reflects the federal portion of the loans due to be returned to the federal government.

Bonds payable on June 30, 2019 consist of Series 2011 and 2012 General Obligation Serial and Term bonds. Bonds payable associated with Series 2009 were fully extinguished during the fiscal year ended June 30, 2019. The maturity dates, interest rates, and the outstanding principal balances of capital activities at June 30, 2019 are as follows:

| Description | Maturity Dates | Interest Rates | Outstanding Principal | Unamortized Premium | Total |
|-------------------------------|----------------|----------------|-----------------------|---------------------|---------------|
| Bonds payable: | | | | | |
| Series 2011A | 2019-2031 | 5.00% | \$ 37,205,000 | \$ 2,267,216 | \$ 39,472,216 |
| Series 2011B | 2019-2023 | 3.00% - 3.75% | 650,000 | - | 650,000 |
| Series 2012 | 2019-2032 | 4.00% - 5.00% | 13,495,000 | 961,540 | 14,456,540 |
| Total bonds payable | | | \$ 51,350,000 | \$ 3,228,756 | \$ 54,578,756 |
| Notes payable: | | | | | |
| Ohio Air Quality Development: | | | | | |
| Series A | 2019-2024 | 1.78% | 7,742,632 | - | 7,742,632 |
| Series B | 2024-2028 | 4.16% | 8,312,700 | - | 8,312,700 |
| Total notes payable | | | 16,055,332 | - | 16,055,332 |
| Capital lease | 2019 - 2032 | 2.85% | 1,132,826 | - | 1,132,826 |
| Total | | | \$ 68,538,158 | \$ 3,228,756 | \$ 71,766,914 |

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

| Year Ended June 30 | Principal | Interest | Total |
|--------------------|---------------|---------------|---------------|
| 2020 | \$ 5,480,760 | \$ 2,911,190 | \$ 8,391,950 |
| 2021 | 5,660,550 | 2,709,306 | 8,369,856 |
| 2022 | 5,680,871 | 2,499,306 | 8,180,177 |
| 2023 | 5,901,732 | 2,289,100 | 8,190,832 |
| 2024 | 5,933,141 | 2,068,115 | 8,001,256 |
| 2025-2029 | 30,144,678 | 6,497,098 | 36,641,776 |
| 2030-2032 | 9,736,426 | 900,092 | 10,636,518 |
| Total | \$ 68,538,158 | \$ 19,874,207 | \$ 88,412,365 |

Interest expense incurred on indebtedness for the years ended June 30, 2019 and 2018 was \$2,872,441 and \$3,144,883, respectively. Deferred outflows of resources associated with the 2012 bond issuance and refunding of the 2004 bonds were \$295,073 and \$324,580 at June 30, 2019 and 2018, respectively.

All general receipts of the University, except for state appropriations, are pledged for payment of the General Obligation Bonds. Available Receipts have been pledged for the Series A and Series B notes payable. The notes payable are subordinated to the University's obligations to pay debt service on all General Obligation Bonds.

The Series 2009 Bonds were Federally Taxable – Build America Bonds. The University was 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 (QECB) 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 \$269,021 and \$289,120 for the years ended June 30, 2019 and 2018, 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 \$1,935,536 in future federal rebates.

The outstanding bonds and notes payable contain provisions, that in an event of default, all principal and interest payments may become due immediately.

Related to the notes payable, in the event of (1) an acceleration of payment (2) a determination of QECB Disqualification or (3) enactment of legislation reversing the tax-exempt treatment of interest on the underlying tax-exempt bond issuances, the notes payable will be redeemed at 102%.

(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 expense for the years ended June 30, 2019 and 2018 was \$1,483,012 and \$1,455,373, respectively.

Future minimum payments for all material operating leases as of June 30, 2019, are as follows:

| | |
|------------------------------|---------------------|
| 2020 | \$ 1,402,097 |
| 2021 | 467,460 |
| 2022 | 375,608 |
| 2023 | 375,129 |
| 2024 | 385,485 |
| 2025-2026 | 408,632 |
| Total minimum lease payments | <u>\$ 3,414,411</u> |

(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, 2018 and 2017 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 fiscal years ended June 30, 2019 and 2018, 11.56% was paid into the member's member-directed account and the remaining 2.44% was paid to OPERS to cover unfunded liabilities, as required by state legislation. The University's contributions to OPERS were \$7,035,326 and \$7,498,259 for the fiscal years ended June 30, 2019 and 2018, 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 rate was 14% for the years ended June 30, 2019 and 2018. Under the Combined Plan, 2.0% of the employee contributions were used to fund the defined benefit for the years ended June 30, 2019 and 2018, respectively. 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. The University's contributions to STRS for the years ended June 30, 2019 and 2018, respectively, were \$8,894,034 and \$9,571,280. The University's contributions were equal to the required contributions as set by state statute.

Pension Liabilities, Pension Expense/(Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019 and 2018, respectively, the University reported liabilities of \$215,022,234 and \$216,206,393 for its proportionate share of the OPERS and STRS net pension liabilities which were measured as of December 31, 2018 and 2017 and June 30, 2018 and 2017, 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/(revenue) for the years ended June 30, 2019 and 2018 is as follows:

| | <u>OPERS</u> | <u>STRS</u> | <u>Total</u> |
|--|-------------------|-----------------|-----------------|
| <u>Fiscal Year Ended 6/30/2019:</u> | | | |
| Measurement date | December 31, 2018 | June 30, 2018 | |
| Proportionate share of the net pension liability | \$ 82,801,815 | \$ 132,220,419 | \$ 215,022,234 |
| Proportion of the net pension liability | 0.30359392% | 0.60133661% | |
| Pension expense/(revenue) | \$ 8,970,256 | \$ (3,862,147) | \$ 5,108,109 |
| <u>Fiscal Year Ended 6/30/2018:</u> | | | |
| Measurement date | December 31, 2017 | June 30, 2017 | |
| Proportionate share of the net pension liability | \$ 54,473,420 | \$ 161,732,973 | \$ 216,206,393 |
| Proportion of the net pension liability | 0.35034656% | 0.68083146% | |
| Pension expense/(revenue) | \$ (2,124,210) | \$ (74,661,985) | \$ (76,786,195) |

At June 30, 2019 and 2018, the University reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>OPERS</u> | <u>STRS</u> | <u>Total</u> |
|--|----------------------|----------------------|----------------------|
| <u>Fiscal Year Ended 6/30/2019:</u> | | | |
| Deferred Outflows of Resources: | | | |
| Differences between expected and actual experience | \$ 79,980 | \$ 3,660,708 | \$ 3,740,688 |
| Net effect of changes in assumptions | 7,524,535 | 26,529,583 | 34,054,118 |
| Net difference between projected and actual earnings on pension plan investments | 10,817,457 | - | 10,817,457 |
| University contributions subsequent to the measurement date | 3,056,854 | 8,894,034 | 11,950,888 |
| Net effect of change in proportionate share | <u>108,080</u> | <u>904,229</u> | <u>1,012,309</u> |
| Total | <u>\$ 21,586,906</u> | <u>\$ 39,988,554</u> | <u>\$ 61,575,460</u> |
| Deferred Inflows of Resources: | | | |
| Differences between expected and actual experience | \$ 1,364,125 | \$ 977,629 | \$ 2,341,754 |
| Net difference between projected and actual earnings on pension plan investments | - | 7,089,146 | 7,089,146 |
| Net effect of change in proportionate share | <u>9,071,719</u> | <u>21,296,412</u> | <u>30,368,131</u> |
| Total | <u>\$ 10,435,844</u> | <u>\$ 29,363,187</u> | <u>\$ 39,799,031</u> |

| | <u>OPERS</u> | <u>STRS</u> | <u>Total</u> |
|--|----------------------|----------------------|----------------------|
| <u>Fiscal Year Ended 6/30/2018:</u> | | | |
| Deferred Outflows of Resources: | | | |
| Differences between expected and actual experience | \$ 124,797 | \$ 6,667,763 | \$ 6,792,560 |
| Net effect of changes in assumptions | 7,957,040 | 35,372,778 | 43,329,818 |
| University contributions subsequent to the measurement date | 3,182,206 | 9,571,280 | 12,753,486 |
| Net effect of change in proportionate share | <u>73,242</u> | <u>1,808,459</u> | <u>1,881,701</u> |
| Total | <u>\$ 11,337,285</u> | <u>\$ 53,420,280</u> | <u>\$ 64,757,565</u> |
| Deferred Inflows of Resources: | | | |
| Differences between expected and actual experience | \$ 1,294,147 | \$ 1,303,504 | \$ 2,597,651 |
| Net difference between projected and actual earnings on pension plan investments | 9,783,585 | 4,026,545 | 13,810,130 |
| Net effect of change in proportionate share | <u>8,466,630</u> | <u>11,814,457</u> | <u>20,281,087</u> |
| Total | <u>\$ 19,544,362</u> | <u>\$ 17,144,506</u> | <u>\$ 36,688,868</u> |

As of June 30, 2019 and 2018, the University reported \$3,056,854 and \$3,182,206, 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, 2019 and 2018, the University reported deferred outflows of resources related to pensions of \$8,894,034 and \$9,571,280, respectively, resulting from University contributions to STRS made subsequent to the measurement date. These contributions will be/(were) recognized as reductions of the net pension liabilities in the years ending/ended June 30, 2020 and 2019, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30</u> | <u>OPERS</u> | <u>STRS</u> | <u>Total</u> |
|---------------------------|---------------------|---------------------|---------------------|
| 2020 | \$ 1,987,901 | \$ 8,398,156 | \$ 10,386,057 |
| 2021 | 342,056 | 2,989,050 | 3,331,106 |
| 2022 | 409,464 | (4,819,595) | (4,410,131) |
| 2023 | 5,300,123 | (4,836,278) | 463,845 |
| 2024 | 9,424 | - | 9,424 |
| Thereafter | <u>45,240</u> | <u>-</u> | <u>45,240</u> |
| Total | <u>\$ 8,094,208</u> | <u>\$ 1,731,333</u> | <u>\$ 9,825,541</u> |

Actuarial Assumptions

OPERS

The total pension liabilities in the December 31, 2018 and 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2018:

| | |
|---------------------------|---|
| Inflation | 3.25% |
| Salary increases | 3.25% – 10.75%, including inflation |
| Investment rate of return | 7.2%, net of pension plan investment expense, including inflation |

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 for males and females as 2015 and 2010, respectively.

2017:

| | |
|---------------------------|---|
| 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 |

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 for males and females as 2015 and 2010, respectively.

Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The actuarial assumptions used in the December 31, 2018 and 2017 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, 2018 and 2017 are summarized in the following table:

| OPERS Asset Class | 2018 | | 2017 | |
|----------------------|-------------------|--|-------------------|--|
| | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| Fixed income | 23.00% | 2.79% | 23.00% | 2.20% |
| Domestic equity | 19.00% | 6.21% | 19.00% | 6.37% |
| International equity | 20.00% | 7.83% | 20.00% | 7.88% |
| Real estate | 10.00% | 4.90% | 10.00% | 5.26% |
| Private equity | 10.00% | 10.81% | 10.00% | 8.97% |
| Other investments | 18.00% | 5.50% | 18.00% | 5.26% |
| Total | 100.00% | | 100.00% | |

STRS

The total pension liabilities in the June 30, 2018 and 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2018:

| | |
|---------------------------|--|
| Inflation | 2.50% |
| Salary increases | 2.50% – 12.50%, average, including inflation |
| Investment rate of return | 7.45%, net of pension plan investment expense, including inflation |

2017:

| | |
|---------------------------|--|
| Inflation | 2.50% |
| Salary increases | 2.50% – 12.50%, average, including inflation |
| Investment rate of return | 7.45%, net of pension plan investment expense, including inflation |

Mortality rates were based on the RP-2014 Annuitant and Disabled Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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, 2018 and 2017 are summarized in the following table:

| <u>STRS Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| Fixed income | 21.00% | 3.00% |
| Domestic equity | 28.00% | 7.35% |
| International equity | 23.00% | 7.55% |
| Real estate | 10.00% | 6.00% |
| Alternatives | 17.00% | 7.09% |
| Liquidity reserves | 1.00% | 2.25% |
| Total | <u>100.00%</u> | |

Discount Rates

The discount rates used to measure the total pension liabilities for OPERS was 7.2% for the plan year ended December 31, 2018 and 7.5% for the plan year ended December 31, 2017. The discount rate used to measure the total pension liabilities for STRS was 7.45% for plan years ended June 30, 2018 and 2017. The projection of cash flows used to determine the discount rates assumed employee and University contributions will be made at the statutorily required rates, as actuarially determined. 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 7.2% and 7.5% for OPERS for 2019 and 2018, and 7.45% for STRS for 2019 and 2018, respectively, 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 (6.2% and 6.5% for OPERS and 6.45% for STRS) or 1 percentage point higher (8.2% and 8.5% for OPERS and 8.45% for STRS) than the current rate.

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

| | 2019 | | |
|-----------------------------------|------------------------|-------------------------------------|------------------------|
| | 1% Decrease (6.20%) | Current Discount Rate (7.20%) | 1% Increase (8.20%) |
| OPERS Range | | | |
| STRS Range | | | |
| University's proportionate share: | | | |
| OPERS net pension liability | \$ 122,799,199 | \$ 82,801,815 | \$ 49,587,763 |
| STRS net pension liability | 204,768,894 | 132,220,419 | 90,690,403 |
| Total | \$ 327,568,093 | \$ 215,022,234 | \$ 140,278,166 |
| | 2018 | | |
| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
| OPERS Range | | | |
| STRS Range | | | |
| University's proportionate share: | | | |
| OPERS net pension liability | \$ 97,453,717 | \$ 54,473,420 | \$ 18,675,707 |
| STRS net pension liability | 231,838,712 | 161,732,973 | 102,679,395 |
| Total | \$ 329,292,430 | \$ 216,206,393 | \$ 121,355,102 |

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.

Alternative Retirement Plan (ARP) Contributions

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, 2019 and 2018. The required rates for plan participants who would otherwise participate in STRS were 14% for the years ended June 30, 2019 and 2018. Effective July 1, 2017, the University's contributions to a participating faculty member's account and to STRS are 9.53% and 4.47% of a participant's compensation, respectively. Prior to July 1, 2017, those rates were 9.5% and 4.5%, 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 \$7,226,782 and \$7,756,135, and the University's contributions to the plan providers amounted to \$5,996,378 and \$6,427,360 for the years ended June 30, 2019 and 2018, respectively. In addition, the amounts contributed to STRS by the University on behalf of ARP participants were \$1,603,157 and \$1,711,408, respectively, for the years ended June 30, 2019 and 2018, respectively. The amounts contributed to OPERS by the University on behalf of ARP participants were \$550,612 and \$588,278 for the years ended June 30, 2019 and 2018, respectively.

Payables to the Pension Plans

At June 30, 2019 and 2018, the University reported payables of \$669,700 and \$720,072 to OPERS and \$1,365,574 and \$1,502,449 to STRS Ohio for the outstanding amounts of contributions to the pension plans required for the years ended June 30, 2019 and 2018, respectively.

(8) Other Postemployment Benefits (OPEB)

Plan Descriptions

The University contributes to the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS). STRS and OPERS are statewide cost-sharing multiple-employer retirement plans that offer pension and other postemployment benefits (OPEB) covering substantially all faculty and staff. Both OPERS and STRS are administered by each plan's board of trustees appointed by the governor of Ohio or by plan member elections. The legislature of the state of Ohio maintains the authority to establish and amend benefits for both plans as authorized by Chapters 145 and 3307 of the Ohio Revised Code. Both STRS and OPERS 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>.

Benefits Provided

OPERS Benefits

OPERS provides post-employment health care benefits to eligible members of the Traditional and Combined pension plans with OPEB funding assets accumulated in a single health care trust (the 115 Trust.) Coverage under the current program includes hospitalization, medical expenses, and prescription drugs. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. 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.

Beginning in 2016, OPERS Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The

Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their Health Reimbursement Account (HRA) that can be used to reimburse eligible health care expenses.

STRS Benefits

STRS provides access to health care coverage to eligible retirees who participated in the Traditional or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and reimbursement of a portion of the Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2019. Pursuant to the Ohio Revised Code, the STRS Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan.

All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Additionally, Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows OPERS and STRS Ohio to recover part of the cost for providing prescription coverage since all eligible health care plans include creditable prescription drug coverage.

Contributions

The Ohio state legislature as authorized by Chapters 145 and 3307 of the Ohio Revised Code has the authority to establish and amend the contribution requirements of the University for OPERS and STRS. Under Ohio law, funds to pay health care costs are permitted but not mandated to be deducted from employer contributions.

OPERS Contributions

Under OPERS, the statutorily required employee contribution rate for the plan years ended December 31, 2018 and 2017 was 10% of their annual pay with the exception of law enforcement and public safety, which were 13% and 12%, respectively. The University's statutorily required contribution rate including pensions and OPEB for the fiscal years ended June 30, 2019 and 2018 was 14% of annual payroll with the exception of law enforcement and public safety, whose rate was 18.1%, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was an effective rate of 0.0% and 0.5% for the years ended June 30, 2019 and 2018, respectively. Effective January 1, 2018 the portion of employer contributions allocated to health care decreased to 0.0% for both plans. For the years ended June 30, 2019 and 2018, contributions to the OPEB Plan from the University were \$0 and \$305,775, respectively.

STRS Contributions

The STRS statutorily required employer and employee contribution rate was 14% of covered payroll for each party for the years ended June 30, 2019 and 2018, respectively. Of the 14% employer contribution rate, no contribution amounts were allocated to postemployment health care for 2019 or 2018.

OPEB Assets, Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019 and 2018, respectively, the University reported liabilities of \$41,837,509 and \$39,917,095 for its proportionate share of the OPERS net OPEB liabilities measured as of December 31, 2018. At June 30, 2019 and 2018, respectively, the University reported an asset of \$9,662,866 and a liability of \$26,563,531 for its proportionate share of the STRS net OPEB (assets)/liabilities measured as of June 30, 2018. The total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by actuarial valuations as of those respective dates. The University's proportions of the net OPEB assets/liabilities for OPERS and STRS were based on actual University employer contributions to the Plans during the respective measurement periods in relation to total employer contributions to the Plans for the same periods.

Information for each plan's proportionate share and pension expense/(revenue) for the years ended June 30, 2019 and 2018 is as follows:

| | <u>OPERS</u> | <u>STRS</u> | <u>Total</u> |
|---|-------------------|-----------------|-----------------|
| <u>Fiscal Year Ended 6/30/2019:</u> | | | |
| Measurement date | December 31, 2018 | June 30, 2018 | |
| Proportionate share of the net OPEB liability/(asset) | \$ 41,837,509 | \$ (9,662,866) | \$ 32,174,643 |
| Proportion of the net OPEB liability/(asset) | 0.32089788% | 0.60133661% | |
| Pension expense/(revenue) | \$ 2,205,384 | \$ (21,272,227) | \$ (19,066,843) |
| <u>Fiscal Year Ended 6/30/2018:</u> | | | |
| Measurement date | December 31, 2017 | June 30, 2017 | |
| Proportionate share of the net OPEB liability | \$ 39,917,095 | \$ 26,563,531 | \$ 66,480,626 |
| Proportion of the net OPEB liability | 0.36758566% | 0.68083146% | |
| Pension expense/(revenue) | \$ 3,157,658 | \$ (8,105,754) | \$ (4,948,096) |

At June 30, 2019 and 2018, the University reports deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>OPERS</u> | <u>STRS</u> | <u>Total</u> |
|---|---------------------|----------------------|----------------------|
| <u>Fiscal Year Ended 6/30/2019:</u> | | | |
| Deferred Outflows of Resources: | | | |
| Differences between expected and actual experience | \$ 16,228 | \$ 1,277,842 | \$ 1,294,070 |
| Net effect of changes in assumptions | 1,541,548 | - | 1,541,548 |
| Net difference between projected and actual earnings on OPEB plan investments | <u>1,634,744</u> | <u>-</u> | <u>1,634,744</u> |
| Total | <u>\$ 3,192,520</u> | <u>\$ 1,277,842</u> | <u>\$ 4,470,362</u> |
| Deferred Inflows of Resources: | | | |
| Differences between expected and actual experience | \$ 113,518 | \$ 562,990 | \$ 676,508 |
| Net effect of changes in assumptions | | 13,374,627 | 13,374,627 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 1,203,326 | 1,203,326 |
| Net effect of change in proportionate share | <u>3,400,046</u> | <u>2,832,827</u> | <u>6,232,873</u> |
| Total | <u>\$ 3,513,564</u> | <u>\$ 17,973,770</u> | <u>\$ 21,487,334</u> |
| | <u>OPERS</u> | <u>STRS</u> | <u>Total</u> |
| <u>Fiscal Year Ended 6/30/2018:</u> | | | |
| Deferred Outflows of Resources: | | | |
| Differences between expected and actual experience | \$ 31,095 | \$ 1,533,411 | \$ 1,564,506 |
| Net effect of changes in assumptions | <u>2,906,388</u> | <u>-</u> | <u>2,906,388</u> |
| Total | <u>\$ 2,937,483</u> | <u>\$ 1,533,411</u> | <u>\$ 4,470,894</u> |
| Deferred Inflows of Resources: | | | |
| Net effect of changes in assumptions | - | \$ 2,139,782 | \$ 2,139,782 |
| Net difference between projected and actual earnings on OPEB plan investments | <u>2,973,557</u> | <u>1,135,387</u> | <u>4,108,944</u> |
| Total | <u>\$ 2,973,557</u> | <u>\$ 3,275,169</u> | <u>\$ 6,248,726</u> |

At June 30, 2019, the University reported no deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020, as no portion of the employer contributions to OPERS or STRS were allocated to health care. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2019, will be recognized in OPEB expense as follows:

| Year Ended June 30 | OPERS | STRS | Total |
|--------------------|---------------------|------------------------|------------------------|
| 2020 | \$ (90,962) | \$ (2,970,737) | \$ (3,061,699) |
| 2021 | (1,366,736) | (2,970,737) | (4,337,473) |
| 2022 | 170,426 | (2,970,736) | (2,800,310) |
| 2023 | 966,228 | (2,686,888) | (1,720,660) |
| 2024 | - | (2,598,948) | (2,598,948) |
| Thereafter | - | (2,497,882) | (2,497,882) |
| Total | \$ <u>(321,044)</u> | \$ <u>(16,695,928)</u> | \$ <u>(17,016,972)</u> |

Actuarial Assumptions

OPERS

The total OPEB liabilities in the December 31, 2017 and 2016 actuarial valuations rolled forward to the measurement dates of December 31, 2018 and 2017 were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2018:

| | |
|------------------------------|--|
| Inflation | 3.25% |
| Salary increases | 3.25% - 10.75%, including inflation |
| Health care cost trend rates | 10.0% for 2019, decreasing 0.675% per year to an ultimate rate of 3.25% for 2029 and later years |
| Investment rate of return | 6.00%, net of OPEB Plan investment expense, including inflation |

Mortality rates were based on the RP-2014 Employees and Healthy Annuitant Mortality tables, as appropriate with adjustments for mortality improvements based on the MP-2015 mortality improvement scale.

2017:

| | |
|------------------------------|---|
| Inflation | 3.25% |
| Salary increases | 3.25% - 10.75%, including inflation |
| Health care cost trend rates | 7.5% for 2018, decreasing 0.425% per year to an ultimate rate of 3.25% for 2028 and later years |
| Investment rate of return | 6.50%, net of OPEB Plan investment expense, including inflation |

Mortality rates were based on the RP-2014 Employees and Healthy Annuitant Mortality tables, as appropriate with adjustments for mortality improvements based on the MP-2015 mortality improvement scale.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of a five year period actuarial experience study ended December 31, 2015.

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

| OPERS Asset Class | 2018 | | 2017 | |
|----------------------|-------------------|--|-------------------|--|
| | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| Fixed income | 34.00% | 2.42% | 34.00% | 1.88% |
| Domestic equity | 21.00% | 6.21% | 21.00% | 6.37% |
| REITs | 6.00% | 5.98% | 6.00% | 5.91% |
| International equity | 22.00% | 7.83% | 22.00% | 7.88% |
| Other investments | 17.00% | 5.57% | 17.00% | 5.39% |
| Total | 100.00% | | 100.00% | |

STRS

The total OPEB assets/liabilities in the June 30, 2018 and 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2018:

| | |
|------------------------------|---|
| Inflation | 2.50% |
| Salary increases | 12.50% at age 20 to 2.50% at age 65 |
| Health care cost trend rates | -5.23% - 9.62% initial, 4.0% ultimate |
| Investment rate of return | 7.45%, net of OPEB Plan investment expense, including inflation |

Mortality rates were based on the RP-2014 Annuitant Mortality and Disabled Mortality tables, as appropriate with adjustments for mortality improvements based on improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of a five year period actuarial experience study ended June 30, 2016.

2017:

| | |
|------------------------------|---|
| Inflation | 2.50% |
| Salary increases | 12.50% at age 20 to 2.50% at age 65 |
| Health care cost trend rates | 6% - 11% initial, 4.5% ultimate |
| Investment rate of return | 7.45%, net of OPEB Plan investment expense, including inflation |

Mortality rates were based on the RP-2014 Annuitant Mortality and Disabled Mortality tables, as appropriate with adjustments for mortality improvements based on improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of a five year period actuarial experience study ended June 30, 2016.

The long-term expected rate of return on OPEB Plan investments was determined by STRS Ohio's investment consultant by developing an estimate range of investment return based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class for the plan years ended June 30, 2018 and 2017 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|-------------------|--|
| Domestic equities | 28.00% | 7.35% |
| International equities | 23.00% | 7.55% |
| Alternatives | 17.00% | 7.09% |
| Fixed income | 21.00% | 3.00% |
| Real estate | 10.00% | 6.00% |
| Liquidity reserves | 1.00% | 2.25% |
| Total | 100.00% | |

Discount Rate

The discount rates used to measure the total OPEB liabilities were 3.96% and 3.85% for OPERS for the plan years ended December 31, 2018 and 2017, respectively. The discount rates used to measure the total pension assets/liabilities for STRS were and 7.45% and 4.13% for STRS for the plan years ended June 30, 2018 and 2017, respectively.

For OPERS, single discount rates of 3.96% and 3.85% were used to measure the OPEB liabilities on the measurement dates of December 31, 2018 and 2017, respectively. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine the discount rate assumed that participating employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

For STRS, single discount rates of 7.45% and 4.13% were used to measure the OPEB assets/liabilities on the measurement dates of June 30, 2018 and 2017, respectively. The projection of cash flows used to determine the discount rates assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB liability as of June 30, 2018.

Sensitivity of the University's Proportionate Share of the Net OPEB (Asset)/Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The University's proportionate share of the net OPEB (asset)/liability has been calculated using the discount rates of 3.96% and 3.85% for OPERS and 7.45% and 4.13% for STRS for the years ended June 30, 2019 and 2018, respectively. The following presents the University's proportionate share of the net OPEB (asset)/liability calculated using a discount rate 1% higher and 1% lower than the current discount rate.

| | 2019 | | |
|-----------------------------------|----------------------|-----------------------|----------------------|
| | 1% Decrease | Current Discount Rate | 1% Increase |
| OPERS Range | (2.96%) | (3.96%) | (4.96%) |
| STRS Range | (6.45%) | (7.45%) | (8.45%) |
| University's proportionate share: | | | |
| OPERS net OPEB liability | \$ 53,525,766 | \$ 41,837,509 | \$ 32,542,254 |
| STRS net OPEB asset | (8,281,981) | (9,662,866) | (10,823,434) |
| Total | \$ <u>45,243,785</u> | \$ <u>32,174,643</u> | \$ <u>21,718,820</u> |
| | 2018 | | |
| | 1% Decrease | Current Discount Rate | 1% Increase |
| OPERS Range | (2.85%) | (3.85%) | (4.85%) |
| STRS Range | (3.13%) | (4.13%) | (5.13%) |
| University's proportionate share: | | | |
| OPERS net OPEB liability | \$ 53,031,583 | \$ 39,917,095 | \$ 29,307,605 |
| STRS net OPEB liability | 35,661,114 | 26,563,531 | 19,373,468 |
| Total | \$ <u>88,692,697</u> | \$ <u>66,480,626</u> | \$ <u>48,681,073</u> |

The University's proportionate share of the net OPEB (asset)/liability has been calculated using health care trend rates of 10% and 7.5% for OPERS and a range of 6.0% to 11% for STRS for the years ended June 30, 2019 and 2018, respectively. The following presents the University's proportionate share of the net OPEB (asset)/liability calculated using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

| | 2019 | | |
|-----------------------------------|----------------------|---|----------------------|
| | <u>1% Decrease</u> | <u>Current Health Care Cost Trend Rates</u> | <u>1% Increase</u> |
| University's proportionate share: | | | |
| OPERS net OPEB liability | \$ 40,214,922 | \$ 41,837,509 | \$ 43,706,291 |
| STRS net OPEB asset | <u>(10,757,918)</u> | <u>(9,662,866)</u> | <u>(8,550,754)</u> |
| Total | <u>\$ 29,457,004</u> | <u>\$ 32,174,643</u> | <u>\$ 35,155,537</u> |

| | 2018 | | |
|-----------------------------------|----------------------|---|----------------------|
| | <u>1% Decrease</u> | <u>Current Health Care Cost Trend Rates</u> | <u>1% Increase</u> |
| University's proportionate share: | | | |
| OPERS net OPEB liability | \$ 38,192,150 | \$ 39,917,095 | \$ 41,698,917 |
| STRS net OPEB liability | <u>18,455,203</u> | <u>26,563,531</u> | <u>37,235,040</u> |
| Total | <u>\$ 56,647,353</u> | <u>\$ 66,480,626</u> | <u>\$ 78,933,957</u> |

OPEB Plans' 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.

Payables to the OPEB Plans

At June 30, 2019 and 2018, the University reported no payables to OPERS and STRS for the outstanding amounts of contributions to the OPEB plans required for the year ended June 30, 2019 and 2018.

(9) Commitments and Contingencies

At June 30, 2019, the University is committed under contractual obligations for:

| | |
|--------------------------------|----------------------|
| Capital expenditures | \$ 3,650,905 |
| Non-capital goods and services | <u>12,720,041</u> |
| Total contractual commitments | <u>\$ 16,370,946</u> |

These commitments are being funded from the following sources:

| | |
|---|----------------------|
| State appropriations requested and approved | \$ 2,816,541 |
| University funds | <u>13,554,405</u> |
| Total sources | <u>\$ 16,370,946</u> |

The University is presently involved as a defendant or codefendant in various matters of litigation. The University is also subject to various federal and/or state investigations and audits. 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.

In 2015, Wright State University became the subject of a federal investigation regarding H-1B visa violations. Settlement costs of \$1,000,000 were accrued as of June 30, 2018. A non-prosecution agreement, requiring three equal payments of the settlement over three years, was signed during fiscal year 2019. The final payment of the settlement will be made in fiscal year 2021.

The Federal Perkins loan program expired on September 30, 2017. As of June 30, 2019, the University recognized a liability of \$8,640,865 for the federal portion of the program due to be returned to the federal government. This amount excludes institutional capital contributions included in outstanding Perkins loans in the amount of \$1,554,846, which is reflected as part of the University's net position. Guidance issued by the Department of Education (DE) describes the methods for institutions to liquidate their loan portfolio and return funds to DE. Institutions may continue to service their loans or assign them at any time in the future. However, when an institution assigns a loan to DE it loses all rights and title to the loan, including the institutional capital contribution contained in the assigned amount.

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:

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|---------------------|
| Liability at beginning of fiscal year | \$ 2,430,000 | \$ 2,175,000 | \$ 2,000,000 |
| Current year claims including changes in estimates | 26,320,602 | 31,616,746 | 33,468,184 |
| Claim payments | <u>(27,135,602)</u> | <u>(31,361,746)</u> | <u>(33,293,184)</u> |
| Liability at end of fiscal year | <u>\$ 1,615,000</u> | <u>\$ 2,430,000</u> | <u>\$ 2,175,000</u> |

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 have been renegotiated and expire June 30, 2023. 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 have been renegotiated and expire on June 30, 2022. Additionally, the University is a party to a collective bargaining agreement with the International Brotherhood of Teamsters Local 957 which covers skilled, semi-skilled and labor employees. The agreement was extended to June 30, 2019 and is currently being renegotiated.

(10) Operating Expenses by Natural Classification

The University reports operating expenses by functional classification on the Statement of Revenues, Expenses and Other Changes in Net Position. Operating expenses by natural classification for the University for the years ended June 30, 2019 and 2018 are summarized as follows:

| | <u>2019</u> | <u>2018</u> |
|----------------------------|-----------------------------|-----------------------------|
| Salaries | \$168,472,863 | \$182,333,222 |
| Benefits | 49,768,269 | 56,452,813 |
| Contracted services | 14,304,665 | 15,961,424 |
| Supplies | 7,775,864 | 8,323,891 |
| Repairs & maintenance | 14,107,554 | 13,992,146 |
| Scholarships & fellowships | 17,528,020 | 19,692,773 |
| Other operating | <u>24,003,222</u> | <u>23,905,587</u> |
| Subtotal | 295,960,457 | 320,661,856 |
| Pension and OPEB | (13,958,734) | (81,734,291) |
| Depreciation | <u>19,925,512</u> | <u>20,737,765</u> |
| Total operating expenses | <u><u>\$301,927,235</u></u> | <u><u>\$259,665,330</u></u> |

(11) Selected Disclosures of the Wright State University Foundation (a component unit)

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. Summary of Significant Accounting Policies

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 consolidated 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 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 be 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 statements 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 statements of activities. Investments are managed by professional investment managers. Investment return is net of direct and indirect investment expenses.

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, 2019 and 2018, 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 two categories: (1) net assets without donor restriction, which include gifts made with no donor-imposed restrictions and (2) net assets with donor restrictions, which include donor-imposed restrictions that will be satisfied in the future, as well as donor-imposed restrictions that the assets be maintained in perpetuity (endowments).

The net assets without donor restrictions consist of operating funds available for any purpose authorized by the Board of Trustees. Included in these net assets without donor restrictions are funds that have been designated as endowments by the board (quasi-endowments). The board may elect to reverse its decision to designate these net assets.

Net assets with donor restriction 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. Also categorized as net assets with donor restrictions are unspent gains on donor designated endowment 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.

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 donor restricted funds to generate earnings that may be used by the requesting unit for the purpose(s) specified by the donor.

Net assets with donor restriction that are perpetual in nature 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 donor restricted support that increases that net asset category. 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 donor 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 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, donor restricted net assets are reclassified to net assets without donor restrictions 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, 2019 and 2018, respectively.

The Foundation does not have any tax benefits recorded at June 30, 2019 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, 2019 and 2018.

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, 2019, to determine the need for any adjustments to and/or disclosures within the audited consolidated financial statements for the year ended June 30, 2019. Management has performed their analysis through October 14, 2019, 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 consolidated 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 2018 consolidated financial statements to conform to the 2019 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, 2019, the Foundation's cash accounts exceeded federally insured limits by approximately \$1,957,000.

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.

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.

Net Asset Value: Alternative to fair value hierarchy using net asset value practical expedient as defined by Accounting Standards Codification 820, Fair Value Measurement.

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.

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2019 and 2018.

| | Fair Value Measurements at June 30, 2019 Using | | | | Totals |
|---|--|---|--|--|----------------|
| | 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 | |
| ASSETS | | | | | |
| Gifts receivable from trusts held by others | \$ - | \$ - | \$ 1,531,200 | \$ - | \$ 1,531,200 |
| Investment in securities: | | | | | |
| Cash and equivalents | - | - | - | - | - |
| Mutual funds: | | | | | |
| Equity | 59,037,233 | - | - | - | 59,037,233 |
| Fixed income | 42,726,913 | - | - | - | 42,726,913 |
| Alternative assets: | | | | | |
| Hedge funds | - | - | - | 10,409,875 | 10,409,875 |
| Private equity | - | - | - | 5,853,059 | 5,853,059 |
| Distressed debt | - | - | - | 3,711,197 | 3,711,197 |
| Total investment in securities | 101,764,146 | - | - | 19,974,131 | 121,738,277 |
| Other investments: | | | | | |
| Limited partnerships | - | - | - | 450,280 | 450,280 |
| Private placement bonds | - | - | 1,415,000 | - | 1,415,000 |
| Total other investments | - | - | 1,415,000 | 450,280 | 1,865,280 |
| Other assets - equity | 339,069 | - | - | - | 339,069 |
| Annuity assets | | | | | |
| Cash and equivalents | 37,480 | - | - | - | 37,480 |
| Mutual funds-securities | 803,970 | - | - | - | 803,970 |
| Total annuity assets | 841,450 | - | - | - | 841,450 |
| Total | \$ 102,944,665 | \$ - | \$ 2,946,200 | \$ 20,424,411 | \$ 126,315,276 |

| | Fair Value Measurements at June 30, 2018 Using | | | | Totals |
|---|--|---|--|--|----------------|
| | 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 | |
| ASSETS | | | | | |
| Gifts receivable from trusts held by others | \$ - | \$ - | \$ 1,529,900 | \$ - | \$ 1,529,900 |
| Investment in securities: | | | | | |
| Cash and equivalents | - | - | - | - | - |
| Mutual funds: | | | | | |
| Equity | 57,429,596 | - | - | - | 57,429,596 |
| Fixed income | 41,475,564 | - | - | - | 41,475,564 |
| Alternative assets: | | | | | |
| Hedge funds | - | - | - | 10,074,398 | 10,074,398 |
| Private equity | - | - | - | 6,013,368 | 6,013,368 |
| Distressed debt | - | - | - | 3,981,090 | 3,981,090 |
| Total investment in securities | 98,905,160 | - | - | 20,068,856 | 118,974,016 |
| Other investments: | | | | | |
| Limited partnerships | - | - | - | 511,293 | 511,293 |
| Private placement bonds | - | - | 1,596,000 | - | 1,596,000 |
| Total other investments | - | - | 1,596,000 | 511,293 | 2,107,293 |
| Other assets - equity | 375,402 | - | - | - | 375,402 |
| Annuity assets | | | | | |
| Cash and equivalents | 32,034 | - | - | - | 32,034 |
| Mutual funds-securities | 805,957 | - | - | - | 805,957 |
| Total annuity assets | 837,991 | - | - | - | 837,991 |
| Total | \$ 100,118,553 | \$ - | \$ 3,125,900 | \$ 20,580,149 | \$ 123,824,602 |

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2019. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments in securities, annuity assets, and other assets - Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Gifts receivable from trusts held by others - Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Fair value determinations for Level 3 measurements of securities are the responsibility of the Foundation's finance office. The finance office contracts with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. The finance office challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

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, 2019 and 2018:

| | 2019 | |
|--|--|--|
| | Gifts Receivable from Trusts Held by Others | Private Placement Bonds |
| Beginning balance, July 1 | \$ 1,529,900 | \$ 1,596,000 |
| Redemption | - | (181,000) |
| Change in value of split interest agreements | 1,300 | - |
| Ending balance, June 30 | <u>\$ 1,531,200</u> | <u>\$ 1,415,000</u> |

| | 2018 | |
|--|--|--|
| | Gifts Receivable from Trusts Held by Others | Private Placement Bonds |
| Beginning balance, July 1 | \$ 1,410,200 | \$ - |
| Purchases | - | 1,596,000 |
| Change in value of split interest agreements | 119,700 | - |
| Ending balance, June 30 | <u>\$ 1,529,900</u> | <u>\$ 1,596,000</u> |

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 3. 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.

The Foundation’s 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, 2019, the Foundation has no

significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on NAV.

Approximately 33% 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, 2019, 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, 2019, the Foundation's total capital commitment of \$6,400,000 was 67.6% (\$4,328,502) 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.

The Foundation's 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, 2019. The fund's lockup period of three years, ended in August 2018. However, upon recommendation of the fund manager and in order to enhance the fund's performance, the Foundation agreed to a further three-year lockup period which will end in April 2022. 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.

In July 2017, the Foundation purchased private placement bonds issued in support of the construction of an academic building at the University's Lake Campus. The bonds were issued by the Toledo Port Authority on behalf of Double Bowler, Inc., the University's real estate management arm, which owns the property. The bonds are to be liquidated with proceeds of a lease between the University and Double Bowler for use of the building. Bond interest payments are due

semiannually on December 1 and June 1, with principal payments also due on June 1. No principal or interest payments were received in FY18 due to administrative oversight by the University. Principal and interest payments for both FY18 and FY19 were received during the year ended June 30, 2019, and amounted to \$181,000 and \$46,344, respectively.

D. Pledges Receivable

Pledges receivable at June 30, 2019 and 2018, by fund type, are as follows:

| | 2019 | | |
|-------------------------------------|---------------------------------------|------------------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Totals |
| Less than one year | \$ 8,088 | \$ 3,276,030 | \$ 3,284,118 |
| One to five years | - | 1,533,865 | 1,533,865 |
| Six years or greater | - | 1,979,470 | 1,979,470 |
| Gross pledges receivable | 8,088 | 6,789,365 | 6,797,453 |
| Present value discount | (88) | (815,065) | (815,153) |
| Allowance for uncollectible pledges | - | (49,400) | (49,400) |
| Pledges receivable (net) | <u>\$ 8,000</u> | <u>\$ 5,924,900</u> | <u>\$ 5,932,900</u> |

| | 2018 | | |
|-------------------------------------|---------------------------------------|------------------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Totals |
| Less than one year | \$ 11,710 | \$ 3,955,388 | \$ 3,967,098 |
| One to five years | - | 2,603,611 | 2,603,611 |
| Six years or greater | - | 1,979,470 | 1,979,470 |
| Gross pledges receivable | 11,710 | 8,538,469 | 8,550,179 |
| Present value discount | (10) | (879,969) | (879,979) |
| Allowance for uncollectible pledges | - | (53,300) | (53,300) |
| Pledges receivable (net) | <u>\$ 11,700</u> | <u>\$ 7,605,200</u> | <u>\$ 7,616,900</u> |

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 1.01% to 3.34%.

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, 2019 and 2018, are \$1,531,200 and \$1,529,900, respectively, and are included in net assets with donor restrictions.

F. Investment in Securities

The fair value of the Foundation's investments, at June 30, 2019 and 2018, are as follows:

| | <u>2019</u> | <u>2018</u> |
|--------------------|-----------------------|-----------------------|
| Mutual funds: | | |
| Equity | \$ 59,037,233 | \$ 57,429,596 |
| Fixed income | 42,726,913 | 41,475,564 |
| Alternative assets | <u>19,974,131</u> | <u>20,068,856</u> |
| Totals | <u>\$ 121,738,277</u> | <u>\$ 118,974,016</u> |

Net realized gains on sales of investments were \$86,550 and \$1,765,292 for the years ended June 30, 2019 and 2018, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains amounted to \$134,375 and \$1,592,066 for the years ended June 30, 2019 and 2018, respectively.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

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, 2020 by both parties.

Also, included in other assets are unrestricted funds set aside for a specific group of University students to invest 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, 2019 and 2018 was \$339,069 and \$375,402, respectively. Earnings generated from the project are included in other income. Total net returns (losses) for 2019 and 2018 amounted to (\$36,333) and \$36,789, respectively.

H. Capital Assets

Capital assets activity for the years ended June 30, 2019 and 2018 is summarized as follows:

| | 2019 | | |
|--------------------------------|------------------------------|---------------------|---------------------------|
| | Beginning Balance | Additions | Ending Balance |
| Capital assets: | | | |
| Land | \$ 173,000 | \$ - | \$ 173,000 |
| Buildings and improvements | 2,644,131 | - | 2,644,131 |
| Machinery and equipment | <u>28,632</u> | <u>-</u> | <u>28,632</u> |
| Total capital assets | 2,845,763 | - | 2,845,763 |
| Less accumulated depreciation: | | | |
| Buildings and improvements | 535,353 | 118,021 | 653,374 |
| Machinery and equipment | <u>22,499</u> | <u>4,091</u> | <u>26,590</u> |
| Total accumulated depreciation | <u>557,852</u> | <u>122,112</u> | <u>679,964</u> |
| Capital assets, net | <u>\$2,287,911</u> | <u>\$ (122,112)</u> | <u>\$ 2,165,799</u> |
| | | | |
| | 2018 | | |
| | Beginning Balance | Additions | Ending Balance |
| Capital assets: | | | |
| Land | \$ 173,000 | \$ - | \$ 173,000 |
| Buildings and improvements | 2,644,131 | - | 2,644,131 |
| Machinery and equipment | <u>28,632</u> | <u>-</u> | <u>28,632</u> |
| Total capital assets | 2,845,763 | - | 2,845,763 |
| Less accumulated depreciation: | | | |
| Buildings and improvements | 417,332 | 118,021 | 535,353 |
| Machinery and equipment | <u>18,408</u> | <u>4,091</u> | <u>22,499</u> |
| Total accumulated depreciation | <u>435,740</u> | <u>122,112</u> | <u>557,852</u> |
| Capital assets, net | <u>\$2,410,023</u> | <u>\$ (122,112)</u> | <u>\$ 2,287,911</u> |

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, 2019, no amounts have been recognized as a liability under the financial guaranty in the Foundation's consolidated statements 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.

J. Endowment Composition

The Foundation's endowment primarily consists of three separate portfolios, all of which are held by SEI Investments. Its endowment includes donor-restricted endowment funds, funds that accumulate excess net earnings on the donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2019 and 2018:

| | 2019 | | |
|----------------------------------|---------------------------------------|------------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Totals |
| Donor restricted endowment funds | \$ - | \$ 55,421,270 | \$ 55,421,270 |
| Board-designated funds | 581,179 | 37,009,227 | 37,590,406 |
| Totals | <u>\$ 581,179</u> | <u>\$ 92,430,497</u> | <u>\$ 93,011,676</u> |

| | 2018 | | |
|----------------------------------|---------------------------------------|------------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Totals |
| Donor restricted endowment funds | \$ (46,750) | \$ 54,759,697 | \$ 54,712,947 |
| Board-designated funds | 576,656 | 37,022,688 | 37,599,344 |
| Totals | <u>\$ 529,906</u> | <u>\$ 91,782,385</u> | <u>\$ 92,312,291</u> |

Changes in endowment net assets for the years ended June 30, 2019 and 2018:

| | 2019 | | |
|--|---------------------------------------|------------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Totals |
| Net assets, beginning of year | \$ 529,906 | \$ 91,782,385 | \$ 92,312,291 |
| Investment return | | | |
| Investment income (net) | - | 4,150,318 | 4,150,318 |
| Net appreciation (depreciation) | 46,750 | 99,664 | 146,414 |
| Total investment return | 46,750 | 4,249,982 | 4,296,732 |
| Contributions | - | 731,469 | 731,469 |
| Change in value of split interest agreements | - | (24,135) | (24,135) |
| Other income | - | 78,678 | 78,678 |
| Change in donor restrictions | - | 22,999 | 22,999 |
| Net assets released from restrictions | 33,467 | - | 33,467 |
| Appropriation of assets for expenditure | (28,944) | (4,410,881) | (4,439,825) |
| Net assets, end of year | <u>\$ 581,179</u> | <u>\$ 92,430,497</u> | <u>\$ 93,011,676</u> |
| | 2018 | | |
| | Without Donor Restrictions | With Donor Restrictions | Totals |
| Net assets, beginning of year | \$ 503,972 | \$ 89,282,395 | \$ 89,786,367 |
| Investment return | | | |
| Investment income (net) | - | 2,510,073 | 2,510,073 |
| Net appreciation (depreciation) | 33,992 | 2,930,998 | 2,964,990 |
| Total investment return | 33,992 | 5,441,071 | 5,475,063 |
| Contributions | - | 1,209,141 | 1,209,141 |
| Change in value of split interest agreements | - | (50,001) | (50,001) |
| Other income | - | 17,119 | 17,119 |
| Change in donor restrictions | - | 165,229 | 165,229 |
| Net assets released from restrictions | 26,001 | - | 26,001 |
| Appropriation of assets for expenditure | (34,059) | (4,282,569) | (4,316,628) |
| Net assets, end of year | <u>\$ 529,906</u> | <u>\$ 91,782,385</u> | <u>\$ 92,312,291</u> |

Interpretation of UPMIFA: On June 1, 2009, the State of Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective for all non-profit, charitable organizations, including the Foundation. The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original and subsequent gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, per policies adopted during the fiscal year ended June 30, 2010, the Foundation may expend up to 20% of the fair value of the original gift(s) when no other net earnings (current or accumulated) are available for distribution.

The Foundation classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund, while not permanently restricted, is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund

3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under the Foundation's formally adopted investment policy, the primary investment objective of the endowment portfolio is to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the endowment without undue exposure to risk. The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five-year period) without undue exposure to risk. In quantitative terms, the portfolio is invested to earn a total return of 5% over inflation without exceeding a standard deviation of 1.2 times a weighted benchmark index. The benchmark index will be comprised of each asset class index weighted by its target allocation. It is also expected that the investment results will outperform their weighted benchmark indices over a full market cycle. Return is calculated on a total return basis, which includes income (interest and dividends), realized and unrealized capital gains (losses).

Strategies Employed for Achieving Objectives: The purpose of endowment funds is to facilitate donors' desire to make substantial long-term gifts to the University and to develop a significant source of revenue for the Foundation. In so doing, the funds will provide a secure, long-term source of funds to: (i) stabilize funding for University schools, colleges and departments, especially in times characterized by declining State support of higher education, (ii) enhance the quality and variety of learning opportunities for Wright State students, (iii) fund special grants, (iv) ensure long-term growth of the University, (v) enhance the University's ability to meet changing educational needs and demands in both the short- and long-term and (vi) support the administrative expenses of the Foundation as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. For the fiscal years ended June 30, 2019 and 2018, the spending rate for the Foundation was 4.50% of the previous twelve-quarter average of the endowment portfolio's market value. The spending rate is determined annually by the Foundation Board of Trustees, who may elect to make no distribution in any given year.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Such amounts totaled \$52,749 and \$46,750 as of June 30, 2019 and 2018, respectively. Endowment fund principal, unless otherwise directed by the originating donor(s), may be disbursed in accord with Foundation policy so long as the principal amount shall not fall below 80% of the fair value of the original gift and any subsequent gifts to the fund.

Foundation's Reserve Policy: Prompted by the market downturn of 2001-2003, the Foundation implemented a policy establishing a reserve fund, the primary purpose of which was to provide matching grants to endowment funds that suffer investment losses resulting in fund deficiencies. The policy stipulates that the reserve fund will make grants in an amount equal to or less than 50% of the amount that would normally have been generated by the endowment had earnings been available so long as the benefitting school, college or department provides a dollar-for-dollar match. No such grants were necessary in fiscal years 2019 and 2018.

The reserve policy further stipulates that in those years in which the net assets without donor restrictions of the Foundation increase, 5% of the increase is to be transferred into the reserve fund so long as the transfer does not cause the value of the fund to exceed \$1 million. No transfer is required if the reserve amount is greater than \$1 million. Since the value of the reserve exceeded \$1 million in fiscal years 2019 and 2018, no such transfers were required.

(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 (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 (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. WSARC is a discretely presented component unit of 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 2019 and 2018.

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, 2019 and 2018, there was an allowance recorded of \$20,000 and \$30,208, respectively.

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, 2019 and 2018, WSARC had uninsured deposits of approximately \$1,409,000 and \$6,712,000, respectively.

Liquidity and Availability

All financial assets are available for general expenditures within one year of June 30, 2019 and 2018 and amounted to \$8,491,760 and \$12,297,799, respectively.

WSARC manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient liquidity to provide reasonable assurance that long-term

obligations will be discharged. WSARC monitors liquidity and cash flows on an on-going basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs.

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, 2019 and 2018.

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, 2019 and 2018, the balance of deferred revenue relating to the state appropriation is \$2,877,733 and \$4,700,849, 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 two classes of net assets: with donor restrictions and without donor restrictions. Net assets and revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations or are designated for use by WSARC's Board of Directors.
- Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of WSARC and/or the passage of time or restricted in perpetuity.

As of June 30, 2019 and 2018, there are no donor restrictions on any of the net assets of WSARC and, therefore, all net assets are reflected as without donor restrictions.

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 (Code), as an organization described in Sections 501(c)(3) and 170(b)(1)(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 subject to investigations by government agencies which may have adverse financial or operational impacts upon final resolution. The expected time of final resolution and any potential impacts of these investigations on WSARC are unknown at this time.

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.

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 October 23, 2019, which is the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the changes in net assets.

B. Property and Equipment

Property, plant and equipment consist of the following at June 30, 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|-------------------------------------|---------------------|---------------------|
| Land | \$ 751,085 | \$ 751,085 |
| Software for projects | 703,049 | 703,049 |
| Computers and hardware | 2,360,639 | 2,354,149 |
| Buildings and building improvements | 2,167,474 | 2,167,474 |
| Furniture and fixtures | 1,301,124 | 1,301,124 |
| Truck trailer | 520,904 | 520,904 |
| Equipment | 1,011,644 | 972,670 |
| | <u>8,815,919</u> | <u>8,770,455</u> |
| Less accumulated depreciation | <u>5,147,389</u> | <u>4,703,603</u> |
| | <u>\$ 3,668,530</u> | <u>\$ 4,066,852</u> |

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, 2020. If the option is not exercised, the \$300,000 consideration paid will be returned to WSARC.

D. Related Parties

In accordance with a shared services agreement, 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 \$11,261,220 and \$11,124,963 for the years ended June 30, 2019 and 2018, 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 \$2,015,178 and \$2,420,743 for the years ended June 30, 2019 and 2018, respectively. The balances owed to and due from the University at June 30, 2019 and 2018, respectively, are stated below.

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Due to Wright State University - accrued wages | \$ 3,620,514 | \$ 3,623,484 |
| Due from Wright State University | | |
| Rent | \$ 1,423 | \$ 10,964 |
| Other | 236,881 | 446,626 |
| Total due from Wright State University | <u>\$ 238,304</u> | <u>\$ 457,590</u> |

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, 2019 and 2018, no amounts were recognized as a liability under the financial guaranty in WSARC's statements of financial position. On June 7, 2018, WSARC obtained a release of this guaranty.

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 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 its real property located in Greene County, Ohio, at which time the entire then-remaining principal balance and accrued and unpaid interest are due in full. At June 30, 2019 and 2018, principal amounts of approximately \$1,125,000 and \$1,273,000 were outstanding on this note, respectively. As of June 30, 2018, WSARC determined the note was uncollectable and established a corresponding allowance. At June 30, 2019 and 2018, the allowance related to this note was approximately \$1,125,000 and \$1,273,000, respectively.

G. Operating Lease

WSARC leased approximately 19,000 square feet of office building space in 2018 in direct support of a US Government contract. All costs related to this office space are fully reimbursable under the terms of the contract including the \$472,000 annual lease cost. In May 2019, WSARC proposed a follow on contract resulting in an award which required the acquisition of additional leased space of approximately 20,000 sq. ft. The initial term of the lease agreement ends in September 2022 with two options to extend through June 2023 and May 2024, respectively. All lease payments and option years align with the base and option years of the contract.

Future lease payments associated with this lease will also be fully reimbursed as a part of the new government contact are as follows:

| | |
|------|------------|
| 2020 | \$ 900,221 |
| 2021 | 900,221 |
| 2022 | 900,221 |
| 2023 | 900,221 |
| 2024 | 900,221 |

REQUIRED SUPPLEMENTARY INFORMATION

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

(Dollar amounts in thousands)

(Percentages rounded to thousandths)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015 ⁽¹⁾</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------------|
| University's proportion of the net pension liability (asset) ⁽²⁾ | 0.304% | 0.350% | 0.421% | 0.444% | 0.455% |
| University's proportionate share of the net pension liability (asset) ⁽²⁾ | \$ 82,802 | \$ 54,473 | \$ 95,392 | \$ 76,754 | \$ 54,649 |
| OPERS fiduciary net position as a percentage of the total pension liability ⁽²⁾ | 74.909% | 84.854% | 77.386% | 81.192% | 86.533% |
| University's covered-employee payroll ⁽²⁾ | \$ 46,830 | \$ 52,295 | \$ 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⁾ | 176.814% | 104.165% | 155.081% | 122.280% | 88.152% |
| Statutorily required contribution ⁽³⁾ | \$ 7,035 | \$ 7,498 | \$ 8,315 | \$ 9,035 | \$ 9,046 |
| Contributions in relation to the statutorily required contribution ⁽³⁾ | \$ <u>7,035</u> | \$ <u>7,498</u> | \$ <u>8,315</u> | \$ <u>9,035</u> | \$ <u>9,046</u> |
| Annual contribution deficiency (excess) ⁽³⁾ | \$ <u> </u> |
| University's covered-employee payroll ⁽³⁾ | \$ 46,018 | \$ 48,994 | \$ 57,571 | \$ 62,672 | \$ 62,945 |
| Contributions as a percentage of covered-employee payroll ⁽³⁾ | 15.287% | 15.304% | 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'S PROPORTIONATE SHARE OF THE
STRS NET PENSION LIABILITY AND CONTRIBUTIONS**

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015 ⁽¹⁾</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------------|
| University's proportion of the net pension liability (asset) ⁽²⁾ | 0.601% | 0.681% | 0.726% | 0.729% | 0.713% |
| University's proportionate share of the net pension liability (asset) ⁽²⁾ | \$ 132,220 | \$ 161,733 | \$ 242,899 | \$ 201,492 | \$ 173,487 |
| STRS fiduciary net position as a percentage of the total pension liability ⁽²⁾ | 77.310% | 75.288% | 66.778% | 72.088% | 74.707% |
| University's covered-employee payroll ⁽²⁾ | \$ 56,101 | \$ 61,792 | \$ 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⁾ | 235.682% | 261.738% | 383.448% | 315.828% | 281.722% |
| Statutorily required contribution ⁽³⁾ | \$ 8,894 | \$ 9,571 | \$ 10,531 | \$ 10,739 | \$ 10,757 |
| Contributions in relation to the statutorily required contribution ⁽³⁾ | \$ <u>8,894</u> | \$ <u>9,571</u> | \$ <u>10,531</u> | \$ <u>10,739</u> | \$ <u>10,757</u> |
| Annual contribution deficiency (excess) ⁽³⁾ | \$ <u> </u> |
| University's covered-employee payroll ⁽³⁾ | \$ 52,118 | \$ 56,186 | \$ 62,056 | \$ 63,321 | \$ 64,347 |
| Contributions as a percentage of covered-employee payroll ⁽³⁾ | 17.065% | 17.034% | 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

**SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF
OPERS NET OPEB LIABILITY AND CONTRIBUTIONS**

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

| | <u>2019</u> | <u>2018 ⁽¹⁾</u> |
|--|-------------|----------------------------|
| University's proportion of the net OPEB liability (asset) ⁽²⁾ | 0.321% | 0.368% |
| University's proportionate share of the net OPEB liability (asset) ⁽²⁾ | \$ 41,838 | \$ 39,917 |
| OPERS fiduciary net position as a percentage of the total OPEB liability ⁽²⁾ | 46.33% | 54.14% |
| University's covered-employee payroll ⁽²⁾ | \$ 46,830 | \$ 52,295 |
| University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll ⁽²⁾ | 89.340% | 76.330% |
| Statutorily required contribution ⁽³⁾ | \$ | \$ |
| Contributions in relation to the statutorily required contribution ⁽³⁾ | \$ _____ | \$ <u>305,775</u> |
| Annual contribution deficiency (excess) ⁽³⁾ | \$ _____ | \$ <u>(305,775)</u> |
| University's covered-employee payroll ⁽³⁾ | \$ 46,018 | \$ 48,994 |
| Contributions as a percentage of covered-employee payroll ⁽³⁾ | 0.000% | 0.624% |

(1) Information prior to 2018 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'S PROPORTIONATE SHARE OF THE
STRS NET OPEB LIABILITY AND CONTRIBUTIONS**

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

| | <u>2019</u> | <u>2018 ⁽¹⁾</u> |
|--|-------------|----------------------------|
| University's proportion of the net OPEB liability (asset) ⁽²⁾ | 0.601% | 0.681% |
| University's proportionate share of the net OPEB liability (asset) ⁽²⁾ | \$ (9,663) | \$ 26,564 |
| STRS fiduciary net position as a percentage of the total OPEB liability ⁽²⁾ | 175.996% | 47.114% |
| University's covered-employee payroll ⁽²⁾ | \$ 56,101 | \$ 61,792 |
| University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll ⁽²⁾ | -17.224% | 42.989% |
| Statutorily required contribution ⁽³⁾ | \$ | \$ |
| Contributions in relation to the statutorily required contribution ⁽³⁾ | \$ _____ | \$ _____ |
| Annual contribution deficiency (excess) ⁽³⁾ | \$ _____ | \$ _____ |
| University's covered-employee payroll ⁽³⁾ | \$ 52,118 | \$ 56,186 |
| Contributions as a percentage of covered-employee payroll ⁽³⁾ | 0.000% | 0.000% |

(1) Information prior to 2018 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

The following pension plan change was implemented by STRS effective July 1, 2017:

1. The cost of living adjustment (COLA) was reduced to zero.

The following pension plan changes were implemented by STRS effective January 1, 2019:

1. The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service.
2. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

Changes of Assumptions

Net pension and OPEB amounts beginning with the 2016 plan year for OPERS were impacted by the following assumption changes:

1. The long-term pension investment return assumption was reduced from 8.0% to 7.5%.
2. There was a change in mortality tables for both pension benefits and health care coverage.
3. In 2018, the long-term pension investment return assumption was reduced from 7.5% to 7.2% and the long-term health care investment return assumption from 6.5% to 6.0%.

OPEB amounts beginning with the 2018 plan year for STRS were impacted by the following assumption changes:

1. The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB).
2. Valuation year per capita health care costs were updated.

OPEB amounts reported in 2017 for STRS reflect the following assumption changes:

1. The discount rate was increased from 3.26% to 4.13%.
2. The long term expected rate of return was reduced from 7.75% to 7.45%.

3. Valuation year per capita health care costs were updated, and the salary scale was modified.
4. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
5. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

SUPPLEMENTARY INFORMATION

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

| <u>Federal Grant/Pass Through Grant/Program Title</u> | <u>Federal CFDA Number or Primary Grant Number</u> | <u>Pass-through Agency</u> | <u>Pass-through Agency Number</u> | <u>Total Federal Expenditures</u> |
|---|--|--------------------------------|---------------------------------------|---|
| STUDENT FINANCIAL ASSISTANCE CLUSTER | | | | |
| U.S. Department of Education Direct Programs - | | | | |
| Federal Supplemental Educational Opportunity Grant | 84.007 | | | \$ 388,322 |
| Federal Direct Loan Program | 84.268 | | | 86,059,973 |
| Federal Work Study Program | 84.033 | | | 668,232 |
| Federal Perkins Loan Program | 84.038 | | | 10,112,276 |
| Federal Pell Grant Program | 84.063 | | | <u>17,287,782</u> |
| Total U.S. Department of Education Direct Programs | | | | <u>114,516,585</u> |
| U.S. Department of Health and Human Services Direct Programs - | | | | |
| Health Professions Student Loans | 93.342 | | | 12,294 |
| Loans for Disadvantaged Students | 93.342 | | | 85,868 |
| Nurse Faculty Loan Program | 93.264 | | | 70,427 |
| Nursing Student Loans | 93.364 | | | 950,707 |
| Primary Care Loans | 93.342 | | | <u>657,439</u> |
| Total U.S. Department of Health and Human Services Direct Programs | | | | <u>1,776,735</u> |
| TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER | | | | <u>116,293,320</u> |

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

| <u>Federal Grant/Pass Through Grant/Program Title</u> | <u>Federal CFDA Number or Primary Grant Number</u> | <u>Pass-through Agency</u> | <u>Pass-through Agency Number</u> | <u>Total Federal Expenditures</u> |
|---|--|--|-----------------------------------|-----------------------------------|
| RESEARCH AND DEVELOPMENT CLUSTER | | | | |
| U.S. Department of Agriculture, Prime - | | | | |
| Evaluating the Extent of Attack-Determinants of Susceptibility-and Tolerance of Fringet | 10.025 | | | \$ 34,098 |
| The Extent of Attack Determinants of Susceptibility and Tolerance of Cultivated Olive O | 10.025 | | | <u>36,842</u> |
| Total U.S. Department of Agriculture, Subcontract | | | | <u>70,940</u> |
| U.S. Department of Agriculture, Subcontract - | | | | |
| Immune Evasion in Aquatic Rhabdoviral Pathogens | 10.001 | University of Toledo | F-2018-10 | <u>121,163</u> |
| Total U.S. Department of Agriculture | | | | <u>192,103</u> |
| U.S. Agency for International Development, Subcontract - | | | | |
| Identification of Electrophysiological Markers for Early Diagnosis of Amyotrophic Later | 98.001 | National Academy of Sciences | NAS SUBAWARD# 2000009148 | <u>41,741</u> |
| 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 | 15,990 |
| From the Headwaters to the Littoral Zone: Using Attached Algae as Indicators of Ecosys | 11.417 | The Ohio State University | RF01436773; 60053688 | 21,865 |
| Knauss Marine Policy Fellowship | 11.417 | The Ohio State University | 60065123; RF01535032 | 29,869 |
| Sediment Nitrogen Dynamics in the Western Basin of Lake Erie Relative to Cyanobacteria | 11.417 | The Ohio State University | RF01436768; 60053694 | <u>21,468</u> |
| Total U.S. Department of Commerce | | | | <u>89,192</u> |
| U.S. Department of Defense, Prime - | | | | |
| A Combined Experiment-Multiscale Simulation Study of 2D Nanomaterials Liquid-phase Exfo | 12.800 | | | 91,055 |
| A Holistic Automatic Deep Understanding and Protection of Technical Documents | 12.300 | | | 178,007 |
| A Methodology to Protect Classified Technical Documents: The Diagram Modification Appr. | 12.300 | | | 12,926 |
| Alternate Tinnitus Management Techniques Developed Using Blood-Oxygen-Level-Dependent | 12.300 | | | 395,300 |
| Cerebral Hemodynamic Studies of Hypoxia and Fatigue | 12.340 | | | 100,789 |
| Collaborative Research: Defects and Dopants in Critical Wide Band Gap Semiconductors | 47.049 | | | 77,994 |
| Collaborative Research: Optimizing Trauma Care Network Design | 47.041 | | | 23,004 |
| Comprehensive Learning Objectives for Warfighter Needs | 12.800 | | | 1,335,533 |
| Evaluation of a Brief Marriage Intervention for Internal Behavioral Health Consultants | 12.420 | | | 136,835 |
| Hemodynamic Response to Hypoxia | 12.340 | | | (5,721) |
| Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA) | 12.800 | | | 1,675,646 |
| Lapse of Attention Predicted in Semi-structured Ecological Settings (LAPSES) | 12.300 | | | 115,793 |
| Lesbian/Gay and Bisexual Couples in the Military: A Post-DADT Examination of Relationsh | 12.420 | | | 209,101 |
| Low Vacuum Field Emission Scanning Electron Microscope (LVFESEM + EBSD + STEM) and a Lo | 12.800 | | | 169,397 |
| Maximizing the Collective Intelligence of a Network Using Novel Measures of Socio-Cogni | 12.431 | | | 109,378 |
| Neuroscience and Medical Imaging | 12.800 | | | (329) |
| Precision High Intensity Training through Epigenetics (PHITE) | 12.300 | | | 1,732,202 |
| Real-Time Detection of Cellular Respiratory Bio-Markers of Early Stage Infections | 12.420 | | | 29,453 |
| Revolutionary Intelligence and Influence Technologies (RIIT) | 12.800 | | | 699,316 |
| Role of SRC-3delta4 in the Progression and Metastasis of Castration-Resistant Prostate | 12.420 | | | 60 |
| Science Technology and Research for Exploiting Sensor Systems (STRESS) | 12.800 | | | 1,868,826 |
| Sensor and Information Research Center for Understanding Systems (SIRCUS) | 12.800 | | | 1,280,184 |
| Support for the 20th International Symposium on Aviation Psychology | 47.075 | | | 26,979 |
| The Role of Dynamic Representational Networks in Expertise in Visual Scene Recognition | 12.300 | | | 177,559 |
| Toward Undifferentiated Cognitive Agents: Determining Gaps in Comprehension | 12.800 | | | 72,473 |
| Up-Armoring At-Risk Military Couples | 12.800 | | | 279,970 |
| WSARC - Advanced Trauma-ATLS | 12.800 | | | 7,075 |
| WSARC - AFRL ACE-EM | 12.800 | | | 81,319 |
| WSARC - AMP 101 FY18 | 12.800 | | | 9,663 |
| WSARC - AMP 101 FY19 | 12.800 | | | 12,704 |
| WSARC - ATHENA | 12.800 | | | 2,795,641 |
| WSARC - ATHENA 2 - TO 02 | 12.800 | | | 42,938 |
| WSARC - Calamityville Operational | 12.800 | | | 1,166,035 |
| WSARC-CBRNE Classes FY18 | 12.800 | | | 16,503 |
| WSARC-CBRNE Classes FY19 | 12.800 | | | 29,767 |
| WSARC - GATAR | 12.800 | | | 77,206 |
| WSARC - GATE | 12.800 | | | 772,931 |
| WSARC - HIVE | 12.800 | | | 969,843 |
| WSARC - HMT | 12.800 | | | 7,956,905 |
| WSARC - LEAP | 12.910 | | | 1,334,952 |
| WSARC - MIDDLE | 12.800 | | | 667,829 |
| WSARC - PYTHIA | 12.300 | | | (1,679) |
| WSARC - PYTHIA | 12.800 | | | 150,938 |
| WSARC - SCAMP | 12.910 | | | 1,337,448 |
| WSARC - STEM Outreach | 12.800 | | | 20,774 |
| WSARC - Tech Warrior Bridge | 12.800 | | | 99,826 |
| WSARC - USAM-ATLS Class FY18 | 12.800 | | | 17,052 |
| WSARC - USAM-ATLS Class FY19 | 12.800 | | | <u>27,460</u> |
| Total U.S. Department of Defense, Prime | | | | <u>28,384,860</u> |
| U.S. Department of Defense, Subcontract - | | | | |
| 2017/2018 Aerospace Propulsion Outreach Program (APOP) - External Combustor | 12.800 | Universal Technology Corporation | SUB 17-7900-0008-32-C8 | (177) |
| A Thermo-fluids Analysis of Aircraft Thermal Energy Management and Precision Airdrop | 12.800 | Dayton Area Graduate Studies Institute (DAGSI) | RQ-WSU-17-5-OC-AFRL | 150,445 |
| Adaptive Goal-Driven Autonomous Agents | 12.300 | Lehigh University | 543675-78001 | 95,751 |
| Advanced Analog to Digital Converter (ADC) for GPS Receivers Phase II SBIR | 12.800 | RBS Technologies, LLC | WSU-2018-1009-1 | 35,262 |

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

| <u>Federal Grant/Pass Through Grant/Program Title</u> | <u>Federal CFDA Number or Primary Grant Number</u> | <u>Pass-through Agency</u> | <u>Pass-through Agency Number</u> | <u>Total Federal Expenditures</u> |
|---|--|---|-----------------------------------|-----------------------------------|
| RESEARCH AND DEVELOPMENT CLUSTER (Continued) | | | | |
| U.S. Department of Defense, Subcontract (Continued) - | | | | |
| Advanced Ladar Technology and Research (ALTAR): Algorithm and Simulation Support for La | 12.800 | Leidos, Inc. | P010125637 TASK# P010125637-2 | \$ 15,120 |
| Aeromechanical Investigation of Turbine Engine High Speed Compressors | 12.800 | Universal Technology Corporation | 16-7900-0003-02-C5 | 94 |
| Application of Human Operator Information Models-HOIM-for Research on Non-Invasive Brai | 12.800 | InfoSciTex Corp | FPH02-S014 - TO 0003 -PO153078 | 5,656 |
| ASSET 3 Support | 12.420 | University of Maryland | SR00004781, 1701766 | 34,264 |
| Autonomous Aerial Vehicles for Force Health Protection Response | 12.800 | Universal Energy Systems Inc. (UES Inc.) | SUB S-977-01F-001 | 50,246 |
| CFD Analysis of a Celestial Icosahedron Shaped Vacuum Lighter than Air Vehicle | 12.800 | MacAulay-Brown, Inc. | FA8075-14-D-0019;DSC3150-03 | 3,780 |
| Collaborative Communication Interruption Management System (C-CIMS) | 12.800 | Ball Aerospace | PO# 18P0246C | 27,858 |
| Collaborative Research: A Cellworks Optimization Method for Air Vehicle Design | 12.800 | University of Hawaii | PO Z110113736 SUB MA1028 | 38,754 |
| Compact Thermal Management System for Laser Systems | 12.300 | Spectral Energies, LLC | N68335-18-C-0544 | 48,820 |
| CRISPR IGS Pilot Project | 12.910 | Ginkgo Bioworks | AGMT EFF 06/12/18 | 30,271 |
| Cyber Attack and Mission Impact Research - Suspicion in Information Technology | 12.800 | Systems Research and Applications International | SRAS000671-2 PROJ#13699.033 | 36,035 |
| Design and Fabrication of an External Combustor for a JetCat Turbojet Engine | 12.800 | Universal Technology Corporation | SUB 18-7900-0008-38-C8 | 13,299 |
| Design Framework and CAD Tools for Hardware Security and Trust | 12.800 | EDaptive Computing, Inc. | PO# 6316 | 6,316 |
| Developing and Testing of Advanced Graphene Chemical Sensor | 12.800 | Universal Technology Corporation | 17-7622-03-C1 | (7,548) |
| Development of a Morphing Wing Control System using CFD Simulation and Machine Learning | 12.800 | Dayton Area Graduate Studies Institute (DAGSI) | RQ18-WSU-18-6 | 31,269 |
| Development of a Vehicle Level Integration Tool for Aircraft Energy Management | 12.800 | Dayton Area Graduate Studies Institute (DAGSI) | RQ37-WSU-18-9-AFRL MOD 1 | 32,647 |
| Dynamic Collaborative Visualization Ecosystem (DynaCoVE) | 12.431 | Universal Technology Corporation | 18-7628-04-C1 | 30,000 |
| Electrical and Optical Characterization | 12.800 | Wyle Laboratories | A10552.0005.S002, PO#APSC02040 | 406,994 |
| Electron Optics Analyses towards Fundamental Understanding of Functional Thin Film Mate | 12.800 | Universal Energy Systems Inc. (UES Inc.) | S-114-050-001 | 32,481 |
| Environmental Compensation Algorithms for Real-time Air Quality Sensors | 12.800 | Universal Energy Systems Inc. (UES Inc.) | SUB NO. S-158-200-001 | 52,126 |
| EPOC: Efficient Power Controller for Small Unmanned Air Vehicles | 12.800 | Intelligent Automation, Inc. | 2377-1; FA8650-18-P-2128 | 44,949 |
| Exploring an Expanded Theory of Multimedia Learning for Supporting Distributed Learning | 12.800 | Arizona State University | ASUB00000270 | 1,168 |
| Fan & Compressor 3-D Aerodynamics | 12.800 | Dayton Area Graduate Studies Institute (DAGSI) | RQ-WSU-18-1-OC-AFRL | 21,000 |
| Growth and Characterization of Multiferroic Materials | 12.800 | Azimuth Corporation | SUB 238-5404-WSU PO238-004-001 | 36,984 |
| High Impact Technologies | 12.800 | Dayton Area Graduate Studies Institute (DAGSI) | RQ-WSU-15-1-AFRL-OC1 | 14,125 |
| High-Fidelity Multi-Physics for Aerospace Vehicle Design Optimization | 12.800 | Dayton Area Graduate Studies Institute (DAGSI) | RQ-WSU-17-6-OC-AFRL | 61,984 |
| LWIR and THz Frequency Generation with Quantum Dots | 12.800 | Clarkson Aerospace Corp | WRIGHT 18-S7700-04-C2 | 25,000 |
| Mechanistic Interpretations of Hypobaria and Hyperoxia using Omic Technology | 12.800 | Henry M. Jackson Foundation | SUBAWARD #4330, PO#940849 | 71,497 |
| Metabolomics Analyses of Fecal Extracts in a 'Humanized' Microbiome Mouse Model of Toxi | 12.800 | Henry M. Jackson Foundation | SUB AWARD# 3748; PO# 900681 | 137,553 |
| Microstructure Development During Rapid Solidification: A Materials Genome Project | 12.300 | Applied Optimization, Inc. | 2017-1004-N-WSU | (5,186) |
| Models of Component Demands from Fleets Supported by Reliability Information | 12.800 | MacAulay-Brown, Inc. | DSC3150-01 | 60,611 |
| Object Physics for Exploitation and Recognition Advancements Opera TO2 | 12.800 | Leidos, Inc. | P010151904-2.MOD 2 | 50,562 |
| Optimization of Human Capital Program Human Attribute Taxonomy Development | 12.800 | Bowling Green State University | 10010243-WSU | 27,923 |
| Performance Understanding for Layered Sensing Exploitation: Valuable Insights Through A | 12.800 | InfoSciTex Corp | FPH66-S005 TO02: PO#171467 | 61,587 |
| Power and Thermal Management System for Hypersonic Vehicles | 12.800 | Acumentrics | PO 207355 | 144,607 |
| Probabilistic Design Criteria for Decision Making with Uncertainty | 12.800 | University of Dayton | RSC17010 | 73,533 |
| Rapid Assessment of Structural Vulnerability SBIR Topic AF161-031 | 12.800 | Skyward, Ltd. | SKY-SUB-18-01 | 24,283 |
| Reactionary Assistance Support for Container Technology | 12.910 | Engility Corp | PO-0007166 R12 | 11,078 |
| SBIR Phase II Novel Signal Processing for Airborne Passive Synthetic Aperture Radar | 12.800 | Systems Technology Research | 2015-1079 | 1,138 |
| Secure Engineering of Trusted Systems: Medical Android Tactical Assault Kit Sensor Inte | 12.800 | EDaptive Computing, Inc. | SETS03-WSU-17 | (32,125) |
| Secure Engineering of Trusted Systems: Risk Awareness Framework for Infectious Disease | 12.800 | EDaptive Computing, Inc. | SETS04-WSU-2018 | 5,011 |
| Separability and Stability Analysis of Laser Vibrometry Signals | 12.800 | Leidos, Inc. | P010125637 TASK P010125637-1 | 28,514 |
| Stochastic Metamodeling for Design Validation - Federal | 12.800 | Dayton Area Graduate Studies Institute (DAGSI) | RQ30-WSU-16-3-AFRL | 15,681 |
| Terahertz Spectroscopic Chemical Sensor for Analysis of Fatigued Human Breath | 12.800 | Universal Technology Corporation | SUB 17-7612-00-C1 MOD 8 | 14,278 |
| Test and Evaluation of Reliability of Human-Machine Systems via Simulation | 12.800 | MacAulay-Brown, Inc. | DSC3150-02 | 2,065 |
| The Prospective Observational Vascular Injury Trial (PROOVIT) | 12.420 | National Trauma Institute | NTI-NTRR15-12 | 10,061 |
| The System for Assessing Complex Contextual Attention and Dynamic Engagement-SACCADE | 12.800 | Lockheed Martin | PO 4102818803 LINE 10 | 14,374 |
| Thermally Stimulated Current Sample Analysis | 12.800 | Wyle Laboratories | AP1097FY17 | 26 |
| Training for Resilient Cyber Physical Systems Design Development and Testing (TENSILITY | 12.800 | Knowledge Based Systems, Inc. | 2017-WSU-SUBCONTRACT | 99,040 |
| Two-dimensional Transition Metal Dichalcogenide Ceramics Synthesis | 12.800 | Azimuth Corporation | SUB238-5404-WS1 PO 238-004-156 | 590 |
| WSARC - Adapt Learn & Assess App | 12.800 | L3 Technologies, Inc. | JN-1006069 | 173,630 |
| WSARC - ECCHO Toolkit | 12.800 | TIER1 Performance Solutions, LLC | STRR DHA17B-002/1433/DHA3751 | 4,950 |
| WSARC - IARPA (HFC) | 12.630 | Raytheon | PO W000000227 | 381,053 |
| WSARC - IDIQ | 12.800 | Riverside Research Institute | (blank) | 374,066 |
| WSARC - IMPACT RQ-TO: 0006 | 12.800 | InfoSciTex Corp | PO:152677/FPH02-S009 | 50,069 |
| WSARC - ISAA | 12.800 | Ball Aerospace & Technologies Corp. | 11120.001 (WSU) PO W0000000099 | 165,696 |
| WSARC - PRIDE | 12.800 | Knexus Research | W31PQ4-18-C-0069 | 65,982 |
| WSARC - RAST | 12.800 | InfoSciTex Corp | FPH88-S004/PO 150473 | 705,124 |
| WSARC - SAVANT | 12.800 | Soar Technology | 10319.02 | 1,613 |
| WSARC - Secure LVC in Pers Recov | 12.800 | L3 | (blank) | 50,508 |
| WSARC - TAHMT | 12.800 | SRA International, Inc. | 11112-001 W000000315 | 29,310 |
| WSARC-TANDAMS PH I | 12.800 | Soar Technology | (blank) | 44,829 |
| WSARC - TTAS | 12.800 | MacAulay-Brown, Inc. | PO DSC6056 | 119,801 |
| Total U.S. Department of Defense, Subcontract | | | | 4,358,305 |
| Total U.S. Department of Defense | | | | 32,743,165 |
| U.S. Department of Education, Subcontract - | | | | |
| Facilitating Transfer of Mathematical Knowledge from Classroom to Real Life | 84.305A | The Ohio State University | 60041905-WSU | 82,719 |
| Intelligent Diagnostic Assessment Platform for School Statistics Education | 84.305A | University of Notre Dame | 203469WSU | 23,317 |
| Mission HydroSci: A Virtual Environment for Next Generation Science Learning | 84.305 | Curators of the University of Missouri | C00047775-1 | 19,701 |
| Mission HydroScience | 84.411 | Curators of the University of Missouri | C00046299-1 | 26,369 |
| The Overall Success of Students Who Transferred Career-Technical (CTAG) Credit to Wrigh | 84.048 | Ohio Department of Higher Education | BOR01-0000006414 | 1,999 |
| Total U.S. Department of Education | | | | 154,105 |
| U.S. Department of Energy, Subcontract - | | | | |
| Development and Application of a Hydrothermal Atomic Force Microscope | 81.049 | Oak Ridge National Laboratory | 4000114518 | 57,723 |

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

| <u>Federal Grant/Pass Through Grant/Program Title</u> | <u>Federal CFDA Number or Primary Grant Number</u> | <u>Pass-through Agency</u> | <u>Pass-through Agency Number</u> | <u>Total Federal Expenditures</u> |
|---|--|--|---------------------------------------|---|
| RESEARCH AND DEVELOPMENT CLUSTER (Continued) | | | | |
| U.S. Environmental Protection Agency, Subcontract - | | | | |
| Nutrient and Sediment Retent. Potent. by Cntrld Pond and Riparian Tile Buffer Sys. | 66.469 | Ohio EPA | PROJ WRIGHT-FDSEDM14 | \$ 25,990 |
| 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 | | | 589,280 |
| Characterizing Fentanyl Outbreaks: Ethnographic and Forensic Perspectives | 93.279 | | | 29,937 |
| Determining if there is a Primary Myopathy in Huntington's Disease | 93.853 | | | 139,890 |
| Discovery of Germine Genes and Regulatory Networks in Planarians | 93.865 | | | 16,270 |
| Disruption of Excitable Axonal Domains by Glucose Metabolite Methylglyoxal | 93.853 | | | 339,689 |
| DNA Damage Response Kinase Signaling in Non-Replicating Human Cells and Tissues | 93.859 | | | 60,744 |
| Dual Targeting Redox-active Gold(I) Therapeutics | 93.395 | | | 110,463 |
| eDarkTrends: monitoring cryptomarkets to identify emerging trends of illicit synthetic | 93.279 | | | 95,574 |
| Environmental Pro-Oxidation Stressors and Immunosuppression | 93.113 | | | 39,015 |
| ERK3 Kinase Signaling in Lung Cancer | 93.396 | | | 358,221 |
| Exosomes from miR-primed endothelial progenitor cells for treating ischemic stroke | 93.853 | | | 268,757 |
| Field-Initiated Program | 93.433 | | | 24,617 |
| Isoform-specific Regulation of the Coxsackie and Adenovirus Receptor in Polarized Epith | 93.855 | | | 39 |
| K-Ras Plasma Membrane Interactions: A Tractable Therapeutic Target | 93.396 | | | 281,085 |
| Managing Dementia through a Multisensory Smart Phone Application to Support Aging in PI | 93.879 | | | 44,141 |
| Mechanisms of Replication - Dependent Microsatellite Instability in Human Disease | 93.001 | | | 287,063 |
| Mechanisms Underlying Excitability Regulation of Motoneuron Types in ALS | 93.853 | | | 356,773 |
| Microvesicles as a Novel Transmitter for UVB-Induced Bioactive Products | 93.846 | | | 104,565 |
| Novel Approaches to Therapy of Muscle Ion Channelopathies | 93.846 | | | 46,256 |
| Photodynamic Therapy-Induced Immune Modulation: Mechanisms and Influence on Therapeutic | 93.846 | | | 11,145 |
| Platelet Activating Factor and Epidermal Cytotoxicity | 93.837 | | | 409,402 |
| PLD2 as a GEF or as a Lipase is Central to Leukocyte Chemotaxis | 93.837 | | | 8,631 |
| Pre-mRNA Processing Factors Maintain Normal Mitosis | 93.859 | | | 70,707 |
| Prevention of Adenovirus Pathogenesis Through Downregulation of the Apical Adenovirus R | 93.855 | | | 314,739 |
| Reduced Motoneuron Excitability in Sepsis | 93.853 | | | 265,669 |
| Role of Calcineurin Isoforms in Renal Regulation of Blood Pressure | 93.847 | | | 78,162 |
| Role of Slc12a5 in Insulin Secretion and Glucose Homeostasis | 93.847 | | | 130,652 |
| SCH: kHealth: Semantic Multisensory Mobile Approach to Personalized Asthma Care | 93.865 | | | 190,514 |
| Signaling Mechanism of the DNA Replication Checkpoint | 93.859 | | | 279,237 |
| Trending Social media analysis to monitor cannabis and synthetic cannabinoid use | 93.279 | | | (6,506) |
| TRPM7 and Cellular pH | 93.855 | | | 378,003 |
| Wounding Therapy and Photocarcinogenesis | 93.866 | | | 350,880 |
| Total U.S. Department of Health and Human Services, Prime | | | | 5,673,614 |
| U.S. Department of Health and Human Services, Subcontract - | | | | |
| 2/2 Alcohol Associated Comorbidities and Microbiome Evaluation in HIV (ACME HIV) | 93.273 | University of Louisville Research Foundation Inc | ULRF 17-0787-01 | 4,930 |
| A Cloud-based System for Scalable Privacy-preserving and Interactive Immune Repertoire | 93.855 | IMMUDX | AWARD LETTER DATED 1/28/2019 | 74,053 |
| African Ancestry Genomic Psychiatry Project | 93.242 | State Univ New York Research Foundation | 1129280-72487 | 103,470 |
| An Interactive Game for Cultural Proficiency Training Featuring Virtual Reality Immersi | 93.778 | The Ohio State University | PROJ 60068340; PO# RF01542698 | 422,694 |
| Blood Flow Velocimetry Using Digital Subtraction Angiography | 93.837 | Radiation Monitoring Devices, Inc. | 2R44HL132664-02 (RMD C19-09) | 39,634 |
| Clozapine for Cannabis Use Disorder in Schizophrenia | 93.279 | Dartmouth College | R855 | 12,191 |
| Comparing Interventions for Opioid Dependent Patients Presenting in Medical EDs | 93.279 | New York Univ Schl of Medicine | 15-A0-00-005065-01 | 32,570 |
| DCOP Fiscal Agency Federal | 93.395 | Dayton Clinical Oncology Program (DCOP) | 5UG1CA189957-05 | 858,194 |
| Development and Validation of a Virtual Airway Skill Trainer (VAST) | 93.838 | Rensselaer Polytechnic Institute | A12577 PO154691 | (1,572) |
| Evaluation of Efficacy and Safety of AB103 a CD28 Co-stimulatory Receptor Modulator in | 93.061 | Atox Bio, Ltd. | ATB-202 | 15,450 |
| Genetic Epidemiology of Ocular Health and Disease | 93.867 | University of Texas Rio Grande Valley | 7R01ET024384-03-03 | 2,650 |
| Intestinal Epithelial Cell Regulation of Allergic Inflammation at Distant Sites | 93.847 | Ohio State University | 60047886 PO# RF01432240 | 23,354 |
| MISTIE III A Phase III Randomized Open Label 500-Subject Clinical Trial of Minimally In | 93.853 | Johns Hopkins University | 2003084709/NCT00961532 | 21,252 |
| Modeling Social Behavior for Healthcare Utilization and Outcomes in Depression | 93.242 | Cornell University | SUB 183637 | 128,307 |
| Ohio MRC Leadership Conference | 93.074 | Ohio Department of Health | PO DOH01-0000051840 | (9,155) |
| Platelet-Oriented Inhibition in New TIA (POINT) | 93.061 | EMMES Corporation | POINT STUDY | 20,129 |
| SCH: INT: Collaborative Research: Development and Analysis of Integrative Models for Ch | 93.213 | Northwestern University | SP0050754-PROJ0014203 | 4,851 |
| Shear forces regulate endothelial and fibroblast cross talk via inflammation to produce | 93.837 | William Marsh Rice University | SUB R23161 | 45,273 |
| Strengthening Middle School Science and Health Education by Linking Grade-Level Inquiry | 93.859 | Curators of the University of Missouri | C00054701-1 | 16,474 |
| Synaptic Function: Effects of the Nerve Injury and Altered Activity | 93.853 | Georgia Tech Research Corporation | RG574-G2 | 24,794 |
| Telomere Length Dynamics in Relation to Changes in Adiposity and Metabolic Risk | 93.847 | University of Texas Health Science Center at Houston | 0012700C | 64,898 |
| The Learning and Working During the Transition to Adulthood Rehabilitation Research and | 93.433 | University of Massachusetts Worcester | WA00767827/OSP2017118 | 11,020 |
| The Maternal-Fetal Adiponectin Differential and Fetal Fat Deposition | 93.847 | UC San Diego | PO# 91932772 | 4,103 |
| Updating Skeletal Maturity Methods for U.S. Children | 93.846 | Curators of the University of Missouri | C00054285-1 | 24,005 |
| Total U.S. Department of Health and Human Services, Subcontract | | | | 1,943,569 |
| Total U.S. Department of Health and Human Services | | | | 7,617,183 |
| U.S. Department of Interior, Prime - | | | | |
| Developing a Standardized Field Key to Distinguish Among Mallards (Anas Platyrhynchos) | 15.655 | | | 2,271 |
| U.S. Department of Interior, Subcontract - | | | | |
| Maumee River Sediments as a Nitrogen Source or Sink to Lake Erie: the Competing Roles o | 15.805 | Ohio State University | 60066106; RF01525235 | 14,459 |
| Total U.S. Department of Interior | | | | 16,730 |

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

| <u>Federal Grant/Pass Through Grant/Program Title</u> | <u>Federal CFDA Number or Primary Grant Number</u> | <u>Pass-through Agency</u> | <u>Pass-through Agency Number</u> | <u>Total Federal Expenditures</u> |
|---|--|--|-----------------------------------|-----------------------------------|
| RESEARCH AND DEVELOPMENT CLUSTER (Continued) | | | | |
| National Aeronautics and Space Administration, Subcontract - | | | | |
| 2016-2017 NASA Robotic Mining Competition | 43.001 | Ohio Space Grant Consortium | LETTER DATED 5-5-2017 | \$ 2,336 |
| 2018 SAE Mini Baja - Raider Racing | 43.001 | Ohio Space Grant Consortium | OSGC - LETTER DTD 10/6/17 | 3,578 |
| 2019 SAE Mini Baja - Raider Racing | 43.001 | Ohio Space Grant Consortium | OSGC-LETTER DTD 12/14/18 | 4,999 |
| Creating Surgical Capabilities for Exploration Space Flight | 43.003 | Baylor College of Medicine | PO# 7000000567 | 23,210 |
| In-Process Monitoring of Additive Manufacturing | 43.001 | Universal Technology Corporation | 17-7615-00-C1 | 93,746 |
| MAVEN Mission | 43.001 | University of Colorado | PO 1000013110 REF 1546525 | 253,666 |
| SAE Aero Design | 43.001 | Ohio Space Grant Consortium | | 1,578 |
| SAE Aerodesign FY2019 | 43.001 | Ohio Space Grant Consortium | CK#2069 DTD 11/01/18 | 3,513 |
| Total National Aeronautics and Space Administration | | | | 386,626 |
| National Endowment for the Humanities, Subcontract - | | | | |
| Vetusta Monumenta: A Digital Antiquarian Edition | 45.161 | Curators of the University of Missouri | C00057491-1 | 63,160 |
| National Science Foundation, Prime - | | | | |
| Collaborative Proposal Developing a Battery of Interdisciplinary Methods for the Study | 47.041 | | | 15,384 |
| Collaborative Proposal: RTD-based Relaxation Oscillators (RTD-RO) to Increase Output Po | 47.041 | | | 102,364 |
| Collaborative Research: Dimensions US-Biota São Paulo: Chemically Mediated Multi-trop | 47.074 | | | 57,624 |
| Collaborative Research: IUCCRC Center for Surveillance Research - Phase II | 47.041 | | | 81,659 |
| Collaborative Research: Characterizing Active Learning Environments in Physics | 47.076 | | | 17,315 |
| Collaborative Research: Engaged Student Learning: Re-conceptualizing and Evaluating a C | 47.076 | | | 24,974 |
| Collaborative Research: Examining the Role of Nitrogen Exchange in the Formation of Alg | 47.074 | | | 79,391 |
| Collaborative: TUES: Software Defined Radio Laboratory Platform for Enhancing Undergr | 47.076 | | | 12,432 |
| Contribution of Hemodynamic Shear Stress Abnormalities to Calcific Bicuspid Aortic Valv | 47.041 | | | (17,639) |
| CRII:CSR:Towards Understanding and Mitigating the Impact of Web Robot Traffic on Web Sy | 47.070 | | | 41,158 |
| CUTE: Instructional Laboratories for Cloud Computing Education | 47.076 | | | 4,380 |
| EAGER Collaborative: >100 GHz Optical Clocking using Self-Modulation of Co-Tunneling Li | 47.041 | | | 53,482 |
| EAGER: Collaborative Research: A New Science of Visual Experience | 47.041 | | | 28,948 |
| EAGER: Intelligent Agent Incident Command System Augmentation | 47.070 | | | 6,610 |
| EAGER: Bio-Inspired Low Probability of Detection Secure RF Waveform Design | 47.041 | | | 1,800 |
| EAGER: Novel Bio-inspired 3D Hybrid Materials for Surface-Active Devices | 47.041 | | | 67,711 |
| EAGER: Novel Catalyst Design Using Hierarchical Hybrid Materials | 47.041 | | | 482 |
| GOALI/Collaborative Research: Optimal Inpatient Discharge Planning Under Uncertainty | 47.041 | | | 5,887 |
| IIS: Medium: Context-Aware Harrassment Detection on Social Media | 47.070 | | | 202,748 |
| Intergovernmental Personnel Act (IPA) assignment of Dr. Tamera Schneider from Wright St | 47.075 | | | 169,106 |
| MRI: Acquisition of High Performance Computer Cluster for Multidisciplinary Computatio | 47.070 | | | 2,586 |
| MRI: Acquisition of a Cytoviva System for Highly Interdisciplinary Research and Educati | 47.041 | | | 18 |
| Planning IUCCRC Wright State University: Center for Hardware and Embedded System Securit | 47.070 | | | 268 |
| Regularized Adaptive Methods for Classes of Nonlinear Partial Differential Equations | 47.049 | | | 8,607 |
| Regulated Sialylation Modulates Cardiac Excitability and Conduction | 47.074 | | | 32,091 |
| REU Site: Data-Driven Cyber Security Research | 47.070 | | | 58,046 |
| REU Site: Undergraduate Research in Intelligent Autonomous Vehicles | 47.041 | | | 105,229 |
| RI: Student Travel Program for the 2018 International Conference on Case-Based Reasonin | 47.041 | | | 9,093 |
| S&AS: INT: Collaborative: Goal-driven Marine Autonomy with Application to Fisheries Sc | 47.070 | | | 26,816 |
| The 17th International Semantic Web Conference (ISWC2018) | 47.070 | | | 1,700 |
| The CECS Student Success Scholarship Program: Leveraging Curricular Innovation in Engi | 47.076 | | | 157,399 |
| The PIPELINE Network: Supporting the Development of Physics Innovation and Entrepreneu | 47.076 | | | 10,619 |
| WSU Students ASK...A Success & Scholarship Program for Students Applying Scientific Knowl | 47.076 | | | 114,660 |
| Total National Science Foundation, Prime | | | | 1,482,948 |
| National Science Foundation, Subcontract - | | | | |
| 2018 Connections in Smart Health Workshop - Student Travel Award | 47.070 | University of Virginia | SMART & CONNECTED HEALTH (SCH | 1,112 |
| 26th ACM SIGSPATIAL International Conference on Advances in Geographic Information Syst | 47.070 | University of Colorado | TRAVEL SCHOLARSHIP-SHRUTI KAR | 589 |
| Hazards SEES: Citizen and Physical Sensing Enabled Decision Support for Disaster Manag | 47.050 | Ohio State University | PO RF01414911 PROJ 60047971 | 122,348 |
| Ohio LSAMP Alliance | 47.076 | Ohio State University | PO# RF01542629 | 89,655 |
| USF Funds - Regulated Sialylation Modulates Cardiac Excitability and Conduction | 47.074 | University of South Florida | CK#743324; IOS-1660928 | 7,093 |
| Total National Science Foundation, Subcontract | | | | 220,797 |
| Total National Science Foundation | | | | 1,703,745 |
| Social Security Administration, Prime - | | | | |
| Royalty Distribution from Social Security Administration | 96.021 | | | 2,574 |
| U.S. Department of Transportation, Prime - | | | | |
| Development and Valid. of a Standard Color Palette and Updates to the FAA Color Std. | 20.108 | | | 37,120 |
| U.S. Department of Transportation, Subcontract - | | | | |
| Evaluating Trusted Systems Implementation | 20.614 | Transportation Research Center, Inc. | SRA EXECUTED 1/31/18; PO# 5677 | 2,618 |
| Intelligent Modeling of Vehicle Firmware | 20.614 | Transportation Research Center, Inc. | SRA EXECUTED 1/31/18; PO# 9015 | 72,201 |
| Total U.S. Department of Transportaton, Subcontract | | | | 74,819 |
| Total U.S. Department of Transportation | | | | 111,939 |

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2019

| <u>Federal Grant/Pass Through Grant/Program Title</u> | <u>Federal CFDA Number or Primary Grant Number</u> | <u>Pass-through Agency</u> | <u>Pass-through Agency Number</u> | <u>Total Federal Expenditures</u> |
|---|--|--|---------------------------------------|---|
| RESEARCH AND DEVELOPMENT CLUSTER (Continued) | | | | |
| U.S. Department of Veterans Administration, Prime - | | | | |
| Dayton Veterans Affairs Medical Center IPA Agreement - Knisely | 64.115 | | | \$ 68,064 |
| Dayton Veterans Affairs Medical Center IPA Agreement - Williams | 64.115 | | | 48,710 |
| Dayton Veterans Affairs Medical Center IPA Agreement Cates | 64.115 | | | 15,815 |
| Dayton Veterans Affairs Medical Center IPA Agreement Rapp | 64.115 | | | 11,875 |
| Dayton Veterans Affairs Medical Center IPA Agreement Zhang | 64.115 | | | 9,048 |
| Laboratory Animal Resources Care | 64.115 | | | 20,315 |
| Total U.S. Department of Veterans Administration | | | | 173,827 |
| TOTAL RESEARCH AND DEVELOPMENT CLUSTER | | | | 43,379,803 |
| MEDICAID CLUSTER | | | | |
| 2018 Ohio Medicaid Group VIII Study | 93.778 | Ohio State University | SUB# 60062373; PO# RF01508404 | 16,500 |
| Clinical Consultant for SIM Self-Evaluation | 93.778 | Ohio State University | SUB# 60061167 PO# RF01524854 | 2,516 |
| Clinical Consultant for SIM Self-Evaluation (Year 2) | 93.778 | Ohio State University | SUB# 60065924 PO# RF01527656 | 25,000 |
| MEDTAPP Ohio Cardiovascular Disease Value Collaboration | 93.778 | Case Western Reserve University | RESS12701 | 30,838 |
| MEDTAPP Ohio Cardiovascular Disease Value Collaboration | 93.778 | Case Western Reserve University | RESS13444 | 84,905 |
| TOTAL MEDICAID CLUSTER | | | | 159,759 |
| U.S. Department of Defense, Prime - | | | | |
| Southwest Ohio Region DD | 12.614 | | | 851,879 |
| Support for ASM International Teacher's Materials Camp in the Dayton Metro Region | 12.800 | | | 12,600 |
| The Dayton Metro Plan for Economic Diversity Phase II | 12.614 | | | 159,695 |
| Total U.S. Department of Defense, Prime - | | | | 1,024,174 |
| U.S. Department of Defense, Subcontract - | | | | |
| Science Mathematics and Research for Transformation (SMART) Defense Scholarship Program | 12.800 | American Society for Engineering Education | | 69,665 |
| Wright Brothers Institute Operations | 12.800 | Wright Brothers Institute Inc. (The) | WBSC 7255 WSU-TE | 320,289 |
| WSARC-DayMetroPlanEcoDiv-OEA2 | 12.800 | OEA/WSU | | 196,091 |
| Total U.S. Department of Defense, Subcontract | | | | 586,045 |
| Total U.S. Department of Defense | | | | 1,610,219 |
| U.S. Department of Education, Prime - | | | | |
| ACHIEVE: A Chance to Have and Improve the Experience and Value of Education | 84.335 | | | 142,030 |
| Wright State CCAMPIS: Childcare Access Means Parents in School Program | 84.335 | | | 110,507 |
| Total U.S. Department of Education, Prime - | | | | 252,537 |
| 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 | (69) |
| FY18 Exploration Project | 84.048 | Ohio Department of Higher Education | PO BOR01-0000005878 | 1,920 |
| GEAR UP Scholarship Program | 84.334 | Ohio Department of Higher Education | EMAIL 9/04/18 | 11,725 |
| Science Teaching for Ohio's New Economy (STONE) FY17 | 84.367 | Ohio Department of Higher Education | 16-42 | 4,320 |
| Shane DeGarmo Supportive Effort for the Ohio Department of Higher Education | 84.048 | Ohio Department of Higher Education | LETTER DATED 4/05/18 | 3,609 |
| Support for OCTANE Day | 84.048 | Ohio Department of Higher Education | MOU EXECUTED 1/04/17 | 471 |
| Support for Position of Associate Director SCTAI FY2019 | 84.048 | Ohio Department of Higher Education | MOU EXECUTED 6/27/18 | 90,023 |
| Support for Position of Senior Associate Director SCTAI FY2019 | 84.048 | Ohio Department of Higher Education | MOU EXECUTED 6/28/18 | 102,726 |
| Travel Support for Perkins SCTAI/CT2 Compliance | 84.048 | Ohio Department of Higher Education | LETTER DATED 10/23/17 | 335 |
| Total U.S. Department of Education, Subcontract | | | | 215,060 |
| Total U.S. Department of Education | | | | 467,597 |
| U.S. Department of Health and Human Services, Prime - | | | | |
| Accelerating Primary Care Transformation Wright (APCT-Wright) | 93.884 | | | 515,767 |
| Biomedical Scholars Program | 93.859 | | | 19,847 |
| Day-TREE | 93.243 | | | 216,873 |
| Disability and Rehabilitation Research Program | 93.433 | | | 492,165 |
| Enhancing ICS Project with Montgomery County Syringe Exchange Program | 93.243 | | | 245,106 |
| Integrated Continuum-of-Care Services (ICS) Project | 93.243 | | | 1,826 |
| Integrated SBIRT Training for Medical Nursing Counseling and Clinical Psychology Studen | 93.243 | | | 87,423 |
| Montgomery County Offender Reentry Program | 93.243 | | | 445,868 |
| Peer Movement Project (PMP) | 93.243 | | | 254,711 |
| Sisterline: Substance Abuse Treatment and HIV Prevention for African-American Women at | 93.243 | | | 318,400 |
| Wright State University Veteran's Bachelor of Science Nursing Program | 93.359 | | | 275,802 |
| Total U.S. Department of Health and Human Services, Prime | | | | 2,873,788 |

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

| <u>Federal Grant/Pass Through Grant/Program Title</u> | <u>Federal CFDA Number or Primary Grant Number</u> | <u>Pass-through Agency</u> | <u>Pass-through Agency Number</u> | <u>Total Federal Expenditures</u> |
|---|--|---|---------------------------------------|---|
| U.S. Department of Health and Human Services, Subcontract - | | | | |
| 45417 MHFA Project | 93.243 | Mt Olive Baptist Church | AGREEMENT EFFECTIVE 10/1/17 | \$ 3,972 |
| CHA/CHNA Report Template and Guidance | 93.193 | Preble County General Health District | AGREEMENT EFFECTIVE 12/01/18 | 116,197 |
| Child Welfare Workforce Professional Education Program FY18/FY19 | 93.645 | Ohio Department of Job and Family Services | G-1819-06-0293;JFS01-000022038 | 106,020 |
| Children Matter! Montgomery County (CMMC) Project FY18-19 | 93.104 | Montgomery County ADAMH Services Board | BOARD RESOLUTION #17-060 | 16,424 |
| East Dayton AWARE Project | 93.243 | Montgomery County ADAMH Services Board | TRACKING #171103 | 3,048 |
| GPRA Training Data Collection and Reporting for the Ohio Medication Assisted Treatment | 93.243 | Ohio Department of Mental Health and Addiction Services | 1900774 | 59,244 |
| GPRA Training/Data Collection/Reporting for the Ohio State Opioid Response (SOR) Projec | 93.788 | Ohio Department of Mental Health and Addiction Services | 1900839 | 1,531 |
| Mental Health First Aid Training in Hamilton County | 93.243 | Mental Health America of Northern Kentucky & Southwest Ohio | AGREEMENT EFFECTIVE 10/1/17 | 3,703 |
| OCTF Regional Surveys and Dashboard Development | 93.590 | Ohio Department of Job and Family Services | G-1819-22-0314; PO JFS01-22694 | 40,237 |
| Ohio SBIRT FY 18 | 93.243 | Ohio Department of Mental Health and Addiction Services | 1800434 DIRECT *7/1/17 START* | 263 |
| Ohio's Coordinating Center of Excellence in Mental Health/Intellectual Disability (SAMH | 93.958 | Ohio Department of Mental Health and Addiction Services | AWARD NOTIFICATION 8/10/18 | 81,941 |
| Ohio's Coordinating Center of Excellence in Mental Health/Intellectual Disability (SAMH | 93.958 | Ohio Department of Mental Health and Addiction Services | AWARD NOTIFICATION 8/23/17 | 76 |
| PECE-PACT- Parents Early Childhood Education-Positive Action Choices Training FY2018 | 93.959 | Montgomery County ADAMH Services Board | BOARD RESOLUTION # 17-048 | 843 |
| PECE-PACT- Parents Early Childhood Education-Positive Action Choices Training FY2019 | 93.959 | Montgomery County ADAMH Services Board | BOARD RESOLUTION#18-063 | 63,801 |
| Project Save Evaluation | 93.243 | Montgomery County ADAMH Services Board | BOARD RESOLUTION #17-064 | 25,818 |
| Southwest Ohio Regional Prevention Coordinator FY18/FY19 | 93.590 | Ohio Department of Job and Family Services | G-1819-22-0245;JFS01-22252 | 24,078 |
| The Warriors Supporting Wellness (WSW) Project | 93.243 | Montgomery County ADAMH Services Board | TRACKING NO. 18-085 | 3,382 |
| Western Ohio Wright SBIRT (WOWS) | 93.788 | Ohio Department of Mental Health and Addiction Services | 1900741 | 81,389 |
| Total U.S. Department of Health and Human Services, Subcontract | | | | <u>631,967</u> |
| Total U.S. Department of Health and Human Services | | | | <u>3,505,755</u> |
| U.S. Department of Justice, Prime - | | | | |
| Building Coordinated Community Response to Address Sexual Assault/Domestic & Dating Vio | 16.525 | | | <u>40,006</u> |
| U.S. Department of Justice, Subcontract - | | | | |
| Ensuring Wraparound Survivor Support Through the Integration of Awareness and Response | 16.575 | Ohio Office of the Attorney General | 2019-VOCA-132136872 | 73,879 |
| Expanding Quality and Access to Information and Services for Sexual Assault Victims | 16.575 | Ohio Office of the Attorney General | 2018-VOCA-109309450 | 13,804 |
| Justice and Mental Health Collaboration Project | 16.745 | Sharonville Ohio City of | MOU EFFECTIVE 10/1/17 | 8,897 |
| Total U.S. Department of Justice, Subcontract | | | | <u>96,580</u> |
| Total U.S. Department of Justice | | | | <u>136,586</u> |
| U.S. Department of Labor, Subcontract - | | | | |
| Evaluation of Northwest State Community College's Trade Adjustment Assistance Community | 17.282 | Northwest State Community College | RSP SIGNED AMENDMENT 7/30/18 | <u>74,860</u> |
| National Aeronautics and Space Administration, Prime - | | | | |
| Aerospace Medicine Training for the Era of Pioneering a Journey to Expanding Human Spac | 43.009 | | | <u>16,319</u> |
| National Aeronautics and Space Administration, Subcontract - | | | | |
| Analysis of Requirement or Specification of a Rotational Stage for the Centrifuge Table | 43.001 | Ohio Space Grant Consortium | OSGC SCHOLARSHIP CHECK 2029 | 6,000 |
| Ohio Space Grant Consortium Scholarship-Fellowship Program 2018-2019 | 43.001 | Ohio Space Grant Consortium | OSGC 2017-2018 SCHOLARSHIP | 7,500 |
| OSGC Travel Allocation Funds 2016-2017 | 43.001 | Ohio Space Grant Consortium | OSGC CHECK 1917 | 2,230 |
| OSGC Travel Allocation Funds 2018-2019 | 43.001 | Ohio Space Grant Consortium | OSGC CHECK 2022 | 430 |
| Total National Aeronautics and Space Administration, Subcontract | | | | <u>16,160</u> |
| Total National Aeronautics and Space Administration | | | | <u>32,479</u> |
| Institute of Museum and Library Services, Subcontract - | | | | |
| Conservation Treatment of Wright Brothers Collection Artifacts | 45.310 | State Library of Ohio | PROJECT # VII-38-19 | <u>2,314</u> |
| National Endowment for the Humanities, Subcontract - | | | | |
| Veterans Across the Spectrum: Transition to Transformation | 45.129 | Ohio Humanities Council | ME19-038 | <u>3,746</u> |
| Small Business Administration, Subcontract - | | | | |
| Small Business Development Center 2017-2018 | 59.037 | Ohio Development Services Agency | OSBG-18-306 | <u>2,340</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | <u><u>\$ 165,668,778</u></u> |

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Subtotals of CFDA's with Multiple Awards

| <u>Federal Grant/Pass Through Grant/Program Title</u> | <u>Federal CFDA Number</u> | <u>Total Federal Expenditures</u> |
|--|--------------------------------|---------------------------------------|
| Community Economic Adjustment Assistance for Advance Planning and Economic Diversification | 12.614 | \$ 1,011,574 |
| Air Force Defense Research Sciences Program | 12.800 | 598,645 |
| Crime Victim Assistance | 16.575 | 87,683 |
| Science | 43.001 | 16,160 |
| Career and Technical Education -- Basic Grants to States | 84.048 | 199,084 |
| Child Care Access Means Parents in School | 84.335 | 252,537 |
| Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants) | 84.367 | 4,251 |
| Substance Abuse and Mental Health Services_Projects of Regional and National Significance | 93.243 | 1,669,637 |
| ACL National Institute on Disability, Independent Living, and Rehabilitation Research | 93.433 | 492,165 |
| Community-Based Child Abuse Prevention Grants | 93.590 | 64,315 |
| Opioid STR | 93.788 | 82,920 |
| Block Grants for Community Mental Health Services | 93.958 | 82,017 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 64,644 |

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Schedule of Amounts Passed-Through to Subrecipients

| <u>Subrecipient Name</u> | <u>CFDA Number</u> | <u>Program Title</u> | <u>Total Federal Expenditures</u> |
|--|--------------------|---|-----------------------------------|
| 361 Interactive LLC | 12.800 | WSARC - HMT | \$ 516,882 |
| 4.669 Evaluation & Planning | 12.800 | WSARC - SCAMP | 57,886 |
| Analytic Services Inc. | 12.800 | WSARC - SCAMP | 233,889 |
| Applied Information Scien | 12.800 | WSARC - HMT | 1,105,757 |
| Aptima Inc | 12.800 | WSARC - MIDDLE | 337,654 |
| BALL Aerospace & Tech Crp | 12.800 | WSARC - HMT | 1,859,461 |
| CAL Analytics | 12.800 | Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA) | 102,358 |
| Cal Poly Pomona Foundation, Inc. | 93.853 | Determining if there is a Primary Myopathy in Huntington's Disease | 9,868 |
| Case Western Reserve Univ | 12.800 | WSARC - Calamityville Operational | 12,493 |
| Cherry Street Services Inc | 93.242 | African Ancestry Genomic Psychiatry Project | 7,040 |
| Clark University | 12.420 | Evaluation of a Brief Marriage Intervention for Internal Behavioral Health Consultants | 66,357 |
| Columbia University | 93.279 | A Natural History Study of Buprenorphine Diversion Self-Treatment and Use of Drug Abuse | 41,597 |
| Columbia University | 93.279 | Trending Social media analysis to monitor cannabis and synthetic cannabinoid use | 3,138 |
| Columbia University Total | | | 44,735 |
| David L. Post | 20.108 | Development and Validation of a Standard Color Palette and Updates to the FAA Color Sta | 10,360 |
| Dayton Children's Hospital | 93.865 | SCH: kHealth: Semantic Multisensory Mobile Approach to Personalized Asthma Care | 28,009 |
| Emory University | 93.853 | Disruption of Excitable Axonal Domains by Glucose Metabolite Methylglyoxal | 46,256 |
| General Atomics | 12.800 | WSARC - Pythia | 98,740 |
| Georgia Tech Research Corporation | 93.853 | Reduced Motoneuron Excitability in Sepsis | 50,693 |
| Heyman, Richard E. | 12.800 | Up-Armoring At-Risk Military Couples | 123,134 |
| Human Solutions Inc | 20.108 | Development and Validation of a Standard Color Palette and Updates to the FAA Color Sta | 11,866 |
| Indiana University | 12.300 | Alternate Tinnitus Management Techniques Developed Using Blood-Oxygen-Level-Dependent M | 145,791 |
| Indiana University | 93.837 | Platelet Activating Factor and Epidermal Cytotoxicity | 91,411 |
| Indiana University | 93.866 | Wounding Therapy and Photocarcinogenesis | 163,456 |
| Indiana University Total | | | 400,658 |
| Intuidex, Inc | 12.800 | WSARC - HMT | 52,297 |
| J Craig Venter Institute | 12.800 | WSARC - LEAP | 475,437 |
| Kennesaw State University | 93.590 | OCTF Regional Surveys and Dashboard Development | 7,513 |
| Leidos | 12.800 | Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA) | (590) |
| Leidos | 12.800 | Neuroscience and Medical Imaging | (329) |
| Leidos Total | | | (919) |
| Lockheed Martin Corp | 12.800 | WSARC - HMT | 27,715 |
| Mahidol University | 93.279 | eDarkTrends: monitoring cryptomarkets to identify emerging trends of illicit synthetic | 16,060 |
| Mile Two, LLC | 12.800 | WSARC - HMT | 734,321 |
| Mini University, Inc. | 84.335 | Wright State CCAMPIS Childcare Access Means Parents in School Program | 110,507 |
| Mount Olive Baptist Church | 93.243 | Sisterline: Substance Abuse Treatment and HIV Prevention for African-American Women at | 58,000 |
| Navmar Applied Sciences | 12.800 | WSARC - HIVE | 66,575 |
| New York University | 12.420 | Lesbian/Gay and Bisexual Couples in the Military: A Post-DADT Examination of Relationsh | 125,451 |
| Oklahoma State University | 12.800 | Sensor and Information Research Center for Understanding Systems SIRCUS | 85,709 |
| PatchPlus Consulting, Inc | 12.800 | WSARC - HMT | 50,465 |
| Public Health Dayton & Montgomery County | 93.243 | Enhancing ICS Project with Montgomery County Syringe Exchange Program | 6,264 |
| Radiance Technologies | 12.800 | WSARC - HMT | 349,900 |
| Resilient Cognitive Solut | 12.800 | WSARC - HMT | 787,640 |
| Senturion Forecasting | 12.800 | WSARC - HMT | 24,600 |
| SRA International Inc | 12.800 | WSARC - HMT | 401,817 |
| Strategic Analysis Enterp | 12.800 | WSARC - HMT | 252,271 |
| Textron Systems Unmanned | 12.800 | WSARC - HIVE | 183,910 |
| The Design Knowledge Comp | 12.800 | WSARC - HMT | 81,087 |
| The Ohio State University | 12.800 | Sensor and Information Research Center for Understanding Systems SIRCUS | 220,963 |
| The Ohio State University | 12.800 | WSARC - HMT | 38,410 |
| The Ohio State University Total | | | 259,373 |
| The Salk Institute for Biological Studies | 12.300 | Precision High Intensity Training through Epigenetics (PHITE) | 755,562 |
| The Salk Institute for Biological Studies | 12.800 | Aeromechanical Investigation of Turbine Engine High Speed Compressors | (25,121) |
| The Salk Institute for Biological Studies Total | | | 730,441 |
| The University of Alabama at Birmingham | 12.300 | Precision High Intensity Training through Epigenetics (PHITE) | 653,292 |
| The University of Michigan | 12.800 | Sensor and Information Research Center for Understanding Systems SIRCUS | 40,689 |
| University of Arizona | 12.800 | Sensor and Information Research Center for Understanding Systems SIRCUS | 113,000 |
| University of Dayton | 12.800 | Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA) | 939,445 |
| University of Dayton | 12.800 | WSARC - HMT | 344,467 |
| University of Dayton Total | | | 1,283,912 |
| University of Maryland | 47.076 | The CECS Student Success Scholarship Program: Leveraging Curricular Innovation in Engi | 15,290 |
| University of Pennsylvania | 12.800 | Sensor and Information Research Center for Understanding Systems SIRCUS | 328,446 |
| University of Texas at Austin | 93.395 | Dual Targeting Redox-active Gold(I) Therapeutics | 8,108 |
| Worcester Polytechnic Institute | 47.076 | The PIPELINE Network: Supporting the Development of Physics Innovation and Entrepreneu | 5,218 |
| Grand Total | | | \$ 12,458,485 |

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

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, 2019. 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). Only new loans made during the year are reflected in the schedule.

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, 2019 |
|----------------------------------|------------------------|---|
| Federal Perkins Loan Program | 84.038 | \$ 8,402,382 |
| Nurse Faculty Loan Program | 93.264 | 41,052 |
| Health Professions Student Loans | 93.342 | 11,014 |
| Loans for Disadvantaged Students | 93.342 | 62,073 |
| Nursing Student Loan Program | 93.364 | 824,118 |
| Primary Care Loans | 93.342 | 514,613 |

**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***

Independent Auditor's Report

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 the business-type activities and the 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, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 25, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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
October 25, 2019

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 (University) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2019. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance that 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 items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance, requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-002, 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. 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
December 16, 2019

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2019

7. The University's major programs were:

| Cluster/Program | CFDA Number |
|--------------------------------------|---|
| Student Financial Assistance Cluster | 84.063, 84.007, 84.033, 84.268, 84.038, 93.264, 93.342 and 93.364 |
| Research and Development Cluster | Various |

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 |
|---------------------|---------|
|---------------------|---------|

No matters are reportable.

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2019

Findings Required to be Reported by the Uniform Guidance

| Reference Number | Finding |
|------------------|--|
| 2019-001 | <p><i>Federal Program</i> - U.S Department of Education - Student Financial Assistance Cluster CFDA No. 84.268, Federal Direct Student Loan Program CFDA No. 84.063, Federal Pell Grant Program Program Year 2018-2019 Award Numbers - P268K, P063P</p> <p><i>Criteria or Specific Requirement</i> - 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)</p> <p><i>Condition</i> - Changes in status for four students were not accurately and/or timely reported to NSLDS. Specifically, status changes for four students were not reported to the NSLDS within 60 days and therefore, did not reflect the correct status timely.</p> <p><i>Questioned Costs</i> - There were no questioned costs as a result of this finding.</p> <p><i>Context</i> - From a sample of 40 student status changes tested (population of 2,612 student status changes), the change in status for four students was not reported accurately and/or timely to the NSLDS. Our sampling method was not, and was not intended to be, statistically valid.</p> <p><i>Effect</i> - 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</p> <p><i>Cause</i> - The primary cause for the reporting issues related to students enrolled in dual-degree programs. Specifically, the completion of the first degree of the dual program was not being reported timely to NSLDS as the University's system was still showing the student as actively enrolled.</p> <p><i>Identification as a Repeat Finding</i> - No.</p> |

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2019

Findings Required to be Reported by the Uniform Guidance

| Reference Number | Finding |
|------------------|--|
| | <p><i>Recommendation</i> - We recommend management report the completion of each degree in dual programs timely. Once the University concludes the student has officially completed each degree within a dual program, report the change in status to ensure timely and accurate reporting to NSC and NSLDS.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> - The Office of the Registrar (Registrar) concurs with the auditors that the four students identified during this audit were incorrectly reported to the NSLDS. These errors resulted because:</p> <ul style="list-style-type: none"> • The students' master's programs were never ended in the Banner student registration module. • Then Banner enrollment status overwrote the manual changes reported to the Clearinghouse and changed the students' status to full-time. • The error was identified by the Office of the Registrar and manually corrected with the Clearinghouse on May 24th, which reported to NSLDS on June 1st. The changes were loaded by NSLDS on June 5th, 61 days after the graduation date. <p>The Registrar has examined these issues and has determined the following corrective action. The Registrar will:</p> <ul style="list-style-type: none"> • Continue to educate various constituents who award degrees the importance of updating student information in Banner. • Update the enrollment reporting schedule to take the manually graduated status process into consideration, so that enrollment reports submitted to the Clearinghouse are not submitted until all manual updates have been submitted to NSLDS. |

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2019

| Reference Number | Finding |
|------------------|---|
| 2019-002 | <p><i>Federal Program</i> - Research and Development Cluster <i>CFDA Number</i> - Various <i>Sponsoring Agency</i> - All Research and Development <i>Sponsor Award Number</i> - Various <i>Award Period</i> - Various</p> <p><i>Criteria or Specific Requirement</i> - Allowable Costs/Cost Principles - Management is responsible for ensuring charges to Federal awards for salaries and wages are based on records that accurately reflect the work performed, including support for the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. (2 CFR 200.430(i))</p> <p><i>Condition</i> - Management reported that established time and effort certification procedures had not been completed during the year.</p> <p><i>Questioned Costs</i> - There were no questioned costs as a result of this finding.</p> <p><i>Context</i> - Management reported that time and effort certification procedures had not been completed for all sponsored projects during the year. From a sample of 25 expenses tested, including 6 payroll transactions (population of 2,018 expenses), time and effort certification had not been obtained for the 6 payroll transactions tested. Our sampling method was not, and was not intended to be, statistically valid.</p> <p><i>Effect</i> - While management did follow established controls to review actual versus budgeted time on sponsored projects, errors in allocation of salaries and wages on specific grants could occur.</p> <p><i>Cause</i> - Turnover of University personnel responsible for collecting certifications.</p> <p><i>Identification as a Repeat Finding</i> - No.</p> <p><i>Recommendation</i> - We recommend management bring time and effort certifications current and complete training with responsible individuals to ensure future compliance.</p> |

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2019

| Reference Number | Finding |
|---------------------|--|
| | <p><i>Views of Responsible Officials and Planned Corrective Actions</i> - The Office of the Controller (OoC) concurs that effort reporting and training must be made current as a requirement of Uniform Guidance. The lag in Effort Certifications appears to be attributable to leadership turnover within the OoC, resulting in a lapse of monitoring controls. Since notifying the auditors of the lapse in control, the OoC has assembled a team consisting of members from Research and Sponsored Programs (RSP), Research Compliance, and the Office of the Controller. The team will focus on an action plan to bring effort certifications current during fiscal year 2020. Key attributes of the plan include:</p> <ul style="list-style-type: none">• Defining of the various levels of reviewer and certifier;• Updating earnings codes for inclusion in institutional based salaries;• Developing training for certifiers and their delegates;• Determining a timeline and the proper controls for monitoring the process prospectively. <p>In addition, the OoC will work with RSP and Research Compliance to determine the best practice for ownership and monitoring of the Effort Certification process.</p> |

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019

| Reference Number | Summary of Finding | Status |
|-----------------------------|---------------------------|---------------|
| No matters are reportable. | | |



**WRIGHT STATE
UNIVERSITY**

**OFFICE OF THE
CONTROLLER**

wright.edu/controller

Office of the Controller
3640 Colonel Glenn Hwy.
Dayton, OH 45435

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER



WRIGHT STATE UNIVERSITY

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 18, 2020**