

University of Cincinnati

A Component Unit of the State of Ohio

Office of Management and Budget
Uniform Guidance Reports for the
Year Ended June 30, 2017





Dave Yost • Auditor of State

Board of Trustees
University of Cincinnati
51 Goodman Drive
Cincinnati, Ohio 45221

We have reviewed the *Independent Auditor's Report* of the University of Cincinnati, Hamilton County, prepared by BKD, LLP, for the audit period July 1, 2016 through June 30, 2017. 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 University of Cincinnati is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 6, 2017

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BOARD OF TRUSTEES

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Alberto Jones, Undergraduate Student		2019
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Table of Contents

Independent Auditor's Report	1
Management's Discussion and Analysis (unaudited).....	4
Financial Statements as of and for the year ended June 30, 2017:	
Statement of Net Position	17
Statement of Revenues, Expenses and Changes in Net Position	18
Statement of Cash Flows.....	19
Notes to Financial Statements	21
Required Supplementary Information	
Schedules of the University's Proportionate Share of the Net Pension Liability.....	58
Schedules of the University's Contributions.....	59
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2017	61
Notes to Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2017	84
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87
Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance	89
Schedule of Findings and Questioned Costs For the Year Ended June 30, 2017	91
Summary Schedule of Prior Audit Findings and Questioned Costs.....	94

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Independent Auditor's Report

Board of Trustees
University of Cincinnati
Cincinnati, Ohio

Report on the Financial Statements

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

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 audit. We did not audit the financial statements of the University of Cincinnati Foundation, a discretely presented component unit of the University, which statements reflect total assets of \$525,627,000 as of June 30, 2017 and total revenues of \$137,387,000 for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Cincinnati Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, 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 unit of the University as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the University's 2016 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated October 14, 2016 which contained a reference to the report of other auditors. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

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

Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures

performed as described above, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2017, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BKD, LLP

Cincinnati, Ohio
October 13, 2017

Management's Discussion and Analysis

Introduction

The following discussion and analysis provides an overview of the financial position of the University of Cincinnati (the "university") as of and for the year ended June 30, 2017. Comparative information as of and for the year ended June 30, 2016 has been provided where applicable. Comments relate to the university and University Heights Community Urban Redevelopment Corporation (UHCURC), a blended component unit of the university. Comments do not pertain to the university's discretely presented component unit, the University of Cincinnati Foundation (the Foundation). The Foundation's financial results are presented in a columnar format with further information found in the notes to the financial statements. Management has prepared this discussion, which should be read in conjunction with the financial statements and the notes that follow this section.

The university originated in 1819 and was city owned until becoming a state university on July 1, 1977. The university is a comprehensive research based public institution of higher learning. Total enrollment for fall 2017 included 44,783 students. Among the university's student population are 3,447 international students. The university offers a diverse range of degree programs from baccalaureate to post-doctoral levels through 14 colleges. University campuses include Clifton Campus, UC Blue Ash, and UC Clermont with student populations of 83%, 11%, and 6%, respectively. Faculty members on the three campuses totaled 4,159. The university employs approximately 10,194 people, including graduate assistants, making it one of the largest employers in the Cincinnati region.

The university operates on a semester calendar, which creates numerous advantages for both the student and the university. Advantages include the student's ability to transfer among other public Ohio universities seamlessly. All public Ohio institutions are on the semester calendar.

The university has been designated by the Ohio Department of Higher Education as one of only two major comprehensive research-based universities within the state's higher educational system that comprises 14 public universities. The National Science Foundation ranks the university as 51st in the United States and 35th among public universities, based on Federally Financed Research and Development Expenditures. The university is also classified as a "Very High Research Activity" university by the Carnegie Foundation for the Advancement of Teaching, placing the university among 108 research-intensive universities (73 of these are public institutions) to receive the classification.

The U.S. News & World Report rankings named the university in the top tier of the country's "Best National Universities," placing at 133 in the U.S. and 63rd among top public universities. The university is also listed among the nation's elite for cooperative education (co-op) and internships. The university's overall emphasis on experiential learning earned the university its position on the short list of the nation's best 22 schools for co-ops and internships. Students collectively earn \$65 million annually, working in about 6,000 co-op placements for approximately 1,800 local, regional, national, and international employers.

In addition, the university has numerous programs ranked among the top 100 public universities in the nation. The university is also listed among national universities with substantial economic diversity as measured by the percentage of undergraduates (42 percent) receiving federal Pell Grants for low-income students.

Princeton Review's 2018 edition of "The Best 382 Colleges" identified the university for the eleventh straight year in a row among the nation's best institutions for an undergraduate education. University rankings are based on The Princeton Review's surveys of 137,000 students. Specific praise from students include the co-op program giving students a real edge in the job market, great academics and on-campus activities, one of the most beautiful campuses in the world, the life experiences of the professors related to what they are teaching, and diversity of the student population.

Other national publications agree that the university's campus is beautiful. The New York Times Magazine ran an eight-page spread in September 2015 of images focusing on the university's architecture, calling the dramatic campus renovation of the past quarter century "the most ambitious campus-design program in the country."

Using the Financial Statements

The university's financial report includes three financial statements and related notes:

- The Statement of Net Position
- The Statement of Revenues, Expenses, and Changes in Net Position
- The Statement of Cash Flows

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities.

Statement of Net Position

The Statement of Net Position is the university's balance sheet. It reflects the financial position of the university at the end of the fiscal year. Liabilities due within one year and assets available to pay those liabilities are classified as current. Other assets and liabilities are classified as noncurrent. Investment assets are carried at fair value. Capital assets are separated into two lines on the statement: those assets that are depreciated and those that are not depreciated. Items that are depreciated include buildings, equipment, infrastructure, land improvements, and library books. Items that are not depreciated include land, construction in progress, art, and rare book collections.

In addition to assets, liabilities, and net position, the university's balance sheet includes deferred outflows of resources and deferred inflows of resources. Deferred outflows are similar to assets and will be recognized as expense in future periods. Deferred inflows are similar to liabilities and will be recognized as revenue (or reductions of expense) in future periods.

A summary of the university's net financial position at June 30, 2017 and 2016 follows:

Summary Statement of Net Position

	(in thousands)	2017	2016	Increase/(Decrease)	
				Amount	Percent
Current assets	\$	329,689	\$	297,352	\$ 32,337 10.9%
Noncurrent assets					
Restricted cash		—	2,448	(2,448)	-100.0%
Investments		349,806	329,555	20,251	6.1%
Endowment investments		571,165	533,898	37,267	7.0%
Accounts and notes receivable		29,192	31,770	(2,578)	-8.1%
Investment in UC Health		420,645	420,645	—	0.0%
Capital assets, net of depreciation		1,590,518	1,569,845	20,673	1.3%
Total assets		3,291,015	3,185,513	105,502	3.3%
Deferred outflows of resources		209,273	133,967	75,306	56.2%
Current liabilities		279,452	242,615	36,837	15.2%
Noncurrent liabilities		1,926,641	1,757,234	169,407	9.6%
Total liabilities		2,206,093	1,999,849	206,244	10.3%
Deferred inflows of resources		1,987	32,796	(30,809)	-93.9%
Net position	\$	1,292,208	\$	1,286,835	\$ 5,373 0.4%

Current Assets

Current assets consist primarily of cash and cash equivalents, short-term investment of operating funds, and accounts receivable. Current assets increased by \$32.3 million in 2017. The university invests its operating funds and borrowed

proceeds to provide, in order of priority, safety of principal, liquidity, and maximum total return consistent with safety and liquidity.

Noncurrent Assets

Investments

Investments (excluding endowment investments) at June 30, 2017 totaled \$349.8 million, an increase of \$20.3 million from June 30, 2016. The funds are invested in the university's temporary investment pool with the exception of \$22.8 million, which is invested in the endowment. Investments with a maturity date less than one year totaled \$202.6 million, and are classified as current investments with the exception of \$101.2 million of debt issued for capital projects which is classified as noncurrent.

Endowment Investments

The university's endowment totaled \$1.28 billion at June 30, 2017. The endowment includes Fund A (actively managed pooled investments), Fund B (certain real estate), Fund C (community development real estate investments funded with endowment funds), separately invested assets, and beneficial interests in irrevocable trusts. Fund C was established in 2017 to differentiate the community development investments from the actively managed investments. Fund A and Fund C amounts for 2016 have been reclassified for comparison purposes. Principal repayments and interest collected on Fund C investments are subsequently invested in Fund A. Below is a summary of the market value for each category of the university's endowment:

	(in thousands)	Increase/(Decrease)					
		2017	2016	Amount	Percent		
Fund A (University's share)	\$	548,567	\$	506,301	\$	42,266	8.3%
Fund A (Foundation's share) *		319,591		267,844		51,747	19.3%
Total Fund A		868,158		774,145		94,013	12.1%
Fund B		831		1,018		(187)	-18.4%
Fund C (University's share)		44,705		47,707		(3,002)	-6.3%
Fund C (Foundation's share) *		19,415		25,947		(6,532)	-25.2%
Total Fund C		64,120		73,654		(9,534)	-12.9%
Separately Invested		23,929		23,476		453	1.9%
Beneficial Interests in Irrevocable Trusts		325,705		293,228		32,477	11.1%
Total Endowment Investments	\$	1,282,743	\$	1,165,521	\$	117,222	10.1%

* Excludes accrued income

Endowment investments reported on the Statement of Net Position totaled \$571.2 million and include the following:

- The university's share of Fund A, excluding temporary investment pool funds of \$21.6 million
- Fund B
- The university's share of Fund C, excluding temporary investment pool funds of \$1.2 million, a \$13.4 million loan to UHCURC, and \$9.0 million of accrued income
- Separately invested funds excluding accrued income of \$1.6 million

All endowment investments, including cash and cash equivalents are reported as noncurrent endowment investments due to the restrictions placed upon these assets.

Endowment funds consist of both permanent endowments and funds functioning as endowment (quasi-endowments and term endowments). Permanent endowments are funds received from donors with the stipulation that the principal remain inviolate and be invested in perpetuity to produce income that is expended for a specific purpose. Funds functioning as endowment consist of amounts (restricted gifts or unrestricted funds) that have been allocated by the university for the purpose of long-term investment, but are not limited by donor stipulations requiring the university to

preserve principal in perpetuity. Programs supported by endowment funds include scholarships, fellowships, professorships, research efforts, and other major programs and activities.

Fund A, the university's principal investment pool, increased in 2017 from \$774.1 million to \$868.2 million, an increase of \$94.0 million (12.1%). The increase is net of a 4.5% endowment spending distribution and a 1.25% distribution to the Foundation. Fund A consists of approximately 15.6% cash and fixed income, 51.4% corporate stocks, 17.5% hedge funds, 14.9% private equity, and 0.7% real estate.

The university manages the endowment to support current operations in a way that generates a predictable stream of support while maintaining the purchasing power of endowment funds adjusted for inflation. The spending policy provides for annual distributions of 4.5% of the three-year quarterly moving-average market value of assets in the investment pool. The income distribution for endowment spending for fiscal year 2018 will be consistent at 4.5% times the previous twelve-quarter moving average of market value.

At June 30, 2017, Fund A summary of activity and information is as follows (*in thousands*):

Fund A	Outstanding Shares	Per Unit Price	Total (in thousands)
Beginning balance	10,987,649	\$ 70.4559	\$ 774,145
Ending balance	11,532,748	75.2776	868,158
Increase in Fund A	545,099	\$ 4.8217	\$ 94,013
Fund A Activity			
Return on Investments			\$ 104,814
Gifts Received			23,057
Funds available for spending, net transfers, and fees (fundraising, administrative and custody)			(33,858)
Total Fund A Activity			\$ 94,013

The university is the beneficiary of numerous trusts held and administered by external trustees. The market value of these external trustee assets totaled \$325.7 million and \$293.2 million as of June 30, 2017 and June 30, 2016, respectively. These external trusts are irrevocable, and the university has a vested beneficial interest in the net income payable by the trusts. In accordance with GASB, these external trust assets are not reported on the university's Statement of Net Position. Income is received annually and reported on the university's Statement of Revenues, Expenses, and Changes in Net Position. The university received income of \$10.0 million and \$8.7 million in 2017 and 2016, respectively.

Endowment investments recorded in the university's column of the financial report exclude both the Foundation's share of Fund A and the university's beneficial interests in irrevocable trusts.

Investment in UC Health

The university's interest in UC Health is valued at \$420.6 million. The university's value for its investment is based on the cost method of accounting as of July 1, 2011. For further discussion of UC Health, please refer to Note 5, Investment in UC Health.

Capital Assets

Campus planners and communities around the country have recognized the significance of the university's physical campus. Forbes Magazine named the university as one of the most beautiful college campuses. The Princeton Review along with national press, New York Times, and Los Angeles Times have noted the strength of the campus plan and the design excellence of the buildings and other structures that shape the plan. The university Campus Master Plan 2000 drove \$2.5 billion of construction projects that transformed the Clifton Campus into a cohesive community that enhances the student, faculty, and staff experiences through improved teaching and research spaces. The university has maintained its design excellence and has enjoyed continuous growth in enrollment and program status in higher education.

The university's strategic and academic plans set the stage for the physical plan that primarily addresses stewardship of existing assets through the use of standards and design guides. Older buildings in need of both systems replacement and changes to the space to fit the academic mission are being addressed. The strategy is sustainable and responsible given the recent completion of a major building initiative. The university utilizes a 10-year capital project compendium to guide the prioritization of capital projects.

There are a few new structures to be planned over the next decade along with the demolition of buildings no longer suited to the academic mission and cannot economically be renovated to do so. These new buildings will offset the space lost in the demolitions and accommodate some future growth.

Space utilization is at a very high level. This facilitates good use of the university's assets although it puts a strain on the wear in existing buildings. In addition to space upgrades is a space migration, such as movement of different disciplines to address cross disciplinary work and more flexible learning spaces given new ways of teaching and learning.

During 2017, the university completed and capitalized significant projects including:

- Teachers College/Dyer Rehabilitation Phase 3
- Scioto Hall Renovation

Significant capital projects currently in construction or design include:

- 1819 Innovation Hub
- Clermont College Infrastructure
- Corbett Center Theater Improvements
- East Campus Open Space
- Fifth Third Arena Renovation
- Health Professions Building Renovation (Kowalewski Hall)
- Health Sciences Building
- High-Rise/Mixed Use Facility
- Lindner College of Business
- UC Blue Ash Muntz Hall Rehabilitation

Capital asset additions are funded using a combination of state capital appropriations, debt, gifts, and university funds. Capital additions totaled \$144.3 million in 2017 and \$155.1 million in 2016. Depreciation expense totaled \$119.6 million in 2017 and \$113.3 million in 2016. Capital additions are primarily comprised of capital projects that were either completed during the fiscal year or are in the construction or design phase at June 30 of each fiscal year.

Liabilities

Debt

Total debt representing bonds, notes and capital leases was \$1.181 billion at June 30, 2017; an increase of \$30.0 million from \$1.151 billion at June 30, 2016.

During 2017, the university refunded and retired a total of \$53.1 million of existing debt to achieve debt service savings. The total cash flow differential from refunding and retiring the debt totaled \$8.5 million (see Note 7 – "Debt Refunding and Retirement" section).

The university entered into an interest rate swap agreement which became effective May 1, 2009, and is currently associated with Series 2015A Floating Rate Notes (FRNs) which mature in May 2018. The intent of this derivative instrument is to protect the university against the potential of rising interest rates. The university reevaluated the municipal market and the fair value of the swap agreement in the spring of 2015 and decided to issue the FRNs to replace the maturing Bond Anticipation Notes associated with the swap agreement. This same evaluation process will take place periodically to determine the optimal refinancing method for the Series 2015A FRNs and the outstanding swap agreement. The fair value of the swap agreement at June 30, 2017 was \$3.6 million and reported as an interest rate swap liability in the noncurrent liability section of the Statement of Net Position.

The university issued both tax-exempt and taxable debt in spring 2017. Standard & Poor's Ratings Services reaffirmed its previously assigned AA- long-term rating with a stable outlook. Moody's Investors Service also reaffirmed its previously

assigned Aa3 rating with a stable outlook. The rating were assigned after extensive reviews of the university's financial activities, strategic plans, and future prospects.

The university continues to invest and expand its educational and research facilities beyond the level provided by state capital appropriations through the issuance of debt. The extensive investment in facilities is necessary to attract and maintain high quality students, faculty, and research funding in an increasingly competitive environment.

Net Position

The four net position categories represent the residual interest in the university's assets and deferred outflows of resources less liabilities and deferred inflows of resources. The university's net position at June 30, 2017 and 2016 is summarized below:

	(in thousands)	2017	2016	Increase/(Decrease)	
				Amount	Percent
Net investment in capital assets		\$ 527,340	\$ 517,931	\$ 9,409	1.8%
Restricted for:					
Nonexpendable:					
Endowment and gifts		343,819	320,346	23,473	7.3%
Investment in UC Health		420,645	420,645	—	0.0%
Expendable:					
Endowment and gifts		318,419	301,475	16,944	5.6%
Other, including debt service, debt proceeds & capital appropriations		11,826	10,488	1,338	12.8%
Unrestricted		(329,841)	(284,050)	(45,791)	16.1%
Total Net Position		\$ 1,292,208	\$ 1,286,835	\$ 5,373	0.4%

Net investment in capital assets represents both the university's non-depreciable and depreciable assets. Non-depreciable assets include land, construction in progress, and collections of art and rare books. Capital assets being depreciated include land improvements, buildings, infrastructure, building equipment, movable equipment, computer software and library books. Net investment in capital assets is also net of outstanding principal balances of debt attributable to the acquisition, construction, and improvement of those assets. During fiscal year 2017, net investment in capital assets increased by \$9.4 million. The change was a result of the addition of \$24.7 million in capital assets (net of \$119.6 million in depreciation expense), less retirements of \$4.0 million (net of \$33.3 million of accumulated depreciation), plus an \$11.3 million net increase in capital asset related debt.

Restricted nonexpendable net position includes, as a primary component, the university's permanently invested endowment and gift funds. These funds increased by \$23.5 million and are net of annual endowment spending distributions and Foundation fees. Restricted nonexpendable net position also includes the university's investment in UC Health.

Restricted expendable net position is subject to externally imposed provisions governing its use. This category of net position mainly includes unspent expendable endowment funds (available through the endowment spending policy), gifts, support from affiliates, and restricted quasi-endowment funds. Restricted expendable endowment funds available for spending totaled \$58.2 million in 2017 and \$52.0 million in 2016. Restricted gifts and support from affiliates totaled \$48.9 million and \$46.5 million in 2017 and 2016, respectively. Restricted quasi-endowment funds totaled \$214.2 million and \$205.0 million in 2017 and 2016, respectively.

Unrestricted net position before reporting for pension plans increased from \$237.0 million in 2016 to \$248.6 million in 2017, an increase of \$11.6 million. Pension reporting standards require the university to recognize a net pension liability, pension expense, and pension related deferred outflows and inflows of resources based on the university's proportionate share of collective amounts for all participating employers in these defined benefit cost sharing, multiple-employer plans. The cumulative net impact of the pension standards at June 30, 2017 was \$578.4 million. Additional detail relating to unrestricted net position is in the table below:

	(in thousands)	2017	2016	Increase/(Decrease)	
				Amount	Percent
Unrestricted Net Position					
Balance before Reporting for Pensions*	\$	248,595	\$	237,022	\$ 11,573 4.9%
Impact of Implementation of Pension Standards					
Deferred Outflows of Resources - Pensions		192,722		114,945	77,777 67.7%
Net Pension Liability		769,171		603,221	165,950 27.5%
Deferred Inflows of Resources - Pensions		1,987		32,796	(30,809) -93.9%
Net Impact of Implementation of Pension Standards		(578,436)		(521,072)	(57,364) 11.0%
Total Unrestricted Net Position	\$	(329,841)	\$	(284,050)	\$ (45,791) 16.1%

* See note 11 for retirement plans and other postemployment benefits

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of the university's activities for the year. Listed below are summarized statements of the university's revenues, expenses, and changes in net position for the years ended June 30, 2017 and 2016:

SUMMARY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	(in thousands)	2017	2016	Increase/(Decrease)	
				Amount	Percent
Operating Revenues	\$	848,602	\$	824,476	\$ 24,126 2.9%
Operating Expenses		1,242,188		1,116,404	125,784 11.3%
Operating Loss		(393,586)		(291,928)	(101,658) 34.8%
Nonoperating Revenues (Expenses)					
State educational appropriations		223,916		212,779	11,137 5.2%
Federal nonexchange grants		35,256		38,183	(2,927) -7.7%
State nonexchange grants		4,246		4,072	174 4.3%
Gifts		25,844		29,699	(3,855) -13.0%
Support from affiliates		32,875		31,250	1,625 5.2%
Net investment income		94,621		19,938	74,683 374.6%
Net interest on capital asset-related debt		(47,515)		(44,381)	(3,134) 7.1%
Other nonoperating expenses		(609)		(2,137)	1,528 -71.5%
State capital appropriations		18,636		10,932	7,704 70.5%
Capital gifts and grants		10,607		7,539	3,068 40.7%
Additions to permanent endowments		1,082		298	784 263.1%
Increase in Net position		5,373		16,244	(10,871) -66.9%
Net position, beginning of year		1,286,835		1,270,591	16,244 1.3%
Net position, end of year	\$	1,292,208	\$	1,286,835	\$ 5,373 0.4%

Revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the university's revenues, including state appropriations, federal nonexchange grants, state nonexchange grants, gifts, and support from affiliates are considered nonoperating. Consequently, the operating loss of \$393.6 million does not account for these important revenue sources. Adding these five revenue sources, which total \$322.1 million for 2017, offsets much of the operating loss.

REVENUES

The university's revenues for the years ended June 30, 2017 and 2016, are summarized below:

SUMMARY OF REVENUES

(in thousands)	2017	2016	Increase/(Decrease)	
			Amount	Percent
Operating Revenues				
Net student tuition and fees	\$ 465,475	\$ 465,293	\$ 182	0.0%
Federal, state, & local grants and contracts	125,171	124,028	1,143	0.9%
Nongovernmental grants and contracts	20,007	21,019	(1,012)	-4.8%
Sales and services of educational departments	100,453	87,446	13,007	14.9%
Auxiliary enterprises, net	121,740	111,082	10,658	9.6%
Other	15,756	15,608	148	0.9%
Total operating revenues	848,602	824,476	24,126	2.9%
Nonoperating Revenues				
State educational appropriations	223,916	212,779	11,137	5.2%
Federal and state nonexchange grants	39,502	42,255	(2,753)	-6.5%
Gifts	25,844	29,699	(3,855)	-13.0%
Support from affiliates	32,875	31,250	1,625	5.2%
Net investment income	94,621	19,938	74,683	374.6%
Capital appropriations, gifts, and grants	29,243	18,471	10,772	58.3%
Additions to permanent endowments	1,082	298	784	263.1%
Total nonoperating and other revenues	447,083	354,690	92,393	26.0%
Total revenues	\$ 1,295,685	\$ 1,179,166	\$ 116,519	9.9%

Operating Revenues

Net student tuition and fees are the primary source of operating revenue for the university. During 2017, the net revenue from student tuition and fees increased from \$465.3 million to \$465.5 million, an increase of \$0.2 million. The university did not increase its undergraduate instructional fees for the 2017 academic year. The increase in auxiliary enterprises is a result of an increased demand for student housing. The increase in sales and service of educational departments is mainly due to an expansion of services provided to UC Health.

The university has a high level of commitment to its research mission. Revenue from federal, state, and local grants and contracts totaled \$125.2 million in 2017, an increase of \$1.1 million. Nongovernmental grants and contracts revenue decreased from \$21.0 million to \$20.0 million in 2017, a decrease of \$1.0 million. Research expenses totaled \$160.8 million in 2017, an increase of \$12.2 million. The increase in spending was deliberate and focused on creating new research opportunities through strategic investment aimed at expanding the university's research presence. Annual research revenue as a percent of total operating revenue accounted for 17% of revenue in 2017.

Nonoperating Revenues

State educational appropriations increased from \$212.8 million in 2016 to \$223.9 million in 2017, an increase of \$11.1 million. The State of Ohio's 2016-2017 approved budget appropriations bill included funding reforms for Ohio's public colleges and universities. The changes in the funding methodology reward the university for improving its graduation rates and course completions. Although state appropriations contribute a significantly lower percentage of the overall funding of university operations, particularly compared to tuition, the resources remain a vital source of funding for academic programs and administrative costs.

The results of fundraising efforts are an important component of the university's financial resources. Expendable gifts to the university received during 2017 totaled \$25.8 million, compared to \$29.7 million in 2016. In alignment with the university's Creating Our Third Century focus on people, experiences and resources, the Foundation is working to develop the university's next fundraising campaign.

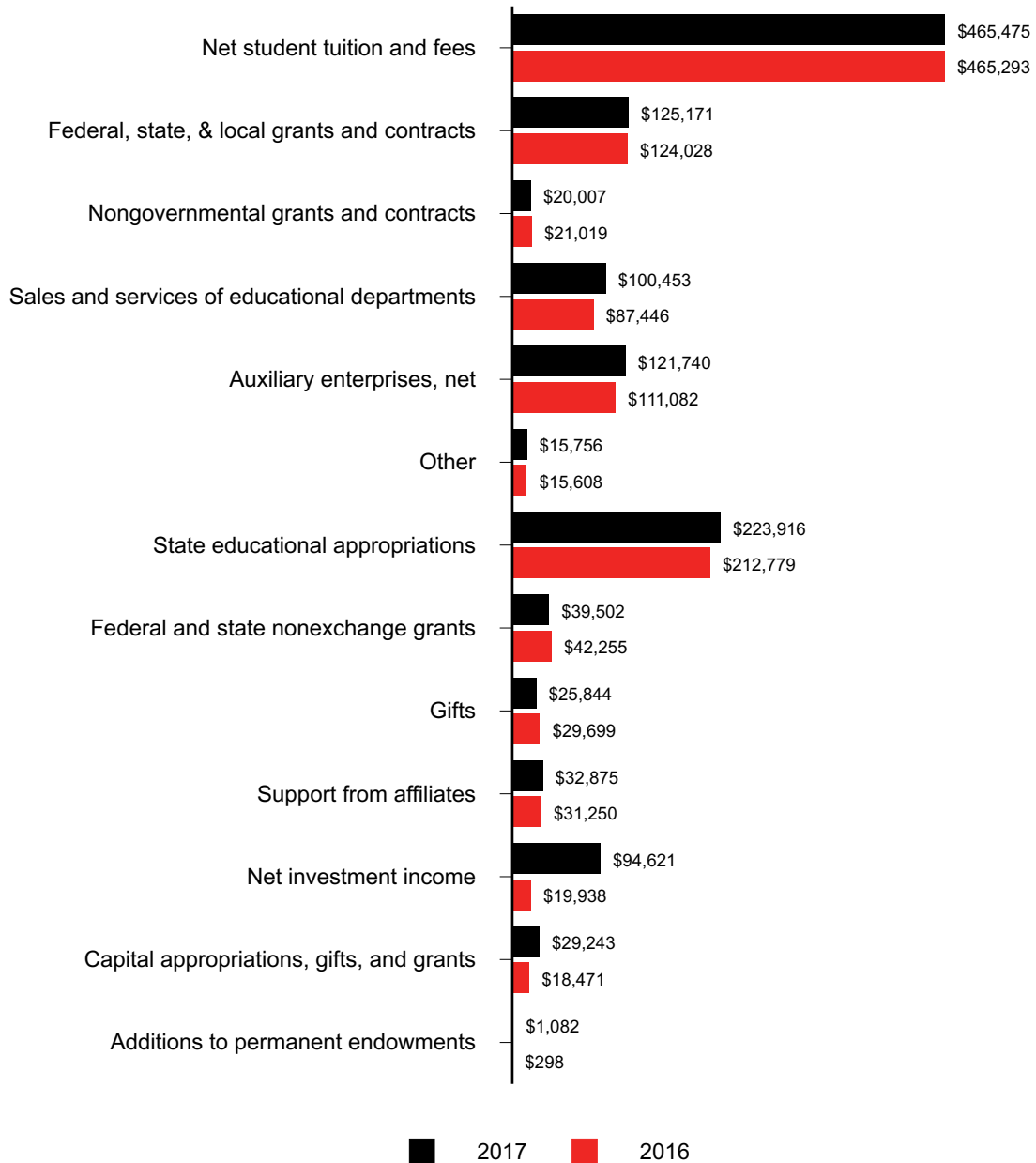
Support from affiliate revenue increased from \$31.3 million to \$32.9 million in 2016 and 2017 respectively, an increase of \$1.6 million. This increase is mainly due to an increase in support from University of Cincinnati Physicians Company for education and research activities associated with the College of Medicine.

The university's net investment income totaled \$94.6 million and \$19.9 million in 2017 and 2016 respectively, an increase of \$74.7 million. Investment income includes both endowment income and temporary investment pool income. The overall increase in investment income for 2017 is attributable to improved national and global markets along with strategic investment management.

Capital appropriation, gifts, and grants increased from \$18.5 million in 2016 to \$29.2 million in 2017. State capital is appropriated on a biannual basis. The increase was due to a major portion of the appropriation for capital being used in the first year of the biennium, which was 2017.

The chart below portrays all funding sources including revenues used for operating activities and those classified as nonoperating:

Summary of Revenues (in thousands)



EXPENSES

The university's expenses for the years ended June 30, 2017 and 2016, are summarized below:

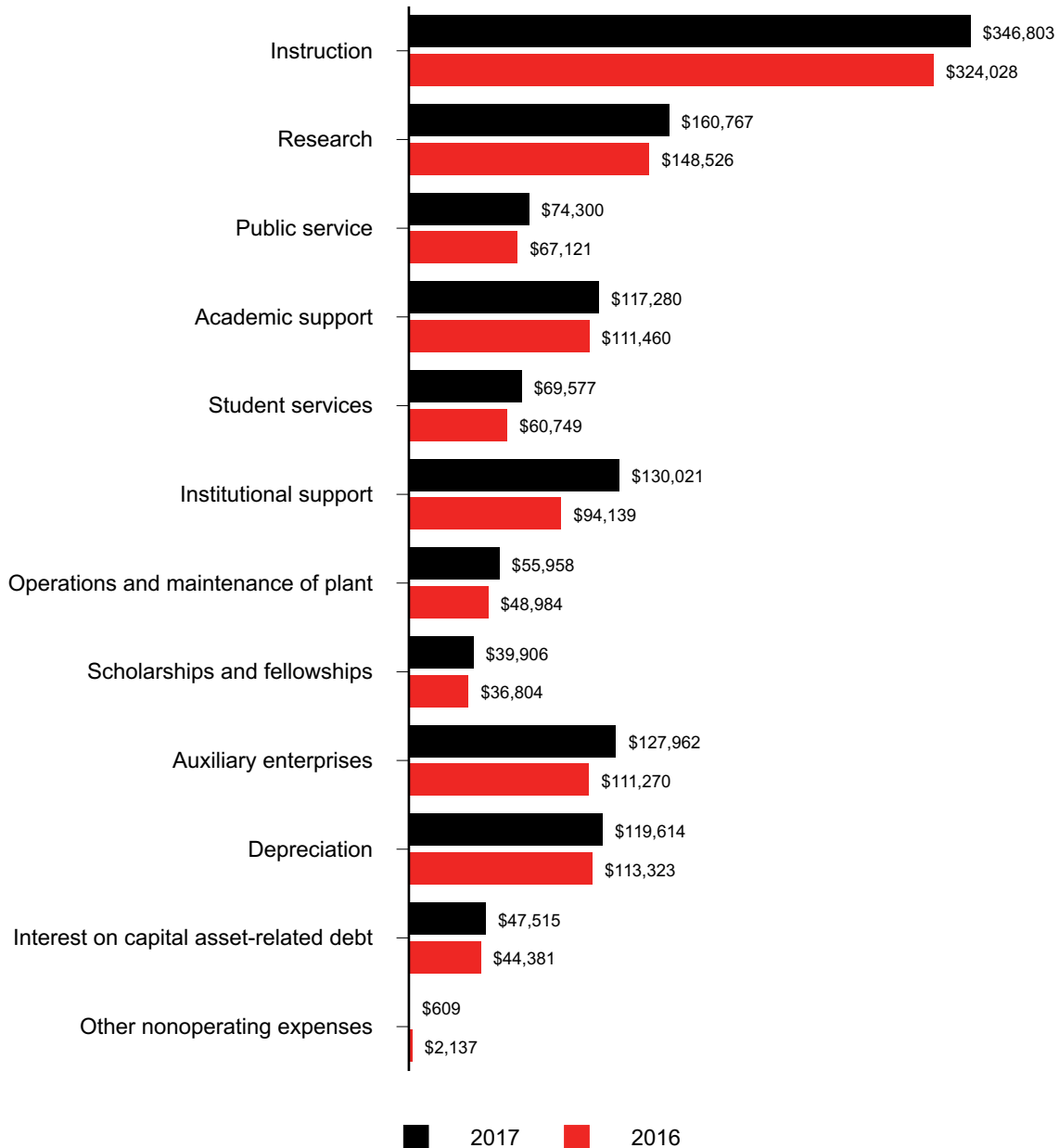
SUMMARY OF EXPENSES

(in thousands)	2017	2016	Increase/(Decrease)	
			Amount	Percent
Operating expenses				
Instruction	\$ 346,803	\$ 324,028	\$ 22,775	7.0%
Research	160,767	148,526	12,241	8.2%
Public service	74,300	67,121	7,179	10.7%
Academic support	117,280	111,460	5,820	5.2%
Student services	69,577	60,749	8,828	14.5%
Institutional support	130,021	94,139	35,882	38.1%
Operations and maintenance of plant	55,958	48,984	6,974	14.2%
Scholarships and fellowships	39,906	36,804	3,102	8.4%
Auxiliary enterprises	127,962	111,270	16,692	15.0%
Depreciation	119,614	113,323	6,291	5.6%
Total operating expenses	1,242,188	1,116,404	125,784	11.3%
Nonoperating expenses				
Net interest on capital asset-related debt	47,515	44,381	3,134	7.1%
Other nonoperating expenses	609	2,137	(1,528)	-71.5%
Total nonoperating expenses	48,124	46,518	1,606	3.5%
Total expenses	\$ 1,290,312	\$ 1,162,922	\$ 127,390	11.0%

Total university expenses (operating and nonoperating) increased by \$127.4 million in 2017. The increase was mainly attributable to pension expense of \$57.4 million related to GASB 68, overall personnel costs and distance learning initiatives. For 2017, the university decreased the overall fringe benefit rate charged to colleges and departments due to excess funding accumulated in prior years. This resulted in less recovery of expense in the central benefit pool which resulted in an increase to institutional support expense.

The chart below portrays both operating and nonoperating expenses:

Summary of Expenses (in thousands)



ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Neville Pinto, a longtime faculty member, researcher, and administrator at the University of Cincinnati, returned in February 2017 as the university's 30th president. From 1985 to 2011, Dr. Pinto served the university in both academic and administrative roles. He began his career at the university as a faculty member in Chemical Engineering. He then established himself as a rising academic administrator, first as department head of Chemical Engineering and as assistant dean for Graduate Studies in the College of Engineering and Applied Science. He was then tapped as the vice provost and dean of the Graduate School. Prior to his return in 2017 as president, Dr. Pinto was the University of Louisville's acting president.

Through the leadership of Dr. Pinto and the engagement of the university community, the university remains focused on balancing its education and research mission with its fiduciary responsibility to maintain a financially secure environment in which it operates. Given the institution's drive to be a university of first choice and highly ranked among its educational peers, the university has embarked on the evaluation of a new budgeting model to better align the deployment of its resources with aggregate university goals.

While many universities are challenged to meet their enrollment targets, the university welcomed in August 2017, the largest student body in its 198-year history. Total enrollment included 44,783 students on three campuses. The university also had the largest freshman class in the institution's history of 7,338 students, a 6.9% increase from the prior year. The first-year class includes 70 National Merit/Achievement Scholarship recipients. The university's first-year retention rate on its Clifton campus is 88%.

Higher education affordability is a regular conversation by the State of Ohio legislature and the university. With State mandates to freeze undergraduate tuition over the last four years, the university has been challenged to become more effective in the efficient use of resources while maintaining positive outcomes. The university will need to continue the focus on affordability while working with State leaders to also evaluate the higher education funding model, up to and including tuition rates. Additionally, the textbook affordability initiative has saved students more than \$2.2 million during the past academic year. The initiative focuses on finding and developing the most cost-effective means of textbook purchasing possible including securing leading-edge digital resources.

Leveraging research is a key focus as the university prepares for its 200th anniversary in 2019 and third century. The university's research enterprise is essential to its mission and continues to contribute innovative ideas impacting science, medicine, business, education, engineering, and the arts through research. The university actively seeks not only federal and state awards but also private grants. The university's research affiliates include Cincinnati Children's Hospital Medical Center, Cincinnati Department of Veterans Affairs Medical Center, Shriners for Children-Cincinnati, and UC Physicians. Additionally, the university works closely with University of Cincinnati Research Institute (UCRI), an independent not-for-profit commercialization mechanism providing the university with the ability to impact community economic growth and development. UCRI provides an effective interface for faculty and student interactions with its business and community partners.

In July 2017, David Adams, a lifelong entrepreneur became UCRI's CEO with a dual title of UC Chief Innovation Officer. Mr. Adams will drive the university's innovation agenda and lead the interface with industry. His primary aim is to develop a one-stop model for business engagement grounded in client relations, value creation and operational excellence.

Following a nationwide search, the Foundation has named Peter Landgren, President of the University of Cincinnati Foundation and Vice President for Advancement at the university. Mr. Landgren is currently serving as Interim Senior Vice President for Academic Affairs and Provost of the University of Cincinnati. He is uniquely positioned to understand the role philanthropy can play in redefining what is possible. He will begin his duties on October 2, 2017.

University of Cincinnati

A COMPONENT UNIT OF THE STATE OF OHIO

Statement of Net Position (in thousands) as of June 30, 2017 (with comparative information as of June 30, 2016)	University of Cincinnati		The University of Cincinnati Foundation	
	2017	2016	2017	2016
Assets				
Current assets				
Cash and cash equivalents	\$ 58,467	\$ 81,768	\$ 10,350	\$ 15,479
Current portion of investments	202,557	145,241		
Current portion of accounts receivable, net	53,540	54,926	2,681	3,029
Current portion of pledges receivable, net			25,585	27,678
Current portion of notes receivable, net	5,305	4,784		
Current portion of other assets	9,820	10,633	11,976	11,147
Total current assets	329,689	297,352	50,592	57,333
Noncurrent assets				
Restricted cash		2,448		
Investments	349,806	329,555		
Endowment investments	571,165	533,898	402,710	346,517
Accounts receivable, net	7,400	9,709		
Pledges receivable, net			69,115	62,465
Notes receivable, net	21,792	22,061		
Investment in UC Health	420,645	420,645		
Capital assets not being depreciated	188,257	167,119		
Capital assets being depreciated, net	1,402,261	1,402,726	3,210	4,102
Total noncurrent assets	2,961,326	2,888,161	475,035	413,084
Total Assets	3,291,015	3,185,513	525,627	470,417
Deferred Outflows of Resources				
Loss on refunding	16,551	19,022		
Pension	192,722	114,945		
Total Deferred Outflows of Resources	209,273	133,967	—	—
Liabilities				
Current liabilities				
Accounts payable	72,302	63,657	3,104	2,876
Accrued liabilities	29,632	35,681		
Current portion of accrued compensation	74,253	71,500		
Current portion of bonds, notes, and leases payable	67,479	42,511		
Deposits and advances	32,080	25,869		
Funds held on behalf of others	3,706	3,397		
Total current liabilities	279,452	242,615	3,104	2,876
Noncurrent liabilities				
Accrued compensation	18,481	17,547		
Government loan advances	21,702	22,256		
Bonds, notes, and leases payable	1,113,705	1,108,842		
Interest rate swap liability	3,582	5,368		
Net pension liability	769,171	603,221		
Other noncurrent liabilities			21,668	23,093
Total noncurrent liabilities	1,926,641	1,757,234	21,668	23,093
Total Liabilities	2,206,093	1,999,849	24,772	25,969
Deferred Inflows of Resources				
Pension	1,987	32,796		
Total Deferred Inflows of Resources	1,987	32,796	—	—
Net Position				
Net investment in capital assets	527,340	517,931	3,210	4,102
Restricted for:				
Nonexpendable:				
Endowment and gifts	343,819	320,346	344,356	327,223
Investment in UC Health	420,645	420,645		
Expendable:				
Endowment and gifts	318,419	301,475	175,571	147,248
Other, including debt service, debt proceeds, and capital appropriations	11,826	10,488		
Unrestricted	(329,841)	(284,050)	(22,282)	(34,125)
Total Net Position	\$ 1,292,208	\$ 1,286,835	\$ 500,855	\$ 444,448

The accompanying Notes to Financial Statements are an integral part of this statement.

University of Cincinnati

A COMPONENT UNIT OF THE STATE OF OHIO

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

for the year ended June 30, 2017 (with comparative information for the year ended June 30, 2016)

	University of Cincinnati		The University of Cincinnati Foundation	
	2017	2016	2017	2016
Operating Revenues				
Student tuition and fees	\$ 563,014	\$ 566,633		
Less scholarship allowances	97,539	101,340		
Net student tuition and fees	465,475	465,293		
Federal grants and contracts	120,005	118,369		
State and local grants and contracts	5,166	5,659		
Nongovernmental grants and contracts	20,007	21,019		
Sales and services of educational departments	100,453	87,446		
Auxiliary enterprises (net of scholarship allowances of \$11,239 in 2017 and \$9,937 in 2016)	121,740	111,082		
Other operating revenues	15,756	15,608	\$ 25,308	\$ 22,621
Total Operating Revenues	848,602	824,476	25,308	22,621
Operating Expenses				
Educational and general:				
Instruction	346,803	324,028		
Research	160,767	148,526		
Public service	74,300	67,121		
Academic support	117,280	111,460		
Student services	69,577	60,749		
Institutional support	130,021	94,139	29,074	26,456
Operations and maintenance of plant	55,958	48,984		
Scholarships and fellowships	39,906	36,804		
Auxiliary enterprises	127,962	111,270		
Depreciation	119,614	113,323	1,434	869
Total Operating Expenses	1,242,188	1,116,404	30,508	27,325
Operating Loss	(393,586)	(291,928)	(5,200)	(4,704)
Nonoperating Revenues (Expenses)				
State educational appropriations	223,916	212,779		
Federal nonexchange grants	35,256	38,183		
State nonexchange grants	4,246	4,072		
Gifts	25,844	29,699	70,994	71,545
Support from affiliates	32,875	31,250		
Net investment income	94,621	19,938	39,332	(2,208)
Net interest on capital asset-related debt	(47,515)	(44,381)		
Payments to University of Cincinnati			(50,472)	(45,720)
Other nonoperating revenues (expenses)	(609)	(2,137)	1,753	(504)
Net Nonoperating Revenues	368,634	289,403	61,607	23,113
Income (Loss) Before Other Revenues	(24,952)	(2,525)	56,407	18,409
Other Revenues				
State capital appropriations	18,636	10,932		
Capital gifts and grants	10,607	7,539		
Additions to permanent endowments	1,082	298		
Total Other Revenues	30,325	18,769	—	—
Increase in Net Position	5,373	16,244	56,407	18,409
Net Position, beginning of year	1,286,835	1,270,591	444,448	426,039
Net Position, End of Year	\$ 1,292,208	\$ 1,286,835	\$ 500,855	\$ 444,448

The accompanying Notes to Financial Statements are an integral part of this statement.

University of Cincinnati

A COMPONENT UNIT OF THE STATE OF OHIO

Statement of Cash Flows (in thousands) for the year ended June 30, 2017 (with comparative information for the year ended June 30, 2016)	University of Cincinnati	
	2017	2016
Cash Flows from Operating Activities		
Student tuition and fees	\$ 462,432	\$ 462,321
Federal, state, and local grants and contracts	170,167	173,174
Sales and services of educational departments and auxiliary enterprises	226,069	201,593
Expenditures and other deductions:		
Compensation	(706,735)	(663,713)
Payments for materials, services and other	(386,488)	(360,054)
Loans issued	(5,963)	(4,871)
Loan principal collected	5,611	5,694
Interest on loans receivable	118	114
Other revenue	15,506	14,661
Net Cash Used for Operating Activities	(219,283)	(171,081)
Cash Flows from Noncapital Financing Activities		
State educational appropriations	223,670	211,675
Federal nonexchange grants	35,256	38,183
State nonexchange grants	4,246	4,072
Gift receipts for current use	24,515	29,109
Support from affiliates	32,875	31,250
Additions to permanent endowments	1,498	523
Net Cash Provided by Noncapital Financing Activities	322,060	314,812
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	23,180	5,842
Private gifts	10,407	7,539
Capital grants	200	
Other	5,740	2,125
Proceeds from issuance of capital debt	126,028	128,724
Purchases of capital assets	(131,855)	(157,783)
Proceeds from sale of capital assets	383	
Principal paid on capital debt and leases	(96,197)	(100,697)
Interest payments on capital debt and leases	(50,488)	(44,416)
Net Cash Used for Capital and Related Financing Activities	(112,602)	(158,666)
Cash Flows from Investing Activities		
Interest and dividends on investments, net	33,089	38,200
Proceeds from sales and maturities of investments	1,164,491	1,100,034
Purchases of investments	(1,210,745)	(1,118,974)
Other endowment expenditures	(2,759)	(2,087)
Net Cash (Used for) Provided by Investing Activities	(15,924)	17,173
Net (Decrease) Increase in Cash and Cash Equivalents	(25,749)	2,238
Cash and Cash Equivalents, Beginning of Year	84,216	81,978
Cash and Cash Equivalents, End of Year	\$ 58,467	\$ 84,216

University of Cincinnati

A COMPONENT UNIT OF THE STATE OF OHIO

Statement of Cash Flows (in thousands)

for the year ended June 30, 2017 (with comparative information for the year ended June 30, 2016)

University of Cincinnati

	2017	2016
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating loss	\$ (393,586)	\$ (291,928)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	119,614	113,323
Changes in assets and liabilities:		
Accounts receivable, net	(1,877)	(877)
Notes receivable, net	(352)	1,411
Other assets	180	(550)
Accounts payable	4,364	6,913
Accrued compensation and other	(385)	(3,135)
Advances	5,549	(3,476)
Compensated absences	2,448	663
Deposits	86	518
Pension	57,364	6,149
Other liabilities	(12,688)	(92)
Net Cash Used for Operating Activities	\$ (219,283)	\$ (171,081)

Noncash Transactions

Accrued liabilities for property, plant and equipment	\$ 29,447	\$ 20,911
Gifts of capital assets	\$ 946	\$ 58

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2017

1. Organization and Summary of Significant Accounting Policies

Organization

The University of Cincinnati (the university) originated in 1819 with the founding of Cincinnati College. In 1977, the university formally became part of the Ohio public university system. As such, it is a component unit of the State of Ohio. Under provisions of the Internal Revenue Code, Section 115, and the applicable income tax regulations of the State of Ohio, the university, as a state institution, is exempt from taxes on income other than unrelated business income. Since the university has no material net unrelated business income during the year ended June 30, 2017, there are no provisions for income taxes.

Under Ohio Revised Code 3361.01, the University of Cincinnati's Board of Trustees is the governing body of the University of Cincinnati. The board is composed of 11 members: nine (9) voting members and two (2) nonvoting student members. All board members are appointed by the Governor of Ohio with the advice and consent of the State Senate. Trustees are appointed to nine-year terms of office, with the exception of student trustees who are appointed to two-year terms.

The Board is responsible for selecting and appointing the president; setting the operating budget; approving personnel appointments; granting all degrees awarded by the university, including honorary degrees; establishing tuition and fee rates; approving contracts; approving significant capital projects and debt issuances; and approving all rules, regulations, curriculum changes, new programs and degrees of the university.

Basis of Presentation

The accompanying financial statements present the accounts of the university and of the following entities:

- University Heights Community Urban Redevelopment Corporation (UHCURC), described more fully in Note 16, is a legally separate not-for-profit organization which owns a residence complex offering housing for university students. UHCURC is reported as a blended component unit of the university in accordance with the provisions of the Governmental Accounting Standards Board (GASB) and is included in the university's Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows.
- The University of Cincinnati Foundation (the Foundation), described more fully in Note 17, is a legally separate not-for-profit organization engaged in fundraising activities almost exclusively for the benefit of the university. The Foundation is a discretely presented component unit of the university in accordance with the provisions of GASB on the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB. The university reports as a special purpose government engaged primarily in business type activities (BTA), as defined by GASB, on the accrual basis. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the university presents Management's Discussion and Analysis, Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements.

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

- Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.

- Restricted for nonexpendable and expendable purposes:
 - Nonexpendable – The net position subject to externally-imposed restrictions, which must be retained in perpetuity by the university, is classified as nonexpendable net position. Such assets include the university's permanent endowment and the university's investment in UC Health.
 - Expendable – The net position whose use by the university is subject to externally-imposed restrictions that can be fulfilled by actions of the university pursuant to those restrictions or that expire by the passage of time are classified as expendable net position. Such assets include the spendable portion of endowment and gifts and other assets including debt service, debt proceeds, and capital appropriations.
- Unrestricted: The remaining net position that is neither the net investment in capital assets or restricted for nonexpendable and expendable purposes. The university's unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees. Substantially, all of the university's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs, or for other purposes.

Recent Accounting Pronouncements

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the university's fiscal year ending June 30, 2018. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenses related to other postemployment benefits (OPEB), such as health insurance provided to retirees. This standard requires the university to recognize its proportionate share of the net OPEB liability related to its participation in the Ohio Public Employees Retirement System and the State Teachers Retirement System of Ohio pension plans. The net OPEB liability is defined as the difference between the total OPEB liability and the plan's fiduciary net position. This statement will enhance accountability and transparency through revised note disclosures and required supplementary information. Management believes there will be a significant impact on the financial statements related to the implementation of this statement but is still evaluating the overall effect.

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 recognition and measurement guidance for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Recognition of an ARO liability is required when it is both incurred and reasonably estimable. The determination of when the liability is incurred is based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates the university to perform an asset retirement. In addition, a deferred outflow of resources related to the ARO will be recorded upon initial measurement and recognized as an expense over the asset's estimated useful life. The university is evaluating the impact Statement No. 83 will have on its financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, effective for the university's fiscal year ending June 30, 2020. This statement establishes criteria to identify fiduciary activities that should be reported in the university's financial statements. In general, if the university controls the activities and the beneficiaries of fiduciary funds, then it should be included in the Fiduciary section of the financial statements. Business-type activities are required to include custodial funds as assets with an offset to a liability in their statement of net position, and report additions and deductions in the statement of cash flows. It also establishes requirements for reporting fiduciary activities of component units. A fiduciary fund component unit, should be reported in the primary governments fiduciary funds. The university is evaluating the impact Statement No. 84 will have on its financial statements.

In March 2017, GASB issued Statement No. 85, *Omnibus*, effective for the university's fiscal year ending June 30, 2018. The statement addresses inconsistent practice issues related to the implementation and application of certain GASB statements such as blending of component units, goodwill, fair value measurement and application, and postemployment benefits. The university is evaluating the impact Statement No. 85 will have on its financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for the university's fiscal year ending June 30, 2018. This statement provides guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. In this transaction, the debt is considered to be defeased in substance and is no longer reported on the financial statements as well as the cash and other monetary assets placed in the trust. A gain or loss is recognized for the difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt extinguished. Prepaid insurance related to the extinguished debt is included in the net carrying amount of the debt for the purpose of calculating the gain or loss. Prior to the issuance of this statement, GASB only considered debt to be extinguished through defeasance when proceeds from a refunding arrangement were set aside in an irrevocable trust that would be used for the future repayment of outstanding debt. The university is evaluating the impact No. 86 will have on its financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*, effective for the university's fiscal year ending June 30, 2021. This statement establishes a single approach for lease accounting based on the principle that all leases are a means for financing the use of an underlying asset. The new guidance applies to all leases with terms greater than 12 months. Under arrangements that the university is the lessee, the statement requires recognition of an intangible right-to-use asset and an offsetting liability. The asset is systematically amortized over the shorter of the lease term or the asset's estimated useful life while the liability is increased for accrued interest expense and reduced when payments are made. Under arrangements that the university is the lessor, recognition of a lease receivable and a deferred inflow of resources is required. Additionally, the lessor reports interest revenue on the receivable and lease revenue over the lease systematically reducing the deferred inflow. Lessors continue to report the leased asset in the financial statements. The university is evaluating the impact No. 87 will have on its financial statements.

Summary of Significant Accounting Policies

Investments are reported in three categories in the Statement of Net Position. Investments identified as current and noncurrent are used for operating and capital activities. Investments identified as endowment are those funds invested in portfolios that are considered by management to be of a long duration.

Investments in marketable securities are carried at fair value, as established by the major securities markets. Purchases and sales of investments are accounted for on the trade date basis. Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported in investment income.

The university's endowment portfolio includes alternative investments, such as limited partnerships, that are not publicly traded. These investments are generally carried at fair value provided by the management of the investment partnerships as of March 31, 2017, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2017, in order to provide an approximation of fair value at June 30. In addition, the carrying amount of these investments is adjusted for June 30 information from management of the investment partnerships when necessary to provide a reasonable estimate of fair value as of June 30, 2017. Because these investments are not readily marketable, the estimated value is subject to uncertainty. Therefore, the estimated value may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material.

Accounts receivable are recorded net of an allowance for uncollectible accounts. The allowance is 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 and charges for auxiliary enterprise services provided to students, faculty and staff.

Pledged gifts for endowments from individuals, foundations, or corporations do not meet eligibility requirements as defined by GASB, to be recognized on the university's Statement of Net Position. The Foundation receives pledges and bequests for the benefit of the university and as a FASB entity, recognizes those gifts on its financial report. Once the gift is received by the Foundation and transferred to the university, the university recognizes the gift income.

Notes receivable are mainly loans made to students under various federal loan programs. Such loans are recorded net of estimated uncollectible amounts.

Capital assets are comprised of land, land improvements, infrastructure, buildings and equipment. Land, works of art and historical treasures are capitalized but not depreciated. All university capital assets are recorded at cost at date of acquisition, or fair value at date of donation. The university's capitalization threshold is \$100,000 for major construction projects and related costs are capitalized as they are incurred. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. Projects that have not been completed as of the date of the Statement of Net Position are classified as construction in progress. Intangible assets such as software have a capitalization threshold of \$100,000 except for internally generated software which has a threshold of \$500,000. For all other items, the capitalization threshold is \$5,000.

The university and its blended component unit's property and equipment are depreciated using the straight-line method over the estimated useful lives (from three to fifty years) of the respective assets. When plant assets are sold or disposed of, the carrying value of such assets and the associated depreciation are removed from the university's records.

Deferred outflows of resources are a consumption of net position by the university that is applicable to a future reporting period. Deferred outflows of resources are reported in the Statement of Net Position but are not recognized in the financial statements as expenses until the periods to which they relate. Deferred outflows of resources of the university consist of deferred losses on debt refundings (defeasance costs), certain changes in net pension liability not included in pension expense and employer pension contributions subsequent to the measurement date of the net pension liability.

Deferred inflows of resources are a gain in net position by the university that is applicable to a future reporting period. Deferred inflows of resources are reported in the Statement of Net Position but are not recognized in the financial statements as revenue until the periods to which they relate. Deferred inflows of resources of the university consist of certain changes in net pension liability not included in pension expense.

Compensated absences, reported as accrued compensation, include liabilities related to vacation and sick leave accruals. University employees earn vacation and sick leave on a monthly basis. All accrued vacation is considered a current liability. Employees hired before January 1, 2015 may accrue vacation benefits up to a maximum of three years' credit. Employees hired on or after January 1, 2015 may accrue up to a maximum of 30 days of vacation benefits. Earned but unused vacation days are payable upon termination. Sick leave accrues without limit; however, unused days are payable only upon retirement from the university, subject to 30- or 60-day limits depending on the date of hire. The termination payment method is utilized to compute the liability for sick leave.

Advances include receipts relating to tuition, student fees and athletic events received in advance of services to be provided. Advances also include the amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreement. The university will recognize such amounts as revenue when services are provided.

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 and the State Teachers Retirement System of Ohio, (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 the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Endowment spending policy— For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted in Ohio, permits the university to distribute an amount of realized and unrealized endowment appreciation as the Board of Trustees determines to be prudent. The university's policy is to accumulate the undistributed realized and unrealized appreciation within the endowment, which is discussed in Note 2.

Student tuition and residence hall fees— Stipends and other payments made directly to students are presented as scholarship and fellowship expenses that offset tuition and fee revenue. Fee authorizations

provided to graduate teaching, research and administrative associates as part of employment arrangement are presented in instruction, research and other functional categories of operating expense.

Auxiliary enterprise revenues primarily represent revenues generated by athletics, bookstores, the conference center, dining, housing, and parking.

Operating activities, as reported on the Statement of Revenues, Expenses and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the university's expenses are from exchange transactions. Certain significant revenue streams available to support operations are classified as nonoperating revenues (i.e. state educational appropriations, nonexchange federal and state grants, gifts, and investment income) in accordance with GASB standards.

Management 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, 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information— Financial information presented by the university for 2016 is for comparative purposes. This information should be read in conjunction with the university's financial statements for the year ended June 30, 2016, which were previously audited. An unmodified audit opinion was expressed on those financial statements.

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

2. **Cash, Cash Equivalents, and Investments**

The classifications of cash, cash equivalents, and investments reported on the financial statements are based on criteria set forth by GASB. Cash equivalents are defined to include investments with original maturity dates of three months or less. Restricted cash consists of bond proceeds restricted for capital expenditures. For the purposes of the Statement of Cash Flows, restricted cash is included in cash and cash equivalents. Substantially all cash, cash equivalents, and investment assets reported on the Statement of Net Position are managed by the university.

The university accounts for temporary investment pool assets separate from its endowment assets. Temporary investment pool assets reported on the Statement of Net Position include the total value of cash and cash equivalents, and current and noncurrent investments. All investments, including cash and cash equivalents, related to the endowment are recorded as noncurrent endowment investments due to the restrictions placed upon these assets.

Temporary Investment Pool

The goal of the university's temporary investment pool investment policy is to invest operating funds and borrowed proceeds to provide, in order of priority, safety of principal, liquidity, and maximum total return consistent with safety and liquidity. The temporary investment pool is invested principally in investment grade money market and fixed income securities of relatively short duration. A portion of the temporary investment pool is invested in Fund A, the principal investment pool for endowment funds, and Fund C, a strategic investment pool spun off from Fund A, as authorized by university policy. Diversification of the portfolio is in accordance with state law.

At June 30, 2017, the fair value of the temporary investment pool is as follows *(in thousands)*:

Temporary Investment Pool & Other Investments	Current	Noncurrent	Total
Cash & cash equivalents			
Petty cash	\$ 59	\$ —	\$ 59
Bank deposits - Federally insured	546	—	546
Bank deposits - Uninsured	2,378	—	2,378
Money market funds	70,068	—	70,068
Cash in-transit	(14,584)	—	(14,584)
Total cash & cash equivalents	58,467	—	58,467
Investments			
U.S. Agency securities	553	36,854	37,407
U.S. Treasury securities	58,990	51,032	110,022
Corporate notes and bonds	138,652	229,124	367,776
Endowment Fund A & C	—	22,825	22,825
Municipal notes and bonds	4,362	8,270	12,632
Total investments excluding real estate	202,557	348,105	550,662
Total Temporary Investment Pool	\$ 261,024	\$ 348,105	\$ 609,129
Other Investments			
Real Estate	—	1,701	1,701
Total Investments	\$ 202,557	\$ 349,806	\$ 552,363

Endowment Investments

Diversification is a fundamental risk management strategy for the endowment portfolio. Accordingly, the portfolio includes investments in domestic and non-U.S. stocks, bonds and loans; real estate; and limited partnerships for investment in real estate, private equity, and hedge funds. The approved asset mix may range from 75% to 90% in equity and alternative investments and 10% to 25% in fixed income investments, at any one time, at the discretion of the university's investment office.

The university has an established set of endowment investment guidelines for alternative investments related to targeted asset allocation and allowable ranges. The maximum allowable percentages the portfolio can hold for alternative investments is: real estate and private equity including natural resources 30% and hedge funds 25%. The Investment Committee determines target allocations and allowable ranges.

Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) replaced the Ohio Uniform Management of Institutional Funds Act. UPMIFA provides statutory rules for the management and investment of endowment funds owned and controlled by charitable institutions. The university's endowment policies are governed and authorized under university rules and are structured to meet or exceed UPMIFA requirements.

At June 30, 2017, the fair value of the endowment is as follows (in thousands):

Endowment Investments	Fund A	Fund B	Fund C	Separately Invested	Irrevocable External Trusts	Total
Investment Type						
Cash & cash equivalents	\$ 450	\$ —	\$ 572	\$ 268	\$ —	\$ 1,290
U.S. Agency securities	31,677	—	—	—	—	31,677
U.S. Treasury securities	39,979	—	—	40	—	40,019
Corporate notes and bonds	56,732	—	—	190	—	56,922
Municipal notes and bonds	6,180	—	—	—	—	6,180
NDCL* - principal	—	—	48,737	16,703	—	65,440
NDCL* - accrued income	—	—	9,006	1,573	—	10,579
Corporate stocks	446,183	—	—	1,719	—	447,902
Alternative investments						
Private equity	129,122	—	—	2,412	—	131,534
Hedge funds	151,729	—	—	—	—	151,729
Real estate	6,106	831	5,805	1,024	—	13,766
Irrevocable external trusts	—	—	—	—	325,705	325,705
Total endowment investments	868,158	831	64,120	23,929	325,705	1,282,743
Shares held by UC Foundation	(319,591)	—	(19,415)	—	—	(339,006)
Loan to UHCURC (component unit)	—	—	(13,433)	—	—	(13,433)
NDCL* - accrued income	—	—	(9,006)	(1,573)	—	(10,579)
Accrued income - other	(928)	—	—	—	—	(928)
Accrued expense	649	—	—	—	—	649
TIP investment in Fund A & C	(21,580)	—	(1,245)	—	—	(22,825)
Valuation timing adjustment	249	—	—	—	—	249
Irrevocable external trusts	—	—	—	—	(325,705)	(325,705)
Total endowment investments	\$ 526,957	\$ 831	\$ 21,021	\$ 22,356	\$ —	\$ 571,165

* Neighborhood Development Corporation Loans (NDCL)

Endowment shares held by UC Foundation, investments held in irrevocable external trusts, a note payable from University Heights Community Urban Redevelopment Corporation (UHCURC), accrued income, and TIP investment in Fund A and Fund C are excluded from endowment investments reported on the Statement of Net Position. The Foundation's share of Fund A and Fund C is included in the Foundation's assets listed in a discretely presented column on the Statement of Net Position. In accordance with GASB standards, external trust assets are not reported on the Statement of Net Position. As explained in Note 16, UHCURC is a blended component unit of the university and as such, the note receivable is eliminated from endowment investments recorded on the Statement of Net Position. The TIP investment in Fund A and Fund C is included in noncurrent investments recorded on the Statement of Net Position. Fund A valuation timing adjustment is included in endowment investments recorded on the Statement of Net Position.

Fund A

Fund A is the principal investment pool for both university and Foundation endowment funds that may be pooled legally or by donor concurrence. The university's endowment investment policy goal for Fund A is to produce real growth in assets net of administrative and investment fees, by generating a total rate of return which is greater than, or equal to, the combination of the spending rate established by the university's endowment spending policy, the Foundation's fundraising fee, and the rate of inflation. The university employs the share method of accounting for Fund A investments and for proportionate distribution of income to each fund that participates in the pool.

The university has adopted a spending rate policy which smooths the distribution of income earned in Fund A. Distributions are made from Fund A to university departments that benefit from those funds. The 2017 endowment spending policy provided for an annual distribution of 4.5% of the twelve-quarter moving-average market value of endowment units net of NDCL's and strategic real estate.

At June 30, 2017, Fund A shares totaled 11,532,748 with a market value of \$868,158,000. The Foundation owned 4,250,044 of those shares with a market value of \$319,591,000 (excludes accrued income). The Foundation's share of Fund A is approximately 36.9%. Since 2002, substantially all Foundation endowments have been invested in Fund A.

Fund A also includes alternative investments consisting of private equity, hedge funds, and real estate. The private equity portion of the portfolio totals \$129,122,000. Certain of these private equity investments are valued based on their value as of March 31, 2017 adjusted for cash receipts, cash disbursements, and securities distributions through June 30, 2017 (please refer to Note 1, Summary of Significant Accounting Policies, regarding valuation of alternative investments). The hedge fund portion of the portfolio totals \$151,729,000. Real estate holdings in Fund A total \$6,106,000. The university's outstanding commitment to purchase various alternative investments at June 30, 2017, is \$107,863,000.

Fund C

In July 2016, Fund A spun-off strategic investments to a new unitized pool, Fund C. These strategic investments included the Neighborhood Development Corporation Loans and direct real estate valued at \$73,654,000, at time of transfer. The value of Fund A was reduced by the value of this transfer. Shareholders of Fund A, as of June 30, 2016, received the equivalent value of the strategic investments in the form of new shares in Fund C. The shares they received were in direct proportion to their June 30, 2016 Fund A ownership percentage.

The strategic investments are not actively managed by the investment office and have not historically generated significant income or investment returns. Since Fund A's spending policy did not include the value of strategic investments in its calculation of the spending policy dividend before the spin-off, the transfer has no effect on the spending policy calculation. Fund C has no spending policy and pays no Foundation fundraising fees.

Fund C includes loans made to certain nonprofit neighborhood development corporations for the purpose of developing residential and commercial facilities on the borders of the campus. The outstanding balance recorded for these loans totals \$57,743,000 and includes principal of \$48,737,000, net of \$20,652,000 of loan loss reserves and accrued interest of \$9,006,000, net of \$35,021,000 of interest reserves. A loan to UHCURC (a blended component unit) for \$13,433,000, net of reserves is eliminated for the purpose of financial statement presentation. These loans are secured primarily by mortgages on parcels of land purchased by these nonprofit entities. Some of these mortgages are subordinated to external financing arranged by these entities. These university loans bear interest at 6%. The university expects repayment once the residential and commercial facilities have streams of rental income. Loan loss reserves are estimated based on aggregate cash flow projections for the projects and independent appraisals of the underlying real estate. Changes in loan loss reserves are reflected in nonoperating revenues (expenses), as a component of net investment income.

Fund C also includes real estate holdings valued at \$5,805,000.

The value of Fund C will change based on interest and principal payments by the loan holders, plus or minus changes to the reserves. It will also change based on the valuation of the direct real estate values. On a periodic basis, cash flow interest and principal payments received, as well as from the liquidation of assets in Fund C will be distributed to Fund C shareholders to be used to purchase shares in Fund A. It is projected that over time all of the strategic investments will be liquidated and the entire value of the assets will be transferred to Fund A.

At June 30, 2017, Fund C shares totaled 10,987,649 with market value of \$64,120,000. The Foundation owned 3,870,700 of those shares with a market value of \$19,415,000 (excludes accrued income). The Foundation's share of Fund C is approximately 35.2%.

Fund B and Separately Invested Assets

Fund B is comprised of real estate holdings received through donor bequest and is valued at \$831,000. Separately invested funds include neighborhood development corporation loans, corporate stocks held per donor stipulation, strategic private equity investments, and donated real estate; their value totaled \$23,929,000 (including accrued income) at June 30, 2017.

Real Estate

Fund A, Fund B, Fund C, and separately invested assets include land or other real estate held as investments. At June 30, 2017, the fair market value totaled \$13,766,000 including \$6,106,000 in Fund A, \$831,000 in Fund B, \$5,805,000 in Fund C and \$1,024,000 in separately invested endowments. Independent real estate appraisals are obtained on a three-year cycle; however, relevant real estate markets are reviewed between appraisal periods to determine if the reported market values remain reasonable. Appraisers usually consider the use of three valuation approaches when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. The most recent appraisals were received for June 2015.

Real estate not included in the TIP or endowment market values but reported as a noncurrent investment represents the Piedmont Mews property owned by the university as of June 30, 2017, valued at \$1,701,000. This real estate was previously held by the endowment. During fiscal year 2017, a land swap was executed and the property was transferred from the endowment to the university. The land swap to transfer the property from the university to UC Health was not finalized by June 30, 2017. Other university held real estate outside of TIP or the endowment is normally reported as a capital asset. However, since the real estate was previously reported as an investment of the endowment, GASB reporting requirements disallow changing the designation from investment to capital asset. Finalization of the land swap has subsequently occurred.

Beneficial Interest in Irrevocable External Trusts

The university is the beneficiary of numerous trusts held and administered by external trustees. The market value of these external trustee assets totaled \$325,705,000 at June 30, 2017. These external trusts are irrevocable, and the university has a vested beneficial interest in the net income payable by the trusts. In accordance with GASB standards, these external trust assets are not reported on the university's Statement of Net Position. Income is received annually and reported on the university's Statement of Revenues, Expenses, and Changes in Net Position. In 2017, the university received income of \$10,007,000. Income from the trusts will continue to be received in perpetuity.

Off-Balance-Sheet Risk

The university's investment strategy incorporates certain financial instruments which involve, to varying degrees, elements of risk that could reduce the value of investment assets reported on the financial statements. These risks include interest rate, credit, and custodial credit. Policies established by the university have been developed to balance the university's exposure to risk while maximizing investment returns.

Interest Rate Risk

Interest rate risk is the risk an investment portfolio may encounter should interest rate variances affect the fair value of investments. The university's investment policy minimizes the risk of the loss of value due to changing interest rates through the use of targeted durations. The university's investment policy stipulates that the weighted average maturity of investments in the temporary investment pool will not exceed three years. There is no stipulation for the endowment portfolio.

At June 30, 2017, the university's investment maturities are as follows *(in years, in thousands)*:

Investments	Less than 1	1 to 5	6 to 10	More than 10	Total
Temporary Investment Pool					
U.S. Agency securities	\$ 1,554	\$ 35,294	\$ 559	\$ —	\$ 37,407
U.S. Treasury securities	80,219	29,803	—	—	110,022
Corporate notes and bonds	214,968	147,136	1,878	3,794	367,776
Municipal notes and bonds	7,057	5,575	—	—	12,632
Total Temporary Investment Pool	\$ 303,798	\$ 217,808	\$ 2,437	\$ 3,794	\$ 527,837
Endowment Investments					
U.S. Agency securities	\$ 721	\$ 3,677	\$ 822	\$ 14,782	\$ 20,002
U.S. Treasury securities	3,762	4,023	—	17,502	25,287
Corporate notes and bonds	1,889	15,927	10,804	7,395	36,015
Municipal notes and bonds	—	744	2,401	757	3,902
NDCL* - principal	223	15,460	8,884	10,269	34,836
Total Endowment Investments	\$ 6,595	\$ 39,831	\$ 22,911	\$ 50,705	\$ 120,042

* Neighborhood Development Corporation Loans (NDCL)

Interest rate risk for the temporary investment pool's share of Fund A and Fund C is included in endowment investments above.

Debt proceeds issued for capital projects with maturities of less than one year total \$101,242,000 and are recorded as noncurrent investments on the Statement of Net Position.

The portion of endowment investments, after exclusions, not subject to interest rate risk is \$473,948,000 (includes temporary investment pool share of Fund A and Fund C) and is comprised mainly of endowment portfolio investments in equity securities. Amounts reflected as maturities for neighborhood development corporation loans represent management's best estimate of anticipated collections for these demand notes.

Credit Risk

Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The university's risk of loss in the event of counterparty default is typically limited to the amounts reported on the Statement of Net Position and is not represented by the contract or notional amounts of the instruments. In accordance with the university's investment policy, the university's bond and other fixed income investments are rated by nationally recognized rating organizations.

At June 30, 2017, the university's investment credit risk is as follows (in thousands):

	AAA	AA	A	BBB	BB & B	Not Rated	Total
Temporary Investment Pool							
U.S. Agency securities	\$ 112	\$ 37,295	\$ —	\$ —	\$ —	\$ —	\$ 37,407
U.S. Treasury securities	1,269	108,753	—	—	—	—	110,022
Corporate notes and bonds	25,873	20,634	207,516	113,753	—	—	367,776
Municipal notes and bonds	1,583	5,752	4,291	—	1,006	—	12,632
Total Temporary Investment Pool	<u>\$ 28,837</u>	<u>\$ 172,434</u>	<u>\$ 211,807</u>	<u>\$ 113,753</u>	<u>\$ 1,006</u>	<u>\$ —</u>	<u>\$ 527,837</u>
Endowment Investments							
U.S. Agency securities	\$ 3,942	\$ 14,357	\$ 191	\$ 1,359	\$ 153	\$ —	\$ 20,002
U.S. Treasury securities	11,630	13,657	—	—	—	—	25,287
Corporate notes and bonds	2,566	1,316	7,010	21,591	3,250	282	36,015
Municipal notes and bonds	3	14	2,456	1,429	—	—	3,902
NDCL* - principal	—	—	—	—	—	34,836	34,836
Total Endowment Investments	<u>\$ 18,141</u>	<u>\$ 29,344</u>	<u>\$ 9,657</u>	<u>\$ 24,379</u>	<u>\$ 3,403</u>	<u>\$ 35,118</u>	<u>\$ 120,042</u>

* Neighborhood Development Corporation Loans (NDCL)

Credit risk for the temporary investment pool's share of Fund A and Fund C is included in the endowment investment amounts above.

The temporary investment pool permits investments in unrated investment grade securities of 10% or less of the temporary investment pool portfolio measured at the time of purchase. Endowment investment grade bonds are limited to those in the first four grades of any rating system. Below-investment grade high yield bond investments and certain unrated investments having strategic value to the university are permitted. Securities ratings downgraded below investment grade after purchase are permitted to be retained.

The portion of endowment investments, after exclusions, not subject to credit risk is \$473,948,000 (includes temporary investment pool share of Fund A and Fund C) and is comprised mainly of endowment portfolio investments in equity securities.

Custodial Credit Risk

The university does not have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, a government entity will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The university's investments are held in trust or by a custodian in the university's name or directly held in the university's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the university's investment in a single issuer. The university has separate investment policies for the endowment and its temporary investment pool that limit the concentration of credit risk. As of June 30, 2017, the university had no investment in any one issuer that was 5% or more of investments for either the endowment or the temporary investment pool.

3. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

Level 1 Quoted prices in active markets for identical assets or liabilities.

- Level 2** 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 for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2017 (*in thousands*):

Investments, Endowment Investments, and Derivative Instruments Measured at Fair Value

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Agency securities	\$ 69,084	\$ —	\$ 69,084	\$ —
U.S. Treasury securities	150,041	148,772	1,269	—
Corporate notes and bonds	424,698	544	424,154	—
Municipal notes and bonds	18,812	—	18,812	—
NDCL - principal	52,007	—	—	52,007
Equity securities				
U.S equities	122,726	122,726	—	—
Non-U.S. equities	127,050	127,050	—	—
Commingled funds	167,372	—	—	167,372
Public real assets	30,754	—	—	30,754
Real estate	15,467	—	—	15,467
Total investments by fair value level	<u>\$ 1,178,011</u>	<u>\$ 399,092</u>	<u>\$ 513,319</u>	<u>\$ 265,600</u>
Investments measured at net asset value (NAV)				
Hedge funds	\$ 151,729			
Private equity funds	<u>131,534</u>			
Total investments measured at NAV	<u>283,263</u>			
	<u>1,461,274</u>			
Cash, cash equivalents and other	1,260			
Shares held by UC Foundation	<u>(339,006)</u>			
Total investments measured at fair value	<u>\$ 1,123,528</u>			
Investment derivative instruments				
Interest rate swap (liability)	<u>\$ (3,582)</u>		<u>\$ (3,582)</u>	

Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Net Position.

Investments

Where quoted 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. See the table below for inputs and valuation techniques used for Level 3 securities.

	Fair Value	Valuation Method
NDCL - principal	\$ 52,007	Estimate of loan loss reserves based on aggregate cash flow projections and independent appraisals of underlying real estate
Commingled funds; Public real assets	198,126	Positions are valued by a general or managing partner (or functional equivalent)
Real estate	15,467	Independent appraisals every three years
	<u>\$ 265,600</u>	

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented below:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds (A)	\$ 151,729	\$ —	Quarterly/Annually, after lock-up period	45-90 days
Private equity funds (B)	131,534	107,863	Non-redeemable	none
	<u>\$ 283,263</u>	<u>\$ 107,863</u>		

(A) This category includes investments in investment vehicles that take both long and short positions, primarily in domestic common stocks and credit instruments. Management of the funds has the ability to shift investments among differing investment strategies. Liquidity features of the vehicles include quarterly to annual redemptions and zero to three years of lock-up period for initial investments. Approximately 80% of the university's hedge fund portfolio market value was available during 2017.

(B) This category includes several private equity funds that invest primarily in domestic companies. These investments are non-redeemable and terminate or liquidate over varying periods.

Interest Rate Swap Agreement

The fair value of the interest rate swap agreement was estimated using the income approach, which converts future cash flows to a single present value using discounting. That value is then adjusted to incorporate non-performance risk for the university since the swap is a liability. The valuation is considered Level 2 since a quoted price can be obtained from a number of dealer counterparties and other independent market sources based on observable interest rates and yield curves for the full term of the asset or liability.

4. Accounts and Notes Receivable

Accounts and notes receivable as of June 30, 2017 is as follows (*in thousands*):

Accounts receivable, net	\$ 49,880
Notes receivable, net	27,097
Accrued interest receivable, net	11,060
Total	<u>88,037</u>
Less current receivables	58,845
Noncurrent receivables	<u>\$ 29,192</u>

Allowances for uncollectible receivables included in the amounts above are approximately \$4,598,000 for accounts receivable, \$6,522,000 for notes receivable, and \$26,839,000 for accrued interest receivable related to loans made to certain nonprofit entities as of June 30, 2017 .

5. Investment in UC Health

The organization known as UC Health consists of UC Healthcare System (“UCHS”) and affiliates. UCHS is an Ohio nonprofit corporation formed October 15, 2010, and is the sole member of UC Health, LLC. UC Health, LLC (“UC Health”) is an Ohio nonprofit limited liability company that includes University of Cincinnati Medical Center (UCMC), West Chester Hospital, Daniel Drake Center, and University of Cincinnati Physicians Company (UCPC).

UC Health operates under an affiliation agreement entered into between the university, UC Health, and UC Healthcare System on June 28, 2012. The affiliation agreement supports the mission of UC Health and its commitment to patient care, education, and research. Pursuant to the agreement, the university retained its equity interest in the net assets of UC Health. The equity interest is recorded on the university’s Statement of Net Position as a noncurrent asset at \$420,645,000 and is valued based on the cost method. Management believes that the cost method is the preferred valuation method based on the single member relationship defined in the affiliation agreement. The university monitors any potential changes to the investment valuation such as impairment. There has been no change to the equity interest value since 2011.

UCMC purchases common services from the university, such as utilities and various other administrative services for which the university charges UCMC. Charges for 2017 were approximately \$12,797,000.

UCPC provides support for education and research activities of the academic departments of the College of Medicine. The level of funding is based on a percentage of clinical departmental net patient revenues. UCPC also provides support which may be used at the discretion of the Dean of the College of Medicine for the growth and development of teaching, research, and service programs. Support payments received from UCPC for 2017 were approximately \$32,875,000 and are included in support from affiliates on the Statement of Revenues, Expenses, and Changes in Net Position.

Additionally, faculty and non-faculty UCPC physicians and certain other UCPC clinical staff members are dually compensated by both the university and UC Health. The university charges UCPC for these employee’s salaries and benefits. Total salaries and benefits for 2017 were approximately \$33,739,000 and are included in sales and services of educational departments on the Statement of Revenues, Expenses, and Changes in Net Position.

6. Capital Assets

Capital asset activity for the year ended June 30, 2017 is summarized as follows *(in thousands)*:

	Balance			Balance	
	July 1, 2016	Additions	Retirements	Transfers	June 30, 2017
Capital assets not being depreciated:					
Land	\$ 25,235	\$ —	\$ (39)	\$ —	\$ 25,196
Construction in progress	126,268	121,208	—	(100,048)	147,428
Collections	15,616	51	(34)	—	15,633
Total nondepreciable assets	167,119	121,259	(73)	(100,048)	188,257
Capital assets being depreciated:					
Land improvement	107,453	—	(583)	1,154	108,024
Buildings	2,319,074	—	(30,793)	94,010	2,382,291
Infrastructure	123,139	—	(2)	457	123,594
Building equipment	17,655	—	(230)	126	17,551
Moveable equipment	223,778	14,330	(5,549)	4,301	236,860
Computer software	73,517	152	(19)	—	73,650
Library books	192,050	8,537	(2)	—	200,585
Total	3,056,666	23,019	(37,178)	100,048	3,142,555
Less: Accumulated depreciation	1,653,940	119,614	(33,260)	—	1,740,294
Total depreciable assets	1,402,726	(96,595)	(3,918)	100,048	1,402,261
Capital assets, net	\$ 1,569,845	\$ 24,664	\$ (3,991)	\$ —	\$ 1,590,518

7. Bonds, Notes, Capital Leases, and Other Debt

Bonds, notes, capital leases, and other debt at June 30, 2017 comprise the following (*in thousands*):

Long-term Debt	Interest Rates	Final Maturity	Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017	Current Portion
Bonds - fixed rate debt							
2007A	5.00%	2023	\$ 33,700	\$ —	\$ 33,700	\$ —	\$ —
2007G	3.88-5.00%	2018	6,960	—	3,410	3,550	3,550
2008C	3.25-5.00%	2031	30,235	—	25,600	4,635	1,535
2008G	5.00-5.50%	2020	8,955	—	2,070	6,885	2,175
2009C	3.50-5.00%	2030	88,980	—	3,625	85,355	5,775
2009E	3.25-4.65%	2030	4,715	—	260	4,455	270
2010C (a, b)	4.03-6.48%	2039	89,405	—	1,905	87,500	1,965
2010F	3.00-5.00%	2034	76,310	—	1,690	74,620	1,780
2010G (a, b)	4.72-6.28%	2032	14,880	—	—	14,880	—
2011A	3.50-5.00%	2021	9,565	—	1,730	7,835	1,820
2011C	3.00-5.25%	2031	24,290	—	845	23,445	875
2011E	3.38-5.00%	2028	28,720	—	—	28,720	—
2012A	2.00-5.00%	2031	78,830	—	5,785	73,045	6,055
2012C	4.00-5.00%	2033	77,695	—	3,955	73,740	3,555
2013A	3.12-5.00%	2034	16,120	—	—	16,120	—
2013C	5.00%	2039	54,125	—	—	54,125	—
2013D (a)	4.64-5.15%	2033	37,365	—	—	37,365	—
2014B	3.00-5.00%	2036	94,285	—	1,430	92,855	4,285
2014C	3.25-5.00%	2041	30,415	—	—	30,415	—
2014D	5.00%	2036	54,130	—	—	54,130	—
2016A	5.00%	2034	46,215	—	—	46,215	—
2016B (a)	3.95%	2042	25,165	—	—	25,165	—
2016C	5.00%	2046	37,980	—	—	37,980	—
2017A	4.54%	2047	—	93,545	—	93,545	—
2017B	4.32%	2031	—	21,935	—	21,935	—
Total bonds - fixed rate debt			969,040	115,480	86,005	998,515	33,640
Bonds - variable rate debt							
2017C (a)	2.55%	2027	—	150	—	150	—
Notes - floating rate debt							
2015A	0.66%	2018	24,085	—	—	24,085	24,085
Capital Leases							
King Highland-Stelston/Turner	3.00-5.00%	2038	37,585	—	—	37,585	—
Other Debt							
Stratford Heights 2010 (c)	3.13-5.00%	2039	47,160	—	1,105	46,055	1,160
Premium			73,483	10,398	9,087	74,794	8,594
Total other debt			120,643	10,398	10,192	120,849	9,754
Total bonds, notes, capital leases and other debt			1,151,353	126,028	96,197	1,181,184	67,479
Less: current portion of debt			(42,511)	—	24,968	(67,479)	
Net long-term debt			\$ 1,108,842	\$ 126,028	\$ 121,165	\$ 1,113,705	\$ 67,479

Notes:

(a) Taxable

(b) Build America Bonds

(c) University Heights Community Urban Redevelopment Corporation (see Note 16)

Debt Issuances

During the year ended June 30, 2017, the university issued the following general receipt obligations:

General Receipt Bonds - Fixed Rate Bonds

Series 2017A tax exempt bonds were issued on May 24, 2017 in the amount of \$93,545,000. The net proceeds of the Series 2017A Bonds were issued to finance all or a portion of the design, acquisition, construction and/or renovation of a number of capital projects and to pay associated issuance costs relating to the Series 2017A Bonds. Capital projects considered for funding from this issue include, but are not limited to, Health Professions Building Renovation, College of Business New Building, Fifth Third Arena Renovation, Health Sciences Building, Sawyer Hall Dining/Housing, Law College Building, CCM Infrastructure Replacements, East Campus Master Plan Site Improvements, Langsam Library Renovations, General Roof Replacements, and the Engineering Research Center Roof, Caulking and Panel Replacement. This series was issued at a premium and bears a 4.54% average interest rate. The final maturity of Series 2017A is June 1, 2047.

Series 2017B tax exempt bonds were issued on May 24, 2017 in the amount of \$21,935,000. The net proceeds of the Series 2017B Bonds were issued to (1) advance refund a portion of the 2020 to 2031 maturities of the General Receipts Bonds, Series 2008C dated February 6, 2008; and (2) pay costs of issuance of the Series 2017B Bonds. This series bears a 4.32% average interest rate. The final maturity of Series 2017B is June 1, 2031.

General Receipt Bonds - Variable Rate Direct Placement Debt

Series 2017C taxable variable rate bonds were issued via a direct placement contract with a bank on May 31, 2017 in an aggregate principal amount up to \$50,150,000. These bonds were issued as "draw-down" bonds whereby the purchaser of the bonds will fund the purchase price of the bonds in installments. As of June 30, 2017, a total of \$150,000 of the purchase price was advanced under the contract.

The proceeds will be used to finance all or a portion of the design, acquisition, construction and/or renovation of a number of capital projects. Capital projects considered for funding include, but are not limited to all or a portion of the 1819 Innovation Hub, the High Rise on the Green (Sawyer Dining/Housing), the Fifth Third Arena Renovation, the Fifth Third Arena Roof, the Alumni Center, and to pay issuance costs relating to the Series 2017C Bonds.

Series 2017C Bonds bear interest at an index-based rate (LIBOR) plus a spread. The LIBOR period can range from one month to twelve months as selected by the university at each reset date. The LIBOR rate in effect for the bonds on June 30, 2017 is 2.55%. Interest is payable semi-annually on December 1 and June 1; the Series 2017C Bonds mature on June 1, 2027.

Debt Refunding and Retirement

During the year ended June 30, 2017, the university refunded the following general receipt obligations:

The Series 2017B general receipt bonds issued on May 24, 2017 advance refunded a total of \$24,115,000 (par amount - \$21,935,000, issued at a premium) of the Series 2008C fixed rate bonds. The purpose of this transaction was to refund future callable maturities to achieve debt service savings. The cash flow differential from the refunding totals \$2,909,000 and will be realized over a 14 year period as a reduction of interest expense. The transaction also produced an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$3,089,000. As a result of the refunding, \$305,000 has been recorded as a loss on refunding within the deferred outflows of resources on the Statement of Net Position and will be amortized into income from 2020-2031. The loss on refunding reflects the difference between the refunding reacquisition price for the respective portion of Series 2017B and the net carrying amount of the outstanding principal balances of the refunded debt issues.

During the year ended June 30, 2017, the university retired \$28,945,000 of callable obligations for the Series 2007A Bonds representing the 2018-2023 maturities. The cash flow differential from this debt retirement is \$5,626,000 and will be realized in fiscal years 2018-2023 as a reduction of interest expense.

Capital Lease Obligations

The university has capital lease obligations in connection with the financing of two buildings (One Stetson Square and the Turner Center), which are owned by King Highland Community Urban Redevelopment Corporation and occupied, all or in part, by the university. As of June 30, 2017, the university's capital lease obligation for One Stetson Square and Turner Center was \$37,585,000. This financing was affected by the issuance of economic development revenue bonds by the County of Hamilton, Ohio (the "King Highland Bonds"). The leases for One Stetson Square and the Turner Center also constitute unconditional obligations to make lease payments which pay the principal and interest on the King Highland Bonds. The university has not pledged its general receipts to the payment of these leases. Holders of the general receipt bonds and the floating rate notes have a prior and superior claim to the general receipts than does King Highland.

Collateralization and Debt Service Reserves

The General Receipts Bonds and Floating Rate Notes are collateralized by a pledge of the university's general receipts. The capital lease obligations and capital leases (Stetson and Turner) are secured by base rent payments under the leases. The net book value of assets under capital lease obligations is \$26,202,000 as of June 30, 2017. Payment of base rents is subordinate to debt service payments on the university's general receipt bonds and bond anticipation notes.

Debt service reserves are required for debt issued under the Original Trust Agreement dated May 1, 1974. The Amended and Restated Trust Agreement dated May 1, 2001 removed the debt service reserve requirement for subsequent bond issues, but required the debt service reserves on pre-amended bonds to remain in place until they were fully refunded or retired. All pre-amended bonds have been fully refunded or retired and thus the university no longer maintains any debt service reserves.

Derivative Transactions

The university has one pay-fixed interest rate swap in effect at June 30, 2017, which has been in existence since May 1, 2009. The initial objective of this interest rate swap was to protect the university against the potential of rising interest rates within the fixed rate market. Through the evaluation process outlined in GASB standards, the university has determined its interest rate swap to be ineffective, thus it is considered to be an investment derivative versus a hedging derivative. The fair value of the swap on June 30, 2017 was (\$3,582,000). The negative fair value decreased by \$1,786,000 in 2017; this change is reported as an investment gain within the Statement of Revenues, Expenses and Changes in Net Position and decreases the interest rate swap liability on the Statement of Net Position.

The following table summarizes the university's pay-fixed interest rate swap agreement as of June 30, 2017:

Associated Debt Issue	Outstanding Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Index Received	Fair Value	Swap Termination Date	Counterparty Rating
2015A FRNS	\$24,075,000	5/1/2009	3.163%	USD-67% LIBOR-BBA-1M	(\$3,582,000)	6/1/2030	AA-/Aa3

Based on the swap agreement, the university pays to the swap counterparty (Royal Bank of Canada) interest calculated at a fixed rate. In return, the swap counterparty pays the university interest based on a specified index. Only the net difference in interest payments is actually exchanged between the parties. The university continues to pay interest on the 2015A FRNs obligations as due. The university has no collateral posting requirements on this swap.

Risks

Credit Risk: There are no counterparty collateral posting requirements on the swap. The university was not exposed to credit risk of the counterparty as the swap had a negative fair value throughout fiscal year 2017. A derivative management guideline is in place at the university, which addresses diversifying counterparty risk and limiting the university's credit exposure on derivative transactions.

Basis Risk: The swap exposes the university to basis risk should the interest rate received on the swap be less than the interest rate paid on the obligation. This mismatch will effectively result in a higher synthetic fixed rate and the expected savings may not be realized. As of June 30, 2017, the university is experiencing basis risk due to the issuance of FRNs at a higher rate of interest than what is being received on the swap.

Termination Risk: The university or counterparty may terminate the swap if either party fails to perform under the terms of the agreement. Termination provisions may result in the university paying or receiving a termination payment, depending on the value of the swap at that point in time.

Market-access Risk: Market conditions in the spring of 2009 prevented the university from issuing a variable rate bond series to coincide with the June 1, 2030 maturity date of the swap, therefore Series 2009A BANS were issued on May 12, 2009. Subsequent BANS have been issued on an annual basis to refund maturing notes; Series 2015A FRNs is the current debt issue associated with the swap. The university will again reevaluate the municipal market and the fair value of the swap in the spring of 2018 to take appropriate actions relating to the Series 2015A FRNs and the outstanding swap.

Fair Value

As of June 30, 2017, the fair value of the swap agreement was a liability of \$3,582,000 (reported as interest rate swap liability on the Statement of Net Position), indicating the amount that the university would be required to pay the counterparty to terminate the swap agreement. The fair value was estimated using the income approach, which converts future cash flows to a single present value using discounting. That value is then adjusted to incorporate non-performance risk for the university since the swap is a liability. The fair value of the swap agreement was developed by an independent third party with no vested interest in the swap transaction.

Debt Service Commitments

For bonds and notes payable at June 30, 2017 (including the UHCURC/Hamilton County bonds), scheduled annual debt service payments subsequent to June 30, 2017 are as follows (*in thousands*):

Fiscal Year	Principal*	Interest**	Total
2018	\$ 58,885	\$ 51,206	\$ 110,091
2019	35,610	49,378	84,988
2020	41,945	47,647	89,592
2021	52,605	45,585	98,190
2022	44,535	42,976	87,511
2023 - 2027	243,550	180,317	423,867
2028 - 2032	226,735	121,576	348,311
2033 - 2037	161,485	73,108	234,593
2038 - 2042	110,360	35,501	145,861
2043 - 2047	93,095	13,252	106,347
Total	\$ 1,068,805	\$ 660,546	\$ 1,729,351

* Fiscal year 2018 principal includes \$24,085,000 of FRNs that are outstanding as of June 30, 2017. These FRNs are expected to be retired, renewed or refunded into long term debt.

** Amounts do not reflect federal subsidies to be received for Build America Bonds interest.

The university's \$24,075,000 LIBOR swap is currently associated with the Series 2015A FRNs. Debt service for this series is reflected within the above debt service table; swap payments associated with the LIBOR swap are not reflected in the table.

Scheduled principal and interest payments on capital leases subsequent to June 30, 2017 are *(in thousands)*:

Fiscal Year	Principal	Interest	Total
2018	\$ —	\$ 1,581	\$ 1,581
2019	—	1,581	1,581
2020	—	1,581	1,581
2021	—	1,581	1,581
2022	1,585	1,581	3,166
2023 - 2027	8,740	7,078	15,818
2028 - 2032	10,730	5,092	15,822
2033 - 2037	13,485	2,344	15,829
2038	3,045	122	3,167
Total	\$ 37,585	\$ 22,541	\$ 60,126

Defeased Debt

Debt defeased by the university for which amounts remain outstanding at June 30, 2017, is *(in thousands)*:

Bond Series	Maturity Dates	Interest Rate(s)	Amount Outstanding
Series 2007G	2019-2034	5.00%	\$ 67,125
Series 2008C	2020-2031	4.375% - 5.00%	24,115
Total			\$ 91,240

Neither the outstanding indebtedness nor the related trust accounts are reflected in the accompanying financial statements for the fully defeased bonds listed above. United States Treasury obligations and/or cash in an amount sufficient to pay principal and interest on the defeased obligations, when due, has been deposited with a trustee in accordance with the defeasance of the debt.

Other

Interest expense on capital asset related debt for the year ended June 30, 2017 was \$47,515,000 (net of the Build America Bond federal interest subsidy of \$2,101,000). Capitalized interest expense on construction-related debt was \$2,941,000 (net of interest earnings of \$393,000).

8. Other Long-Term Liabilities

Other long-term liabilities as of June 30, 2017 are as follows (*in thousands*):

	Balance			Balance		
	July 1, 2016	Additions	Reductions	June 30, 2017	Current Portion	Noncurrent Portion
Other long-term liabilities:						
Compensated absences	\$ 56,616	\$ 7,513	\$ 5,064	\$ 59,065	\$ 40,584	\$ 18,481
Government loan advances	22,256	198	752	21,702	—	21,702
Interest rate swap liability	5,368	—	1,786	3,582	—	3,582
Total other long-term liabilities	\$ 84,240	\$ 7,711	\$ 7,602	\$ 84,349	\$ 40,584	\$ 43,765

9. Operating Leases

The university leases various office space, campus housing and equipment under operating lease arrangements. These facilities and equipment are not recorded as assets on the Statement of Net Position. The total rental expense under all arrangements was \$19,791,000 for the year ended June 30, 2017.

There are four significant operating leases that the university has entered into with initial or remaining terms in excess of one year as of June 30, 2017.

Commencing in 2010, the university entered into an operating lease arrangement with IRG Batavia I, LLC for the use of two buildings and common space located in Batavia, Ohio. This lease has an initial term of five years with four renewal options of five year terms each. The expense for this lease in 2017 was \$537,000.

Commencing in 2013, the university entered into an operating lease arrangement with USquare, LLC for the use of office space adjacent to the Uptown campus. This lease has an initial term of ten years with renewal options of two consecutive five year terms. The expense for this lease in 2017 was \$578,000.

Commencing in 2016, the university entered into multi-year lease agreements with 222 Senator Place, LLC (two year term) and Block 3 Community Redevelopment Corporation (three year term with one additional year renewal option) to expand housing capacity for students. The expense for these leases in 2017 was \$851,000 and \$6,838,000, respectively.

Future minimum payments for the above four operating leases as of June 30, 2017, are as follows (*in thousands*):

<u>Year Ended June 30,</u>	
2018	\$ 8,174
2019	1,708
2020	1,148
2021	619
2022	579
2023	538
	<u>\$ 12,766</u>

10. State Support

The university is a state-assisted institution of higher education and receives from the State of Ohio a state share of instruction that is student-enrollment based. This subsidy is determined annually by the Ohio Board of Regents. The State also provides line-item appropriations that support, in part, the current operations of various activities including clinical teaching expenditures.

In addition to the operating subsidies, the State of Ohio provides funding for construction and renovation of major plant facilities on the university's campuses. The state passes a capital appropriations bill biannually for both major capital projects and basic renovation projects of which the university receives a share. Such facilities are reported as capital assets on the Statement of Net Position.

11. Retirement Plans and Other Postemployment Benefits

Retirement benefits are available for substantially all employees under one of three contributory retirement plans. Employees not certified as teachers are covered by the Ohio Public Employees Retirement System (OPERS). Certified teachers are covered by the State Teachers Retirement System (STRS Ohio). Employees may opt out of OPERS and STRS Ohio and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

OPERS and STRS Ohio are cost-sharing, multiple-employer statewide retirement systems each comprised of three separate plans: (1) a defined benefit plan, (2) a defined contribution plan, and (3) a combined defined benefit/defined contribution plan. Each of the three options is discussed in greater detail in the following sections. In addition to retirement benefits, the systems also provide disability, survivor and postretirement health benefits to qualifying members of the defined benefit plan, combined plan and beneficiaries. Benefits provided under the plans are established by state statute.

Both plans issue separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting each organization as follows:

OPERS
277 East Town Street
Columbus, Ohio 43215-4642
Telephone (800) 222-7377
www.opers.org

STRS Ohio
275 East Broad Street
Columbus, Ohio 43215-3771
Telephone (888) 227-7877
www.strsoh.org

Benefits Provided

Plan benefits for OPERS are established under Chapter 145 of the Ohio Revised Code (ORC). Members are categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire on January 7, 2013 and those eligible to retire no later than five years after that date comprise transition group A. Members who have 20 years of service credit prior to January 7, 2013 or are eligible to retire no later than 10 years after January 7, 2013 are included in transition group 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. Additionally, OPERS has three separate divisions with varying degrees of benefits: (1) state and local, (2) law enforcement and (3) public safety. The university does not have any employees included in the public safety division.

Benefits for state and local members are calculated on the basis of age, final average salary, and service credit. State and local members in transition groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for state and local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For groups A and B, the annual benefit is based on 2.2% of final average salary 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. Final average salary represents the average of the three highest years of earnings over a member's career for groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount.

Members within the law enforcement division, as defined in ORC Chapter 145, are eligible for special retirement options under the defined benefit plan and are not eligible to participate in the defined contribution plan or combined plan. Group A law enforcement officers are eligible for full retirement at age 52 or older with 15 or more years of credited service. Law enforcement group B is eligible at age 48 or older with 25 years or at age 52 or older with 15 years of service. Law enforcement group C is eligible at age 48 or older with 25 years of

service or at age 56 with 15 years of service. Annual benefits are calculated by multiplying 2.5% of final average salary by the actual years of service for the first 25 years of service credit, and 2.1% of final average salary for each year of service over 25 years. These options also permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

OPERS offers a combined plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Eligibility requirements under the combined plan for age and years of service are identical to the defined benefit plan described earlier. The benefit formula for the defined benefit component of the plan for state and local members in transition groups A and B applies a factor of 1.0% to the member's final average salary 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 1.0% to the member's final average salary for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

A cost-of-living adjustment is provided each year and is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Plan benefits for STRS Ohio are established by ORC Chapter 3307. The STRS Ohio defined benefit plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring August 1, 2013 or later, the first 2% is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 and five years of service on August 1, 2026.

STRS Ohio also offers a combined plan that features elements of both a defined benefit and a defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. The defined benefit portion payment is payable to the member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

An annual COLA adjustment is applied to each STRS Ohio retirement allowance subsequent to the employee's retirement date. For members retired before August 1, 2013, the annual COLA adjustment is 2.0% simple per year. For members retired or retiring after August 1, 2013, the annual 2.0% simple COLA adjustment is delayed until the fifth anniversary of retirement date.

Contributions

The ORC provides OPERS and STRS Ohio statutory authority over employee and employer contributions. The required contractually determined contribution rates, respectively of annual payroll, actuarially determined as an amount that, when combined with employee contributions, 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 contractually required contribution rates for the employee and the university are as follows for the year ended June 30, 2017:

Contribution Rates		
	<u>Employee</u>	<u>University</u>
OPERS State and local divisions	10%	14%
OPERS Law enforcement division	13%	18.1%
STRS Ohio	14%	14%

For the year ended June 30, 2017, contributions to the pension plans from the university were \$23,876,000 for OPERS and \$19,136,000 for STRS Ohio.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the university reported a liability of \$265,395,000 and \$503,776,000 for OPERS and STRS Ohio, respectively, for its proportionate share of the net pension liability. This was an increase of \$70,218,000 for OPERS and \$95,732,000 for STRS Ohio compared to the liabilities reported as of June 30, 2016. The net pension liability was measured as of December 31, 2016 for OPERS and June 30, 2016 for STRS Ohio and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The university's proportion of the net pension liability was based on a projection of the university's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the university's proportion was 1.17% for OPERS Traditional Pension Plan, 1.68% for OPERS Combined Plan and 1.51% for STRS Ohio.

For the year ended June 30, 2017, the university recognized pension expense of \$60,512,000 and \$40,811,000 for OPERS and STRS Ohio, respectively. At June 30, 2017, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (*in thousands*):

	Deferred Outflows of Resources		
	<u>OPERS</u>	<u>STRS Ohio</u>	<u>Total</u>
Differences between expected and actual experience	\$ 361	\$ 20,066	\$ 20,427
Changes in assumptions	42,471	—	42,471
Net difference between projected and actual earnings on pension plan investments	38,270	42,610	80,880
Changes in proportion	3,465	9,817	13,282
University's contributions subsequent to the measurement date	12,375	23,287	35,662
	<u>\$ 96,942</u>	<u>\$ 95,780</u>	<u>\$ 192,722</u>

	Deferred Inflows of Resources		
	OPERS	STRS Ohio	Total
Differences between expected and actual experience	\$ 1,960	\$ —	\$ 1,960
Changes in proportion	27	—	27
	<u>\$ 1,987</u>	<u>\$ —</u>	<u>\$ 1,987</u>

At June 30, 2017, the university reported \$12,375,000 and \$23,287,000 for OPERS and STRS Ohio, respectively, as deferred outflows of resources related to pensions resulting in university contributions subsequent to the measurement date that will be used as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2017 related to pensions will be recognized in pension expense as follows (*in thousands*):

Year ended June 30,	OPERS	STRS Ohio	Total
2018	\$ 34,493	\$ 12,912	\$ 47,405
2019	35,654	12,912	48,566
2020	13,779	28,451	42,230
2021	(1,215)	18,218	17,003
2022	(44)	—	(44)
Thereafter	(87)	—	(87)
	<u>\$ 82,580</u>	<u>\$ 72,493</u>	<u>\$ 155,073</u>

Actuarial Assumptions

For OPERS, the total pension liability was determined by an actuarial valuation as of December 31, 2016 using the following actuarial assumptions, applied to all prior periods in the measurement:

OPERS	Traditional Pension Plan	Combined Plan
Valuation date	December 31, 2016	December 31, 2016
Date of last experience study	Period ended December 31, 2015	Period ended December 31, 2015
Inflation	3.25%	3.25%
Salary increases	3.25% - 10.75% including inflation at 3.25%	3.25% - 8.25% including inflation at 3.25%
Investment rate of return	7.50%	7.50%
Cost-of-living adjustments	Pre 1/7/2013 retirees: 3.00% simple; post 1/7/2013 retirees: 3.00% simple through 2018, then 2.15% simple	Pre 1/7/2013 retirees: 3.00% simple; post 1/7/2013 retirees: 3.00% simple through 2018, then 2.15% simple

For STRS Ohio, the total pension liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all prior periods included in the measurement:

STRS Ohio	
Valuation date	June 30, 2016
Date of last experience study	Period ended June 30, 2012
Inflation	2.75%
Salary increases	12.25% at age 20 to 2.75% at age 70
Investment rate of return	7.75%, net of investment expenses, including inflation
Cost-of-living adjustments	2% simple for members retiring before August 1, 2013; 2% simple delayed until fifth anniversary of retirement date for members retiring August 1, 2013 or later

Mortality rates for OPERS are based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. Mortality rates for STRS Ohio are the RP-2000 combined mortality table using Project Scale AA. For males, ages are set back two years through age 89 and no set back for age 90 and above. For females, those younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

The long-term expected rate of return on OPERS defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage, adjusted for inflation. STRS Ohio utilizes investment consultants to determine the long-term expected rate of return by developing best estimates of expected future real rates for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	OPERS		STRS Ohio	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	21%	6.34%	31%	8.00%
International equities	18%	7.95%	26%	7.85%
Fixed income	23%	2.75%	18%	3.75%
Real estate	10%	4.75%	10%	6.75%
Alternative investments	10%	8.97%	14%	8.00%
Other investments	18%	4.92%	1%	3.00%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 7.5% for OPERS and 7.75% for STRS Ohio. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the university's proportionate share of the OPERS and STRS Ohio net pension liability using a discount rate 1% higher and 1% lower than the plans' current rate (*in thousands*):

	1% Decrease (6.5)%	Current Discount Rate (7.5)%	1% Increase (8.5)%
OPERS	\$ 406,811	\$ 265,395	\$ 147,495

	1% Decrease (6.75)%	Current Discount Rate (7.75)%	1% Increase (8.75)%
STRS Ohio	\$ 669,477	\$ 503,776	\$ 363,997

Changes Between Measurement Date and Report Date

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued OPERS and STRS Ohio financial report.

Defined Contribution Plans

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 9.5% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no postretirement health care benefits.

On June 23, 1998, pursuant to Ohio House Bill 586, the university created an Ohio Alternative Retirement Plan (ARP), which is designed to aid the university in recruiting and retaining employees by offering a portable retirement option. The ARP is a defined contribution plan that provides full and immediate vesting of all contributions made on behalf of the participant. Contributions are directed to one of eight investment management companies, which allow the participant to manage the investment of all retirement funds. New employees who qualify for the ARP have 120 days from the date of hire to elect the ARP option. Once this window has passed, the employee will not have the option to elect into the ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

At June 30, 2017, there were 2,537 members in the plan. Under the provisions of ARP, the required rate for plan participants electing out of OPERS and STRS Ohio was 10% and 14%, respectively. The employer contribution rate for participants electing out of OPERS and STRS Ohio was 14% for 2017. During 2017, 2016, and 2015, the employer contributions were \$20,433,000, \$18,726,000, and \$17,080,000, respectively. A portion

of the employer contribution rate for those employees that elect to participate in the ARP is directed to the unfunded liability accounts for both OPERS and STRS Ohio. The rates for fiscal year 2017 were 0.77% to OPERS and 4.5% to STRS Ohio. The employer contributions to the OPERS unfunded liability account during 2017, 2016, and 2015 were \$703,000, \$660,000, and \$612,000, respectively. The employer contributions to the STRS Ohio unfunded liability account during 2017, 2016, and 2015 were \$4,150,000, \$3,883,000, and \$3,449,000, respectively.

Payables to the Pension Plans

At June 30, 2017, the university reported a payable of \$3,799,000 and \$3,757,000 for OPERS and STRS Ohio, respectively, for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2017.

Other Postemployment Benefits

OPERS provides postemployment health care benefits to retirees with twenty or more years of qualifying service credit under the Traditional Pension and Combined Plans. All health care assets are consolidated into the OPERS 115 Health Care Trust that funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined Plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. OPERS funds a Retiree Medical Account (RMA) that Member-Directed Plan participants can use for reimbursement of qualified medical expenses from their vested RMA balance. The Ohio Revised Code (ORC) permits, but does not require OPERS to provide Other Postemployment Benefits (OPEB) to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the ORC.

Each year the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For the calendar year ended December 31, 2016, OPERS allocated 2.0% of the employer contribution rate to fund the health care program for members in the Traditional Pension Plan and Combined Plan. Beginning January 1, 2017 the allocation was decreased to 1% for both plans. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for the calendar year ending December 31, 2016 was 4%. University employer contributions to OPERS to fund OPEB for 2017, 2016, and 2015 were approximately \$3,382,000, \$3,155,000, and \$3,079,000 respectively.

STRS Ohio also provides access to health care coverage to eligible retirees who participate in the Defined Benefit and Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to Chapter 3307 of the ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of monthly premiums. Since July 1, 2014, STRS Ohio has not allocated any employer contributions of covered payroll to the Health Care Fund from which payments for health care benefits are paid.

12. Risk Management and Self-Insurance Funds

The university is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Settled claims have not exceeded commercial coverage in any of the three preceding years. The state of Ohio self-insures workers' compensation benefits for all state employees, including university employees. Under the direction of the university and the Ohio Bureau of Workers' Compensation, CareWorks and Sheakley UniService, Inc. assist in the administration and disposition of workers' compensation claims.

The university provides for medical professional and general liability insurance through a combination of an actuarially funded self-insurance program sponsored by the university and has purchased commercial insurance coverage in excess of the self-insurance amount. The medical professional liability insurance program also includes qualified not-for-profit physician practice corporations, largely subsumed into University of Cincinnati

Physicians, Inc. Medical professional self-insurance limits were \$4 million per occurrence for 2017. An additional \$30 million in commercial excess professional liability insurance was provided above the self-insured retention.

The university's self-insurance program is based on calculations by independent actuaries and funds are deposited directly into two irrevocable self-insurance trust funds, one for medical and professional liability and one for general liability. In the opinion of management, trust assets totaling approximately \$25,470,000 are adequate to cover estimated liabilities resulting from known claims and incidents and incurred-but-not-reported incidents as of June 30, 2017 for the university and University of Cincinnati Physicians, Inc. Trust assets related to the university total \$4,480,000 and are included in current portion of other assets; liabilities of \$551,000 are included in accrued liabilities in the Statement of Net Position as of June 30, 2017.

General liability coverage is also provided as part of a group insurance program of Ohio state universities known as the Inter-University Council of Ohio Insurance Consortium (IUC-IC). This program provided for \$10 million retention per occurrence with the first \$100,000 funded by the university, \$900,000 funded by pooled funds held through the IUC-IC and \$9 million reinsured through a commercial reinsurance agreement. Excess commercial coverage for general liability was provided with total limits of \$50 million shared with the other participating universities. In addition, educators' legal liability coverage was provided through the IUC-IC program with \$50 million in total limits also shared among the participating institutions. The IUC-IC self-insurance pools are funded by an agreed formula among the participating universities. This program qualifies as a public entity risk pool as defined by GASB standards and is classified as a risk-sharing pool. Under this arrangement, there is a transfer of risk from the university to the pool. Therefore, there is no recognition in the university's financial statements of assets or liabilities related to the IUC-IC program.

Property and casualty insurance is also provided through the IUC-IC program, consisting of commercial property insurance with a \$350,000 retention, and a self-insurance pool to fund retained losses subject to a \$100,000 university deductible. Total insurance expense paid through the IUC-IC program was \$1,739,000.

The university is also self-insured for a portion of medical, dental, and pharmacy benefits provided to employees. The cost of such self-insured benefits provided during 2017 was approximately \$90,678,000. Changes in the self-insured health care benefits as of June 30, 2017 and 2016 are as follows (*in thousands*):

	2017	2016
Liability at beginning of fiscal year	\$ 5,638	\$ 5,780
Current year claim is including changes in estimates	91,754	78,554
Claim payments	(87,617)	(78,696)
Liability at the end of fiscal year	<u>\$ 9,775</u>	<u>\$ 5,638</u>

13. Capital Project Commitments

At June 30, 2017, the university is committed to future capital expenditures as follows (*in thousands*):

Contractual commitments	\$ 203,955
Estimated completion costs of projects	<u>206,313</u>
Total	<u>\$ 410,268</u>

These projects are being funded through various resources, including the State of Ohio, as follows (*in thousands*):

Approved state appropriations requested and released as of June 30, 2017	\$ 9,763
Approved state appropriations not yet requested	27,424
University funded prior to June 30, 2017	189,141
Funds to be provided subsequent to June 30, 2017 from various available sources	<u>183,940</u>
Total	<u>\$ 410,268</u>

14. Other Commitments and Contingencies

The university is currently a defendant in various legal actions. Although the final outcome of such actions cannot currently be determined, the university's administration is of the opinion that the eventual liability, if any, will not have a material effect on the financial position or operations of the university.

The university receives grants and contracts from certain federal, state and local agencies to fund research and other activities. The costs, both direct and indirect, that have been charged to the grants or contracts are subject to examination and approval by the granting agency. It is the opinion of management that any disallowance or adjustment of such costs would not have a material effect on the financial statements.

The university's utility plant is exposed to market price fluctuations on its purchase of natural gas. Purchase commitments have been issued with certain suppliers of natural gas whereby the university has locked in the price of natural gas for specified amounts to stabilize costs.

15. Restricted Net Position

Restricted net position is either nonexpendable or expendable. Nonexpendable restricted net position consists primarily of endowments whose corpus is held in perpetuity. Only the income and net appreciation is used for the purpose specified by the donor. The principal of expendable restricted net position may be used for the donor-specified purpose. Restricted nonexpendable and expendable net position is held for the following purposes (*in thousands*):

Restricted nonexpendable:	
Instruction	\$ 105,350
Research	35,321
Academic support	43,201
College/programs	83,405
Scholarships	75,784
Interest in UC Health	420,645
Other	14,191
	<u>777,897</u>
Less: UHCURC Elimination	13,433
Total	<u>\$ 764,464</u>

Restricted expendable:	
Instruction	\$ 29,129
Research	102,735
Academic support	25,798
College/programs	109,653
Scholarships	38,669
Student loans	10,613
Grants and contracts	445
Capital projects	13,203
Total	<u>\$ 330,245</u>

16. University Heights Community Urban Redevelopment Corporation

University Heights Community Urban Redevelopment Corporation (UHCURC) is organized as a not-for-profit corporation under the laws of the state of Ohio. Its mission is to revitalize the University Heights neighborhood adjacent to the University of Cincinnati. UHCURC was organized by three founding members: The Heights Community Council, the Greek Affairs Council and the University of Cincinnati. The corporation owns a student housing complex that consists of 20 buildings with the capacity to house approximately 700 students.

The governance structure of UHCURC's Board of Trustees gives the university a voting majority on the board. Due to this structure and the fact the university can impose its will on UHCURC, the organization is reported as a blended component unit of the university. Accordingly, all significant intercompany accounting transactions have been eliminated as required by generally accepted accounting principles.

UHCURC's fiscal year end is August 31. As required, the reporting entity should incorporate financial statements for the blended component unit's fiscal year ended during the reporting entity's fiscal year. Therefore, UHCURC's financial statements for the year ended August 31, 2016 have been blended with the university's financial statements for the fiscal year ended June 30, 2017.

A condensed statement of net position for UHCURC as of August 31, 2016 and the related statement of revenues, expenses and changes in net position and statement of cash flows for the year then ended are as follows (in thousands):

Statement of Net Position

	<u>8/31/2016</u>
Current assets	\$ 37
Capital assets not being depreciated	4,788
Capital assets being depreciated, net	40,290
Total assets	<u>45,115</u>
Deferred outflows of resources	<u>710</u>
Current liabilities	1,706
Accrued interest payable – University of Cincinnati	12,534
Notes payable – University of Cincinnati	16,998
Other long-term debt	44,286
Total liabilities	<u>75,524</u>
Net investment in capital assets	(1,251)
Unrestricted	<u>(28,448)</u>
Total net position	<u>\$ (29,699)</u>

Statement of Revenues, Expenses and Changes in Net Position

	<u>8/31/2016</u>
Operating revenues	\$ 3,349
Operating expenses	76
Depreciation	<u>1,391</u>
Operating income	1,882
Other nonoperating expenses	<u>3,264</u>
Decrease in net position	(1,382)
Net position, beginning of the year	<u>(28,317)</u>
Net position, end of the year	<u><u>\$ (29,699)</u></u>

Statement of Cash Flows

	<u>8/31/2016</u>
Net cash from operating activities	\$ 1,125
Net cash used for capital and financing activities	<u>(1,132)</u>
Net decrease in cash and cash equivalents	(7)
Cash and cash equivalents, beginning of the year	<u>44</u>
Cash and cash equivalents, end of the year	<u><u>\$ 37</u></u>

17. University of Cincinnati Foundation

The University of Cincinnati Foundation is a legally separate, tax-exempt component unit of the university. The foundation complies with Financial Accounting Standards Board (FASB) pronouncements for reporting purposes. The principal function of the foundation is to solicit, receive, hold, invest and administer funds and to make distributions to or for the benefit of the university. Since these resources held by the foundation can be used only by or for the benefit of the university, the foundation is considered a component unit of the university and is discretely presented in the university's financial statements.

Separate financial information regarding the foundation may be obtained by contacting the foundation at University of Cincinnati Foundation, University Hall, Suite 100, 51 Goodman Drive, Cincinnati, Ohio 45221-0064. Selected disclosures from the University of Cincinnati Foundation financial statements can be found beginning on the following page.

THE UNIVERSITY OF CINCINNATI FOUNDATION NOTES TO FINANCIAL STATEMENTS

PLEDGES RECEIVABLE

Contributors to the Foundation have made unconditional pledges totaling approximately \$108,634,000 as of June 30, 2017. For payments that extend beyond one year, these pledges receivable have been discounted at rates ranging from 0.8% to 6% to a net present value of approximately \$99,007,000 as of June 30, 2017.

As of June 30, the unpaid pledges are due as follows:

	2017
Less than one year	\$ 29,100,702
One to five years	45,552,418
More than five years	33,980,463
	<u>108,633,583</u>
Less discount to present value	(9,626,201)
Less allowance for uncollectible pledges	(4,308,000)
	<u>\$ 94,699,382</u>

The Foundation records unconditional promises to give at fair value on the date the promise to give is received using the expected present value technique (EPV). EPV calculates present value by discounting risk-adjusted expected cash flows using a risk-free interest rate (yield to maturity on U.S. Treasuries representing the average pledge term). Amortization of the discount is recorded as additional contribution revenue.

Amounts due from irrevocable bequests, which are unconditional promises to give, as of June 30, 2017 of approximately \$18,263,000 are included in the total amount of unconditional pledges due and fall within either the due in one to five years or due in more than five years categories. The allowance for uncollectible pledges includes approximately \$36,000 associated with the irrevocable bequests, as of June 30, 2017.

As of June 30, 2017, sixteen donors currently have outstanding conditional pledges to the Foundation. As of June 30, 2017, the conditions were not substantially met, therefore, the net present value of the pledges is not included in the carrying amount of pledges receivable. The net present value of the conditional pledges approximated \$7,553,000 as of June 30, 2017.

ENDOWMENT FUNDS

Endowment assets are invested in a manner consistent with statutory fiduciary responsibilities and policies adopted by the Foundation's Board of Trustees. The primary objective is to produce long-term real growth in assets, net of administrative and investment fees, by generating a total endowment rate of return which is greater than the spending rate plus the Consumer Price Index. Strategies to achieve the primary objective at a prudent level of risk include: (a) diversification of assets among various classes; (b) diversification of investment styles within asset class; and (c) ongoing review of investment manager performance with respect to rate of return, adherence to investment style and compliance with investment guidelines.

The Foundation's endowment pool and separately invested endowment funds include donor restricted endowment funds, funds designated by the Board of Trustees for reinvestment in the endowment funds, and investment income on the endowment funds that have been appropriated for expenditure. As required by US GAAP, 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 absence or existence of donor-imposed restrictions.

The Board of Trustees has interpreted the State of Ohio's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent

endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the Foundation's interpretation of UPMIFA, investment income and appreciation/depreciation earned on investments held in the permanently restricted endowment funds are credited to temporarily restricted net assets, unless otherwise stipulated by the donor. Financial assets are to be invested in a manner consistent with statutory fiduciary responsibilities and policies adopted by the Foundation's Board of Trustees.

There are 1,115 endowment funds, at June 30, 2017. As of June 30, 2017, the fair value of these funds collectively was \$32,008,350 less than the original gift amounts.

The Foundation has adopted a spending rate policy that limits the distribution of endowment income. The spending rate in fiscal year 2017 was 4.5% of the moving average market value for the twelve-quarter period ended each December. Earnings above the spend rate limit are reinvested in the endowment fund for the purposes of promoting endowment fund growth. During 2017, income earned in the investment pool was less than the amount allocated for expenditure by approximately \$11,561,000. This shortfall was funded by cumulative capital gains in the investment pool for the year ended June 30, 2017.

The endowment net asset composition by type of fund as of June 30, 2017 was as follows:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor restricted endowment funds	\$ (32,008,350)	\$ 101,463,551	\$ 311,745,795	\$ 381,200,996
Board designated endowment funds	3,866,709	—	—	3,866,709
Total	\$ (28,141,641)	\$ 101,463,551	\$ 311,745,795	\$ 385,067,705

The change in endowment fund net assets for the year ended June 30, 2017, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (37,694,169)	\$ 84,285,458	\$ 295,855,901	\$ 342,447,190
Investment income:				
Interest and dividend income	259,285	6,796,649	4,948	7,060,882
Net realized/unrealized gain	9,548,116	8,625,691	—	18,173,807
Total investment income	9,807,401	15,422,340	4,948	25,234,689
Contributions and other transfers	—	7,733,186	14,708,653	22,441,839
Appropriation of endowment assets for expenditure	(259,285)	(6,838,931)	(48,023)	(7,146,239)
Other changes:				
Other income	—	525,977	806,404	1,332,381
Income reinvestment	4,412	335,521	417,912	757,845
Endowment net assets, end of year	\$ (28,141,641)	\$ 101,463,551	\$ 311,745,795	\$ 385,067,705

Permanently restricted endowment assets appropriated for expenditure relate primarily to contributions received where a donor originally permanently restricted the donation and subsequently changed the nature of the restriction.

INVESTMENTS

The Foundation combines its pooled investment securities with the investment pool of the university in order to maximize investment diversification and realize economies of scale with respect to costs of managing the investments. The Foundation continues to serve as trustee for these assets. The Foundation maintains individual records of each fund included in the transfer of assets to the investment pool of the university. Each fund subscribes to, or disposes of, units in the pool at the unit market value at the end of each month. Income is allocated to each fund in the pool based on units of participation. The investment pool consists of Fund A and Fund C. In July 2016, Fund C was created by segregating each share of Fund A into one share of Fund A, which owns the diversified portfolio of investment funds in separate accounts, and one share of Fund C, which owns neighborhood development corporations loans (NDCL) and strategic real estate. As NDCLs and strategic real estate produce distributions to Fund C unitholders, the proceeds will be used to periodically purchase newly-created Fund A units for the Fund C unitholders. No additional assets will be purchased within Fund C. It is expected that Fund C will cease to exist in approximately 2040 as the last distributions are made from NDCLs. As of June 30, 2017, the university is holding approximately \$8,927,000 that is to be invested in the university pooled investments. These amounts are recorded as other investments in the Statements of Financial Position.

The Foundation also manages other investments, which amounted to approximately \$51,263,000 as of June 30, 2017. These funds represent separately invested endowments, temporary cash investments, and split-interest trusts where the Foundation is the remainderman.

The following presents investments held by the Foundation as of June 30, 2017:

	2017 Fair Value	2017 Cost
Cash equivalents	\$ 10,753,057	\$ 10,753,057
U.S. Government and agency obligations	4,209,417	4,171,133
Corporate bonds	9,172,872	9,285,420
Mutual funds	23,523,168	20,386,225
Common stocks and exchange traded funds	11,691,018	9,251,173
Investment property	840,000	840,000
University pooled investments	342,520,697	361,333,575
Total	<u>\$ 402,710,229</u>	<u>\$ 416,020,583</u>

The number of units in Fund A owned by the Foundation totaled 4,250,044, which represents 37% share of the university investment pool as of June 30, 2017. Fund A holds primarily common stock, mutual funds, and corporate and government fixed income obligations, which are stated at fair value as determined by market prices. In addition, the Foundation owned 3,870,700 shares of Fund C as of June 30, 2017 which represents 35% of the pool which invests in loans to certain not-for-profit entities for the purpose of developing residential and commercial facilities near the university's main campus. These loans are secured by mortgages, some of which are subordinated to external financing arrangements, on parcels of land purchased by these not-for-profit entities for development. Certain investments in the university pooled investments are stated at fair value, as provided by the investment managers. Audited financial statements of the underlying investments in the university pooled investments as of June 30, 2017, are used as a basis for fair value when available. When not available, the fair value is based upon financial information as of an interim date, adjusted for cash receipts, cash disbursements and other distributions made through June 30, 2017. The Foundation believes that the carrying value of these investments is a reasonable estimate of fair value at June 30, 2017. Certain underlying investments in the university pooled investments are not readily marketable; therefore, the estimated values of these investments are subject to certain risks. As a result, the fair value of the university pooled investments could differ from the value that may have been determined had a market for certain investments in the university investment pool existed.

The underlying investments that comprise university pooled investments as of June 30 are as follows:

	<u>2017</u>
Fund A	
U.S. and international equity securities	45%
Hedge funds and private equity capital	34%
Fixed income securities	14%
Fund C	
Real estate and community development	7%
Total	<u>100%</u>

BENEFICIAL INTEREST IN TRUSTS – OTHER TRUSTEES

The Foundation has been notified of thirteen trusts held by other trustees where the remainder interest will irrevocably benefit the university. In addition, the Foundation has been notified of two charitable lead unitrusts held by other trustees where annual payments are received by the Foundation. The Foundation values these assets by projecting the value of the trust assets to future periods and then discounting the anticipated cash flows at a rate reflective of the credit risk involved. Beneficial interest in trusts held by other trustees amounted to approximately \$10,158,000 as of June 30, 2017.

Required Supplementary Information

**Schedules of the University's Proportionate Share of the Net Pension Liability (Asset)
Ohio Public Employees Retirement System (OPERS)
State Teachers Retirement System of Ohio (STRS Ohio)
Last 10 Years*
(Dollar amounts in millions)**

OPERS	2017	2016	2015
University's proportion of the net pension liability	1.17%	1.13%	1.13%
University's proportionate share of the net pension liability	\$ 265.4	\$ 195.2	\$ 135.9
University's covered-employee payroll	\$ 163.6	\$ 153.8	\$ 150.5
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	162.22%	126.88%	90.32%
Plan fiduciary net position as a percentage of the total pension liability	77.38%	81.19%	86.53%
 STRS Ohio	 2017	 2016	 2015
University's proportion of the net pension liability	1.51%	1.48%	1.46%
University's proportionate share of the net pension liability	\$ 503.8	\$ 408.0	\$ 354.4
University's covered-employee payroll	\$ 132.8	\$ 131.1	\$ 128.9
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	379.23%	311.11%	275.03%
Plan fiduciary net position as a percentage of the total pension liability	66.78%	72.09%	74.71%

*The amounts presented for each fiscal year were determined as of December 31 for OPERS and June 30 of the previous fiscal year for STRS Ohio. These are 10-year schedules – however, the information is not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.

Schedules of the University's Contributions
Ohio Public Employees Retirement System (OPERS)
State Teachers Retirement System of Ohio (STRS Ohio)
Last 10 Years*
(Dollar amounts in millions)

OPERS	2017	2016	2015
Contractually required contribution	\$ 23.9	\$ 22.3	\$ 21.7
Contributions in relation to the contractually required contribution	(23.9)	(22.3)	(21.7)
Contribution deficiency (excess)	\$ —	\$ —	\$ —
University's covered-employee payroll	\$ 169.2	\$ 157.8	\$ 154.0
Contributions as a percentage of covered-employee payroll	14.11%	14.11%	14.12%
 STRS Ohio	 2017	 2016	 2015
Contractually required contribution	\$ 19.1	\$ 18.6	\$ 18.4
Contributions in relation to the contractually required contribution	(19.1)	(18.6)	(18.4)
Contribution deficiency (excess)	\$ —	\$ —	\$ —
University's covered-employee payroll	\$ 136.7	\$ 132.8	\$ 131.1
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%

*The amounts presented for each fiscal year were determined as of June 30. These are 10-year schedules – however, the information is not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.

Notes to Required Supplementary Information

Changes of Benefit Terms

Amounts reported in 2015 for OPERS reflect the following plan changes:

- The minimum age and number of years of service required to receive an unreduced benefit were each increased by two years for members in the state and local divisions. The number of years of service required for law enforcement members did not change, however, the minimum retirement age was increased by two years.
- Final average salary (FAS) increased to the highest five years (up from three years).
- The benefit multiplier used for the first 30 years (2.2% of FAS) was increased to the first 35 years of service.
- Age and service reduction factors changed to represent actuarially determined rates for each year a member retires before attaining full retirement.
- The Cost of Living Adjustment (COLA) was changed for new retirees from a simple 3% applied to the benefit value at date of retirement, to a rate based on the change in the Consumer Price Index, not to exceed 3%.

Amounts reported in 2015 for STRS Ohio reflect the following plan changes:

- No COLAs were granted for the fiscal year ended June 30, 2014 and reduced to 2% for future periods. COLA deferred until the fifth anniversary of retirement for members retiring after July 1, 2013.
- New members require five years of qualifying service credit to be eligible for survivor benefits and 10 years of service of qualifying service to be eligible for disability benefits.

Changes of Assumptions

Amounts reported in 2017 for OPERS reflect the following change of assumptions based on a experience study for the five year period ending December 31, 2015:

- Expected rate of investment return decreased from 8.0% to 7.5%.
- Wage inflation assumption decreased from 3.75% to 3.25%.
- Projected salary increases range changed as 0.00% to 7.50% per year; a slight change from the 0.50% to 6.30% pre-experience study assumption.
- Increase in the mortality assumptions to reflect longer life expectancies.

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

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Student Financial Assistance Cluster				
Student Financial Assistance - Direct Funds				
Department of Education				
Office of Student Financial Assistance Programs	84.007	Federal Supplemental Educational Opportunity Grants		\$1,398,367
Office of Student Financial Assistance Programs	84.033	Federal Work-Study Program		1,609,881
Office of Student Financial Assistance Programs	84.038	Federal Perkins Loan Program_Federal Capital Contributions		24,261,515
Office of Student Financial Assistance Programs	84.063	Federal Pell Grant Program		33,857,602
Office of Student Financial Assistance Programs	84.268	Federal Direct Student Loans		273,437,106
Department of Education	84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)		67,614
Total Department of Education				334,632,085
Department of Health and Human Services				
Health Resources and Services Administration	93.264	Nurse Faculty Loan Program (NFLP)		1,345,870
Health Resources and Services Administration	93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		533,403
Health Resources and Services Administration	93.364	Nursing Student Loans		815,538
Total Department of Health and Human Services				2,694,811
Total Student Financial Assistance - Direct Funds				337,326,896
Total Student Financial Assistance Cluster				337,326,896
Research and Development Cluster				
Research and Development - Direct Funds				
Department of Agriculture				
National Institute of Food and Agriculture	10.200	Grants for Agricultural Research, Special Research Grants		27,908
National Institute of Food and Agriculture	10.310	Agriculture and Food Research Initiative (AFRI)	\$46,304	130,218
National Agricultural Statistics Service	10.950	Agricultural Statistics Reports		21,336
Total Department of Agriculture			46,304	179,462
Department of Commerce				
National Institute of Standards and Technology (NIST)	11.609	Measurement and Engineering Research and Standards		52,711
Department of Defense				
Department of the Navy, Office of the Chief of Naval Research	12.300	Basic and Applied Scientific Research		70,421

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Office of the Secretary of Defense	12.351	Basic Scientific Research - Combating Weapons of Mass Destruction	3,684	172,069
U.S. Army Medical Command	12.420	Military Medical Research and Development	4,977	1,580,840
U.S. Army Materiel Command	12.431	Basic Scientific Research		162,868
Office of Economic Adjustment	12.600	Community Economic Adjustment		2,112
Department of the Air Force, Materiel Command	12.800	Air Force Defense Research Sciences Program	950,369	2,963,963
National Security Agency	12.900	Language Grant Program		51,885
National Security Agency	12.901	Mathematical Sciences Grants Program		22,418
Advanced Research Projects Agency	12.910	Research and Technology Development	153,216	285,095
Department of Defense	12.RD	Department of Defense		83,071
Total Department of Defense			1,112,246	5,394,742
Department of Education				
Institute of Education Sciences	84.305	Education Research, Development and Dissemination	36,388	236,420
Institute of Education Sciences	84.324	Research in Special Education		390,416
Total Department of Education			36,388	626,836
Department of Energy				
Department of Energy	81.049	Office of Science Financial Assistance Program		919,488
Department of Energy	81.057	University Coal Research	114,964	223,867
Department of Energy	81.135	Advanced Research and Projects Agency Energy Financial Assistance Program	480,718	809,033
Total Department of Energy			595,682	1,952,388
Department of Health and Human Services				
Food and Drug Administration	93.103	Food and Drug Administration_Research	608,816	884,231
Health Resources and Services Administration	93.110	Maternal and Child Health Federal Consolidated Programs	471,282	637,159
National Institutes of Health	93.113	Environmental Health	531,134	5,315,837
National Institutes of Health	93.121	Oral Diseases and Disorders Research		398,387
Health Resources and Services Administration	93.124	Nurse Anesthetist Traineeships		31,455
Office of Minority Health	93.137	Community Programs to Improve Minority Health Grant Program	2,603	399,531
National Institutes of Health	93.142	NIEHS Hazardous Waste Worker Health and Safety Training	1,284,456	1,714,838
National Institutes of Health	93.173	Research Related to Deafness and Communication Disorders		659,833
Health Resources and Services Administration	93.178	Nursing Workforce Diversity		294,461
Agency for Healthcare Research and Quality	93.226	Research on Healthcare Costs, Quality and Outcomes	28,864	345,730

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
National Institutes of Health	93.242	Mental Health Research Grants	133,777	3,766,944
Substance Abuse and Mental Health Services Administration	93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance		345,625
Health Resources and Services Administration	93.247	Advanced Nursing Education Grant Program		23,645
Health Resources and Services Administration	93.250	Geriatric Academic Career Awards		308,673
Centers for Disease Control and Prevention	93.262	Occupational Safety and Health Program	154,663	2,089,893
Centers for Disease Control and Prevention	93.270	Adult Viral Hepatitis Prevention and Control	68,616	135,694
National Institutes of Health	93.279	Drug Abuse and Addiction Research Programs	752,875	3,228,244
National Institutes of Health	93.281	Mental Health Research Career/Scientist Development Awards		44,909
National Institutes of Health	93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health		29,177
National Institutes of Health	93.350	National Center for Advancing Translational Sciences	2,348,692	4,125,672
Health Resources and Services Administration	93.359	Nurse Education, Practice and Retention Grants		341,399
National Institutes of Health	93.393	Cancer Cause and Prevention Research	259,317	1,127,252
National Institutes of Health	93.394	Cancer Detection and Diagnosis Research		9,298
National Institutes of Health	93.395	Cancer Treatment Research	46,286	951,858
National Institutes of Health	93.396	Cancer Biology Research	262,753	2,381,793
National Institutes of Health	93.398	Cancer Research Manpower		463,911
Administration for Children and Families	93.583	Refugee and Entrant Assistance_Wilson/Fish Program		10,983
Administration for Children and Families	93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	488,270	523,498
National Institutes of Health	93.837	Cardiovascular Diseases Research	1,157,507	6,624,062
National Institutes of Health	93.838	Lung Diseases Research	137,852	1,268,951
National Institutes of Health	93.846	Arthritis, Musculoskeletal and Skin Diseases Research	66,809	1,051,753
National Institutes of Health	93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	945,262	5,935,741
National Institutes of Health	93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	2,132,166	10,751,300
National Institutes of Health	93.855	Allergy, Immunology and Transplantation Research	689,263	4,079,657
National Institutes of Health	93.859	Biomedical Research and Research Training	261,012	3,083,128
National Institutes of Health	93.865	Child Health and Human Development Extramural Research	356,207	637,360
National Institutes of Health	93.866	Aging Research		-28,664
National Institutes of Health	93.867	Vision Research	55,000	1,136,712
Health Resources and Services Administration	93.884	Grants for Training in Primary Care Medicine and Dentistry		465,663
Fogarty International Center	93.934	Fogarty International Research Collaboration Award		144,919
Department of Health and Human Services	93.RD	Department of Health and Human Services		583,890

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Total Department of Health and Human Services			13,243,482	66,324,402
Department of Housing and Urban Development				
Department of Housing and Urban Development	14.RD	Department of Housing and Urban Development	25,583	343,539
Department of Justice				
Federal Bureau of Investigation	16.307	Combined DNA Index System		90,436
Office of Juvenile Justice and Delinquency Prevention	16.540	Juvenile Justice and Delinquency Prevention_Allocation to States		87,078
Office of Juvenile Justice and Delinquency Prevention	16.541	Part E - Developing, Testing and Demonstrating Promising New Programs		52,923
National Institute of Justice	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	5,401	201,657
National Institute of Justice	16.566	National Institute of Justice W.E.B. DuBois Fellowship Program		5,144
Bureau of Prisons	16.601	Corrections_Training and Staff Development		231,608
Department of Justice	16.817	Byrne Criminal Justice Innovation Program		80,299
Total Department of Justice			5,401	749,145
Department of the Interior				
Bureau of Land Management	15.236	Environmental Quality and Protection Resource Management		7,871
Office of Surface Mining	15.255	Applied Science Program Cooperative Agreements Related to Coal Mining and Reclamation		45,458
U.S. Geological Survey	15.807	Earthquake Hazards Reduction Program		28,845
U.S. Geological Survey	15.816	Minerals Resources External Research Program		-6,164
Total Department of the Interior				76,010
Department of Transportation				
Federal Aviation Administration (FAA)	20.108	Aviation Research Grants	80,001	365,421
Department of Veterans Affairs				
Department of Veterans Affairs	64.RD	Human Capital Investment Plan		21,024
Environmental Protection Agency				
Office of Water	66.419	Water Pollution Control State, Interstate, and Tribal Program Support		15,231
Office of Research and Development	66.511	Office of Research and Development Consolidated Research/Training/Fellowships		615,192
Office of Research and Development	66.516	P3 Award: National Student Design Competition for Sustainability		8,952
Total Environmental Protection Agency				639,375

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
National Aeronautics and Space Administration				
National Aeronautics and Space Administration	43.001	Science		127,996
National Aeronautics and Space Administration	43.002	Aeronautics		11,238
National Aeronautics and Space Administration	43.008	Education		40,289
National Aeronautics and Space Administration	43.RD	National Aeronautics and Space Administration		159,526
Total National Aeronautics and Space Administration				339,049
National Endowment for the Humanities				
National Endowment for the Humanities	45.160	Promotion of the Humanities_Fellowships and Stipends		-5,678
National Science Foundation				
National Science Foundation	47.041	Engineering Grants	91,912	2,010,188
National Science Foundation	47.049	Mathematical and Physical Sciences	28,219	2,729,987
National Science Foundation	47.050	Geosciences	1,217	214,151
National Science Foundation	47.070	Computer and Information Science and Engineering		926,627
National Science Foundation	47.074	Biological Sciences	1,696	858,325
National Science Foundation	47.075	Social, Behavioral, and Economic Sciences	101,214	400,480
National Science Foundation	47.076	Education and Human Resources	359,127	4,453,690
Total National Science Foundation			583,385	11,593,448
Office of Personnel Management				
Office of Personnel Management	27.011	Intergovernmental Personnel Act (IPA) Mobility Program		1,048,247
Total Research and Development - Direct Funds			15,728,472	89,700,121
Research and Development - Pass Through Funds				
Agency for International Development				
Agency for International Development	98.001	NAS 2000007139		54,163
Department of Agriculture				
Agricultural Research Service	10.001	US Highbush Blueberry Council		60,919
National Institute of Food and Agriculture	10.202	CSU 8221-001		5,578
National Institute of Food and Agriculture	10.310	Auburn Univ 16MREC205179-UC		74,656
Total Department of Agriculture				141,153
Department of Commerce				
National Oceanic and Atmospheric Administration (NOAA)	11.417	OSURF 60049228		38,784
National Oceanic and Atmospheric Administration (NOAA)	11.417	OSURF 60049634		5,238

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
National Oceanic and Atmospheric Administration (NOAA)	11.417	OSURF 60057039		6,418
Total Department of Commerce				50,440
Department of Defense				
Department of the Navy, Office of the Chief of Naval Research	12.300	ULRF 14-0861		29,981
Office of the Secretary of Defense	12.351	New Jersey Inst of Technology 996289		171,113
U.S. Army Medical Command	12.420	Amicrobe DoD1-SA1 / W81XWH-15-2-0065		114,914
U.S. Army Medical Command	12.420	CCHMC 135643		6,740
U.S. Army Medical Command	12.420	CCHMC 135658		2,018
U.S. Army Medical Command	12.420	Oregan Health & Science 1008339		977
U.S. Army Medical Command	12.420	U Nevada Las Vegas 17-931D-01		9,737
U.S. Army Medical Command	12.420	Wake Forest WFUHS 441017 SR-07- AFIRM II		121,163
Office of the Secretary of Defense	12.630	GE PO 401083655		100,396
Office of the Secretary of Defense	12.630	UI Labs 0320170003		13,304
Advanced Research Projects Agency	12.910	U PENN 10033824 12-DARPA-1068		4,882
Department of Defense	12.RD	Applied Research Associates PO17 / W911NF-12-C-0067		15,269
Department of Defense	12.RD	Army Corps of Engineers W912HZ-16-P-0123		1,433
Department of Defense	12.RD	Battelle 00393878		-2
Department of Defense	12.RD	Battelle 479607		20,958
Department of Defense	12.RD	CFBRE W81XWH-13-1-0497		12,997
Department of Defense	12.RD	Clinical Research Mgmt Work Order #1		51,279
Department of Defense	12.RD	Columbia U G11517		29,486
Department of Defense	12.RD	DAGSI RQ4-UC-16-1-AFRL		6,066
Department of Defense	12.RD	DAGSI RQ-UC-15-9-OC4-AFRL		26,607
Department of Defense	12.RD	DAGSI RQ-UC-16-15-OC-AFRL		15,336
Department of Defense	12.RD	Eccrine Systems Inc Sub#100		178,589
Department of Defense	12.RD	Eccrine Systems Inc Sub#200		112,406
Department of Defense	12.RD	ESI 1GP0259-UC1		18,502
Department of Defense	12.RD	Fast-Track Biologics-0047-1062-CPP1-05-UC		127,395
Department of Defense	12.RD	GE PO #200-14-14R51470		75,017
Department of Defense	12.RD	HPTI 2015-S-EGL-0126 Task O		17,107
Department of Defense	12.RD	Knite PO#1024		317,139
Department of Defense	12.RD	McGill Univ Health Center 5536		2,788
Department of Defense	12.RD	Neuren Pharm W81XWH-09-1-0496		-353

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Department of Defense	12.RD	Noblis Inc Sub# 2016-00565		38,603
Department of Defense	12.RD	Northrop Grumman 7500127120		657
Department of Defense	12.RD	NRL N00173-17-P-0328		77,051
Department of Defense	12.RD	Tech Assess & Trans PO#6078-01		20,106
Department of Defense	12.RD	Terumo BCT CTS0080		3,892
Department of Defense	12.RD	U CA Riverside S-00749		84,230
Department of Defense	12.RD	U of New Mexico 650339-87S1		19,079
Department of Defense	12.RD	UES S-104-000-001		155,575
Department of Defense	12.RD	UES S-108-050-003		111,176
Department of Defense	12.RD	UES S-926-013-004		30,648
Department of Defense	12.RD	Universal Tech Corp 15-7900-0006-10-C7		1,033
Department of Defense	12.RD	Universal Tech Corp 16-7900-0008-15-C7 S		2,841
Department of Defense	12.RD	Vantage Partners VPL-16-164		34,120
Department of Defense	12.RD	Westat 6339-S01		47,949
Department of Defense	12.RD	Westat 6339-S01 Task 1		44,932
Department of Defense	12.RD	Wright Brothers Institute #WBSC 7255 SOI UC 0001		1,781
Total Department of Defense				2,276,917
Department of Education				
Institute of Education Sciences	84.324	ULRF 15-0169-01 , 2		11,406
Department of Education	84.395	OSURF 60035141-M5		-13,240
Office of Postsecondary Education	84.407	OSURF 60051504		34,631
Total Department of Education				32,797
Department of Energy				
Department of Energy	81.049	BATTELLE 00102835		-761
Department of Energy	81.089	Arizona St U 16-866		239,001
Department of Energy	81.089	U Missouri 00042083-02		74,322
Department of Energy	81.135	Battelle 177248		30,482
Department of Energy	81.135	LANL 414935		10,426
Department of Energy	81.RD	Battelle 227796		58,104
Department of Energy	81.RD	EIC Laboratories/DE-SC0009718		45,593
Department of Energy	81.RD	Honeywell PO#N000215962		80,581

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Total Department of Energy				537,748
Department of Health and Human Services				
Centers for Disease Control and Prevention	93.080	HFM 15-16-434		5,825
Centers for Disease Control and Prevention	93.080	HFM CDC 16-17-434		13,543
Administration for Children and Families	93.086	Talbert House 2016-2018 Sub FRPN / DHHS ACF #90PR0006		7,320
Food and Drug Administration	93.103	Duke Univ 207574/215728		128,615
Substance Abuse and Mental Health Services Administration	93.104	CCMHRB Sub SAMHSA Fast Trac Year 6		-6
Substance Abuse and Mental Health Services Administration	93.104	CCMHRB Sub SAMHSA Fast Trac Year 7		9,425
Substance Abuse and Mental Health Services Administration	93.104	Community Mental Health Service Muskegon 1H79SM063405-01		24,814
Substance Abuse and Mental Health Services Administration	93.104	SSSI CRB-SSS-S-15-004307		3,691
Substance Abuse and Mental Health Services Administration	93.104	StarkMHAR 1H79SM0634		20,387
Substance Abuse and Mental Health Services Administration	93.104	Talbert House SAMHSA/BJA Sub 1H79T1025930 IOP Project		50,324
Health Resources and Services Administration	93.107	U Toledo 205366		82,745
Health Resources and Services Administration	93.110	MCHB 434 16-17 - SUB H30MC24047		10,987
Health Resources and Services Administration	93.110	MCHB 434 17-18		1,123
National Institutes of Health	93.113	Brown Univ 00000781		36,657
National Institutes of Health	93.113	CCHMC 107837		320,199
National Institutes of Health	93.113	CCHMC 131098		74,461
National Institutes of Health	93.113	CCHMC 137605		19,656
National Institutes of Health	93.113	CCHMC 138045		3,285
National Institutes of Health	93.113	Harvard 112135-5057091		422,594
National Institutes of Health	93.113	MI ST RC105513UC		17,172
National Institutes of Health	93.113	U Illinois Chicago 2012-02586-01-02 JH		90,668
National Institutes of Health	93.113	UTMB 15-038		100,609
Centers for Disease Control and Prevention	93.136	ODH 4966-1		47,779
National Institutes of Health	93.142	ICWU SUB ES027073	2,609	3,650
National Institutes of Health	93.142	ICWU SUB ES06162		46,708
National Institutes of Health	93.142	ICWU SUB ES09758		5,959
Health Resources and Services Administration	93.145	U Illinois Chicago 2015-2016 MAETC HRSA U1OHA29293		9,205
Health Resources and Services Administration	93.145	U Illinois Chicago 2016-2017 MAETC HRSA U1OHA29293		188,697
National Institutes of Health	93.172	Dana-Farber Cancer Institute, Inc. 1228005		37,728
National Institutes of Health	93.173	RFCUNY/41884-A Amnd 1-3		166,784
National Institutes of Health	93.173	TRINCH 719115 Amend #4		1,153

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Agency for Healthcare Research and Quality	93.226	CWRU RES510265	3,194	7,904
Agency for Healthcare Research and Quality	93.226	CWRU RES511424	1,305	2,812
Agency for Healthcare Research and Quality	93.226	Wright State University 669622 FY16		9,334
Agency for Healthcare Research and Quality	93.226	Wright State University 669622 FY17		38,759
National Institutes of Health	93.242	Biomedical Development Corp BDC Bipolar II		26,024
National Institutes of Health	93.242	FIMR 500494-CIn-01A#3		18,999
National Institutes of Health	93.242	U Washington UWSC8644		5,798
Substance Abuse and Mental Health Services Administration	93.243	CMHC Inc. 1H79TI026492-01 CBI-SA Training/ SAMHSA		11,972
Substance Abuse and Mental Health Services Administration	93.243	NE Ohio Med Univ 34418-W		-232
Health Resources and Services Administration	93.250	Mt. Sinai 0255-7865-4609		-30,143
Health Resources and Services Administration	93.250	Mt. Sinai 0255-7875-4609		935,582
Health Resources and Services Administration	93.250	Mt. Sinai 0255-7885-4609		152,116
Centers for Disease Control and Prevention	93.262	CCHMC 132032		387
Centers for Disease Control and Prevention	93.262	TEXAS A&M 23-S120001 - M1600525 - Year 5		22,275
National Institutes of Health	93.273	CCHMC 132581		-1,205
National Institutes of Health	93.273	Miriam Hospital 710-9908		-132
National Institutes of Health	93.273	NWU 60045198		6,531
National Institutes of Health	93.279	BREF NIDA-VA#1032 AZD8529		193,667
National Institutes of Health	93.279	Emory Univ T502315		2,848
National Institutes of Health	93.279	FIU 800005519-01UG		141,893
National Institutes of Health	93.279	Mercy Hlth 99-13892-SBIRT-P16-162016		65,973
National Institutes of Health	93.279	Miami Univ of Ohio G02656		12,726
National Institutes of Health	93.279	RiboNova Inc. RUC002		26,892
National Institutes of Health	93.279	RiboNova Inc. RUC003		57,339
National Institutes of Health	93.279	UKRF 3210000007-15-257		2,706
National Institutes of Health	93.279	UKRF 3210000346-17-054 YR 2		48,329
National Institutes of Health	93.279	Univ of Georgia Sub#RR793-094/S001438		6,944
Centers for Disease Control and Prevention	93.283	HWMRI-Kennedy Krieger Inst/MN000025 PLLUSS Program - Year 3		899
Centers for Disease Control and Prevention	93.283	HWMRI-Kennedy Krieger Inst/MN000025 PLLUSS Program - Year 4		6,994
Centers for Disease Control and Prevention	93.283	ODH 03140014BC0916		20,911
National Institutes of Health	93.307	AAMC via NIH U24 MD006960-05		-1,267
National Institutes of Health	93.307	AAMC via NIH U24 MD006960-05 Amend. 5 and 6		963

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
National Institutes of Health	93.307	Mass General 227810		415,008
National Institutes of Health	93.310	Baylor College of Medicine 101994491		35,807
National Institutes of Health	93.350	Dystonia Fndn Coalition MOU Proj 1&4		345
Office of the Secretary	93.360	Achaogen ACHN 490-007		-5,816
National Institutes of Health	93.361	Rhode Island Hospital 701-5500-OH		128,614
National Institutes of Health	93.393	CCHMC 138510		7,850
National Institutes of Health	93.395	Bexion Pharm 009373-003		15,465
National Institutes of Health	93.395	GOG 27469-033 (2010-2018)		12,953
National Institutes of Health	93.395	NRG sub NIH UC OB-GYN		10,626
National Institutes of Health	93.395	NRG sub NIH UCCI Portion		41,176
National Institutes of Health	93.395	Oregon HSU NCI SWOG CT		36,169
National Institutes of Health	93.396	U Illinois Chicago 2012-03973-01-03		12,555
National Institutes of Health	93.399	NSABP SUB NCI TIND 187		5,002
Administration for Children and Families	93.645	ODJFS Sub# G-1617-06-0249 2016		4,850
Administration for Children and Families	93.645	ODJFS Sub# G-1617-06-0249 2017		64,442
Administration for Children and Families	93.658	Butler County JFS 15-06-02989		-113
Administration for Children and Families	93.670	Lighthouse Yth Svcs 90 CA1809-01-00		-5
Administration for Children and Families	93.670	Lighthouse Yth Svcs 90 CA1809-02-00		19,709
Administration for Children and Families	93.670	Lighthouse Yth Svcs 90 CA1838-02-00		44,916
Administration for Children and Families	93.674	HCJFS Contract #129955		25,845
Administration for Children and Families	93.674	HCJFS Contract #130118		335,370
Centers for Medicare and Medicaid Services	93.779	OBR A-1617-05-0132 -		12,904
Centers for Medicare and Medicaid Services	93.779	ODHE A-1617-05-0132		227,037
National Institutes of Health	93.837	ArchieMD RR44HL092770		99
National Institutes of Health	93.837	Augusta University 29937-1		19,207
National Institutes of Health	93.837	Augusta University 31435-1_4		19,083
National Institutes of Health	93.837	Brigham & Woman's Hospital 109135		10,658
National Institutes of Health	93.837	Brigham & Women's Hospital 104005		482
National Institutes of Health	93.837	Brigham & Women's Hospital 115809		63,034
National Institutes of Health	93.837	CCHMC 131302		55,855
National Institutes of Health	93.837	CCHMC 132306		3,846
National Institutes of Health	93.837	CCHMC 133851		87,065
National Institutes of Health	93.837	CCHMC 134433		25,384

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
National Institutes of Health	93.837	CCHMC 135458		48,264
National Institutes of Health	93.837	CCHMC 136652		20,710
National Institutes of Health	93.837	CCHMC 136802		25,280
National Institutes of Health	93.837	CCHMC 137128		28,386
National Institutes of Health	93.837	CCHMC 137829		11,662
National Institutes of Health	93.837	CCHMC 138296		60,631
National Institutes of Health	93.837	CCLCM-CWRU 620		3,745
National Institutes of Health	93.837	CCLCM-CWRU 664		19,560
National Institutes of Health	93.837	CCLCM-CWRU 687		20,181
National Institutes of Health	93.837	CCLCM-CWRU 787		4,307
National Institutes of Health	93.837	CCLCM-CWRU 790-SUB		17,861
National Institutes of Health	93.837	Duke 203-4168		5,437
National Institutes of Health	93.837	Duke 203-4836		6,318
National Institutes of Health	93.837	Duke 203-5242		43,874
National Institutes of Health	93.837	Duke 203-8193		11,494
National Institutes of Health	93.837	Duke 205 - SUB HL089709		-218
National Institutes of Health	93.837	Duke Univ 179452		17,470
National Institutes of Health	93.837	Harvard 111153-5085668		47,776
National Institutes of Health	93.837	Mass General 224838		22,647
National Institutes of Health	93.837	Mass General 225707		104,015
National Institutes of Health	93.837	U of Rochester 415539-G-007		10,096
National Institutes of Health	93.837	U Washington 758399		-2,229
National Institutes of Health	93.837	U Washington UWSC7453		69,599
National Institutes of Health	93.837	UTHSC 16050776 ADM 1		7,849
National Institutes of Health	93.837	UTHSCH 0010667B		169,194
National Institutes of Health	93.837	Vanderbilt U VUMC 59712		326,421
National Institutes of Health	93.838	CCHMC 137508		18,869
National Institutes of Health	93.838	CCHMC 138002		773
National Institutes of Health	93.838	CCLCM-CWRU 647		42,684
National Institutes of Health	93.838	CCLCM-CWRU 684		23,837
National Institutes of Health	93.838	CCLCM-CWRU 736		13,007
National Institutes of Health	93.838	CCLCM-CWRU 810		5,125
National Institutes of Health	93.838	Cornell 16050776		14,434

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
National Institutes of Health	93.838	OSURF 60040118		7,281
National Institutes of Health	93.838	Vanderbilt U VUMC 42525		33,664
National Institutes of Health	93.838	Weill Medical College of Cornell Univ 16050776		23,481
National Institutes of Health	93.839	CCHMC 137135		32,735
National Institutes of Health	93.839	CCHMC 138373		5,754
National Institutes of Health	93.839	KeraNetics LLC sub SBIR NHLBI R44HL099010-02		58,575
National Institutes of Health	93.839	LAMS MIDAS U54 HL127672		14,635
National Institutes of Health	93.846	CCHMC 130426		51,891
National Institutes of Health	93.846	CCHMC 134297		32,449
National Institutes of Health	93.846	CCHMC 135196		2,397
National Institutes of Health	93.846	CCHMC 136308		40,176
National Institutes of Health	93.846	CCHMC 137746		30,816
National Institutes of Health	93.846	CCHMC 137780		18,583
National Institutes of Health	93.846	FIMR 500678UC		41,800
National Institutes of Health	93.846	U Mass OSP2017118		23,999
National Institutes of Health	93.846	U Mich 3002154652		16,608
National Institutes of Health	93.846	UC Irvine 2013-2914		110,758
National Institutes of Health	93.847	Arizona 325433		8,481
National Institutes of Health	93.847	Augusta University 25034-81		38,740
National Institutes of Health	93.847	Augusta University 30835/25034-81		46,704
National Institutes of Health	93.847	Brigham & Woman's Hospital 114959		8,998
National Institutes of Health	93.847	CCHMC 131860 Yrs 01 -04		14,026
National Institutes of Health	93.847	CCHMC 131862		21,468
National Institutes of Health	93.847	CCHMC 133185		13,833
National Institutes of Health	93.847	CCHMC 138801		61,160
National Institutes of Health	93.847	GWU S-GRD1516-AC6	128,468	121,933
National Institutes of Health	93.847	GWU S-GRD1617-AT6	200,688	353,897
National Institutes of Health	93.847	INOVASC 010596-002		17,140
National Institutes of Health	93.847	Med College of Wisc PO#1661362	16,694	243,229
National Institutes of Health	93.847	UC Davis 201400949-02		231,130
National Institutes of Health	93.847	UCLA 1562 G TA108		319,250
National Institutes of Health	93.847	Univ of NC 5-34495	11,811	41,677
National Institutes of Health	93.847	Wayne State WSU16004		14,825

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
National Institutes of Health	93.853	CCHMC 134275		-510
National Institutes of Health	93.853	CCHMC 138566		4,688
National Institutes of Health	93.853	Cornell 16040482-02		50,869
National Institutes of Health	93.853	Dystonia Fndn Coalition RFA-OD-08-001-Dev Awd		-1,455
National Institutes of Health	93.853	Emory Univ T095810		-470
National Institutes of Health	93.853	Emory Univ T472593		4,339
National Institutes of Health	93.853	Emory Univ T662115		98,332
National Institutes of Health	93.853	Johns Hopkins 2000794678		30,753
National Institutes of Health	93.853	Johns Hopkins 2000796412		638
National Institutes of Health	93.853	Johns Hopkins 2001954609		-28,698
National Institutes of Health	93.853	Johns Hopkins 2003044881		196,411
National Institutes of Health	93.853	LSJU 61118961-116661		1,029,276
National Institutes of Health	93.853	LSJU 61118961-116661-A1		129,354
National Institutes of Health	93.853	Mass General 226396		60,873
National Institutes of Health	93.853	Mass General NN102		9,900
National Institutes of Health	93.853	Mass General NN103		27,297
National Institutes of Health	93.853	Mass General NN104		44,133
National Institutes of Health	93.853	Mass General NN105		25,669
National Institutes of Health	93.853	MAYO CIN-187276-01		5,615
National Institutes of Health	93.853	MAYO CIN-187276-03		3,381
National Institutes of Health	93.853	NWU 60036745		30,646
National Institutes of Health	93.853	Stroke Net-NCC 010085-000000-Radiology		8,205
National Institutes of Health	93.853	U Mich 3001413194	49,000	89,503
National Institutes of Health	93.853	U Mich 3002112001		31,444
National Institutes of Health	93.853	U Mich K00004110		18,266
National Institutes of Health	93.853	U Mich SUBK00002381		-863
National Institutes of Health	93.853	U Washington 688607 S		-671
National Institutes of Health	93.853	U Washington 755603		-865
National Institutes of Health	93.853	UAB 004267887		166,670
National Institutes of Health	93.853	UCSF 7894SC		20,254
National Institutes of Health	93.853	UCSF 7894SC-A3		154,196
National Institutes of Health	93.853	UMDNJ 99-705		-8,820
National Institutes of Health	93.853	USC-LA 85728861		1,883

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
National Institutes of Health	93.853	UTSMC 120106		23,541
National Institutes of Health	93.853	UVA GC12107-146758		1,563
National Institutes of Health	93.853	Weill Medical College of Cornell -170326-02		2,898
National Institutes of Health	93.855	Brigham & Woman's Hospital 108269		-29
National Institutes of Health	93.855	Brigham & Woman's Hospital 110007		11,402
National Institutes of Health	93.855	Brigham & Woman's Hospital 110208		436,655
National Institutes of Health	93.855	Brigham & Woman's Hospital 111670		424,367
National Institutes of Health	93.855	Brigham & Women's Hospital 110208		4,160
National Institutes of Health	93.855	Brigham & Women's Hospital 110238		20,628
National Institutes of Health	93.855	Brigham & Women's Hospital 110406		940
National Institutes of Health	93.855	Brigham & Women's Hospital 115113		61,862
National Institutes of Health	93.855	CCHMC 131298		77,950
National Institutes of Health	93.855	CCHMC 135743		2,985
National Institutes of Health	93.855	CCHMC 136674 M5		3,274
National Institutes of Health	93.855	CCHMC 138257 sub 1		26,855
National Institutes of Health	93.855	CCLCM-CWRU 811		14,550
National Institutes of Health	93.855	CWRU RES211342		238,652
National Institutes of Health	93.855	CWRU RES510456		177,498
National Institutes of Health	93.855	CWRU RES511290		35,069
National Institutes of Health	93.855	CWRU RES511634		205,444
National Institutes of Health	93.855	CWRU RES512116		38,237
National Institutes of Health	93.855	Denver Health and Hospital Authority E3400A-3 YR5		89,554
National Institutes of Health	93.855	Duquesne G1200050		21,957
National Institutes of Health	93.855	General Innovations and Goods sub 5 U44 AI074918		27,452
National Institutes of Health	93.855	General Innovations and Goods sub 5 U44 AI074918-03		8,054
National Institutes of Health	93.855	SUNY 73370		119,758
National Institutes of Health	93.855	SUNY R964455		38,427
National Institutes of Health	93.855	U Mass WA00148596		159,138
National Institutes of Health	93.855	UTHSCH 160528/160527 Task A22 S		86,434
National Institutes of Health	93.859	CCHMC 133106		43,866
National Institutes of Health	93.859	CCHMC 137210		2,229
National Institutes of Health	93.859	MATTEK 010349-002		74,577
National Institutes of Health	93.859	U. Illinois 2013-01835-02		24,641

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
National Institutes of Health	93.859	UC Davis 201502820-01		59,094
National Institutes of Health	93.865	CCHMC 134525		50,773
National Institutes of Health	93.865	CCHMC 135801		2,261
National Institutes of Health	93.865	CCHMC 135801 M1		13,682
National Institutes of Health	93.865	UAB 0005010700		16,428
National Institutes of Health	93.865	UKMCRI ZAC00050		124,357
National Institutes of Health	93.865	UTSMC GMO160232 16	295,331	309,831
National Institutes of Health	93.865	UTSMC GMO160232 17	354,332	494,120
National Institutes of Health	93.866	CCHMC 138235 A		11,661
National Institutes of Health	93.866	CCHMC 138715		1,106
National Institutes of Health	93.867	TissueTech SBIR 5R44EY022502		51,708
National Institutes of Health	93.879	CCHMC 136153		30,562
National Institutes of Health	93.879	U Iowa W000886479		2,378
Health Resources and Services Administration	93.884	CCHMC 134024		3,295
Health Resources and Services Administration	93.918	Cin Health Network 2H76HA00111		138,790
Health Resources and Services Administration	93.918	Cin Health Network 6H76HA00111		49,706
Health Resources and Services Administration	93.918	Cin Health Network 6H76HA00111-26-01 130118		447,140
Health Resources and Services Administration	93.918	Cin Health Network 6H76HA00111-27-00- CHN		9,559
Health Resources and Services Administration	93.926	CCHMC 134574		18,421
Health Resources and Services Administration	93.926	CCHMC 135934		4,086
Centers for Disease Control and Prevention	93.940	HCPH 2015-16 EIP #2015-0072		92,547
Centers for Disease Control and Prevention	93.940	HCPH HCPH 2015-16 EIP #2017-0015		37,859
Centers for Disease Control and Prevention	93.940	ODH 03140012HT0516		24,812
Centers for Disease Control and Prevention	93.940	ODH 03140012HT0617		18,686
Centers for Disease Control and Prevention	93.946	Emory Univ T462932		11,140
Centers for Disease Control and Prevention	93.946	Emory Univ T652550		6,562
Substance Abuse and Mental Health Services Administration	93.959	Klamath Child & Family Treatment Center/SAMHSA		9,256
Centers for Disease Control and Prevention	93.991	ODH 03140014CC0514		3,369
Department of Health and Human Services	93.RD	Atox ATB-202		2,205
Department of Health and Human Services	93.RD	CCHMC 136811		18,035
Department of Health and Human Services	93.RD	CCHMC 139116 S		119,239
Department of Health and Human Services	93.RD	Clinical Research Mgmt UC-2013-01		847
Department of Health and Human Services	93.RD	CUB/ACYF 90TV0010-01-00		15,729

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Department of Health and Human Services	93.RD	CUMC 4 GG012006-01		21,114
Department of Health and Human Services	93.RD	JBS / HHSS283201200002I HHSS28342005T-Hawaii CBI-CC Training		10,664
Department of Health and Human Services	93.RD	JBS/HHSS283201200002I HHSS28342005T		19,851
Department of Health and Human Services	93.RD	MDRC HHSP23320095644WC HHSP23337008T		85,967
Department of Health and Human Services	93.RD	PCH 2016/2017 BCCP		154,063
Department of Health and Human Services	93.RD	SSSI CRB-DCR01-S-09-00319		8,816
Department of Health and Human Services	93.RD	SSSI CRB-SSS-S-16-004913		4,579
Department of Health and Human Services	93.RD	U Illinois Chicago 2015-06621-31-03		2,146
Total Department of Health and Human Services			1,063,432	16,014,204
Department of Homeland Security				
Department of Homeland Security	97.130	Medical Univ of South Carolina MUSC 13-001 YEAR 3		4,452
Department of Justice				
Office of Juvenile Justice and Delinquency Prevention	16.540	ODYS 2013-JJ-DMC-0550		8,724
Bureau of Justice Assistance	16.812	Ham. County Off. of Reentry/DOJ 2014-CZ-BX-0020		168,197
Bureau of Justice Assistance	16.812	WI DOC 410036-V17-RLH6153-ING-01		11,244
Total Department of Justice				188,165
Department of the Interior				
U.S. Geological Survey	15.805	OSURF 60059469		1,206
U.S. Geological Survey	15.805	USC 16-2995		38,119
U.S. Geological Survey	15.808	USC-LA PO 10385992 4 - 70160554		23,716
Department of the Interior	15.RD	OSURF 60054084		25,843
Department of the Interior	15.RD	OSURF 60054085		25,972
Department of the Interior	15.RD	OSURF 60059316		11,359
Total Department of the Interior				126,215
Department of Transportation				
Department of Transportation	20.RD	NCHRP HR 12-91	44,434	64,211
Department of Transportation	20.RD	URS CORP-OHIO Sub ODOT 14174 Phase II		350,919
Total Department of Transportation			44,434	415,130
Environmental Protection Agency				
Environmental Protection Agency	66.RD	Pegasus WA 05 Task 1.1		25,379

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Environmental Protection Agency	66.RD	Pegasus WA 05 Task 1.2		30,205
Environmental Protection Agency	66.RD	Pegasus WA 05 Task 2.3		-2,336
Environmental Protection Agency	66.RD	Pegasus WA 11 Task 1		24,193
Environmental Protection Agency	66.RD	Pegasus WA 1-89		49,492
Environmental Protection Agency	66.RD	Pegasus WA 30 Task 1 & 4.211		9,906
Total Environmental Protection Agency				136,839
Institute of Museum and Library Services				
Institute of Museum and Library Services	45.312	Zoological Soc of Cincinnati LG-25-12-059-12		7,136
Institute of Museum and Library Services	45.312	Zoological Soc of Cincinnati LG-25-12-0595-12		3,214
Total Institute of Museum and Library Services				10,350
National Aeronautics and Space Administration				
National Aeronautics and Space Administration	43.001	Arizona St U 14-304		42,774
National Aeronautics and Space Administration	43.001	MSU G129-17-W157 S		3,506
National Aeronautics and Space Administration	43.001	OSGC NASA SCHLRSHP		-533
National Aeronautics and Space Administration	43.001	OSGC SICHOP NASA SCHLRSHP		5,044
National Aeronautics and Space Administration	43.RD	CCHMC 131050		20,250
National Aeronautics and Space Administration	43.RD	GE PO #200-14-14N44252		-748
National Aeronautics and Space Administration	43.RD	Hersh Accoustical Eng UC-NNX16CL44P		23,279
National Aeronautics and Space Administration	43.RD	JPL 1473759		100
National Aeronautics and Space Administration	43.RD	JPL 1531308		-156
National Aeronautics and Space Administration	43.RD	Univ of OK 2017-42 NXX17AF88G		8,057
National Aeronautics and Space Administration	43.RD	USRA SOF-05-0084		12,602
National Aeronautics and Space Administration	43.RD	Vanderbilt U VUMC 8042-018286		26,769
National Aeronautics and Space Administration	43.RD	Vantage Partners VPL-17-066		20,265
Total National Aeronautics and Space Administration				161,209
National Science Foundation				
National Science Foundation	47.041	Bettergy 009586-002		16,396
National Science Foundation	47.041	NCA&T 260116B		778,273
National Science Foundation	47.049	American Physical Society / NSF PHY-0808790		4,601
National Science Foundation	47.049	American Physical Society / NSF PHY-0808790 PhysTEC - NonPSC		14,348
National Science Foundation	47.049	Notre Dame 1219444		7,840

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
National Science Foundation	47.050	JMU S15-235-01		71,578
National Science Foundation	47.050	U of New Mexico 133549-87S1		78,697
National Science Foundation	47.070	Carnegie Mellon Univ 1121941-372288		5,427
National Science Foundation	47.076	MI ST RC105254UC		39,701
National Science Foundation	47.076	Morgan State 0416-CS-PB-UC		19,870
National Science Foundation	47.076	OSURF 60042097		30,121
Total National Science Foundation				1,066,852
Total Research and Development - Pass Through Funds			1,107,866	21,216,634
Total Research and Development Cluster			16,836,338	110,916,755
Other				
Other - Direct Funds				
Department of Defense				
U.S. Army Materiel Command	12.431	Basic Scientific Research		32,099
National Security Agency	12.900	Language Grant Program		2,302
Total Department of Defense				34,401
Department of Education				
TRIO Cluster				
Office of Postsecondary Education	84.042	TRIO_Student Support Services		219,461
Office of Postsecondary Education	84.044	TRIO_Talent Search		282,058
Office of Postsecondary Education	84.047	TRIO_Upward Bound		864,541
Office of Postsecondary Education	84.066	TRIO_Educational Opportunity Centers		76,296
Office of Postsecondary Education	84.217	TRIO_McNair Post-Baccalaureate Achievement		243,715
Total TRIO Cluster				1,686,071
Other Department of Education				
Office of Special Education and Rehabilitative Services	84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	65,143	659,787
Total Department of Education			65,143	2,345,858

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Department of Justice				
National Institute of Justice	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants		757,098
Department of Justice	16.592	Local Law Enforcement Block Grants Program		13,351
Bureau of Justice Assistance	16.827	Justice Reinvestment Initiative		2,902
Total Department of Justice				773,351
Environmental Protection Agency				
Office of Research and Development	66.514	Science To Achieve Results (STAR) Fellowship Program		84
National Endowment for the Humanities				
National Endowment for the Humanities	45.130	Promotion of the Humanities_Challenge Grants		20,987
Office of Personnel Management				
Office of Personnel Management	27.011	Intergovernmental Personnel Act (IPA) Mobility Program		190,999
Total Other - Direct Funds			65,143	3,365,680
Other - Pass Through Funds				
Department of Agriculture				
Food and Nutrition Service	10.558	ODE CACFP FY2015 USDA		11,084
Food and Nutrition Service	10.558	ODE CACFP FY2016 USDA		35,344
Total Department of Agriculture				46,428
Department of Defense				
U.S. Army Materiel Command	12.431	AAS 13-61 SUB		401
Department of Defense	12.RD	INNOVATIVE SCIENTIFIC SOLUTIONS INC SB20179		4,650
Total Department of Defense				5,051
Department of Education				
Office of Educational Research and Improvement	84.287	ODE09156 16-17		194,040
Office of Educational Research and Improvement	84.287	ODE-9156 15-16		17,624
Office of Special Education and Rehabilitative Services	84.323	ODE 15751 H323A120002		14,689
Office of Special Education and Rehabilitative Services	84.325	Dayton Public Schools 010418-002		14,809
Office of Special Education and Rehabilitative Services	84.325	Univ of Dayton Research Inst RSC15069		24,311
Office of Special Education and Rehabilitative Services	84.325	Univ of Dayton Research Inst RSC15083		2,906
Office of Special Education and Rehabilitative Services	84.325	Univ of Dayton Research Inst RSC16097		34,053
Office of Special Education and Rehabilitative Services	84.326	Regets of Univ. of Minnesota A002575604		22,582

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Office of Postsecondary Education	84.334	OCOG GEARUP FY 2016-2017		37,125
Office of Postsecondary Education	84.334	Ohio GEAR UP Regional Campus-Blue Ash 15-16		-600
Office of Elementary and Secondary Education	84.367	OBR 14-12 K-6 & G7-12 / Program Income Account		864
Office of Elementary and Secondary Education	84.367	ODHE 15-12		29,332
Office of Elementary and Secondary Education	84.367	ODHE 15-13		33,946
Office of Elementary and Secondary Education	84.367	ODHE 16-10 (K-6) / USED S367B160030		32,066
Office of Elementary and Secondary Education	84.367	ODHE 16-11 G7-12/USED; S367B160030		17,779
Department of Education	84.RD	CPS1701659-2016 21st Century-21st Century Taft High School		146,618
Department of Education	84.RD	Dayton Public Schools 009570-002		1,598
Department of Education	84.RD	ODE010755		110,294
Total Department of Education				734,036
Department of Health and Human Services				
Medicaid Cluster				
Centers for Medicare and Medicaid Services	93.778	NE Ohio Med Univ G0104-C		27,590
Centers for Medicare and Medicaid Services	93.778	OSUFR 60051005	48,736	91,753
Centers for Medicare and Medicaid Services	93.778	OSURF 60050888		-129
Centers for Medicare and Medicaid Services	93.778	OSURF 60051005	219,644	870,521
Centers for Medicare and Medicaid Services	93.778	OSURF 60055269		26,153
Total Medicaid Cluster			268,380	1,015,888
CCDF (Child Care and Development) Cluster				
Administration for Children and Families	93.575	ODJFS JFS01144		25,987
Administration for Children and Families	93.575	ODJFS/DHHS DAY CARE CONTR Program Income w/ 1011919		2,391
Administration for Children and Families	93.575	Ohio Child Care Res & Ref Assn Step Up To Qlity Yr 6		-477
Administration for Children and Families	93.575	Ohio Child Care Res & Ref Assn Step Up To Qlity Yr 5		-78
Administration for Children and Families	93.575	Ohio Child Care Res & Ref Assn Step Up To Quality 16-17		7,300
Administration for Children and Families	93.575	Ohio Child Care Res & Ref Assn SUB Step Up To Qlity Yr 5		-132
Total CCDF (Child Care and Development) Cluster				34,991
Administration for Children and Families	93.600	CHCCAA Contract #14-43		61,092
Administration for Children and Families	93.600	CHCCAA Contract #16-23 Headstart FY16-17 Adm 2		558,922
Administration for Children and Families	93.600	CHCCAA Contract #17-23 Headstart FY17-18		34,072

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Administration for Children and Families	93.600	CHCCAA Contract 14-54 Headstart FY15		-26,132
Total Department of Health and Human Services			268,380	1,678,833
Department of Justice				
Office of Juvenile Justice and Delinquency Prevention	16.523	Arizona Supreme Court 2014-00000195		11,753
Office of Juvenile Justice and Delinquency Prevention	16.523	Arizona Supreme Court 2014-00000195 A1-AZYAS Mainten		12,385
Office of Juvenile Justice and Delinquency Prevention	16.523	OJJDP via DJJ Virginia EPICS Block Grant# 15-A3177JB11		12,415
Office of Juvenile Justice and Delinquency Prevention	16.540	PA Council of Chief Juvenile Prob Offcers EPICS Trng		38,206
Bureau of Justice Assistance	16.585	OJJDP SUB CPC TRAINING KENTUCKY		9,135
Bureau of Justice Assistance	16.593	Council on Chemical Abuse COCA2015-SA-01-26637		7,715
Bureau of Prisons	16.601	CEPP / NIC 16CS05GKU0-CEPP 2017		26,752
Bureau of Justice Assistance	16.606	CT Dept of Corrections 13DOC0112AA		55,592
Bureau of Justice Assistance	16.738	Alexandria17-A4022Ad15		22,179
Bureau of Justice Assistance	16.738	OCJS 2013-DG-E0R-6953		87,824
Bureau of Justice Assistance	16.738	OCJS 2013-JG-B01-V6077		31,613
Bureau of Justice Assistance	16.751	IL DOC-EPICS TRAINING / 2014-CZ-BX-0025-IL DOC BJA		26,995
Bureau of Justice Assistance	16.751	Minnesota Department of Correction Swift Contract # 107846		46,756
Bureau of Justice Assistance	16.751	Minnesota Department of Correction 125135		3,271
Bureau of Justice Assistance	16.751	Minnesota Dept of Correction SWIFT Contract No. 120771		16,298
Bureau of Justice Assistance	16.751	Nebraska Board of Pardons and Parole 2013-ZB-BX-K002		14,563
Bureau of Justice Assistance	16.812	Civics Firsts #CFInc EPICS-1 OJJDP-Milford CT EPICS-I Traini		955
Bureau of Justice Assistance	16.812	CT Dept of Corrections DOCM1-0000165817		7,315
Bureau of Justice Assistance	16.812	GA Dept. of Juvenile Justice EPICS training		38,188
Bureau of Justice Assistance	16.812	GA Dept. of Juvenile Justice EPICS training 1 of 2		18,561
Bureau of Justice Assistance	16.812	Guam Judicial Branch Sub BJA 2014-VV-BX-0017		67,436
Bureau of Justice Assistance	16.812	Guam Judicial Branch Sub OJJDP 2015-CZ-BX-0023		26,974
Bureau of Justice Assistance	16.812	IOWA P.O 238 09121600366		65,184
Bureau of Justice Assistance	16.812	Nevada Dept. of Corr. EPICS NRAS/ORAS training		45,850
Department of Justice	16.817	City of Tulsa BJA DOJ 2016-AJ-BX-0007		1,138
Department of Justice	16.RD	City of Norfolk TA yr3		1,037
Department of Justice	16.RD	OJJDP via DJJ Virginia sub BJA-EPICS training		24,774
Department of Justice	16.RD	Potter County PA- ORAS Training		5,500
Total Department of Justice				726,364

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Department of Transportation				
Highway Safety Cluster				
National Highway Traffic Safety Administration (NHTSA)	20.600	ODPS SC-2015-8-00-00-00458-00 BROWN CTY SUB USDOT 2015		717
Highway Planning and Construction Cluster				
Federal Highway Administration (FHWA)	20.205	Cleveland St U/ ODOT 25951		-20
Federal Highway Administration (FHWA)	20.205	NCHRP HR 12-109		2,784
Federal Highway Administration (FHWA)	20.205	ODOT 26601	237	237
Federal Highway Administration (FHWA)	20.205	ODOT 27144		466,367
Federal Highway Administration (FHWA)	20.205	ODOT 27226		28,827
Federal Highway Administration (FHWA)	20.205	ODOT 27834		83,115
Federal Highway Administration (FHWA)	20.205	ODOT 27839		65,346
Federal Highway Administration (FHWA)	20.205	ODOT 27843	11,950	14,780
Federal Highway Administration (FHWA)	20.205	ODOT 27844	13,410	21,056
Federal Highway Administration (FHWA)	20.205	ODOT 27899		266,336
Federal Highway Administration (FHWA)	20.205	ODOT 30347		6,941
Federal Highway Administration (FHWA)	20.205	Ohio U UT17790 Task 7		29,681
Federal Highway Administration (FHWA)	20.205	Ohio U UT17790 Task 8		-73
Federal Highway Administration (FHWA)	20.205	Ohio U UT19212		43,782
Federal Highway Administration (FHWA)	20.205	U Toledo F2015-84		7,184
Total Highway Planning and Construction Cluster			25,597	1,036,343
Total Department of Transportation			25,597	1,037,060
National Aeronautics and Space Administration				
National Aeronautics and Space Administration	43.001	OAI OSGC/NASA Seed Grant-Cohen Flight Camp @ UC		-275
National Aeronautics and Space Administration	43.001	OSGC FY2015-2017 NASA SCHLRSHP		10,000
National Aeronautics and Space Administration	43.001	OSGC SICHOP NASA SCHLRSHP		3,125
Total National Aeronautics and Space Administration				12,850
Total Other - Pass Through Funds			293,977	4,240,622
Total Other			359,120	7,606,302

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Total Federal Awards Expenditures			\$17,195,458	\$455,849,953

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

1. Summary of Significant Accounting Policies

Basis of Presentation

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB A-21 or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Subrecipients

Certain funds are passed through to subgrantee organizations by the university. Expenditures incurred by the subgrantees and reimbursed by the university are presented in the schedule of expenditures of federal awards. The university is also the subrecipient of federal funds which have been subjected to testing and are reported as expenditures and listed as federal pass-through funds.

Negative Expenditures

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.

2. Catalog of Federal Domestic Assistance Numbers

Catalog of Federal Domestic Assistance ("CFDA") numbers are presented for those programs for which such numbers are available.

3. Federal Loan Programs

The university administers the Federal Perkins, Health Professions Student and Nursing Student and Nursing Faculty Federal Loan Programs. 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 expenditures and disbursements of the Department of Education and Department of Health and Human Services student financial assistance programs for the year ended June 30, 2017 are as follows:

Federal Perkins Loan Program (CFDA 84.038)	\$	4,639,377
Health Professions Student Loan Program (CFDA 93.342)		85,050
Nursing Student Loan Program (CFDA 93.364)		161,700
Nursing Faculty Loan Program (CFDA 93.264)		301,018
	<u>\$</u>	<u>5,187,145</u>

The above expenditures include disbursements and expenditures such as loans to students and administrative expenditures.

Outstanding loans at June 30, 2017 include the following:

Federal Perkins Loans	\$ 20,106,882
Health Professions Student Loans	400,977
Nursing Student Loans	676,355
Nursing Faculty Loan Program	1,135,653
	<u>\$ 22,319,867</u>

4. Indirect Costs

The university recovers indirect costs by means of predetermined indirect cost rates. The predetermined rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. On July 19, 2016 the university received approval for indirect cost recovery rates effective from July 1, 2016 through June 30, 2020. The indirect cost rates structure is as follows:

Rate Type	Effective July 1, 2016 through June 30, 2017
Organized Research:	
On-campus	58.0%
Off-campus	26.0%

Instruction:	
On-campus	57.0%
Off-campus	26.0%

Other Sponsored Activities	
On-campus	30.0%
Off-campus	26.0%

Rate Type	Effective July 1, 2017 through June 30, 2018
Organized Research:	
On-campus	59.5%
Off-campus	26.0%
Instruction:	
On-campus	57.0%
Off-campus	26.0%
Other Sponsored Activities	
On-campus	30.0%
Off-campus	26.0%

Rate Type	Effective July 1, 2018 through June 30, 2019
Organized Research:	
On-campus	60.0%
Off-campus	26.0%
Instruction:	
On-campus	57.0%
Off-campus	26.0%
Other Sponsored Activities	
On-campus	30.0%
Off-campus	26.0%

Rate Type	Effective July 1, 2018 through June 30, 2019
Organized Research:	
On-campus	60.5%
Off-campus	26.0%
Instruction:	
On-campus	57.0%
Off-campus	26.0%
Other Sponsored Activities	
On-campus	30.0%
Off-campus	26.0%

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

Board of Trustees
University of Cincinnati
Cincinnati, 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 basic financial statements of the University of Cincinnati (University) and its discretely presented component unit, collectively a component unit of the State of Ohio, which comprise the statement of net position as of June 30, 2017, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated October 13, 2017, which contained a reference to the report of other auditors. Other auditors audited the financial statements of the University of Cincinnati Foundation, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's basic 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 13, 2017

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

Independent Auditor's Report

Board of Trustees
University of Cincinnati
Cincinnati, Ohio

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

BKD, LLP

Cincinnati, Ohio
October 13, 2017

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
- Unmodified Qualified Adverse Disclaimer
2. The independent auditor's report on internal control over financial reporting disclosed:
- Significant deficiency(ies)? Yes None reported
- Material weakness(es)? Yes No
3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
- Significant deficiency(ies)? Yes None reported
- Material weakness(es)? Yes No
5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:
- Unmodified Qualified Adverse Disclaimer
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? Yes No

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

7. The University's major program was:

Cluster/Program	CFDA Number
Student Financial Assistance Cluster	84.007,84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, 93.364

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

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

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Reference Number	Summary of Finding	Status
	No matters are reportable.	



Dave Yost • Auditor of State

UNIVERSITY OF CINCINNATI

HAMILTON 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
NOVEMBER 21, 2017