

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, 2019



OHIO AUDITOR OF STATE
KEITH FABER



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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, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

November 19, 2019

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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, 2019, 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, the discretely presented component unit of the University. Those statements were audited by other auditors whose report 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 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, 2019, 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 2018 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated October 15, 2018, 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, 2018, 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, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 also have issued our report dated October 15, 2019, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BKD, LLP

Cincinnati, Ohio
October 15, 2019

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, 2019. Comparative information as of and for the year ended June 30, 2018 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 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 2018 (fiscal year 2019) included 45,949 students, an increase of 1,166 students over the prior year. Among the university's student population are 3,557 international students representing 114 countries. 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 4,288. The university employs approximately 10,535 people, including graduate assistants, making it one of the largest employers in the Cincinnati region.

During the 2019 academic year, the university awarded 12,679 academic credentials. Degrees awarded include 1,279 associate degrees, 6,289 bachelor's degrees, 3,029 master's degrees, and 787 doctoral degrees. Professional certificates awarded total 1,295 and include 637 graduate certificates.

The university delivers a significant economic boost to the business community in southwest Ohio, northern Kentucky, and eastern Indiana. A 2018 study found that annually, the university has a \$4.2 billion impact, which supports more than 62,000 jobs. Statewide, the university increases the economic base by \$13.4 billion. Alumni impact, operations and research spending, student demand for goods and services, launch of start-up companies and more fuel the economic impact.

Strategic partnerships developed by the university include subject areas like engineering, economics, humanities and business administration with the University of Bordeaux, France; Ludwig Maximilian University, Germany; Chongqing University, China; Hong Kong Polytechnic University; Future University, Egypt, and many more, including institutional partnerships with 43 colleges and universities in Europe alone.

The Ohio Department of Higher Education has designated the university 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 in the top 40 among America's public research universities and 54th out of 902 public and private research universities ranked in the United States, based on total research and development expenditures. The university is one of only 131 institutions classified as having the very highest research activity by the Carnegie Classification of Institutions of Higher Education.

The U.S. News & World Report rankings named the university in the top tier of the country's "Best National Universities," placing 64th among public universities and 139th among public and private universities. The university placed 3rd nationally for cooperative education/internships (1st among publics). University students earn a collective \$75 million annually working for about 1,300 international employers via their cooperative education work placements, alternating academic semesters with professional, paid work directly tied to their majors with employers like Apple, Boeing, Disney, Fisher Price, HBO, NASA, Nike, Procter & Gamble, Toyota, and hundreds more.

Reuters recently named the university among the world's top 100 most-innovative universities, one of only 46 U.S. universities to make that prestigious list.

Princeton Review's 2020 edition of "The Best 385 Colleges" identified the university for the 13th 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 140,000 students.

The university's campus setting continues to garner worldwide acclaim, with The New York Times highlighting the university's dramatic campus renovation of the past quarter century "the most ambitious campus design program in the country." In addition, Forbes, Delta Sky and Travel + Leisure magazines have all highlighted the university as one of the world's most beautiful campuses. It's also a sustainable one where all new construction and major renovations are completed to LEED Silver standards or higher whenever possible.

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, 2019 and 2018 follows:

Summary Statement of Net Position

	(in thousands)	2019	2018	Increase/(Decrease)	
				Amount	Percent
Current assets	\$	334,322	\$	338,798	\$ (4,476) -1.3%
Noncurrent assets					
Restricted cash		5,765		—	5,765 100.0%
Investments		335,699		392,231	(56,532) -14.4%
Endowment investments		624,728		586,002	38,726 6.6%
Split-interest agreements		9,735		8,631	1,104 12.8%
Accounts and notes receivable		26,223		29,460	(3,237) -11.0%
Net other postemployment benefits asset		24,098		—	24,098 100.0%
UC Health intangible asset		420,645		420,645	— 0.0%
Capital assets, net of depreciation		1,750,489		1,706,328	44,161 2.6%
Total assets		3,531,704		3,482,095	49,609 1.4%
Deferred outflows of resources		213,089		187,502	25,587 13.6%
Current liabilities		281,583		272,190	9,393 3.5%
Noncurrent liabilities		2,052,781		2,014,858	37,923 1.9%
Total liabilities		2,334,364		2,287,048	47,316 2.1%
Deferred inflows of resources		75,766		87,233	(11,467) -13.1%
Net position	\$	1,334,663	\$	1,295,316	\$ 39,347 3.0%

Current Assets

Current assets consist primarily of cash and cash equivalents, short-term investment of operating funds, and accounts receivable. Current assets decreased by \$4.5 million in 2019. 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, 2019 totaled \$335.7 million, a decrease of \$56.5 million from June 30, 2018. The funds are invested in the university's temporary investment pool with the exception of \$37.2 million, which is invested in the endowment. Investments with a maturity date less than one year totaled \$184.8 million, and are classified as current investments with the exception of \$38.9 million of debt issued for capital projects which is classified as noncurrent.

Endowment Investments

The university's endowment totaled \$1.45 billion at June 30, 2019. 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. 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)	2019	2018	Increase/(Decrease)		
				Amount	Percent	
Fund A (University's share)	\$	610,191	\$	575,246	\$ 34,945	6.1%
Fund A (Foundation's share) *		387,264		362,684	24,580	6.8%
Total Fund A		997,455		937,930	59,525	6.3%
Fund B		824		816	8	1.0%
Fund C (University's share)		41,726		40,056	1,670	4.2%
Fund C (Foundation's share) *		23,587		22,643	944	4.2%
Total Fund C		65,313		62,699	2,614	4.2%
Separately Invested		24,094		21,033	3,061	14.6%
Beneficial Interests in Irrevocable Trusts		364,912		344,949	19,963	5.8%
Total Endowment Investments	\$	1,452,598	\$	1,367,427	\$ 85,171	6.2%

* Includes accrued income/expense

Endowment investments reported on the Statement of Net Position totaled \$624.7 million and include the following:

- The university's share of Fund A, excluding temporary investment pool funds of \$36.1 million, accrued income, accrued expense, and valuation timing adjustments
- Fund B
- The university's share of Fund C, excluding temporary investment pool funds of \$1.1 million, a \$8.8 million loan to UHCURC, and \$8.3 million of accrued income
- Separately invested funds excluding accrued income of \$2.1 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 2019 from \$937.9 million to \$997.4 million, an increase of \$59.5 million, which equates to a 6.3% increase. The increase is net of a 4.5% endowment spending distribution and a 1.0% distribution to the Foundation. Fund A consists of approximately 15.7% cash and fixed income, 50.4% corporate stocks, 15.3% hedge funds, 17.6% private equity, and 1.0% 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 2020 will be reduced by 0.1 percentage points to 4.4% times the previous twelve-quarter moving average of market value.

At June 30, 2019, Fund A summary of activity and information is as follows (in thousands):

Fund A	Outstanding Shares	Per Unit Price	Total (in thousands)
Beginning balance	12,183,007	\$ 76.9867	\$ 937,930
Ending balance	13,039,016	76.4977	997,455
Increase in Fund A	856,009	\$ (0.4890)	\$ 59,525
Fund A Activity			
Return on Investments			\$ 49,516
Gifts Received			23,601
Funds available for spending, net transfers, and fees (fundraising, administrative and custody)			(13,592)
Total Fund A Activity			\$ 59,525

The university is the beneficiary of numerous perpetual trusts held and administered by external trustees. The market value of these external trustee assets totaled \$364.9 million and \$344.9 million as of June 30, 2019 and June 30, 2018, respectively. These external trusts are irrevocable, and the university has a vested beneficial interest in the net income payable by the trusts. External trust assets are not reported on the Statement of Net Position unless they are recognized as beneficial interest in trusts recognized under GASB 81, *Irrevocable Split-Interest Agreements*. Income is received annually and reported on the university's Statement of Revenues, Expenses, and Changes in Net Position. The university received income of \$9.6 million and \$10.4 million in 2019 and 2018, 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 perpetual trusts.

UC Health Affiliation Agreement

The university's intangible asset valuation for its interest in UC Health is valued at \$420.6 million. The valuation is based on the cost method of accounting as of July 1, 2011. For further discussion of UC Health, please refer to Note 5, UC Health Affiliation Agreement. The affiliation agreement supports the mission of UC Health and the university through the commitment to patient care, education, and research.

Capital Assets

The university is a complex adaptive assemblage of many buildings and open spaces coexisting on campus just like a mid-sized city. Much attention and care has been given to the physical campus, which has resulted in a campus that is part of the learning experience. The campus' environment reflects contemporary thinking about urban spaces.

With academic plans setting the stage for the direction of the physical campus, the focus is primarily on stewardship of existing assets, renovations of reusable assets and to a lesser extent new buildings. The campus plan has identified structures in need of new major systems and some functional re-organization to extend the assets' life for another several decades. Drawings identify potential future building sites and a few demolitions of structures not fit for a cost efficient renovation. New structures continue to reflect conversations about design for diverse populations and current architectural thought.

The use of space for formal and self-directed learning continues to be at a high level according to higher education standards. Wear and tear of facilities in use at least 10 hours per day have facilitated the need to change to more durable interior standards for furniture, fixtures and equipment.

During 2019, the university completed and capitalized significant projects including:

- 1819 Innovation Hub Tenant Improvements
- Fifth Third Arena Renovation

Capital projects currently in construction include:

- East Campus Open Space
- Engineering Research Center Roof & Facade Restoration
- French West HVAC Upgrade
- Health Sciences Building
- Lindner College of Business
- Main Street Plaza North
- Rieveschl Hall Roof Replacement and Green House Renovation
- Rieveschl Lab/Classroom/Office Renovations
- Rhodes Hall Fire Protection Upgrades and Roof Replacement
- UC Blue Ash Muntz Hall Rehabilitation, phase 2
- Vontz Center Exterior Envelope Improvements

Projects currently in design include:

- College of Law Renovation

Capital asset additions are funded using a combination of state capital appropriations, debt, gifts, and university funds. Capital additions totaled \$45.5 million in 2019 and \$117.5 million in 2018. Depreciation expense totaled \$125.1 million in 2019 and \$120.5 million in 2018. 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 \$1.24 billion at June 30, 2019; a decrease of \$50.0 million from \$1.29 billion at June 30, 2018. 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 ratings were assigned after extensive reviews of the university's financial activities, strategic plans, and future prospects.

The university has one pay-fixed interest rate swap in effect at June 30, 2019, which has been in existence since May 1, 2009. The swap is currently associated with Series 2018C Floating Rate Notes (FRNs) which mature on June 1, 2020. The intent of this derivative instrument is to protect the FRNs against the potential of rising interest rates. The fair value of the swap agreement at June 30, 2019 was \$3.4 million and reported as an other noncurrent liability on the Statement of Net Position.

The university continues to invest and expand its educational and research facilities beyond the level provided by state capital appropriations and donor gifts, 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, 2019 and 2018 is summarized below:

	(in thousands)	2019	2018	Increase/(Decrease)	
				Amount	Percent
Net investment in capital assets		\$ 563,066	\$ 526,828	\$36,238	6.9%
Restricted for:					
Nonexpendable		780,372	773,169	7,203	0.9%
Expendable		382,327	349,501	32,826	9.4%
Unrestricted		(391,102)	(354,182)	(36,920)	-10.4%
Total Net Position		\$ 1,334,663	\$ 1,295,316	\$ 39,347	3.0%

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 2019, net investment in capital assets increased by \$36.2 million. The change was a result of the addition of \$45.5 million in capital assets (net of \$125.1 million in depreciation expense), less retirements of \$1.4 million (net of \$21.2 million of accumulated depreciation), less a \$7.9 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 \$7.2 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 funds increased by \$32.8 million due, in part, to the recognition of \$24.1 million net other post employment benefits (OPEB) asset for STRS Ohio.

Pension reporting standards require the university to recognize net assets, liabilities, expenses, and deferred outflows and inflows of resources for both the pension plans and OPEB 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 and OPEB standards at June 30, 2019 was a reduction of \$653.3 million (\$24.1 million addition

to restricted expendable and \$677.4 million reduction to unrestricted) to the university's total net position. Additional detail relating to the pension and OPEB standards is in the table below:

	(in thousands)	2019	2018	Increase/(Decrease)	
				Amount	Percent
Impact of Pension and OPEB Standards					
Net OPEB Asset	\$	24,098	\$ —	\$ 24,098	100.0%
Deferred Outflows of Resources					
OPEB		16,188	13,027	3,161	24.3%
Pension		185,740	160,917	24,823	15.4%
Net Pension and OPEB Liability					
OPEB		158,951	189,609	(30,658)	-16.2%
Pension		654,315	538,652	115,663	21.5%
Deferred Inflows of Resources					
OPEB		37,413	16,975	20,438	120.4%
Pension		28,618	61,627	(33,009)	-53.6%
Net Impact of Pension and OPEB Standards	\$	(653,271)	\$ (632,919)	\$ (20,352)	3.2%

* See note 11 for retirement plans and OPEB

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, 2019 and 2018:

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

	(in thousands)	2019	2018	Increase/(Decrease)	
				Amount	Percent
Operating Revenues	\$	905,060	\$	870,575	\$ 34,485 4.0%
Operating Expenses		1,270,239		1,063,653	206,586 19.4%
Operating Loss		(365,179)		(193,078)	(172,101) 89.1%
Nonoperating Revenues (Expenses)					
State educational appropriations		222,899		221,956	943 0.4%
Federal nonexchange grants		41,330		39,940	1,390 3.5%
State nonexchange grants		4,139		4,779	(640) -13.4%
Gifts		33,744		30,212	3,532 11.7%
Support from affiliates		28,454		34,647	(6,193) -17.9%
Net investment income		87,732		80,136	7,596 9.5%
Net interest on capital asset-related debt		(43,818)		(43,995)	177 -0.4%
Other nonoperating revenues (expenses)		656		(555)	1,211 -218.2%
State capital appropriations		21,116		15,191	5,925 39.0%
Capital gifts and grants		7,707		15,435	(7,728) -50.1%
Additions to permanent endowments		567		534	33 6.2%
Increase in Net position		39,347		205,202	(165,855) -80.8%
Net position, beginning of year		1,295,316		1,090,114	205,202 18.8%
Net position, end of year	\$	1,334,663	\$	1,295,316	\$ 39,347 3.0%

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 \$365.2 million does not account for these important revenue sources. Adding these five revenue sources, which total \$330.6 million for 2019, offsets much of the operating loss.

REVENUES

The university's revenues for the years ended June 30, 2019 and 2018, are summarized below:

SUMMARY OF REVENUES

(in thousands)	2019	2018	Increase/(Decrease)	
			Amount	Percent
Operating Revenues				
Net student tuition and fees	\$ 478,854	\$ 478,560	\$ 294	0.1%
Federal, state, & local grants and contracts	135,888	127,448	8,440	6.6%
Nongovernmental grants and contracts	21,582	20,114	1,468	7.3%
Sales and services of educational departments	128,710	106,018	22,692	21.4%
Auxiliary enterprises, net	124,889	125,242	(353)	-0.3%
Other	15,137	13,193	1,944	14.7%
Total operating revenues	905,060	870,575	34,485	4.0%
Nonoperating Revenues				
State educational appropriations	222,899	221,956	943	0.4%
Federal and state nonexchange grants	45,469	44,719	750	1.7%
Gifts	33,744	30,212	3,532	11.7%
Support from affiliates	28,454	34,647	(6,193)	-17.9%
Net investment income	87,732	80,136	7,596	9.5%
Other nonoperating revenues	656	—	656	100.0%
Capital appropriations, gifts, and grants	28,823	30,626	(1,803)	-5.9%
Additions to permanent endowments	567	534	33	6.2%
Total nonoperating and other revenues	448,344	442,830	5,514	1.2%
Total revenues	\$ 1,353,404	\$ 1,313,405	\$ 39,999	3.0%

Operating Revenues

Net student tuition and fees are the primary source of operating revenue for the university. During 2019, the net revenue from student tuition and fees increased from \$478.6 million to \$478.9 million, an increase of \$0.3 million. The university did not increase its undergraduate instructional fees for the 2019 academic year.

The university has a high level of commitment to its research mission. In 2019, revenue from federal, state, and local grants and contracts totaled \$135.9 million, an increase of \$8.4 million. The increase was a result of increases in federal grant funds. Nongovernmental grants and contracts revenue increased from \$20.1 million to \$21.6 million in 2019, an increase of \$1.5 million. The increase was a result of an expansion of private grant funds. Research activity in the College of Engineering and College of Medicine accounted for a large portion of the increases in grant revenue. Annual research revenue as a percent of total operating revenue accounted for 17% of revenue in 2019.

Revenue from sales and service of educational departments totaled \$128.7 million, an increase of \$22.7 million. The increase is attributable to a continued expansion of services provided to UC Health plus increased Hoxworth Blood Center revenue.

Nonoperating Revenues

State educational appropriations increased from \$222.0 million in 2018 to \$222.9 million in 2019, an increase of \$0.9 million. Reforms to the State of Ohio's budget appropriations for higher education has rewarded the university for improvements in graduation rates and course completions. State funding support remains 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 2019 totaled \$33.7 million, compared to \$30.2 million in 2018, an increase of \$3.5 million. Gifts raised for Athletics accounted for \$2.3 million of the increase. The Foundation is working with the university to develop the next fundraising campaign to support the work of the university's Next Lives Here strategic direction.

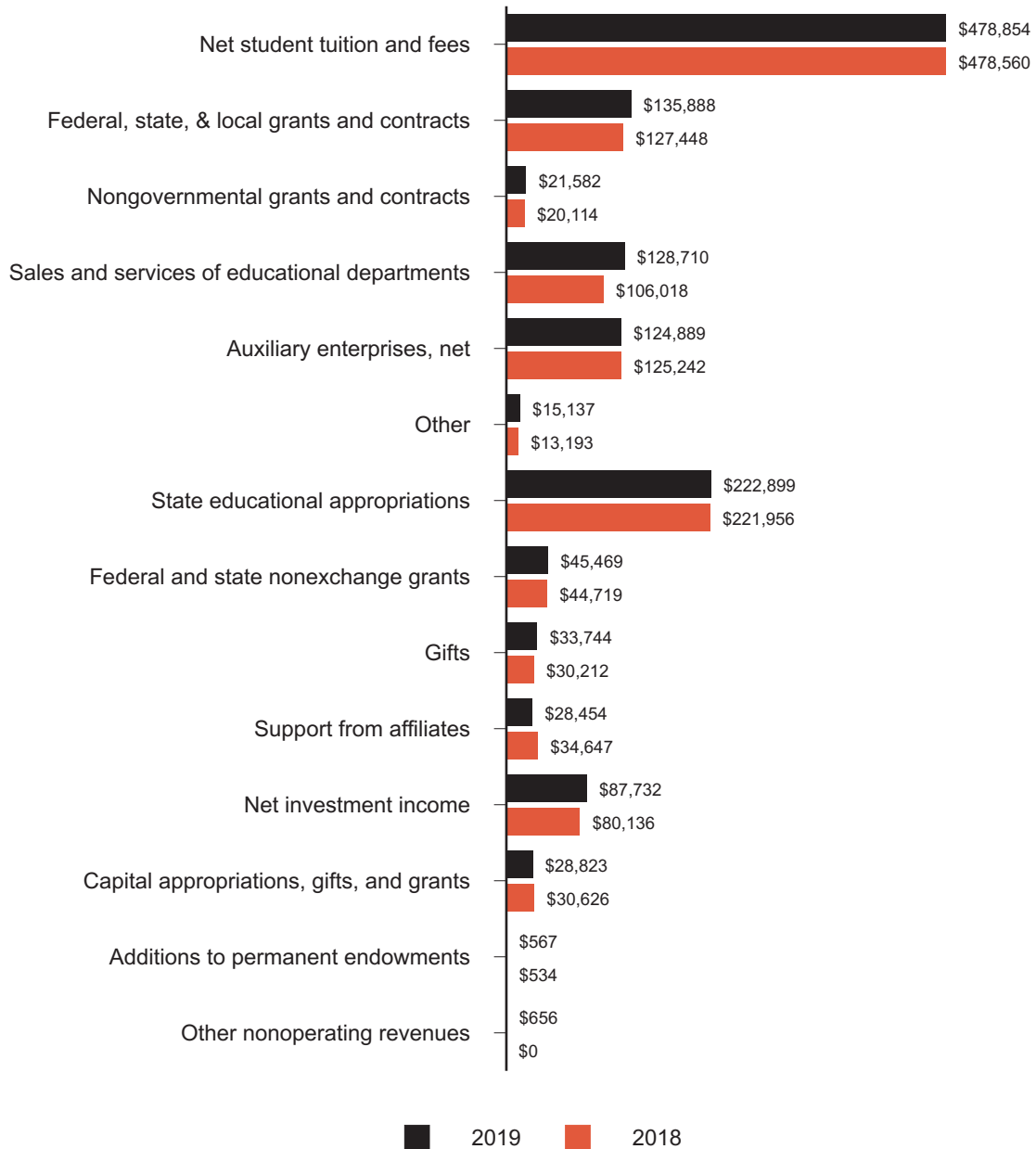
Support from affiliates revenue decreased from \$34.6 million to \$28.5 million in 2018 and 2019 respectively, a decrease of \$6.1 million. While the amount of academic support from UC Health has remained steady, the decrease is mainly attributable to a reduction in funds transferred to the College of Medicine from UC Physicians Inc. UC Health academic support is paid directly to UC Physicians Inc., rather than directly to the college. These funds are budgeted, committed and made available to the College of Medicine based on strategic education and research needs identified by the Dean of the College of Medicine and are received, primarily, based on the culmination of recruiting initiatives.

The university's net investment income totaled \$87.7 million and \$80.1 million in 2019 and 2018 respectively, an increase of \$7.6 million. Investment income includes both endowment income and temporary investment pool income. The increase in investment income for 2019 is attributable to the growth in the value of the investment portfolio, improvements in national and global markets, coupled with the university's investment strategy.

Capital appropriations, gifts, and grants included in other revenue, decreased from \$30.6 million in 2018 to \$28.8 million in 2019, a decrease of \$1.8 million. State capital is appropriated on a biannual basis, of which 2019 is the first year of the biennium. In 2019, State capital appropriations were \$21.1 million, an increase of \$5.9 million. Capital gifts and grants received for construction projects decreased from \$15.4 million in 2018 to \$7.7 million in 2019, a decrease of \$7.7 million.

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, 2019 and 2018, are summarized below:

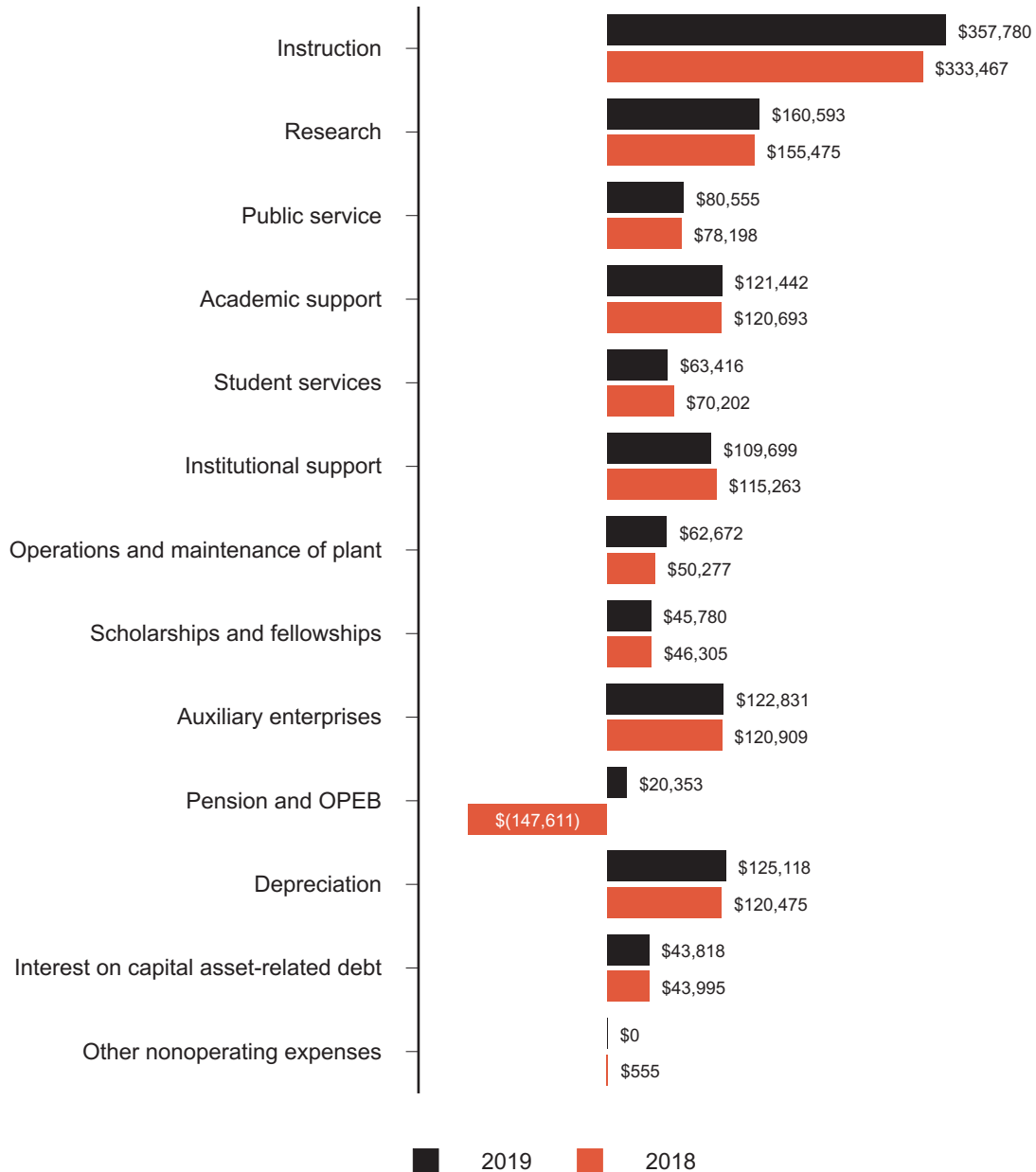
SUMMARY OF EXPENSES

(in thousands)	2019	2018	Increase/(Decrease)	
			Amount	Percent
Operating expenses				
Instruction	\$ 357,780	\$ 333,467	\$ 24,313	7.3%
Research	160,593	155,475	5,118	3.3%
Public service	80,555	78,198	2,357	3.0%
Academic support	121,442	120,693	749	0.6%
Student services	63,416	70,202	(6,786)	-9.7%
Institutional support	109,699	115,263	(5,564)	-4.8%
Operations and maintenance of plant	62,672	50,277	12,395	24.7%
Scholarships and fellowships	45,780	46,305	(525)	-1.1%
Auxiliary enterprises	122,831	120,909	1,922	1.6%
Pension and other postemployment benefit (revenue) expense	20,353	(147,611)	167,964	-113.8%
Depreciation	125,118	120,475	4,643	3.9%
Total operating expenses	\$ 1,270,239	\$ 1,063,653	\$ 206,586	19.4%
Nonoperating expenses				
Net interest on capital asset-related debt	43,818	43,995	(177)	-0.4%
Other nonoperating expenses	—	555	(555)	-100.0%
Total nonoperating expenses	\$ 43,818	\$ 44,550	\$ (732)	-1.6%
Total expenses	\$ 1,314,057	\$ 1,108,203	\$ 205,854	18.6%

Total university expenses (operating and nonoperating) increased by \$205.9 million in 2019. Pension (GASB 68) and OPEB (GASB 75) adjustments accounted for \$168.0 million of the increase in expenses. Excluding pension and OPEB related expenses, university expenses increased by \$37.9 million. Increases in instruction expenses of \$24.3 million are attributable to increases in salaries and fringe benefits related to an increase in faculty headcount and contractual salary increases. Increases in research expenses of \$5.1 million are offset by increases in grants and contracts revenue. Increases in operations and maintenance of plant of \$12.4 million are related to construction expenses that were not capitalized plus increased costs associated with operating the university's physical campus. Offsets to the increases in operating expenses include student services and institutional support. Decreases in these expense line items are a result of employee fringe benefit savings, and cost savings related to distance learning.

The chart below portrays both operating and nonoperating expenses:

Summary of Expenses (in thousands)



ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University of Cincinnati is leading urban, public universities into a new era of innovation and impact through its strategic direction, Next Lives Here, underscoring the power of creativity, ingenuity, invention and inclusion. Our drive to invent in and beyond the classroom has been the source of many breakthrough contributions, including the oral polio vaccine and the first antihistamine. Our endeavors as a university encompass science, medicine, business, education, engineering, technology, the humanities, and the arts. Specific and cross-disciplinary areas of focus include analytics, digital media, precision cancer medicine, water and urban futures.

The university serves a diverse community of 46,388 students (fall 2019) - the highest enrollment in our history thanks to nearly a decade of steadily rising enrollment and unrivaled momentum that includes record retention and graduation rates. As the global founder of cooperative education, which has made today's college experience more engaging and affordable, the university's strategic plan is focusing on the future development of tomorrow's cooperative education, internships, and related opportunities. These will provide forward-looking, competitive experiences to the next generation of students in the digital knowledge economy and expand work-integrated experiences to greater numbers of students.

Next Lives Here achievements for our students include the initial roll out of the Bearcat Promise, where students will graduate with a degree in one hand and a career plan in the other. Support for students encompasses community engagement, experience-based learning, advising, and academic excellence that have boosted the university's retention rate to 88.3 percent overall and 89.0 percent for students entering the university from Cincinnati Public Schools. Additionally, the university's graduation rate is rising rapidly and now stands at an all-time record high of 71.3 percent.

A commitment to consistent tuition stability for students and their families fulfills the university's mission-critical focus on affordability, accountability and access. The university has voluntarily frozen tuition for the past four years. In fact, the spring 2019 class that earned a four-year undergraduate degree (who entered in fall 2015) have never known a tuition increase throughout their college career.

Similarly, thanks to a newly adopted Tuition Guarantee Program, the incoming, undergraduate class entering in fall 2019 is now guaranteed a set, established amount for base tuition and certain other fees including room and board. This means that this new undergraduate class will never know an increase in base tuition and fees when completing four- or five-year degrees.

Throughout their academic careers, university students earn many external honors and awards, including Fulbright and Goldwater scholarships as well as grants and research project support from internal and external entities as varied as the National Science Foundation, National Endowment for the Humanities, the U.S. Air Force and others. At the university, both undergraduates and graduate students receive both funding and mentoring support to pursue research through specialized programs like ROSE (Research, Observation, Service and Education Experiences), WISE (Women in Science and Engineering), and SURF (Summer Undergraduate Research Fellowship). Such opportunities allow students to directly contribute to innovation, build a meaningful portfolio, engage with faculty and other thought leaders outside the classroom, and hone their inquiry and investigative skills according to the scientific method.

In addition, students are also able to pursue entrepreneurial efforts with support from the 1819 Innovation Hub, the UC Center for Entrepreneurship & Commercialization and the Entrepreneurship Bearcat Launchpad, the nation's first student-led business accelerator.

Many university faculty members have been awarded significant honors at the local, state, national, and international levels. These include numerous National Science Foundation Career awards as well as Fulbright awards and Guggenheim grants. University faculty and their work routinely receive support from the Ohio Board of Regents, Department of Health and Human Services, National Institutes of Health, Department of Defense, Department of Education, Department of Energy, U.S. EPA, National Science Foundation, National Endowment for the Humanities, National Endowment for the Arts, National Geographic Society, National Oceanic and Atmospheric Administration, U.S. Geological Survey, Andrew W. Mellon Foundation, Robert Wood Johnson Foundation, National Heart, Lung and Blood Institute and many others.

The university is home to a number of Ohio Centers of Excellence where faculty research as well as their scholarly and creative endeavors serves to advance innovation and entrepreneurial activity as well as draw gifted students seeking to augment and apply their skills. The university is home to Ohio Centers of Excellence dedicated to advanced energy and sustaining the urban environment, transforming healthcare in the 21st century, intelligent air and space vehicle energy systems, nanoscale sensor technology, design and innovation, and music and theater arts.

The university has nearly 200 years of history as a research pioneer, with a culture strongly emphasizing collaboration in order to achieve innovative results that can be applied to solving complex problems and furthering scientific advancement. The university fosters early stage research and launches start-up companies via an expanding innovation incubator, the 1819 Innovation Hub, providing a key location amidst Cincinnati's rising Innovation Corridor. The university's innovation hub is the nexus for business and industry to partner with university faculty and students. Partnering with the university's 1819 Innovation Hub are a wide range of visionaries: from seed-stage investors like CincyTech (one of the most active in the nation) to established corporations like Procter & Gamble to consultancies like the Live Well Collaborative that partners with international firms to improve products and services for those aged 50 and over. The university and its affiliates - renowned for premier patient care, health-related research and training of health care professionals - earn approximately \$425 million in research funding annually.

University of Cincinnati

A COMPONENT UNIT OF THE STATE OF OHIO

Statement of Net Position (in thousands) as of June 30, 2019 (with comparative information as of June 30, 2018)	University of Cincinnati		The University of Cincinnati Foundation	
	2019	2018	2019	2018
Assets				
Current assets				
Cash and cash equivalents	\$ 65,491	\$ 88,125	\$ 11,476	\$ 11,742
Current portion of investments	184,835	158,237		
Current portion of accounts receivable, net	66,967	75,258	2,964	2,461
Current portion of pledges receivable, net			29,350	28,797
Current portion of notes receivable, net	4,987	5,791		
Current portion of other assets	12,042	11,387	15,866	14,886
Total current assets	334,322	338,798	59,656	57,886
Noncurrent assets				
Restricted cash	5,765			
Investments	335,699	392,231		
Endowment investments	624,728	586,002	473,388	439,258
Split-interest agreements	9,735	8,631		
Accounts receivable, net	7,356	7,576		
Pledges receivable, net			69,543	69,683
Notes receivable, net	18,867	21,884		
Net other postemployment benefits asset	24,098			
UC Health intangible asset	420,645	420,645		
Capital assets not being depreciated	273,212	269,890		
Capital assets being depreciated, net	1,477,277	1,436,438	1,601	2,360
Total noncurrent assets	3,197,382	3,143,297	544,532	511,301
Total Assets	3,531,704	3,482,095	604,188	569,187
Deferred Outflows of Resources				
Loss on refunding	11,161	13,558		
Other postemployment benefits	16,188	13,027		
Pension	185,740	160,917		
Total Deferred Outflows of Resources	213,089	187,502	—	—
Liabilities				
Current liabilities				
Accounts payable	55,369	87,400	3,496	2,579
Accrued liabilities	24,518	23,243		
Current portion of accrued compensation	81,052	75,370		
Current portion of bonds, notes, and leases payable	71,422	43,836		
Deposits and advances	49,222	42,341		
Total current liabilities	281,583	272,190	3,496	2,579
Noncurrent liabilities				
Accrued compensation	21,081	18,294		
Government loan advances	22,198	21,705		
Bonds, notes, and leases payable	1,169,698	1,244,239		
Rent advances	23,184			
Net other postemployment benefits liability	158,951	189,609		
Net pension liability	654,315	538,652		
Other noncurrent liabilities	3,354	2,359	20,031	19,955
Total noncurrent liabilities	2,052,781	2,014,858	20,031	19,955
Total Liabilities	2,334,364	2,287,048	23,527	22,534
Deferred Inflows of Resources				
Split-interest agreements	9,735	8,631		
Other postemployment benefits	37,413	16,975		
Pension	28,618	61,627		
Total Deferred Inflows of Resources	75,766	87,233	—	—
Net Position				
Net investment in capital assets	563,066	526,828	1,601	2,360
Restricted for:				
Nonexpendable	780,372	773,169	402,451	370,651
Expendable	382,327	349,501	159,298	157,985
Unrestricted	(391,102)	(354,182)	17,311	15,657
Total Net Position	\$ 1,334,663	\$ 1,295,316	\$ 580,661	\$ 546,653

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)

	University of Cincinnati		The University of Cincinnati Foundation	
	2019	2018	2019	2018
for the year ended June 30, 2019 (with comparative information for the year ended June 30, 2018)				
Operating Revenues				
Student tuition and fees	\$ 590,385	\$ 582,239		
Less scholarship allowances	111,531	103,679		
Net student tuition and fees	478,854	478,560		
Federal grants and contracts	130,429	121,892		
State and local grants and contracts	5,459	5,556		
Nongovernmental grants and contracts	21,582	20,114		
Sales and services of educational departments	128,710	106,018		
Auxiliary enterprises (net of scholarship allowances of \$14,215 in 2019 and \$12,381 in 2018)	124,889	125,242		
Other operating revenues	15,137	13,193	\$ 28,549	\$ 29,844
Total Operating Revenues	905,060	870,575	28,549	29,844
Operating Expenses				
Educational and general:				
Instruction	357,780	333,467		
Research	160,593	155,475		
Public service	80,555	78,198		
Academic support	121,442	120,693		
Student services	63,416	70,202		
Institutional support	109,699	115,263	33,244	29,341
Operations and maintenance of plant	62,672	50,277		
Scholarships and fellowships	45,780	46,305		
Auxiliary enterprises	122,831	120,909		
Pension (revenue) expense	57,832	(139,074)		
Other postemployment benefit revenue	(37,479)	(8,537)		
Depreciation	125,118	120,475	1,124	1,035
Total Operating Expenses	1,270,239	1,063,653	34,368	30,376
Operating Loss	(365,179)	(193,078)	(5,819)	(532)
Nonoperating Revenues (Expenses)				
State educational appropriations	222,899	221,956		
Federal nonexchange grants	41,330	39,940		
State nonexchange grants	4,139	4,779		
Gifts	33,744	30,212	66,604	75,446
Support from affiliates	28,454	34,647		
Net investment income	87,732	80,136	24,761	29,615
Net interest on capital asset-related debt	(43,818)	(43,995)		
Payments to University of Cincinnati			(52,546)	(58,493)
Other nonoperating revenues (expenses)	656	(555)	1,008	(238)
Net Nonoperating Revenues	375,136	367,120	39,827	46,330
Income Before Other Revenues	9,957	174,042	34,008	45,798
Other Revenues				
State capital appropriations	21,116	15,191		
Capital gifts and grants	7,707	15,435		
Additions to permanent endowments	567	534		
Total Other Revenues	29,390	31,160	—	—
Increase in Net Position	39,347	205,202	34,008	45,798
Net Position, beginning of year	1,295,316	1,090,114	546,653	500,855
Net Position, End of Year	\$ 1,334,663	\$ 1,295,316	\$ 580,661	\$ 546,653

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, 2019 (with comparative information for the year ended June 30, 2018)	University of Cincinnati	
	2019	2018
Cash Flows from Operating Activities		
Student tuition and fees	\$ 484,892	\$ 473,626
Federal, state, and local grants and contracts	186,558	174,301
Sales and services of educational departments and auxiliary enterprises	267,991	233,975
Expenditures and other deductions:		
Compensation	(747,914)	(721,270)
Payments for materials, services and other	(408,629)	(391,558)
Loans issued	(1,614)	(6,048)
Loan principal collected	5,435	5,471
Interest on loans receivable	116	111
Other revenue	46,139	4,418
Net Cash Used for Operating Activities	(167,026)	(226,974)
Cash Flows from Noncapital Financing Activities		
State educational appropriations	222,849	222,119
Federal nonexchange grants	41,330	39,940
State nonexchange grants	4,139	4,779
Gift receipts for current use	31,056	31,170
Support from affiliates	28,454	34,647
Additions to permanent endowments	863	879
Net Cash Provided by Noncapital Financing Activities	328,691	333,534
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	18,887	15,726
Private gifts	7,707	15,435
Other	2,063	3,412
Proceeds from issuance of capital debt	—	178,004
Purchases of capital assets	(187,873)	(231,376)
Proceeds from sale of capital assets	284	331
Principal paid on capital debt and leases	(46,955)	(71,113)
Interest payments on capital debt and leases	(53,573)	(51,760)
Net Cash Used for Capital and Related Financing Activities	(259,460)	(141,341)
Cash Flows from Investing Activities		
Interest and dividends on investments, net	41,808	34,755
Proceeds from sales and maturities of investments	1,411,148	1,367,052
Purchases of investments	(1,365,255)	(1,332,296)
Other endowment expenditures	(6,775)	(5,072)
Net Cash Provided by Investing Activities	80,926	64,439
Net Increase (Decrease) in Cash and Cash Equivalents	(16,869)	29,658
Cash and Cash Equivalents, Beginning of Year	88,125	58,467
Cash and Cash Equivalents, End of Year	\$ 71,256	\$ 88,125

University of Cincinnati

A COMPONENT UNIT OF THE STATE OF OHIO

Statement of Cash Flows (in thousands)

for the year ended June 30, 2019 (with comparative information for the year ended June 30, 2018)

University of Cincinnati

	2019	2018
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating loss	\$ (365,179)	\$ (193,078)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	125,118	120,475
Changes in assets and liabilities:		
Accounts receivable, net	12,185	(21,233)
Notes receivable, net	3,821	(577)
Other assets	(1,551)	(658)
Net OPEB asset	(24,098)	
Deferred outflows	(27,984)	18,778
Accounts payable	(18,905)	13,318
Accrued compensation and other	3,851	(4,019)
Advances	31,928	3,953
Compensated absences	5,149	201
Deposits	680	115
Net OPEB liability	(30,658)	(12,485)
Net pension liability	115,663	(230,519)
Deferred inflows	(12,571)	76,615
Other liabilities	15,525	2,140
Net Cash Used for Operating Activities	\$ (167,026)	\$ (226,974)
Noncash Transactions		
Accrued liabilities for capital assets	\$ 11,346	\$ 29,093
Gifts of capital assets	\$ 123	\$ 586

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

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019, 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 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. There was no significant impact to the university's financial statements due to the implementation of Statement No. 83.

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 and report fiduciary activities in the university's financial statements. In general, if the university controls the activities and the beneficiaries of fiduciary funds, then the activity 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. This statement also establishes requirements for reporting fiduciary activities of component units. A fiduciary fund component unit, should be reported in the primary government's fiduciary funds. The university is evaluating the impact Statement No. 84 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 Statement No. 87 will have on its financial statements.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the university's fiscal year ending June 30, 2019. This statement clarifies which liabilities are defined as debt for the purposes of disclosures in the notes to financial statements. The pronouncement defines debt as a liability that arises from a contractual obligation to pay cash (or other assets that may be in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Statement No. 88 requires that all debt disclosures present direct borrowings and

direct placements of debt separately from other types of debt. Also, additional essential debt-related information for all types of debt including amounts of unused lines of credit, assets pledged as collateral for debt, and terms specified in debt agreements for significant events related to default, termination and subjective acceleration clauses are required by this standard. There was no significant impact to the university's financial statements due to the implementation of Statement No. 88.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the university's fiscal year ending June 30, 2021. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. Interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset. The university is evaluating the impact Statement No. 89 will have on its financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*, effective for the university's fiscal year ending June 30, 2020. The statement clarifies the accounting and financial reporting requirements for a majority equity interest in an organization that remains legally separate after acquisition. A majority equity interest is defined as a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or having possession of an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources. This standard requires a majority equity interest in a legally separate organization to be reported as an investment if the holding of the equity interest meets the definition of an investment under GASB guidelines. For all other holdings not meeting the definition of an investment, the legally separate organization should be reported as a component unit and the equity interest as an asset. This statement also establishes guidance for measuring assets, deferred outflows of resources, liabilities, and deferred inflows of resources of wholly acquired governmental organizations that are also component units. The university is evaluating the impact Statement No. 90 will have on its financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for the university's fiscal year ending June 30, 2022. This guidance provides a single method of reporting conduit debt obligations and any related commitments in an effort to eliminate differences in practice. This standard clarifies what a conduit debt obligation is by specifying certain characteristics of these debt instruments, and it eliminates the option for government issuers to recognize conduit debt obligations. The definition of conduit debt obligations is broadened to include related additional commitments such as guarantees or moral obligation pledges as well as voluntary agreements to make debt service payments or request an appropriation associated with the debt issue. Additionally, it clarifies how issuers should account for and report 1) commitments they extend or voluntarily provide and 2) arrangements associated with conduit debt obligations, which are often characterized in practice as leases but are not leases for financial reporting purposes. Issuers should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service payments only if certain recognition criteria are met. Issuers are required to provide enhanced note disclosures related to the conduit debt obligations. The university is evaluating the impact Statement No. 91 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, 2019, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2019, 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, 2019. 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 acquisition 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, except for library books and fine art.

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 and OPEB liabilities not included in pension and OPEB 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 and OPEB liabilities not included in pension and OPEB expense and beneficial interests in irrevocable split-interest agreements.

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, athletic events and rents 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, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Cost-Sharing Defined Benefit Other Postemployment Benefit Plans— The Plans mentioned in the preceding paragraph provide other postemployment benefits (OPEB) in addition to pension benefits. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plans and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 2018 is for comparative purposes. This information should be read in conjunction with the university's financial statements for the year ended June 30, 2018, 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 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 in accordance with the investment policy.

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, 2019, 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	\$ 53	\$ —	\$ 53
Bank deposits - Federally insured	521	—	521
Bank deposits - Uninsured	6,354	—	6,354
Money market funds	73,046	5,765	78,811
Cash in-transit	(14,483)	—	(14,483)
Total cash & cash equivalents	65,491	5,765	71,256
Investments			
U.S. Agency securities	3,834	52,632	56,466
U.S. Treasury securities	75,012	40,185	115,197
Corporate notes and bonds	99,325	195,137	294,462
Endowment Fund A & C	—	37,192	37,192
Municipal notes and bonds	6,664	8,851	15,515
Total investments excluding real estate	184,835	333,997	518,832
Total Temporary Investment Pool	\$ 250,326	\$ 339,762	\$ 590,088
Other Investments			
Real Estate	—	1,702	1,702
Total Investments	\$ 184,835	\$ 335,699	\$ 520,534

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 34% and hedge funds 23%. The Investment Committee determines target allocations and allowable ranges.

The Uniform Prudent 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 Ohio's version of UPMIFA requirements.

At June 30, 2019, the fair value of the endowment is as follows (*in thousands*):

Endowment Investments	Fund A	Fund B	Fund C	Separately Invested	Beneficial Interests in Perpetual Trusts	Total
Investment Type						
Cash & cash equivalents	\$ 6,489	\$ 8	\$ 438	\$ 197	\$ —	\$ 7,132
U.S. Agency securities	36,437	—	—	—	—	36,437
U.S. Treasury securities	48,054	—	—	33	—	48,087
Corporate notes and bonds	59,828	—	—	144	—	59,972
Municipal notes and bonds	5,497	—	—	—	—	5,497
NDCL* - principal	—	—	50,730	12,934	—	63,664
NDCL* - accrued income	—	—	8,265	2,076	—	10,341
Corporate stocks	503,227	—	—	2,612	—	505,839
Alternative investments						
Private equity	175,702	—	—	4,962	—	180,664
Hedge funds	152,646	—	—	—	—	152,646
Real estate	9,575	816	5,880	1,136	—	17,407
Beneficial interests in perpetual trusts	—	—	—	—	364,912	364,912
Total endowment investments	997,455	824	65,313	24,094	364,912	1,452,598
Shares held by UC Foundation	(386,763)	—	(20,602)	—	—	(407,365)
Loan to UHCURC (component unit)	—	—	(8,833)	—	—	(8,833)
NDCL* - accrued income	—	—	(8,265)	(2,076)	—	(10,341)
Accrued income - other	(1,291)	(8)	—	—	—	(1,299)
Accrued expense	1,124	—	—	—	—	1,124
TIP investment in Fund A & C	(36,069)	—	(1,123)	—	—	(37,192)
Valuation timing adjustment	947	—	1	—	—	948
Beneficial interests in perpetual trusts	—	—	—	—	(364,912)	(364,912)
Endowment investments as reported	\$ 575,403	\$ 816	\$ 26,491	\$ 22,018	\$ —	\$ 624,728

* Neighborhood Development Corporation Loans (NDCL)

Endowment shares held by UC Foundation, investments held in irrevocable external perpetual trusts, a note payable from University Heights Community Urban Redevelopment Corporation (UHCURC), accrued income and expense, and temporary investment pool's 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. External trust assets are not reported on the Statement of Net Position unless they are recognized as beneficial interest in trusts under GASB 81, *Irrevocable Split-Interest Agreements*. 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 temporary investment pool's 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 2019 endowment spending policy provided for an annual distribution of 4.5% of the twelve-quarter moving-average market value of endowment units.

At June 30, 2019, Fund A shares totaled 13,039,016 with a market value of \$997,455,000. The Foundation owned 5,062,422 of those shares with a market value of \$386,763,000 (excludes accrued income). The Foundation's share of Fund A is approximately 38.8%. 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 \$175,702,000. Certain of these private equity investments are valued based on their value as of March 31, 2019 adjusted for cash receipts, cash disbursements, and securities distributions through June 30, 2019 (please refer to Note 1, Summary of Significant Accounting Policies, regarding valuation of alternative investments). The hedge fund portion of the portfolio totals \$152,646,000. Real estate holdings in Fund A total \$9,575,000. The university's outstanding commitment to purchase various alternative investments at June 30, 2019, is \$183,146,000 and is comprised mostly of undrawn commitments to private equity funds.

Fund C

Fund C is comprised of strategic loans made to certain non-profit neighborhood development corporations and certain real estate holdings. Fund C is not actively managed by the investment office, has no spending policy, and pays no Foundation fundraising fees.

Fund C loans made to certain nonprofit neighborhood development corporations for the purpose of developing residential and commercial facilities on the borders of the campus total \$58,995,000. The total includes principal of \$50,730,000, net of \$18,588,000 of loan loss reserves and accrued interest of \$8,265,000, net of \$38,803,000 of interest reserves. A loan to UHCURC (a blended component unit) for \$8,833,000, 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 real estate holdings are valued at \$5,880,000.

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 Fund C investments will be liquidated and the entire value of the assets will be transferred to Fund A.

At June 30, 2019, Fund C shares totaled 10,987,649 with market value of \$65,313,000. The Foundation owned 3,968,064 of those shares with a market value of \$20,602,000 (excludes accrued income). The Foundation's share of Fund C is approximately 36.1%.

Fund B and Separately Invested Assets

Fund B is comprised primarily of real estate holdings received through donor bequest and is valued at \$824,000. 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 \$24,094,000 (including accrued income) at June 30, 2019.

Real Estate

Fund A, Fund B, Fund C, and separately invested assets include land or other real estate held as investments. At June 30, 2019, the fair market value totaled \$17,407,000 including \$9,575,000 in Fund A, \$816,000 in Fund B, \$5,880,000 in Fund C and \$1,136,000 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 2018.

Real estate not included in the temporary investment pool or endowment market values but reported as a noncurrent investment represents the Piedmont Mews property owned by the university as of June 30, 2019, valued at \$1,702,000. 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, 2019. Other university held real estate outside of the temporary investment pool 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.

Beneficial Interest in Irrevocable External Perpetual Trusts

The university is the beneficiary of numerous perpetual trusts held and administered by external trustees. The market value of these external trustee assets totaled \$364,912,000 at June 30, 2019. These external trusts are irrevocable, and the university has a vested beneficial interest in the net income payable by the trusts. External trust assets are not reported on the Statement of Net Position unless they are recognized as beneficial interest in trusts recognized under GASB 81, *Irrevocable Split-Interest Agreements*. Income is received annually and reported on the university's Statement of Revenues, Expenses, and Changes in Net Position. In 2019, the university received income of \$9,547,000. The university expects income from the trusts will 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 maximum duration range of investments in the temporary investment pool will not exceed three years. There is no stipulation for the endowment portfolio.

At June 30, 2019, 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	\$ 3,834	\$ 51,352	\$ 1,280	\$ —	\$ 56,466
U.S. Treasury securities	75,012	40,185	—	—	115,197
Corporate notes and bonds	99,325	182,624	4,099	8,414	294,462
Municipal notes and bonds	6,664	7,094	887	870	15,515
Total Temporary Investment Pool	\$ 184,835	\$ 281,255	\$ 6,266	\$ 9,284	\$ 481,640
Endowment Investments					
U.S. Agency securities	\$ 4	\$ 4,460	\$ 2,975	\$ 14,853	\$ 22,292
U.S. Treasury securities	390	4,399	4,519	20,121	29,429
Corporate notes and bonds	1,909	18,657	9,620	6,557	36,743
Municipal notes and bonds	—	1,195	1,035	1,133	3,363
NDCL* - principal	1,355	8,790	15,686	10,680	36,511
Total Endowment Investments	\$ 3,658	\$ 37,501	\$ 33,835	\$ 53,344	\$ 128,338

* 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 \$38,899,000 and are recorded as noncurrent investments on the Statement of Net Position. Unspent debt proceeds are included in the temporary investment pool investments above.

The portion of endowment investments, after exclusions, not subject to interest rate risk is \$533,582,000 (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.

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*, securities with split ratings, or a different rating assignment, are disclosed using the rating indicative of the greatest degree of risk.

At June 30, 2019, 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	\$ —	\$ 56,466	\$ —	\$ —	\$ —	\$ —	\$ 56,466
U.S. Treasury securities	—	115,197	—	—	—	—	115,197
Corporate notes and bonds	43,043	24,136	157,135	70,148	—	—	294,462
Municipal notes and bonds	1,387	2,924	11,204	—	—	—	15,515
Total Temporary Investment Pool	\$ 44,430	\$ 198,723	\$ 168,339	\$ 70,148	\$ —	\$ —	\$ 481,640
Endowment Investments							
U.S. Agency securities	\$ 355	\$ 20,841	\$ 83	\$ 707	\$ 306	\$ —	\$ 22,292
U.S. Treasury securities	13,194	16,235	—	—	—	—	29,429
Corporate notes and bonds	2,269	1,200	7,394	22,903	2,835	142	36,743
Municipal notes and bonds	149	581	2,472	161	—	—	3,363
NDCL* - principal	—	—	—	—	—	36,511	36,511
Total Endowment Investments	\$ 15,967	\$ 38,857	\$ 9,949	\$ 23,771	\$ 3,141	\$ 36,653	\$ 128,338

* 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 \$533,582,000 (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, 2019, 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, 2019 (*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	\$ 92,903	\$ —	\$ 92,903	\$ —
U.S. Treasury securities	163,284	163,284	—	—
Corporate notes and bonds	354,434	—	354,434	—
Municipal notes and bonds	21,012	—	21,012	—
NDCL - principal	54,831	—	—	54,831
Equity securities				
U.S. equities	234,915	234,915	—	—
Non-U.S. equities	25,016	25,016	—	—
Commingled funds	198,882	—	—	198,882
Public real assets	47,026	—	—	47,026
Real estate	19,109	—	—	19,109
Total investments by fair value level	<u>\$ 1,211,412</u>	<u>\$ 423,215</u>	<u>\$ 468,349</u>	<u>\$ 319,848</u>
Investments measured at net asset value (NAV)				
Hedge funds	\$ 152,646			
Private equity funds	180,664			
Total investments measured at NAV	<u>333,310</u>			
	<u>1,544,722</u>			
Cash, cash equivalents and other	7,905			
Shares held by UC Foundation	(407,365)			
Total investments measured at fair value	<u>\$ 1,145,262</u>			
Investment derivative instruments				
Interest rate swap (liability)	<u>\$ (3,354)</u>		<u>\$ (3,354)</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	\$ 54,831	Based on aggregate cash flow projections and independent appraisals of underlying real estate
Commingled funds; Public real assets	245,908	Positions are valued by a general or managing partner (or functional equivalent)
Real estate	19,109	Independent appraisals every three years for tangible real assets
	<u>\$ 319,848</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)	\$ 152,646	\$ —	Quarterly/Annually, after lock-up period	45-90 days
Private equity funds (B)	180,664	183,146	Non-redeemable	none
	<u>\$ 333,310</u>	<u>\$ 183,146</u>		

(A) This category includes 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 70% of the university's hedge fund portfolio market value was available during 2019.

(B) This category mainly includes 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, 2019 is as follows (*in thousands*):

Accounts receivable, net	\$ 62,735
Notes receivable, net	23,854
Accrued interest receivable, net	<u>11,588</u>
Total	<u>98,177</u>
Less current receivables	<u>71,954</u>
Noncurrent receivables	<u><u>\$ 26,223</u></u>

Allowances for uncollectible receivables included in the amounts above are approximately \$8,468,000 for accounts receivable, \$6,842,000 for notes receivable, and \$28,958,000 for accrued interest receivable related to loans made to certain nonprofit entities as of June 30, 2019.

5. UC Health Affiliation Agreement

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 interest in the net assets of UC Health. This intangible asset 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 university’s participation interest defined in the affiliation agreement. The university monitors any potential changes to the asset valuation such as impairment. There has been no change to the value of asset 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 2019 were approximately \$13,034,000.

UC Health 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. UC Health 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 UC Health and related affiliates for 2019 were approximately \$27,826,000 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 employees’ salaries and benefits. Total salaries and benefits for 2019 were approximately \$57,890,000 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, 2019 is summarized as follows *(in thousands)*:

	Balance			Balance	
	July 1, 2018	Additions	Retirements	Transfers	June 30, 2019
Capital assets not being depreciated:					
Land	\$ 25,196	\$ —	\$ —	\$ —	\$ 25,196
Construction in progress	229,048	143,609	—	(140,641)	232,016
Collections	15,646	356	(2)	—	16,000
Total nondepreciable assets	269,890	143,965	(2)	(140,641)	273,212
Capital assets being depreciated:					
Land improvement	111,242	—	—	3,063	114,305
Buildings	2,490,153	—	(2,007)	130,693	2,618,839
Infrastructure	130,836	—	—	3,100	133,936
Building equipment	17,595	—	—	103	17,698
Moveable equipment	249,802	18,357	(20,050)	3,682	251,791
Computer software	73,582	—	(16)	—	73,566
Library books	207,728	8,333	(512)	—	215,549
Total	3,280,938	26,690	(22,585)	140,641	3,425,684
Less: Accumulated depreciation	1,844,500	125,118	(21,211)	—	1,948,407
Total depreciable assets	1,436,438	(98,428)	(1,374)	140,641	1,477,277
Capital assets, net	\$ 1,706,328	\$ 45,537	\$ (1,376)	\$ —	\$ 1,750,489

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

Bonds, notes, capital leases, and other debt at June 30, 2019 comprise the following (in thousands):

Long-term Debt	Interest Rates	Final Maturity	Beginning Balance July 1, 2018	Additions	Reductions	Ending Balance June 30, 2019	Current Portion
Bonds - fixed rate debt							
2008G	5.00-5.50%	2020	\$ 4,710	\$ —	\$ 4,710	\$ —	\$ —
2009C	3.50-5.00%	2030	79,580	—	6,600	72,980	3,575
2009E	3.25-4.65%	2030	4,185	—	280	3,905	285
2010C (a,b)	4.03-6.48%	2039	85,535	—	2,025	83,510	2,090
2010F	3.00-5.00%	2034	72,840	—	1,055	71,785	7,950
2010G (a,b)	4.72-6.28%	2032	14,880	—	835	14,045	860
2011A	3.50-5.00%	2021	6,015	—	1,915	4,100	2,005
2011C	3.00-5.25%	2031	22,570	—	905	21,665	955
2011E	3.38-5.00%	2028	28,720	—	—	28,720	—
2012A	2.00-5.00%	2031	66,990	—	6,335	60,655	6,635
2012C	4.00-5.00%	2033	70,185	—	3,700	66,485	3,890
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	88,570	—	4,495	84,075	4,855
2014C	3.25-5.00%	2041	30,415	—	—	30,415	—
2014D	5.00%	2036	54,130	—	4,155	49,975	4,915
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	—
2018A	3.00-5.00%	2048	76,685	—	485	76,200	180
2018B (a)	3.88-4.18%	2035	20,645	—	—	20,645	—
Total bonds - fixed rate debt			1,059,105	—	37,495	1,021,610	38,195
Bonds - variable rate debt							
2017C (a,d,e)	3.34%	2027	50,150	—	—	50,150	—
Notes - floating rate debt							
2018C (d)	2.43%	2020	24,240	—	—	24,240	24,240
Capital Leases							
King Highland-Stetson/Turner	3.00-5.00%	2038	37,585	—	—	37,585	—
Other Debt							
Stratford Heights 2010 (c)	3.13-5.00%	2039	44,895	—	1,220	43,675	1,280
Premium			72,100	—	8,240	63,860	7,707
Total other debt			116,995	—	9,460	107,535	8,987
Total bonds, notes, capital leases and other debt			1,288,075	—	46,955	1,241,120	71,422
Less: Current portion of debt			(43,836)	—	—	(71,422)	
Net long-term debt			\$ 1,244,239	\$ —	\$ 46,955	\$ 1,169,698	\$ 71,422

Notes:

- (a) Taxable Bonds
- (b) Build America Bonds
- (c) University Heights Community Urban Redevelopment Corporation (see Note 16)
- (d) This is based on the Average Index since inception (2.09%) plus the Spread (.34%)
- (e) Direct Placement Debt

Debt Issuances

During the year ended June 30, 2019, the university did not issue general receipt obligations.

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, 2019, a total of \$50,150,000 of the purchase price was advanced under the contract. These 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, 2019 is 3.34%.

Capital Lease Obligations

The university has capital lease obligations in connection with the financing of two buildings (One Stetson Square and 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, 2019, 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 Obligations for the payment of these leases. Holders of the General Receipts Bonds and FRNs have a prior and superior claim to the general receipts than does King Highland.

Collateralization

The General Receipts Bonds and FRNs 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 \$23,063,000 as of June 30, 2019. Payment of base rents is subordinate to debt service payments on the university’s general receipt bonds and notes.

Derivative Transactions

The university has one pay-fixed interest rate swap in effect at June 30, 2019, 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 No. 53 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, 2019 was (\$3,354,000). The negative fair value increased by \$995,000 in 2019; this change is reported as an investment loss within the Statement of Revenues, Expenses, and Changes in Net Position and increases 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, 2019:

Associated Debt Issue	Outstanding Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Index Received	Fair Value	Swap Termination Date	Counterparty Rating
2018C FRNs	\$24,075,000	5/1/2009	3.163%	USD-67% LIBOR-BBA-1M	(\$3,354,000)	6/1/2030	AA-/Aa3

Based on the swap agreement, the university pays to the swap counterparty 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 2018C 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 2019. 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, 2019, 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 Bond Anticipation Notes (BANs) were issued on May 12, 2009. Series 2018C 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 fiscal year 2020 to take appropriate actions relating to the Series 2018C FRNs and the associated outstanding swap.

Fair Value

As of June 30, 2019, the fair value of the swap agreement was a liability of \$3,354,000 (reported as other noncurrent liabilities 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, 2019 (including the UHCURC/Hamilton County bonds), scheduled annual debt service payments subsequent to June 30, 2019 are as follows (*in thousands*):

Fiscal Year	Bonds and Notes		Bonds from Direct Placements		Total
	Principal*	Interest**	Principal	Interest	
2020	\$ 63,715	\$ 51,831	\$ —	\$ 2,006	\$ 117,552
2021	52,480	49,819	—	2,006	104,305
2022	44,410	47,214	—	2,006	93,630
2023	43,705	45,022	—	2,006	90,733
2024	50,155	42,830	1,555	2,006	96,546
2025-2029	252,363	177,662	48,595	7,394	486,014
2030-2034	217,228	119,881	—	—	337,109
2035-2039	169,360	71,897	—	—	241,257
2040-2044	111,195	34,866	—	—	146,061
2045-2048	84,914	7,983	—	—	92,897
Total	\$ 1,089,525	\$ 649,005	\$ 50,150	\$ 17,424	\$ 1,806,104

* Fiscal year 2020 principal includes \$24,240,000 of 2018C FRNs. These FRNs are expected to be retired, renewed or refunded into long term debt.

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

Scheduled principal and interest payments on capital leases subsequent to June 30, 2019 are (*in thousands*):

Fiscal Year	Principal	Interest	Total
2020	\$ —	\$ 1,581	\$ 1,581
2021	—	1,581	1,581
2022	1,585	1,581	3,166
2023	1,630	1,534	3,164
2024	1,680	1,485	3,165
2025-2029	9,410	6,407	15,817
2030-2034	11,815	4,012	15,827
2035-2038	11,465	1,197	12,662
Total	\$ 37,585	\$ 19,378	\$ 56,963

Defeased Debt

During the year ended June 30, 2019, the university defeased a portion of its General Receipt Obligations for Series 2009C and Series 2010F Bonds totaling \$765,000. This defeasance is in conjunction with the university leasing the Kingsgate Hotel and Conference Center to GCOH Owner LLC. As of June 30, 2019, the defeased bonds and remaining amounts outstanding are as follows (*in thousands*):

Bond Series	Maturity Dates	Interest Rate(s)	Amount	
			Amount Defeased	Outstanding at June 30, 2019
Series 2009C	2019-2030	5.00%	\$ 710	\$ 655
Series 2010F	2019-2034	3.00% - 5.00%	55	50
Total			\$ 765	\$ 705

Neither the outstanding indebtedness nor the related irrevocable trust accounts are reflected in the accompanying financial statements for the fully defeased amounts. 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, 2019 was \$43,818,000 (net of the Build America Bond federal interest subsidy of \$2,064,000). Capitalized interest expense on construction-related debt was \$6,123,000 (net of interest earnings of \$437,000).

8. Other Long-Term Liabilities

Other long-term liabilities as of June 30, 2019 are as follows (*in thousands*):

	Balance			Balance		
	July 1, 2018	Additions	Reductions	June 30, 2019	Current Portion	Noncurrent Portion
Other long-term liabilities:						
Compensated absences	\$ 59,266	\$ 9,861	\$ 4,712	\$ 64,415	\$ 43,333	\$ 21,081
Government loan advances	21,705	494	1	22,198	—	22,198
Rent advances	—	23,500	79	23,421	237	23,184
Interest rate swap liability	2,359	995	—	3,354	—	3,354
Total other long-term liabilities	\$ 83,330	\$ 34,850	\$ 4,792	\$ 113,388	\$ 43,570	\$ 69,817

9. Operating Leases

During 2019, the university entered into a 99-year term agreement to lease the Kingsgate Hotel and Conference Center to GCOH Owner LLC. The university received a one-time lump sum rent advance of \$23,500,000. Rent revenue will be recognized on a straight-line basis over the term of the agreement. Rent revenue for 2019 was approximately \$79,000. As of June 30, 2019, the remaining amount considered noncurrent is \$23,184,000, which is included in rent advances on the Statement of Net Position. The future minimum rental income from this operating lease for each of the next five years is approximately \$237,000. Thereafter, \$22,236,000 will be recognized over the remaining years.

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 \$22,230,000 for the year ended June 30, 2019.

The significant operating leases that the university has entered into with initial or remaining terms in excess of one year as of June 30, 2019 are listed below.

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 2019 was \$569,000.

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 2019 was \$553,000.

Commencing in 2018, the university entered into an operating lease agreement with 43 Partners, LLC (two year term with one additional year renewal option) for graduate student housing. The expense for this lease in 2019 was \$909,000. The university entered into a new operating lease arrangement with 43 Partners, LLC (two year term with one additional year renewal option) for the same property and purpose commencing in 2020. There was no expense in 2019 for the new agreement.

Commencing in 2018, the university entered into an operating lease agreement with Gaslight Ventures, LLC (two year term with one additional year renewal option) for graduate student housing. The expense for this lease in 2019 was \$589,000. The university entered into a new operating lease arrangement with Gaslight Ventures, LLC (two year term with one additional year renewal option) for the same property and purpose commencing in 2020. There was no expense in 2019 for the new agreement.

Commencing in 2019, the university entered into an operating lease arrangement with Block 3 Community Redevelopment Corporation (five year term) to expand housing capacity for students. The expense for this lease in 2019 was \$7,202,000.

In 2019, the university entered into new operating lease arrangements for three additional properties commencing in 2020. These leases will provide additional student housing necessary to meet increasing demand and enrollment.

Future minimum payments for the above operating leases as of June 30, 2019, are as follows (*in thousands*):

<u>Year Ended June 30,</u>	
2020	21,897
2021	20,332
2022	8,222
2023	8,334
	<u>\$ 58,785</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.

In April 2017, the STRS Ohio Board reduced the cost of living adjustment granted on or after July 1, 2017 to 0% for all retirees in order to preserve the financial integrity of the retirement system. Benefit recipients' base benefit and past COLA increases were not affected by this change. The board will evaluate and consider upward adjustments to COLA no later than the next five-year actuarial experience review.

Pension 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, 2019:

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

For the year ended June 30, 2019, contributions to the pension plans from the university were \$25,957,000 for OPERS and \$20,895,000 for STRS Ohio.

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

At June 30, 2019, the university reported a liability of \$324,580,000 and \$329,735,000 for OPERS and STRS Ohio, respectively, for its proportionate share of the net pension liability. This was an increase of \$141,570,000 for OPERS and a decrease of \$25,907,000 for STRS Ohio compared to the liabilities reported as of June 30, 2018. The net pension liability was measured as of December 31, 2018 for OPERS and June 30, 2018 for STRS Ohio and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. The university's proportion of the net pension liability was based on the university's actual contributions, employee and employer, for OPERS Traditional Pension Plan, employer only for OPERS Combined Plan and employer only for STRS Ohio, during the respective measurement periods in relation to total contributions for the same groups by all employers for the same periods. At June 30, 2019, the university's proportion was 1.19% for OPERS Traditional Pension Plan, 1.79% for OPERS Combined Plan and 1.50% for STRS Ohio.

For the year ended June 30, 2019, the university recognized pension expense of \$74,515,000 for OPERS and \$33,994,000 for STRS Ohio, for a total of \$108,509,000. The difference between this total and the \$57,832,000 reported separately as pension expense on the Statement of Revenue, Expenses, and Changes in Net Position is \$50,677,000, which is recorded as employee benefits within functional expenses.

At June 30, 2019, 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		
	OPERS	STRS Ohio	Total
Differences between expected and actual experience	\$ 15	\$ 7,560	\$ 7,575
Changes in assumptions	28,837	58,337	87,174
Net difference between projected and actual earnings on pension plan investments	44,537	—	44,537
Changes in proportion	1,836	4,728	6,564
University's contributions subsequent to the measurement date	14,278	25,612	39,890
	<u>\$ 89,503</u>	<u>\$ 96,237</u>	<u>\$ 185,740</u>

	Deferred Inflows of Resources		
	OPERS	STRS Ohio	Total
Differences between expected and actual experience	\$ 5,026	\$ 2,150	\$ 7,176
Net difference between projected and actual earnings on pension plan investments	—	19,905	19,905
Changes in proportion	145	1,392	1,537
	<u>\$ 5,171</u>	<u>\$ 23,447</u>	<u>\$ 28,618</u>

At June 30, 2019, the university reported \$14,278,000 and \$25,612,000 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2019 related to pensions will be recognized in pension expense as follows (*in thousands*):

Year ended June 30,	OPERS	STRS Ohio	Total
2020	\$ 30,200	\$ 30,015	\$ 60,215
2021	15,030	19,782	34,812
2022	4,247	1,565	5,812
2023	20,730	(4,184)	16,546
2024	(65)	—	(65)
Thereafter	(88)	—	(88)
	<u>\$ 70,054</u>	<u>\$ 47,178</u>	<u>\$ 117,232</u>

Actuarial Assumptions

For OPERS, the total pension liability was determined by an actuarial valuation as of December 31, 2018 using the following actuarial assumptions, applied to all prior periods in the measurement:

OPERS	Traditional Pension Plan	Combined Plan
Valuation date	December 31, 2018	December 31, 2018
Date of last experience study	Period ended December 31, 2015	Period ended December 31, 2015
Inflation	3.25%	3.25%
Projected salary increases	3.25% - 10.75% including inflation at 3.25%	3.25% - 8.25% including inflation at 3.25%
Investment rate of return	7.20%	7.20%
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, 2018 using the following actuarial assumptions, applied to all prior periods included in the measurement:

STRS Ohio	
Valuation date	June 30, 2018
Date of last experience study	Period ended June 30, 2016
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments	0% effective July 1, 2017

Pre-retirement mortality rates for OPERS are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Pre-retirement mortality rates for STRS Ohio are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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. The

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

<u>OPERS</u>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	19%	6.21%
International equities	20%	7.83%
Fixed income	23%	2.79%
Real estate	10%	4.90%
Private equity	10%	10.81%
Other investments	18%	5.50%
	<u>100%</u>	

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:

<u>STRS Ohio</u>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	28%	7.35%
International equities	23%	7.55%
Fixed income	21%	3.00%
Real estate	10%	6.00%
Alternatives	17%	7.09%
Liquidity reserves	1%	2.25%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.2% for OPERS and 7.45% 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*):

	Current		
	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
OPERS	\$ 481,796	\$ 324,580	\$ 194,076

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
STRS Ohio	\$ 481,534	\$ 329,735	\$ 201,257

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 seven 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, 2019, there were 2,618 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 2019. During 2019, 2018, and 2017, the employer contributions were \$21,104,000, \$19,859,000, and \$20,433,000, 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 2019 were 2.44% to OPERS and 4.47% to STRS Ohio. The employer contributions to the OPERS unfunded liability account during 2019, 2018, and 2017 were \$2,380,000, \$2,286,000, and \$703,000, respectively. The employer contributions to the STRS Ohio unfunded liability account during 2019, 2018, and 2017 were \$4,716,000, \$4,368,000, and \$4,150,000, respectively.

Payables to the Pension Plans

At June 30, 2019, the university reported a payable of \$5,065,000 and \$4,033,000 for OPERS and STRS Ohio, respectively, for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2019.

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 2017, OPERS allocated 1.0% of the employer contribution rate to fund the health care program for members in the Traditional Pension Plan and Combined Plan. The portion of employer contributions allocated to health care beginning January 1, 2018 OPERS decreased to 0.0% for both plans. Therefore, no university employer contributions to OPERS were allocated to fund OPEB for 2019. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for calendar years 2017 and 2018 was 4.0%.

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. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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.

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

At June 30, 2019, the university reported a liability of \$158,951,000 for OPERS for its proportionate share of the net OPEB liability. This was an increase of \$27,754,000 compared to the liability reported as of June 30, 2018. The net OPEB liability as measured as of December 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The university's proportion of the net OPEB liability was based on the university's actual contributions during the measurement period to the plan relative to the contributions to the plan of all participating employers for the same period. At June 30, 2019, for the measurement period, the university's proportion was 1.22% for OPERS.

At June 30, 2019, the university reported an asset of \$24,098,000 for STRS Ohio for its proportionate share of the net OPEB asset. At June 30, 2018, the university reported a liability of \$58,412,000 for its proportionate share of net OPEB liability for STRS Ohio. The net OPEB asset was measured as of June 30, 2018 for STRS and the total OPEB asset used to calculate the net OPEB asset was determined by actuarial valuations as of that date. The university's proportion of the net OPEB asset was based on the university's actual contributions during the measurement period to the plan relative to the contributions to the plan of all participating employers for the same period. At June 30, 2019, for the measurement period, the university's proportion was 1.50% for STRS Ohio.

For the year ended June 30, 2019, the university recognized OPEB expense of \$15,064,000 for OPERS and reduction of expense of \$52,257,000 for STRS Ohio, totaling a reduction of expense of \$37,193,000. The difference between this total and the \$37,479,000 reduction in expense reported separately as OPEB revenue on the Statement of Revenue, Expenses, and Changes in Net Position is \$286,000, which is recorded as employee benefits within functional expenses.

At June 30, 2019, the university reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (*in thousands*):

	Deferred Outflows of Resources		
	OPERS	STRS Ohio	Total
Differences between expected and actual experience	\$ 53	\$ 2,810	\$ 2,863
Changes in assumptions	5,079	—	5,079
Net difference between projected and actual earnings on OPEB plan investments	7,354	—	7,354
Changes in proportion	802	90	892
	<u>\$ 13,288</u>	<u>\$ 2,900</u>	<u>\$ 16,188</u>

	Deferred Inflows of Resources		
	OPERS	STRS Ohio	Total
Differences between expected and actual experience	\$ 431	\$ 1,404	\$ 1,835
Changes in assumptions	—	32,828	32,828
Net difference between projected and actual earnings on OPEB plan investments	—	2,750	2,750
	<u>\$ 431</u>	<u>\$ 36,982</u>	<u>\$ 37,413</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2019 related to OPEB will be recognized in OPEB expense as follows (*in thousands*):

Year ended June 30,	OPERS	STRS Ohio	Total
2020	\$ 6,072	\$ (6,103)	\$ (31)
2021	1,879	(6,103)	(4,224)
2022	1,235	(6,103)	(4,868)
2023	3,671	(5,478)	(1,807)
2024	—	(5,259)	(5,259)
Thereafter	—	(5,036)	(5,036)
	<u>\$ 12,857</u>	<u>\$ (34,082)</u>	<u>\$ (21,225)</u>

Actuarial Assumptions

For OPERS, the total OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018 using the following actuarial assumptions, applied to all prior periods in the measurement.

OPERS	
Actuarial Valuation Date	December 31, 2017
Rolled-Forward Measurement Date	December 31, 2018
Experience Study	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal
Single Discount Rate	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Wage Inflation	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)
Health Care Cost Trend Rate	10.0% initial, 3.25% ultimate in 2029

For STRS Ohio, the total OPEB asset was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all prior periods in the measurement.

STRS Ohio	
Actuarial Valuation Date	June 30, 2018
Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Health Care Cost Trend Rate	-5.2% to 9.6% initial, 4.0% ultimate
Cost-of-living adjustments	0% effective July 1, 2017

For OPERS, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

For STRS Ohio, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The long-term expected rate of return on OPERS health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed

for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>OPERS</u>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	21%	6.21%
International equities	22%	7.83%
Fixed income	34%	2.42%
REITs	6%	5.98%
Other investments	17%	5.57%
	<u>100%</u>	

STRS Ohio utilizes investment consultants to determine the long-term expected rate of return by developing best estimates of expected 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:

<u>STRS Ohio</u>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	28%	7.35%
International equities	23%	7.55%
Fixed income	21%	3.00%
Real estate	10%	6.00%
Alternatives	17%	7.09%
Liquidity reserves	1%	2.25%
	<u>100%</u>	

Discount Rate

The discount rates used to measure the total OPEB liability were 3.96% for OPERS and 7.45% for STRS Ohio.

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

For STRS Ohio, the projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB liability as of June 30, 2018.

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

The following presents the university's proportionate share of the net OPEB liability (asset) calculated using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
OPERS	\$ 203,358	\$ 158,951	\$ 123,636

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
STRS Ohio	(\$20,654)	(\$24,098)	(\$26,992)

The university's proportionate share of the net OPEB liability (asset) has been calculated using health care trend rates of 10.0% for OPERS and a range of -5.2% to 9.6% for STRS Ohio. The following presents the university's proportionate share of the net OPEB liability (asset) calculated using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
OPERS	\$ 152,786	\$ 158,951	\$ 166,051

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
STRS Ohio	(\$26,828)	(\$24,098)	(\$21,324)

OPEB Plans' Fiduciary Net Position

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

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 2019. 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 \$25,754,000 are adequate to cover estimated liabilities resulting from known claims and incidents and incurred-but-not-reported incidents as of June 30, 2019 for the university and University of Cincinnati Physicians, Inc. Trust assets related to the university total \$4,776,000 and are included in current portion of other assets; liabilities of \$625,000 are included in accrued liabilities in the Statement of Net Position as of June 30, 2019.

General liability coverage is also provided as part of a group insurance program of Ohio state universities known as the Inter-University Council Risk Management & Insurance Consortium (IUC-RMIC). 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-RMIC 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-RMIC program with \$50 million in total limits also shared among the participating institutions. The IUC-RMIC 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-RMIC program.

Property and casualty insurance is also provided through the IUC-RMIC 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-RMIC program was \$1,686,000.

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 2019 was approximately \$88,601,000. Changes in the self-insured health care benefits as of June 30, 2019 and 2018 are as follows (*in thousands*):

	2019	2018
Liability at beginning of fiscal year	\$ 8,965	\$ 9,775
Current year claims including changes in estimates	88,560	89,256
Claim payments	(86,999)	(90,066)
Liability at the end of fiscal year	<u>\$ 10,526</u>	<u>\$ 8,965</u>

13. Capital Project Commitments

At June 30, 2019, the university is committed to future capital expenditures as follows (*in thousands*):

Contractual commitments	\$ 57,060
Estimated completion costs of projects	<u>171,387</u>
Total	<u>\$ 228,447</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, 2019	\$ 8,055
Approved state appropriations not yet requested	16,028
University funded prior to June 30, 2019	81,353
Funds to be provided subsequent to June 30, 2019 from various available sources	<u>123,011</u>
Total	<u>\$ 228,447</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 or is related to a net OPEB asset. Restricted nonexpendable and expendable net position is held for the following purposes (*in thousands*):

Restricted nonexpendable:	
Instruction	\$ 108,266
Research	36,133
Academic support	44,358
College/programs	85,819
Scholarships	78,768
Interest in UC Health	420,645
Other	15,216
	<u>789,205</u>
Less: UHCURC Elimination	8,833
Total	<u>\$ 780,372</u>

Restricted expendable:	
Instruction	\$ 30,243
Research	106,189
Academic support	25,412
College/programs	133,119
Scholarships	41,115
Student loans	11,173
Capital projects	10,978
Net OPEB asset	24,098
Total	<u>\$ 382,327</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, 2018 have been blended with the university's financial statements for the fiscal year ended June 30, 2019.

A condensed statement of net position for UHCURC as of August 31, 2018 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>8/31/2018</u>
Current assets	\$ 34
Capital assets not being depreciated	4,788
Capital assets being depreciated, net	37,511
Total assets	<u>42,333</u>
Deferred outflows of resources	<u>598</u>
Current liabilities	1,797
Accrued interest payable – University of Cincinnati	14,596
Notes payable – University of Cincinnati	16,998
Other long-term debt	41,812
Total liabilities	<u>75,203</u>
Net investment in capital assets	(1,599)
Unrestricted	<u>(30,673)</u>
Total net position	<u>\$ (32,272)</u>

Statement of Revenues, Expenses, and Changes in Net Position

	<u>8/31/2018</u>
Operating revenues	\$ 3,350
Operating expenses	71
Depreciation	<u>1,390</u>
Operating income	1,889
Other nonoperating expenses	<u>3,144</u>
Decrease in net position	(1,255)
Net position, beginning of the year	<u>(31,017)</u>
Net position, end of the year	<u><u>\$ (32,272)</u></u>

Statement of Cash Flows

	<u>8/31/2018</u>
Net cash from operating activities	\$ 1,245
Net cash used for capital and financing activities	<u>(1,245)</u>
Net decrease in cash and cash equivalents	—
Cash and cash equivalents, beginning of the year	<u>34</u>
Cash and cash equivalents, end of the year	<u><u>\$ 34</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 \$111,538,000 as of June 30, 2019. 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 \$102,138,000 as of June 30, 2019.

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

	2019
Less than one year	\$ 31,586,539
One to five years	44,447,177
More than five years	35,503,843
	<u>111,537,559</u>
Less discount to present value	(9,399,907)
Less allowance for uncollectible pledges	(3,244,600)
	<u>\$ 98,893,052</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, 2019 of approximately \$17,163,000 are included in the total amount of unconditional pledges due and fall within the due in more than five years category. The allowance for uncollectible pledges includes approximately \$128,000 associated with the irrevocable bequests, as of June 30, 2019.

As of June 30, 2019, twenty donors currently have outstanding conditional pledges to the Foundation. As of June 30, 2019, 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 \$8,984,000 as of June 30, 2019.

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 net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and

(c) accumulations to the 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 donor-restricted endowment funds are credited to net assets with donor restrictions. 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 1,252 endowment funds, at June 30, 2019.

The Foundation has adopted a spending rate policy that limits the distribution of endowment income. The spending rate in fiscal year 2019 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 2019, income earned in the investment pool was less than the amount allocated for expenditure by approximately \$10,225,000. This shortfall was funded by cumulative capital gains in the investment pool for the year ended June 30, 2019.

The endowment net asset composition by type of fund as of June 30, 2019 was as follows:

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Donor restricted endowment funds:			
Original Amount	\$ —	\$ 396,798,331	\$ 396,798,331
Accumulated Gains	—	10,256,989	10,256,989
Term Endowments	—	39,267,185	39,267,185
Board designated endowment funds	2,614,709	—	2,614,709
Total	<u>\$ 2,614,709</u>	<u>\$ 446,322,505</u>	<u>\$ 448,937,214</u>

The change in endowment fund net assets for the year ended June 30, 2019, is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 2,609,896	\$ 418,187,325	\$ 420,797,221
Investment income:			
Interest and dividend income	137,470	9,875,064	10,012,534
Net realized/unrealized gain	1,265	2,620,594	2,621,859
Total investment income	<u>138,735</u>	<u>12,495,658</u>	<u>\$ 12,634,393</u>
Contributions and other transfers	—	24,937,661	24,937,661
Appropriation of endowment assets for expenditure	(137,470)	(10,682,427)	(10,819,897)
Other changes:			
Other income	—	713,010	713,010
Income reinvestment	3,548	671,278	674,826
Endowment net assets, end of year	<u>\$ 2,614,709</u>	<u>\$ 446,322,505</u>	<u>\$ 448,937,214</u>

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, 2019, the university is holding approximately \$857,000 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 \$61,680,000 as of June 30, 2019. 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, 2019:

	2019 Fair Value	2019 Cost
Cash equivalents	\$ 3,754,379	\$ 3,752,889
U.S. Government and agency obligations	5,508,277	5,369,756
Corporate bonds	8,762,690	8,749,118
Mutual funds	26,121,290	22,238,406
Common stocks and exchange traded funds	13,017,272	9,643,036
Investment property	5,372,615	5,372,615
University pooled investments	410,851,034	423,032,406
Total	<u>\$ 473,387,557</u>	<u>\$ 478,158,226</u>

The number of units in Fund A owned by the Foundation totaled 5,062,422, which represents 39% share of the university investment pool as of June 30, 2019. 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 3,968,064 shares of Fund C as of June 30, 2019 which represents 36% 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, 2019, 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, 2019. The Foundation believes that the carrying value of these investments is a reasonable estimate of fair value at June 30, 2019. 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>2019</u>
Fund A	
U.S. and international equity securities	47%
Hedge funds and private equity capital	32%
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 fourteen trusts held by other trustees where the remainder interest will irrevocably benefit the university. In addition, the Foundation has been notified of one charitable lead unitrust 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 \$14,092,000 as of June 30, 2019. Per GASB 81, *Irrevocable Split-Interest Agreements*, the university includes \$9,119,000 of these trust values on its Statement of Net Position.

Required Supplementary Information

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

OPERS	2019	2018	2017	2016	2015
University's proportion of the net pension liability	1.19%	1.18%	1.17%	1.13%	1.13%
University's proportionate share of the net pension liability	\$ 324.6	\$ 183.0	\$ 265.4	\$ 195.2	\$ 135.9
University's covered-employee payroll	\$ 178.5	\$ 172.3	\$ 163.6	\$ 153.8	\$ 150.5
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	181.85%	106.22%	162.22%	126.88%	90.32%
Plan fiduciary net position as a percentage of the total pension liability	74.90%	84.85%	77.38%	81.19%	86.53%
 STRS Ohio	 2019	 2018	 2017	 2016	 2015
University's proportion of the net pension liability	1.50%	1.50%	1.51%	1.48%	1.46%
University's proportionate share of the net pension liability	\$ 329.7	\$ 355.6	\$ 503.8	\$ 408.0	\$ 354.4
University's covered-employee payroll	\$ 139.8	\$ 136.7	\$ 132.8	\$ 131.1	\$ 128.9
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.84%	260.23%	379.23%	311.11%	275.03%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.29%	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 - Pension
Ohio Public Employees Retirement System (OPERS)
State Teachers Retirement System of Ohio (STRS Ohio)
Last 10 Years*
(Dollar amounts in millions)

OPERS	2019	2018	2017	2016	2015
Contractually required contribution	\$ 25.9	\$ 24.6	\$ 23.9	\$ 22.3	\$ 21.7
Contributions in relation to the contractually required contribution	(25.9)	(24.6)	(23.9)	(22.3)	(21.7)
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
University's covered-employee payroll	\$ 183.8	\$ 174.3	\$ 169.2	\$ 157.8	\$ 154.0
Contributions as a percentage of covered-employee payroll	14.12%	14.11%	14.11%	14.11%	14.12%
 STRS Ohio	 2019	 2018	 2017	 2016	 2015
Contractually required contribution	\$ 20.9	\$ 19.6	\$ 19.1	\$ 18.6	\$ 18.4
Contributions in relation to the contractually required contribution	(20.9)	(19.6)	(19.1)	(18.6)	(18.4)
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
University's covered-employee payroll	\$ 149.3	\$ 139.8	\$ 136.7	\$ 132.8	\$ 131.1
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	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.

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

OPERS	2019	2018
University's proportion of the net OPEB liability	1.22%	1.21%
University's proportionate share of the net OPEB liability	\$ 159.0	\$ 131.2
University's covered-employee payroll	\$ 178.5	\$ 172.3
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	89.08%	76.15%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%
STRS Ohio	2019	2018
University's proportion of the net OPEB liability (asset)	1.50%	1.50%
University's proportionate share of the net OPEB liability (asset)	\$ (24.1)	\$ 58.4
University's covered-employee payroll	\$ 139.8	\$ 136.7
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-17.24%	42.73%
Plan fiduciary net position as a percentage of the total OPEB liability	176.00%	47.11%

*The amounts presented for each fiscal year were determined as of December 31 for OPERS and June 30, for STRS Ohio of the previous fiscal year. 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 - OPEB
Ohio Public Employees Retirement System (OPERS)
State Teachers Retirement System of Ohio (STRS Ohio)
Last 10 Years*
(Dollar amounts in millions)**

OPERS	2019	2018
Contractually required contribution	\$ 0.0	\$ 0.9
Contributions in relation to the contractually required contribution	0.0	(0.9)
Contribution deficiency (excess)	\$ —	\$ —
University's covered-employee payroll	\$ 183.8	\$ 174.3
Contributions as a percentage of covered-employee payroll	0.00%	0.50%
STRS Ohio	2019	2018
Contractually required contribution	\$ —	\$ —
Contributions in relation to the contractually required contribution	—	—
Contribution deficiency (excess)	\$ —	\$ —
University's covered-employee payroll	\$ 149.3	\$ 139.8
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

*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

Defined Benefit Pension Plans

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 to be eligible for disability benefits.

Amounts reported in 2018 for STRS Ohio reflect COLA reduced to 0% effective July 1, 2017.

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.

Amounts reported in 2018 for STRS Ohio reflect the following change of assumptions based on a experience study for the five year period ending June 30, 2016:

- Expected rate of investment return decreased from 7.75% to 7.45%.
- Inflation assumption decreased from 2.75% to 2.50%.
- Payroll growth assumption decreased to 3.0%.
- Total salary increases rate lowered by decreasing the merit component of the individual salary increases.
- Increase in mortality assumptions to reflect longer life expectancies.
- Rates of retirement, termination and disability modified to better reflect anticipated future experience.

Amounts reported in 2019 for OPERS reflect a decrease in the expected rate of investment return from 7.5% to 7.2% based on a experience study for the five year period ending December 31, 2015.

Notes to Required Supplementary Information

Other Postemployment Benefits

Changes of Assumptions

Amounts reported in 2018 for OPERS reflect the following change of assumptions based on a experience study for the five year period ending December 31, 2015:

- Wage inflation assumption decreased from 3.75% to 3.25%.
- Health care cost trend rate decreased from 9.50%, before leveling off to 3.75% in 2026 to 7.50%, before leveling off to 3.25%.
- Increase in the mortality assumptions to reflect longer life expectancies.

Amounts reported in 2018 for STRS Ohio reflect the following change of assumptions based on a experience study for the five year period ending June 30, 2016:

- Discount rate increased from 3.26% to 4.13%.
- Expected rate of investment return decreased from 7.75% to 7.45%.
- Valuation year per capita health care costs updated and salary scale modified.
- Percentage of future retirees electing each option updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage decreased.
- Assumptions related to mortality, disability, retirement withdrawal and future health care cost trend rates modified along with the portion of rebated prescription drug costs.

Amounts reported in 2019 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 6.5% to 6.0%.
- Discount rate increased from 3.85% to 3.96%

Amounts reported in 2019 for STRS Ohio reflect the following change of assumptions based on a experience study for the five year period ending June 30, 2016:

- Discount rate increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45%.
- Valuation year per capita health care costs updated.

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University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2019

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		\$1,968,671
Office of Student Financial Assistance Programs	84.033	Federal Work-Study Program		1,303,430
Office of Student Financial Assistance Programs	84.038	Federal Perkins Loan Program_Federal Capital Contributions		20,127,937
Office of Student Financial Assistance Programs	84.063	Federal Pell Grant Program		39,361,164
Office of Student Financial Assistance Programs	84.268	Federal Direct Student Loans		271,459,538
Department of Education	84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)		53,829
Total Department of Education				334,274,569
Department of Health and Human Services				
Health Resources and Services Administration	93.264	Nurse Faculty Loan Program (NFLP)		1,694,056
Health Resources and Services Administration	93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		460,949
Health Resources and Services Administration	93.364	Nursing Student Loans		731,647
Total Department of Health and Human Services				2,886,652
Total Student Financial Assistance - Direct Funds				337,161,221
Total Student Financial Assistance Cluster				337,161,221
Research and Development Cluster				
Research and Development - Direct Funds				
Consumer Product Safety Commission				
Consumer Product Safety Commission	87	CPSC-D-17-0001 / Task Order 61320618F1014		76,328
Consumer Product Safety Commission	87	CPSC-D-17-0001 Task Order 61320618F1002		125,170
Consumer Product Safety Commission	87	CPSC-D-17-0001 Task Order 61320618F1015		31,142
Consumer Product Safety Commission	87	CPSC-D-17-0001, Task 0001		2,733
Consumer Product Safety Commission	87	CPSC-D-17-0001, Task 0002		15,724
Consumer Product Safety Commission	87	CPSC-D-17-0001, Task 0003		11,672
Consumer Product Safety Commission	87	CPSC-D-17-0001, Task Order 61320618F1001		26,005

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Total Consumer Product Safety Commission				288,774
Corporation for National and Community Service				
Corporation for National and Community Service	94.026	National Service and Civic Engagement Research Competition		57,700
Department of Agriculture				
Agricultural Research Service	10.001	Agricultural Research Basic and Applied Research		52,194
Department of Commerce				
National Institute of Standards and Technology (NIST)	11.609	Measurement and Engineering Research and Standards		534,006
Department of Defense				
Department of Defense	12	ARMY W81XWH-16-C-0161		6,681
Department of the Navy, Office of the Chief of Naval Research	12.300	Basic and Applied Scientific Research		478,116
Office of the Secretary of Defense	12.351	Basic Scientific Research - Combating Weapons of Mass Destruction		100,506
U.S. Army Medical Command	12.420	Military Medical Research and Development	\$266,453	2,349,519
U.S. Army Materiel Command	12.431	Basic Scientific Research		169,396
Office of Economic Adjustment	12.600	Community Economic Adjustment	75,546	91,003
Office of the Secretary of Defense	12.630	Basic, Applied, and Advanced Research in Science and Engineering		38,543
Department of the Air Force, Materiel Command	12.800	Air Force Defense Research Sciences Program	1,410,515	4,894,857
National Security Agency	12.901	Mathematical Sciences Grants Program		15,122
National Security Agency	12.902	Information Security Grant Program	37,954	80,825
Total Department of Defense			1,790,468	8,224,568
Department of Education				
Institute of Education Sciences	84.305	Education Research, Development and Dissemination	491,312	1,546,991
Institute of Education Sciences	84.324	Research in Special Education		79,698
Office of Special Education and Rehabilitative Services	84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	18,322	295,395
Total Department of Education			509,634	1,922,084
Department of Energy				
Department of Energy	81.049	Office of Science Financial Assistance Program		987,880
Department of Energy	81.121	Nuclear Energy Research, Development and Demonstration	23,667	79,349
Department of Energy	81.135	Advanced Research and Projects Agency Energy Financial Assistance Program	606,612	985,889

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Total Department of Energy			630,279	2,053,118
Department of Health and Human Services				
Department of Health and Human Services	93	CDC NIOSH 180889102		2,496
Department of Health and Human Services	93	CDC NIOSH 200-2015-M-87462		11,923
Department of Health and Human Services	93	CDC NIOSH 200-2016-M-91376		4,666
Department of Health and Human Services	93	CDC NIOSH 200-2016-M-91378		7,283
Department of Health and Human Services	93	CDC NIOSH 200-2018-00391 75D30118C00391		181,267
Department of Health and Human Services	93	CDC NIOSH 211-2017-M-94065		2,891
Department of Health and Human Services	93	CDC NIOSH 211-2017-M-94370		120
Department of Health and Human Services	93	CDC NIOSH 211-2017-M-94546		4,127
Department of Health and Human Services	93	CDC NIOSH 212-2015-M-62326		2,045
Department of Health and Human Services	93	CDC NIOSH 75D30118C00969		39,185
Department of Health and Human Services	93	CDC NIOSH 75D30118P01595		12,517
Department of Health and Human Services	93	CDC NIOSH 75D30118P01599		16,875
Department of Health and Human Services	93	CDC NIOSH 75D30118P01991		15,124
Department of Health and Human Services	93	CDC NIOSH 75D30119P04260		1,821
Department of Health and Human Services	93	HHSN276201700091P Year 2		35,295
Department of Health and Human Services	93	NICHD HHSN275201300014I TASK 1 HHSN27500001 Opt 4		421
Department of Health and Human Services	93	NICHD HHSN275201300014I TASK 1 HHSN27500001 Opt 5		9,380
Department of Health and Human Services	93	NICHD HHSN275201300014I TASK HHSN27500002 MOD 2	2,400	211,889
Department of Health and Human Services	93	NICHD HHSN275201300014I TASK HHSN27500003		234,464
Department of Health and Human Services	93	NICHD HHSN275201300014I Task HHSN27500004		116,153
Department of Health and Human Services	93	NIDA / VA-CSPCC #1033 Phase 2		117,810
Food and Drug Administration	93.103	Food and Drug Administration_Research		-21,106
Health Resources and Services Administration	93.110	Maternal and Child Health Federal Consolidated Programs	574,246	703,682
National Institutes of Health	93.113	Environmental Health	578,928	6,420,204
National Institutes of Health	93.121	Oral Diseases and Disorders Research	11,391	805,301
Health Resources and Services Administration	93.124	Nurse Anesthetist Traineeships		77,076
Office of Minority Health	93.137	Community Programs to Improve Minority Health Grant Program		351,313
National Institutes of Health	93.142	NIEHS Hazardous Waste Worker Health and Safety Training	1,796,451	2,153,019
Health Resources and Services Administration	93.145	AIDS Education and Training Centers		151,499
Health Resources and Services Administration	93.162	National Health Service Corps Loan Repayment Program		34,357

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National Institutes of Health	93.172	Human Genome Research		3,280
National Institutes of Health	93.173	Research Related to Deafness and Communication Disorders	106,154	1,290,776
Health Resources and Services Administration	93.211	Telehealth Programs	26,758	130,973
Agency for Healthcare Research and Quality	93.226	Research on Healthcare Costs, Quality and Outcomes		43,074
National Institutes of Health	93.242	Mental Health Research Grants	86,762	2,492,292
Substance Abuse and Mental Health Services Administration	93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance		238,915
Centers for Disease Control and Prevention	93.262	Occupational Safety and Health Program	24,165	1,627,219
National Institutes of Health	93.279	Drug Abuse and Addiction Research Programs	654,263	4,211,968
Centers for Disease Control and Prevention	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance		166,394
National Institutes of Health	93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health		191,255
National Institutes of Health	93.307	Minority Health and Health Disparities Research		191,355
National Institutes of Health	93.350	National Center for Advancing Translational Sciences	2,115,053	3,537,608
Health Resources and Services Administration	93.359	Nurse Education, Practice and Retention Grants		1,826
National Institutes of Health	93.361	Nursing Research	10,471	161,082
National Institutes of Health	93.393	Cancer Cause and Prevention Research		62,958
National Institutes of Health	93.394	Cancer Detection and Diagnosis Research		356,856
National Institutes of Health	93.395	Cancer Treatment Research		268,643
National Institutes of Health	93.396	Cancer Biology Research	44,922	1,767,259
National Institutes of Health	93.398	Cancer Research Manpower		484,864
Administration for Children and Families	93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	995,704	995,704
Health Resources and Services Administration	93.732	Mental and Behavioral Health Education and Training Grants		541,488
National Institutes of Health	93.837	Cardiovascular Diseases Research	589,601	5,370,527
National Institutes of Health	93.838	Lung Diseases Research	143,678	2,095,299
National Institutes of Health	93.846	Arthritis, Musculoskeletal and Skin Diseases Research	26,543	851,272
National Institutes of Health	93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	1,007,680	5,951,538
National Institutes of Health	93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	2,486,544	13,431,651
National Institutes of Health	93.855	Allergy, Immunology and Transplantation Research	755,314	5,121,217
National Institutes of Health	93.859	Biomedical Research and Research Training	200,575	3,982,215
National Institutes of Health	93.865	Child Health and Human Development Extramural Research	739,975	1,535,970

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National Institutes of Health	93.866	Aging Research		16,706
National Institutes of Health	93.867	Vision Research		436,049
Health Resources and Services Administration	93.884	Grants for Training in Primary Care Medicine and Dentistry		407,767
Health Resources and Services Administration	93.908	Nursing Education Loan Repayment Program		38,631
Total Department of Health and Human Services			12,977,578	69,707,728
Department of Housing and Urban Development				
Department of Housing and Urban Development	14	HUD OHHHU0037-17 Amend #1	16,494	174,431
Department of Justice				
Federal Bureau of Investigation	16.307	Combined DNA Index System		36,677
Office of Juvenile Justice and Delinquency Prevention	16.541	Part E - Developing, Testing and Demonstrating Promising New Programs		95,628
National Institute of Justice	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants		107,769
National Institute of Justice	16.566	National Institute of Justice W.E.B. DuBois Fellowship Program		27,717
Bureau of Prisons	16.601	Corrections_Training and Staff Development		113,762
Department of Justice	16.817	Byrne Criminal Justice Innovation Program		248,591
Total Department of Justice				630,144
Department of the Interior				
Bureau of Land Management	15.236	Environmental Quality and Protection Resource Management		14,128
Office of Surface Mining	15.255	Applied Science Program Cooperative Agreements Related to Coal Mining and Reclamation		6,365
U.S. Geological Survey	15.807	Earthquake Hazards Reduction Program		36,562
U.S. Geological Survey	15.808	U.S. Geological Survey_ Research and Data Collection		8,942
National Park Service	15.923	National Center for Preservation Technology and Training		24,499
Total Department of the Interior				90,496
Department of Transportation				
Federal Aviation Administration (FAA)	20.108	Aviation Research Grants	40,000	154,934
Department of Veterans Affairs				
Department of Veterans Affairs	64	VA ONCA-002-15F		14,711
Department of Veterans Affairs	64	VA ONCD-004-15S		15,634
Total Department of Veterans Affairs				30,345

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Environmental Protection Agency				
Office of Research and Development	66.516	P3 Award: National Student Design Competition for Sustainability		44,143
National Aeronautics and Space Administration				
National Aeronautics and Space Administration	43	NASA NNC16CA17C		66,144
National Aeronautics and Space Administration	43	NASA NNC16MF95P		13,185
Total National Aeronautics and Space Administration				79,329
National Science Foundation				
National Science Foundation	47.041	Engineering Grants	200,100	1,960,789
National Science Foundation	47.049	Mathematical and Physical Sciences	30,695	2,728,797
National Science Foundation	47.050	Geosciences		255,841
National Science Foundation	47.070	Computer and Information Science and Engineering		921,640
National Science Foundation	47.074	Biological Sciences	21,546	1,164,705
National Science Foundation	47.075	Social, Behavioral, and Economic Sciences		230,276
National Science Foundation	47.076	Education and Human Resources	80,723	1,911,516
National Science Foundation	47.083	Office of Integrative Activities		90,218
Total National Science Foundation			333,064	9,263,782
National Security Agency				
Department of Defense	12.905	2017: CyberSecurity Core Curriculum		42,810
Office of Personnel Management				
Office of Personnel Management	27.011	Intergovernmental Personnel Act (IPA) Mobility Program		1,016,070
Total Research and Development - Direct Funds			16,297,517	94,366,656
Research and Development - Pass Through Funds				
Agency for International Development				
Agency for International Development	98.001	NAS 2000007139		18,490
Department of Agriculture				
Agricultural Research Service	10.001	NC State Univ 2018-1992-01		2,210
National Institute of Food and Agriculture	10.202	CSU LGF500/ LGF500-001		780
National Institute of Food and Agriculture	10.210	Fermilab 282014-CAB I		28,575
National Institute of Food and Agriculture	10.310	Auburn Univ 16MREC205179-UC		55,583
National Institute of Food and Agriculture	10.310	UC Davis19-0080-S002		14,144

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Total Department of Agriculture				101,292
Department of Commerce				
National Oceanic and Atmospheric Administration (NOAA)	11.417	OSURF 60049228		-5,902
National Oceanic and Atmospheric Administration (NOAA)	11.417	OSURF 60057039		14
National Oceanic and Atmospheric Administration (NOAA)	11.467	UCAR 000724		39,999
Total Department of Commerce				34,111
Department of Defense				
Department of Defense	12	Applied Optimization 1810091-18-UC-01		17,045
Department of Defense	12	CERV - Army Techn 011514-002		3,001
Department of Defense	12	Clinical Research Mgmt Work Order #1 W81XWH-13-C-0167		-60,623
Department of Defense	12	Cornerstone Research Group PO 2018-0788		52,222
Department of Defense	12	DAGSI RQ4-UC-16-1-AFRL		10,413
Department of Defense	12	DAGSI RQ-UC-15-9-OC4-AFRL		16,037
Department of Defense	12	ECI Sets 03-UC-2017 / FA8650-14-D-1724/0003 CLIN 0001		76,177
Department of Defense	12	ECI Sets 03-UC-2017 / FA8650-14-D-1724/0003 CLIN 0002 & 3		23,292
Department of Defense	12	ECI Sets 08-UC-2018 / FA8650-14-D-1724/FA8650-17-F-1034		123,935
Department of Defense	12	General NANO 011227 Navy N6833517C0592		13,349
Department of Defense	12	Nano Terra / DARPAD21980		1,336
Department of Defense	12	Prixarc LLC HDTRA119P0023		11,714
Department of Defense	12	State of California - Water Resources 46000124341		31,748
Department of Defense	12	Tech Assess & Trans PO#7000-01 sub Navy N68335-17-C-0039		35,940
Department of Defense	12	Technical Data Analysis, Inc 2092-001-01		17,755
Department of Defense	12	UES S-108-050-003		3,492
Department of Defense	12	UES S-977-022-003 Sub AFRL FA8650-14-D-6516 TO 0002		34,453
Department of Defense	12	Westat 6339-S01 Task 1 sub W81XWH-15-C-0048 M#1		43,360
Department of Defense	12	Westat 6339-S01 Task 2 sub W81XWH-15-C-0048		122,833
Department of Defense	12	Woolpert, Inc. UOC-18-S-019 - Army W9127817D0068		44,271
Department of Defense	12	Zeteo Tech sub W911NF-18-C-0016		33,043
Office of the Secretary of Defense	12.351	New Jersey Inst of Technology 996289		142,081
U.S. Army Medical Command	12.420	Amicrobe DoD1-SA1 sub W81XWH-15-2-0065		16,438
U.S. Army Medical Command	12.420	CCHMC 135643		3,339

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U.S. Army Medical Command	12.420	CCHMC 139257		23,656
U.S. Army Medical Command	12.420	Hitron Technologies Inc. 011825-002		37,851
U.S. Army Medical Command	12.420	Oregon HSU 1008339		743
U.S. Army Medical Command	12.420	U Nevada Las Vegas 17-931D-01		20,235
U.S. Army Medical Command	12.420	UCSF 10222sc		11,154
U.S. Army Materiel Command	12.431	Arsenal Medical W911NF-12-C-0066		35,324
Office of the Secretary of Defense	12.630	DAGSI RY3-UC-18-6-AFRL		29,932
Office of the Secretary of Defense	12.630	GE DMDII 15-07-05 PO 401083655		6,627
Office of the Secretary of Defense	12.630	UI Labs 0320170003	31,401	51,339
Department of the Air Force, Materiel Command	12.800	Asian Office of Aerospace R&D FA2386-17-1-4067		65,235
Department of the Air Force, Materiel Command	12.800	Eccline Systems Inc Sub#200		69,391
Department of the Air Force, Materiel Command	12.800	ECI RIF02 / A-4 / FA8604-18-C-4006		12,887
Department of the Air Force, Materiel Command	12.800	ECI SBIR75-UC/ A-2 / FA8650-16-C-1706		12,734
Department of the Air Force, Materiel Command	12.800	ECI SBIR78-UC/ A-3 / FA8650-18-C-1635		27,288
Department of the Air Force, Materiel Command	12.800	ECI Sets S05-UC / A-1 / FA8650-14-D-1724/0005		54,341
Department of the Air Force, Materiel Command	12.800	The Design Knowledge Co Sub#1919.03.22.91		26,363
Department of the Air Force, Materiel Command	12.800	The Design Knowledge Co Sub#1919.05.05.91		61,234
Department of the Air Force, Materiel Command	12.800	U of California Riverside S-00749		53,500
Department of the Air Force, Materiel Command	12.800	UES S-977-07B-001		8,040
Department of the Air Force, Materiel Command	12.800	Universal Tech Corp 17-7900-0008-32-C7		11,931
Department of the Air Force, Materiel Command	12.800	Universal Tech Corp 18-7900-0008-38-C7		3,607
Department of the Air Force, Materiel Command	12.800	Universal Tech Corp 18-S8401-16-C1		31,759
Total Department of Defense			31,401	1,471,822
Department of Education				
Department of Education	84	ORI / USED R324A150221-17		9,019
Institute of Education Sciences	84.305	WI BORUW 723K925		6,503
Institute of Education Sciences	84.324	ULRF 15-0169-01 , 2		5,142
Institute of Education Sciences	84.324	Univ of Florida UFDSP00011888		30,089
Office of Postsecondary Education	84.407	OSURF 60051504		22,082
Total Department of Education				72,835

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Department of Energy				
Department of Energy	81	Battelle 227796		31,795
Department of Energy	81	Honeywell 3503282422		9,871
Department of Energy	81.049	Bettergy Corp / DOE_DE-SC0018853		40,403
Department of Energy	81.049	Bettergy Corp / DOE_DE-SC0019662		1,063
Department of Energy	81.089	Arizona St U 16-866		153,987
Department of Energy	81.135	Battelle 177248		36,636
Department of Energy	81.135	PNNL #415810 / DE-AC05-76RL01830		203,000
Total Department of Energy				476,755
Department of Health and Human Services				
Department of Health and Human Services	93	Atox ATB-202-Phase III, BARDA		35,993
Department of Health and Human Services	93	CCHMC 140515		6,168
Department of Health and Human Services	93	CCHMC 140911		5,003
Department of Health and Human Services	93	CCHMC 140913		8,594
Department of Health and Human Services	93	Cellphire, Inc. 1017-001-HOX		49,602
Department of Health and Human Services	93	Cellphire, Inc. Site 12 CTA		103,566
Department of Health and Human Services	93	Cincinnati Union Bethel sub ACYF 90TV0010-02-0		26,103
Department of Health and Human Services	93	Duke 173577		28,287
Department of Health and Human Services	93	FermiLab PO641062		183,895
Department of Health and Human Services	93	Fermilab PO652354		7,347
Department of Health and Human Services	93	HCJFS 130343		70,735
Department of Health and Human Services	93	JBS / HHSS283201200002I/HHSS28342005T		10,677
Department of Health and Human Services	93	MDRC sub DHHS HHSP23320095644WC/HHSP23337008T-B3		82,695
Department of Health and Human Services	93	ODH 0000054463-49		59,876
Department of Health and Human Services	93	SSSI CRB-SSS-S-16-004913 M6		104,227
Centers for Disease Control and Prevention	93.070	HCPH UC-HIV / ODH 03140012HT0617		48,393
Centers for Disease Control and Prevention	93.080	HFM CDC 18-19-434 / 5 NU27DD001155-04-00		14,016
Centers for Disease Control and Prevention	93.080	HMF CDC 17-18-434 / 5 NU27DD001155-03-00		6,024
Administration for Children and Families	93.086	Talbert House 2016-2018 Sub FRPN / DHHS ACF #90PR0006		3,236
Substance Abuse and Mental Health Services Administration	93.104	Community Mental Health Service Muskegon Sub 1H79SM063405-01		79,688
Substance Abuse and Mental Health Services Administration	93.104	StarkMHAR 1H79SM0634 SAMHSA Year 2 of 4		47,115

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Substance Abuse and Mental Health Services Administration	93.104	StarkMHAR 1H79SM0634 SAMHSA Year 3 of 4		127,339
Health Resources and Services Administration	93.107	U Toledo F-2018-19		27,807
Health Resources and Services Administration	93.107	U Toledo F-2019-26		57,745
Health Resources and Services Administration	93.110	HFM MCHB 2019-2020 / H30MC24047-07-00		1,142
Health Resources and Services Administration	93.110	HFM MCHB 434 2018-2019/H30MC24047-07-00		13,773
National Institutes of Health	93.113	Brown Univ 00000781		35,941
National Institutes of Health	93.113	CCHMC 137605		24,130
National Institutes of Health	93.113	CCHMC 139868		3,283
National Institutes of Health	93.113	Harvard 112135-5057091		15
National Institutes of Health	93.113	Mich State RC105513UC		860
National Institutes of Health	93.113	Mich State RC105513UC Amd#3		47,353
National Institutes of Health	93.113	U Illinois Chicago 16817		31,384
National Institutes of Health	93.142	ICWU 5U45ES06162-26		7,253
National Institutes of Health	93.142	ICWU 5U45ES06162-27		26,724
National Institutes of Health	93.142	ICWU 5UH4ES027073-02	5,147	5,559
National Institutes of Health	93.142	ICWU 5UH4ES027073-03	3,359	4,892
National Institutes of Health	93.142	ICWU DOE/ES006162-27		3,228
Health Resources and Services Administration	93.145	U Illinois Chicago 17463-00		20,671
Health Resources and Services Administration	93.145	U Illinois Chicago 68475-00001-04-03-7790 2017-2018		-1,002
Health Resources and Services Administration	93.145	U Illinois Chicago 68475-00001-04-03-7790 2018-2019		200,404
National Institutes of Health	93.173	RFCUNY 41884 R01 DC013668 Amnd 1-5		106,298
National Institutes of Health	93.173	UKRF 3200001751-18-268		28,234
Centers for Disease Control and Prevention	93.185	CCHMC 138967		157,050
National Institutes of Health	93.213	Penn State U 5946-UC-DHHS-9856		13,104
National Institutes of Health	93.242	CCHMC 304029		59,483
National Institutes of Health	93.242	U Toledo F-2019-39		16,465
National Institutes of Health	93.242	U Washington UWSC8644 PO BPO9794		6,615
National Institutes of Health	93.242	UNC 5106101		4,980
National Institutes of Health	93.242	UNC 5106118		-32,242
National Institutes of Health	93.242	UNC 5111522		7,283
National Institutes of Health	93.242	UNC 5111523		54,634
Substance Abuse and Mental Health Services Administration	93.243	Bridges Int'l 6 H79 TI080852-01M001		5,709

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Substance Abuse and Mental Health Services Administration	93.243	Old Dominion RF 18-227-400362-010		29,331
Substance Abuse and Mental Health Services Administration	93.243	Talbert House SAMHSA 1H79TI080151-01-001		51,143
Health Resources and Services Administration	93.250	Mt. Sinai 0255-7895-4609		195,385
Centers for Disease Control and Prevention	93.262	Southeastern Louisiana U. OSR-02-2017-0107-Y2		2,836
National Institutes of Health	93.273	Emory Univ T886535		5,017
National Institutes of Health	93.273	NWU 60045198		32,032
National Institutes of Health	93.273	NYU F1136-02		51,750
National Institutes of Health	93.279	Denver Health and Hospital Authority E4724B		7,997
National Institutes of Health	93.279	FIU 800005519-01		2,145
National Institutes of Health	93.279	FIU 800005519-02		166,813
National Institutes of Health	93.279	FIU 800005519-03		2,375
National Institutes of Health	93.279	Miami Univ of Ohio G02656		13,565
National Institutes of Health	93.279	OSURF 60071380		90,089
National Institutes of Health	93.279	RiboNova Inc. RUC003		20,291
National Institutes of Health	93.279	University of Maryland 1802163		23,408
Centers for Disease Control and Prevention	93.283	American Cancer Society #54107		3,500
National Institutes of Health	93.307	Mass General 227810		249,769
National Institutes of Health	93.310	Baylor College of Medicine 101994491		26,102
National Institutes of Health	93.310	Montage Marketing Group LLC / OD NIH 5U24OD023176-02		1,501
National Institutes of Health	93.350	Dystonia Fndn Coalition MOU Proj 1&4 U54TR001456		4,013
Office of the Secretary	93.360	Cerus Corp Work Order 8		53,941
Office of the Secretary	93.360	Terumo BCT/HHSO100201600013C		90,511
National Institutes of Health	93.361	CCHMC 304482		35,656
National Institutes of Health	93.361	CCHMC 305174		11,464
National Institutes of Health	93.361	Rhode Island Hospital 701-5500-OH		87,176
National Institutes of Health	93.361	Univ Cal Irvine 2017-3547		13,459
National Institutes of Health	93.393	CCHMC 304180		3,464
National Institutes of Health	93.393	MTTI MTTI2017BBT HHSN26120170037C NCI Amend #1		51,789
National Institutes of Health	93.393	U Mich 3004700013		35,143
National Institutes of Health	93.395	GOG 27469-033		26,783
National Institutes of Health	93.395	JWCI MSLT-II TRIALSUB P01 CA29605 Amend 10 - 17		7,075
National Institutes of Health	93.395	NRG NCI 107186988		18,715

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National Institutes of Health	93.395	NRG NCI UCCI		116,380
National Institutes of Health	93.395	NRG NCI Master 04242014		13,655
National Institutes of Health	93.395	NRG NCI TMST		151,919
National Institutes of Health	93.395	Oregon HSU 9009627 ADM1		8,001
National Institutes of Health	93.395	Oregon HSU CA32102		32,676
National Institutes of Health	93.396	NWU 60052421		2,379
National Institutes of Health	93.397	U Washington WU-18-188		25,827
National Institutes of Health	93.398	CCHMC 140231		32,524
Centers for Disease Control and Prevention	93.533	CCHMC 138967		23,901
Administration for Children and Families	93.658	ODJFS G-1819-06-0291 DHHS Year 1		29,344
Administration for Children and Families	93.658	ODJFS G-1819-06-0291 DHHS Year 2		71,743
Administration for Children and Families	93.670	Lighthouse Yth Srvs 009982-005 YR3		33,924
Administration for Children and Families	93.670	Lighthouse Yth Srvs 009982-005 YR4		87,009
Administration for Children and Families	93.674	HCJFS Contract # HEMI 2018-2019		445,816
Administration for Children and Families	93.676	Morrison Child & Family Services / DHHS 2019 SSE TA / 90ZU01		6,586
National Institutes of Health	93.701	JWCI MSLT-II Sub CA29605		3,282
Substance Abuse and Mental Health Services Administration	93.788	ODMHAS 1900748		77,976
National Institutes of Health	93.837	Augusta University 29937-1		19,400
National Institutes of Health	93.837	Brigham & Women's Hospital 115809		119,586
National Institutes of Health	93.837	CCHMC 133851		84,015
National Institutes of Health	93.837	CCHMC 134164		110,198
National Institutes of Health	93.837	CCHMC 134433		55,813
National Institutes of Health	93.837	CCHMC 135458		46,383
National Institutes of Health	93.837	CCHMC 136652		23,060
National Institutes of Health	93.837	CCHMC 136802		31,465
National Institutes of Health	93.837	CCHMC 137128		28,350
National Institutes of Health	93.837	CCHMC 139323		9,393
National Institutes of Health	93.837	CCHMC 139984		20,052
National Institutes of Health	93.837	CCHMC 306424		5,393
National Institutes of Health	93.837	CCLCM-CWRU 1086		14,456
National Institutes of Health	93.837	CCLCM-CWRU 620		18,022
National Institutes of Health	93.837	CCLCM-CWRU 870		1,631

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National Institutes of Health	93.837	Duke 203-4836		5,341
National Institutes of Health	93.837	Duke 203-5242		51,927
National Institutes of Health	93.837	Harvard 111153-5085668		-2,323
National Institutes of Health	93.837	Mass General 224838		11,086
National Institutes of Health	93.837	Mass General 225707		139,299
National Institutes of Health	93.837	Mt. Sinai 0255-7895-4609		753,595
National Institutes of Health	93.837	NHSi CLIN-001		90,124
National Institutes of Health	93.837	NHSi CLIN-003		2,699
National Institutes of Health	93.837	Ocean Research 552201		63,669
National Institutes of Health	93.837	Regents of the Univ. of Minnesota N005339714		29,939
National Institutes of Health	93.837	U Washington UWSC7453		2,046
National Institutes of Health	93.837	Univ of Pittsburgh CNVA00054665 (129258-1)		82,525
National Institutes of Health	93.837	UTHSCH 0012688A		270,321
National Institutes of Health	93.837	Virginia Commonwealth Univ FP00002418_SA002		60,314
National Institutes of Health	93.837	VUMC 59712 Core D		298,800
National Institutes of Health	93.837	VUMC 59712 Project 2		500,545
National Institutes of Health	93.837	VUMC 70514		181,169
National Institutes of Health	93.838	CCHMC 138002		9,101
National Institutes of Health	93.838	CCHMC 306114		4,388
National Institutes of Health	93.838	CCLCM-CWRU 1195		4,887
National Institutes of Health	93.838	CCLCM-CWRU 647		5,632
National Institutes of Health	93.838	CCLCM-CWRU 825		24,245
National Institutes of Health	93.838	CCLCM-CWRU 993		26,104
National Institutes of Health	93.838	CCLCM-CWRU 994		45,193
National Institutes of Health	93.838	NYU sub HL105907 CKD-ISCHEMIA Clinical Trial 001054		62
National Institutes of Health	93.838	Univ of Pittsburgh 9012549 (131629-25)		1,385
National Institutes of Health	93.838	VUMC 42525		16,003
National Institutes of Health	93.839	CCHMC 137135		36,837
National Institutes of Health	93.839	CCHMC 138373		35,726
National Institutes of Health	93.839	LAMS MIDAS U54 HL127672		4,929
National Institutes of Health	93.839	U Chicago FP066598-B		126,889
National Institutes of Health	93.846	CCHMC 136308		44,008

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National Institutes of Health	93.846	CCHMC 137780		31,850
National Institutes of Health	93.846	FIMR 500678UC		149,836
National Institutes of Health	93.846	U Mass OSP2017118		10,651
National Institutes of Health	93.846	UCSF 200678UCSF 10903sc		12,242
National Institutes of Health	93.847	Augusta University 30835-46		92,937
National Institutes of Health	93.847	Brigham & Woman's Hospital 114959		11,218
National Institutes of Health	93.847	CCHMC 302328		15,985
National Institutes of Health	93.847	CCHMC 304894		19,179
National Institutes of Health	93.847	Cleveland Clinic 1137		6,607
National Institutes of Health	93.847	Emory Univ T757471		6,301
National Institutes of Health	93.847	FSU R01952		151,574
National Institutes of Health	93.847	GWU GRADE EDS6-B18		2
National Institutes of Health	93.847	GWU GRADE18-19	209,681	341,061
National Institutes of Health	93.847	GWU S-GRD1718-SC6	69,301	78,234
National Institutes of Health	93.847	INOVASC 010596-002		11,281
National Institutes of Health	93.847	Med College of Wisc PO#1661362		-5,116
National Institutes of Health	93.847	Med College of Wisc PO#6043558	16,961	199,496
National Institutes of Health	93.847	Regents of the Univ. of Minnesota N005115010		3,712
National Institutes of Health	93.847	UAB 508172-SP006-006		31,758
National Institutes of Health	93.847	UC Davis 201400949-A4		-746
National Institutes of Health	93.847	UCLA 1562 G TA108		179,472
National Institutes of Health	93.847	UUNC 5-34495-A4	13,858	31,406
Centers for Disease Control and Prevention	93.850	Epilepsy Foundation of America / CDC 1NU58DP006256		43,794
National Institutes of Health	93.853	Beth Isreal Deaconess Med SATURN U01NS102289		45,531
National Institutes of Health	93.853	CCHMC 137962		11,030
National Institutes of Health	93.853	CCHMC 138566		3,387
National Institutes of Health	93.853	Columbia U 2(GG012011-01)		-125
National Institutes of Health	93.853	CUMC 2 GG012011-02		19,606
National Institutes of Health	93.853	CUMC 2 GG012011-03		3,867
National Institutes of Health	93.853	CUMC 4 GG012006-01		13,960
National Institutes of Health	93.853	CUMC 4 GG012006-02	620,571	914,859
National Institutes of Health	93.853	CUMC 4 GG012006-03	66,938	68,138

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National Institutes of Health	93.853	CWRU RES513817		47,323
National Institutes of Health	93.853	Emory Univ T662115YR4		-1,162
National Institutes of Health	93.853	Leland Stanford 61118961-116661-A1		1,764
National Institutes of Health	93.853	Mass General 226396		29,323
National Institutes of Health	93.853	Mass General NN103		-1,008
National Institutes of Health	93.853	Mass General NN104		3,996
National Institutes of Health	93.853	Mass General NN105		36,756
National Institutes of Health	93.853	Mass General NN106		1,274
National Institutes of Health	93.853	MAYO CIN-187276-01		1,685
National Institutes of Health	93.853	Medical University of South Carolina 18-122-8D639	30,250	99,329
National Institutes of Health	93.853	MGH 229644		8,005
National Institutes of Health	93.853	MGH NN107 F	113,682	127,432
National Institutes of Health	93.853	Nervive Inc. 011876-002		43,031
National Institutes of Health	93.853	Nervive Inc. SBIR Ph 1		16,933
National Institutes of Health	93.853	NWU 60036745		42,229
National Institutes of Health	93.853	Stanford University 61856243-125439		78,946
National Institutes of Health	93.853	Stroke Net-NCC 010085-000000		-3,983
National Institutes of Health	93.853	U Mich 3002112001		6,635
National Institutes of Health	93.853	U Mich 3002672052		7,588
National Institutes of Health	93.853	U Mich 3004674691		375
National Institutes of Health	93.853	U Mich SUBK00004110		19,296
National Institutes of Health	93.853	U Mich SUBK00007313	72,000	429,697
National Institutes of Health	93.853	UAB 000513792-003		163,428
National Institutes of Health	93.853	UCSF 7894SC-A3		45,087
National Institutes of Health	93.853	UCSF 7894SC-A4		9,604
National Institutes of Health	93.853	University of Southern California 85728861		5,306
National Institutes of Health	93.853	UVA GB10253-152913		170
National Institutes of Health	93.853	Virginia Tech 432107-19275		49,332
National Institutes of Health	93.853	Weill Medical College of Cornell 183060		18,128
National Institutes of Health	93.853	Yale 012043-000000		62,788
National Institutes of Health	93.855	Brigham & Woman's Hospital 110208		24,367
National Institutes of Health	93.855	Brigham & Woman's Hospital 110238 A3		11,492

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National Institutes of Health	93.855	Brigham & Woman's Hospital 111670		163,383
National Institutes of Health	93.855	Brigham & Women's Hospital 110007		9,155
National Institutes of Health	93.855	CCHMC 138257		39,924
National Institutes of Health	93.855	CCHMC 138459		1,079
National Institutes of Health	93.855	CCHMC 140912		8,594
National Institutes of Health	93.855	CCHMC 304790		34,978
National Institutes of Health	93.855	CCHMC 306067		9,225
National Institutes of Health	93.855	CWRU RES512116		693,204
National Institutes of Health	93.855	CWRU RES512468		8,199
National Institutes of Health	93.855	CWRU RES512699		197,108
National Institutes of Health	93.855	CWRU RES512798		143,115
National Institutes of Health	93.855	CWRU RES513645		85,826
National Institutes of Health	93.855	CWRU RES513848		596,608
National Institutes of Health	93.855	Duke 189925		26,470
National Institutes of Health	93.855	Duke 225440		17,534
National Institutes of Health	93.855	General Innovations and Goods 011740-002		92,347
National Institutes of Health	93.855	General Innovations and Goods 5 U44AI074918 adm 4		3,005
National Institutes of Health	93.855	John Hopkins University 2004078872		1,230
National Institutes of Health	93.855	Massachusetts Reprieve ACTG A5332		3,535
National Institutes of Health	93.855	National Jewish Health #20116902		31,013
National Institutes of Health	93.855	OK St. Univ 5 554199		12,427
National Institutes of Health	93.855	Penn State U #5845-UC-DHHS-2692		42,636
National Institutes of Health	93.855	SUNY 73370		80,427
National Institutes of Health	93.855	U Mich 00009418		9,782
National Institutes of Health	93.855	UCLA 1560 G WA885		6,921
National Institutes of Health	93.855	UCLA 1560 G WB207		10,165
National Institutes of Health	93.855	UCLA1560 B WA785		144,488
National Institutes of Health	93.855	UTHSCH 160528/160527 Task A22 Opt 1&2		17,001
National Institutes of Health	93.859	CCHMC 304842		4,955
National Institutes of Health	93.859	MATTEK 010349-002		13,436
National Institutes of Health	93.859	U Illinois 2013-01835-02		-900
National Institutes of Health	93.859	UC Davis 201502820-01		16,424

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National Institutes of Health	93.859	UCLA 1560 G WA886		10,254
National Institutes of Health	93.859	University of Rhode Island #0006003/062818		276,407
National Institutes of Health	93.865	CCHMC 139369		56,598
National Institutes of Health	93.865	CCHMC 304617		34,044
National Institutes of Health	93.865	CCHMC 304848		32,080
National Institutes of Health	93.865	IU 4682013UC		5,451
National Institutes of Health	93.865	North Star Univ Health System #EH18-254-S1		3,348
National Institutes of Health	93.865	UKMCRI ZAC00050		159,496
National Institutes of Health	93.865	UTSMC GMO160232 PO#000000836A	20,615	169,929
National Institutes of Health	93.865	UTSMC GMO160232 PO#000000836B	382,601	385,546
National Institutes of Health	93.866	CCHMC 138715		18,711
National Institutes of Health	93.866	CCHMC 304422		13,223
National Institutes of Health	93.866	CCHMC 305627		8,495
National Institutes of Health	93.879	CCHMC 136153		6,510
National Institutes of Health	93.879	CCHMC 304838		28,615
National Institutes of Health	93.879	Univ of Iowa Contract# 0000000300000000000019180		4,045
National Institutes of Health	93.879	Univ of Iowa NLM_1UG4LMO12312346		1,669
National Institutes of Health	93.879	Univ of Iowa S00222-01		21,514
National Institutes of Health	93.879	Univ of Iowa S00353-01		6,689
Health Resources and Services Administration	93.884	MSJU 252485-01		148,703
Health Resources and Services Administration	93.918	Cin Health Network 009127-005		56,687
Health Resources and Services Administration	93.918	Cin Health Network 009127-006		15,978
Health Resources and Services Administration	93.918	Cin Health Network 009673-004		-3,507
Health Resources and Services Administration	93.918	Cin Health Network 009673-005		523,132
Health Resources and Services Administration	93.918	Cin Health Network 009673-006		156,248
Health Resources and Services Administration	93.926	CCHMC 134574		18,403
Health Resources and Services Administration	93.926	CCHMC 307202		2,137
Centers for Disease Control and Prevention	93.940	HCPH / CDC 2019 HIV Prevention-HIV Prevention Activities Gra		32,046
Centers for Disease Control and Prevention	93.940	HCPH 2018 EIP UC-HIV / CDC - Dept needs to do reallocations:		76,739
Centers for Disease Control and Prevention	93.946	Emory Univ T652550		14,783
Substance Abuse and Mental Health Services Administration	93.959	PAA #PUSH4PREVENTION		2,500
Total Department of Health and Human Services			1,624,964	16,836,136

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Department of Homeland Security				
Department of Homeland Security	97.077	Center for Innovative Technology FS-18-048		45,161
Department of Justice				
National Institute of Justice	16.560	FSU R01861		21,072
National Institute of Justice	16.566	Rutgers NIJ 2016-R2-CX-0046		8,997
Bureau of Justice Assistance	16.812	Guam Judicial Branch BJA 2015-CZ-BX-0027		29,199
Bureau of Justice Assistance	16.812	Ham Cnty Office of Reentry DOJ 2014-CZ-BX-0020		25,030
Bureau of Justice Assistance	16.812	WI DOC 410036-V17-RLH6153-ING-01		48,602
Department of Justice	16.838	Ham Cnty / BJA 2017-AR-BX-K018		20,221
Total Department of Justice				153,121
Department of the Interior				
U.S. Geological Survey	15.805	OSURF 60059469		6,986
U.S. Geological Survey	15.805	USC 16-2995		8,698
Total Department of the Interior				15,684
Department of Transportation				
Department of Transportation	20	Trinity Consult sub FHWA DTFH6117C00028		16,440
Federal Highway Administration (FHWA)	20.200	Kittelson & Associates Project# 22398		6,698
Federal Highway Administration (FHWA)	20.200	Leidos Inc. P010204019		39,413
Federal Highway Administration (FHWA)	20.200	Leidos Inc. P010208821		52,206
Federal Highway Administration (FHWA)	20.200	Leidos Inc. P010208821 Task 2		1,824
Federal Highway Administration (FHWA)	20.200	Leidos Inc. P010209559		3,612
Federal Highway Administration (FHWA)	20.200	NAS NCHRP SUB0001221 HR 12-95(A)	8,908	16,506
Federal Highway Administration (FHWA)	20.200	Ohio U 30746		9,484
Total Department of Transportation			8,908	146,183
Economic Development Administration				
Department of Commerce	11.020	Gr. Ham. Ctr. for Bus. & Tech.-Ham. Mill, UC-011456-002/EDA		61,806
Environmental Protection Agency				
Environmental Protection Agency	66	Pegasus WA 2-16		16,753
Environmental Protection Agency	66	Pegasus WA 2-30		24,632
Environmental Protection Agency	66	Pegasus WA 2-89		12,600

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Environmental Protection Agency	66	Pegasus WA 3-16		30,017
Environmental Protection Agency	66	Pegasus WA 3-30 Task 1		19,014
Environmental Protection Agency	66	Pegasus WA 3-83		24,216
Environmental Protection Agency	66	Pegasus WA#3-83 Task 2		26,468
Total Environmental Protection Agency				153,700
Institute of Museum and Library Services				
Institute of Museum and Library Services	45.312	Cinti Zoo 011827-002		36,979
National Aeronautics and Space Administration				
National Aeronautics and Space Administration	43	USRA SOF 05-0084 Abel		1,514
National Aeronautics and Space Administration	43.001	Jet Propulsion Laboratory 1596022		53,861
National Aeronautics and Space Administration	43.001	Jet Propulsion Laboratory 1618685		35,417
National Aeronautics and Space Administration	43.001	OSGC FY 2017-2019 NASA SCHLRSH 074117 074118		2,418
National Aeronautics and Space Administration	43.001	OSGC SICHOP 077795		4,996
National Aeronautics and Space Administration	43.001	OSGC SICHOP 078531		3,216
National Aeronautics and Space Administration	43.001	OSGC SICHOP 078532		4,993
National Aeronautics and Space Administration	43.001	Univ of OK 2017-42 NXX17AF88G NASA		38,394
National Aeronautics and Space Administration	43.008	USRA SOF 05-0100		2,803
National Aeronautics and Space Administration	43.008	Vantage Partners VPL-17-066		333,588
Total National Aeronautics and Space Administration				481,200
National Science Foundation				
National Science Foundation	47.041	AwareAbility Tech 011384-002		17,192
National Science Foundation	47.041	Brown Univ 00001201		47,675
National Science Foundation	47.041	NCA&T 260116B	12,612	346,328
National Science Foundation	47.041	Penn State U 5782-UC-NSF-1155		11,538
National Science Foundation	47.041	Sense Diagnostics NSF1632270-1		-5,536
National Science Foundation	47.049	NWU SP0036177-PROJ014866		37,425
National Science Foundation	47.050	JMU S15-235-01		13,333
National Science Foundation	47.050	USC 104889896		33,561
National Science Foundation	47.070	Carnegie Mellon Univ 1121941-372288		7,950
National Science Foundation	47.070	Princeton SUB0000283		68,601
National Science Foundation	47.070	Utah State 140343-418		38,718

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National Science Foundation	47.070	Virginia Polytechnic Institute 480058-19275		11,365
National Science Foundation	47.074	CCHMC 139353		27,409
National Science Foundation	47.076	APS BP008-2017		652
National Science Foundation	47.076	Mich State RC105254UC		59,482
National Science Foundation	47.076	OSURF 60042097		99,871
National Science Foundation	47.076	OSURF 60067277		3,456
National Science Foundation	47.076	Univ of Nebraska Sub 25-0536-0045-004		26,158
Total National Science Foundation			12,612	845,178
Total Research and Development - Pass Through Funds			1,677,885	20,950,453
Total Research and Development Cluster			17,975,402	115,317,109
Other				
Other - Direct Funds				
Department of Defense				
National Security Agency	12.900	Language Grant Program		11,511
National Security Agency	12.902	Information Security Grant Program	99,110	245,906
Total Department of Defense			99,110	257,417
Department of Education				
TRIO Cluster				
Office of Postsecondary Education	84.042	TRIO_Student Support Services		327,079
Office of Postsecondary Education	84.044	TRIO_Talent Search		344,643
Office of Postsecondary Education	84.047	TRIO_Upward Bound		892,554
Office of Postsecondary Education	84.217	TRIO_McNair Post-Baccalaureate Achievement		225,967
Total TRIO Cluster				1,790,243
Other Department of Education				
Office of Vocational and Adult Education	84.048	Career and Technical Education -- Basic Grants to States		854
Office of Special Education and Rehabilitative Services	84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		646,962

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2019

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 Other Department of Education				647,816
Total Department of Education				2,438,059
Department of Energy				
Department of Energy	81.049	Office of Science Financial Assistance Program		9,000
Department of Justice				
Department of Justice	16	US COURTS: USCA 16C1025 Task 3		435,785
Department of Justice	16	US COURTS: USCA16C1025 Tasks 4 & 5		194,216
National Institute of Justice	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants		1,187,520
Bureau of Justice Assistance	16.738	Edward Byrne Memorial Justice Assistance Grant Program		14,280
Bureau of Justice Assistance	16.746	Capital Case Litigation		44,366
Bureau of Justice Assistance	16.827	Justice Reinvestment Initiative		65,661
Total Department of Justice				1,941,828
National Security Agency				
Department of Defense	12.903	2016: GenCyber Grants Program		99,810
Office of Personnel Management				
Office of Personnel Management	27.011	Intergovernmental Personnel Act (IPA) Mobility Program		210,242
Total Other - Direct Funds			99,110	4,956,356
Other - Pass Through Funds				
Department of Agriculture				
Food and Nutrition Service	10.558	ODE CACFP sub USDA 17-18		11,563
Food and Nutrition Service	10.558	ODE CACFP sub USDA 18-19		33,474
Total Department of Agriculture				45,037
Department of Education				
Special Education (IDEA) Cluster				
Office of Special Education and Rehabilitative Services	84.027	ODE DEANS COMP/USED H027A170111 - FY18	275,600	323,749
Office of Special Education and Rehabilitative Services	84.027	ODE Deans Compact H027A190111		-70
Office of Special Education and Rehabilitative Services	84.027	ODE Dean's Compact USED H027A180111A- FY19	689,217	1,313,155
Office of Special Education and Rehabilitative Services	84.027	ODE Dean's Compact-Y19 / H027A180111A		26,178

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2019

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 Special Education and Rehabilitative Services	84.027	ODE O&M -Y19/ USEd H027A180111A	216,492	397,065
Office of Special Education and Rehabilitative Services	84.027	ODE OLI4 / USED H027A170111 - FY18		18,853
Office of Special Education and Rehabilitative Services	84.027	ODE OLI4 / USED H027A180111 - FY19		292,201
Office of Special Education and Rehabilitative Services	84.027	ODE Para(T2T)/USED H027A190111 Y19		237,583
Office of Special Education and Rehabilitative Services	84.027	ODE Service to Familys & Children Deaf or Blind H027A190111		3,480
Office of Special Education and Rehabilitative Services	84.027	ODE T2T SUPT/USED H027A170111 - FY18		19,057
Total Special Education (IDEA) Cluster			1,181,309	2,631,251
Department of Education	84	ODE OLI4 TITLEI/USED S010A170035 - FY18		4,926
Department of Education	84	ODE Serv. DB sub USED Y19 Year2: H027A180111A		95,369
Department of Education	84	ODE USED Principal Pilot Project S010A170035		24,920
Department of Education	84	ODE Vision Project sub USED for OSEP	52,518	60,469
Department of Education	84	Regents of the Univ. of Minnesota A006557006		138,019
Department of Education	84	Univ of Florida CEEDAR H325A17003		4,397
Office of Elementary and Secondary Education	84.010	ODE OLi4 Title 1 FY19		298,294
Office of Elementary and Secondary Education	84.010	ODE PRIN. PILOT / USED S010A180035 - FY19		281,614
Office of Educational Research and Improvement	84.287	ODE 11140-21st Century CCLC - Mt. Washington sub USED		-77
Office of Educational Research and Improvement	84.287	ODE 21ST CCLC / USED S287C180035 - FY19		198,349
Office of Educational Research and Improvement	84.287	ODE 9156-21CCCLC / USED S287C170035 - FY18		-301
Office of Special Education and Rehabilitative Services	84.323	ODE SPDG / USED H323A170026 -FY19		45,301
Office of Special Education and Rehabilitative Services	84.326	Regents of the Univ. of Minnesota A002575604		3,715
Office of Postsecondary Education	84.334	OCOG GEARUP FY 2017-2018		224
Office of Postsecondary Education	84.334	OCOG GEARUP FY 2018-2019		70,738
Total Department of Education			1,233,827	3,857,208
Department of Health and Human Services				
Medicaid Cluster				
Centers for Medicare and Medicaid Services	93.778	OSURF 60068340		428,963
CCDF (Child Care and Development) Cluster				
Administration for Children and Families	93.575	ODJFS DAYCARE Provider Service		60,562
Administration for Children and Families	93.575	ODJFS/DHHS DAY CARE CONTR Program Income		4,196

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2019

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 CCDF (Child Care and Development) Cluster				64,758
Administration for Children and Families	93.600	CHCCAA Contract #14-43 HHS Headstart		101,573
Administration for Children and Families	93.600	CHCCAA Contract #17-23 Headstart FY17-18		-13,452
Administration for Children and Families	93.600	CHCCAA Contract #17-23 Headstart FY19-20		37,452
Administration for Children and Families	93.600	CHCCAA Contract #18-23 Headstart FY18-19		598,050
Total Department of Health and Human Services				1,217,344
Department of Justice				
Department of Justice	16	Alternatives to Violence Center-Training Program		4,709
Department of Justice	16	Community Resources for Justice 2014-ZB-BX-K011		10,284
Department of Justice	16	Hillsborough County-EPICS 2014-DC-BX-0064		3,828
Department of Justice	16	State of Iowa RFB0517238254		14,590
Office of Juvenile Justice and Delinquency Prevention	16.540	PA Council of Chief Juvenile Probation Officers Grant #28369		39,240
Bureau of Justice Assistance	16.738	City of Cincinnati Contract # 95X1063		24,969
Bureau of Justice Assistance	16.738	IACP DOJ 2017-VI-BX-K001 BJA		114,865
Bureau of Justice Assistance	16.738	OCJS 2016-JG-E01-V6077		5,833
Bureau of Justice Assistance	16.738	OCJS 2017-CP-CPI-344		12,663
Bureau of Justice Assistance	16.738	OCJS 2017-JG-LLE-5126		7,888
Bureau of Justice Assistance	16.738	OCJS BJA 2016-JG-HT-P6096		25,041
Bureau of Justice Assistance	16.738	OJJDP DJJ-17-016		-2,197
Bureau of Justice Assistance	16.738	VA Dept. of Juvenile Justice PR7920324		10,189
Bureau of Justice Assistance	16.745	Hancock County Social Science & Education BJA 2017-MO-BX-0		1,802
Bureau of Justice Assistance	16.751	Illinois DOC-EPICS TRAINING / 2014-CZ-BX-0025-IL DOC BJA		-737
Bureau of Justice Assistance	16.751	Illinois Region 1 Planning Council EBP Training		9,238
Bureau of Justice Assistance	16.751	Minnesota Department of Correction Swift Contract #140888		31,986
Department of Justice	16.803	City of Salinas 2015-SM-BX-0005 CCP Training		10,406
Department of Justice	16.803	City of Salinas 2015-SM-BX-005 CBI/EMP Training		14,299
Bureau of Justice Assistance	16.812	City of New Haven 23012748-56694		102
Bureau of Justice Assistance	16.812	CT Dept of Corrections 18DOC0112AA 2016-CZ-BX-0017		47,538
Bureau of Justice Assistance	16.812	CT Dept of Corrections 19DOC111AA 2016-CZ-BX-0017		52,396
Bureau of Justice Assistance	16.812	GA Dept. of Juvenile Justice 22112001 EPICS training		800

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Bureau of Justice Assistance	16.812	Guam Judicial Branch Sub BJA 2014-VV-BX-0017		35,203
Bureau of Justice Assistance	16.812	Nevada Dept. of Corr. EPICS 2016-CZ-BX-0015		58,197
Bureau of Justice Assistance	16.812	PATHFINDERS OF OREGON EPICS-I BJA 2017-CY-BX-0108		5,200
Bureau of Justice Assistance	16.812	UTEC Inc. 2017-CY-BX-0116		4,605
Department of Justice	16.817	City of Tulsa Sub BJA DOJ 2016-AJ-BX-0007		68,805
Bureau of Justice Assistance	16.827	Arkansas Community Correction 2015-ZB-BX-K001		16,175
Bureau of Justice Assistance	16.827	IACP 2017-CR-WX-K001		42,463
Bureau of Justice Assistance	16.827	Montana DOC CPC sub BJA 2015-ZB-BX-K001		39,222
Bureau of Justice Assistance	16.827	ODRC 403-19-2662 SUB 2016-ZB-BX-0012		7,187
Department of Justice	16.838	Hamilton County Heroin Coalition-LEAD / BJA 2018-AR-BX-K062		22,238
Total Department of Justice				739,027
Department of Labor				
Employment Training Administration	17.270	Garden Pathways Inc. ORAS/Case Training		8,249
Employment Training Administration	17.270	LISC No. 45973-0003 ORAS 2018		5,813
Employment Training Administration	17.270	Safer FoundationPE-30786-17-60-A-17		-502
Employment Training Administration	17.270	SEEDCO CBI-EMP Training		16,628
Employment Training Administration	17.275	FRCSA PE-30749-17-60-A-37		144
Total Department of Labor				30,332
Department of Transportation				
Highway Safety Cluster				
National Highway Traffic Safety Administration (NHTSA)	20.600	ODPS SC-2019 UC AHEC-00033		24,745
Highway Planning and Construction Cluster				
Federal Highway Administration (FHWA)	20.205	NAS NCHRP SUB0000847 HR 12-109	95,468	211,571
Federal Highway Administration (FHWA)	20.205	ODOT 27899		516,637
Federal Highway Administration (FHWA)	20.205	ODOT 30267		1,921
Federal Highway Administration (FHWA)	20.205	ODOT 30347		61,755
Federal Highway Administration (FHWA)	20.205	ODOT 30556	46,270	599,557
Federal Highway Administration (FHWA)	20.205	ODOT 30792		196,005
Federal Highway Administration (FHWA)	20.205	ODOT 30794	19,525	284,064
Federal Highway Administration (FHWA)	20.205	ODOT 32374	33,172	124,664
Federal Highway Administration (FHWA)	20.205	ODOT 32390	11,078	95,447

University of Cincinnati

A Component Unit of the State of Ohio

Schedule of Expenditures of Federal Awards

for the year ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Cluster Title	Federal CFDA Number	Program Title, Pass-Through Entity and ID	Passed Through to Subrecipient	Total Federal Expenditures
Federal Highway Administration (FHWA)	20.205	ODOT 32391		52,751
Federal Highway Administration (FHWA)	20.205	Ohio U UT20480		47,642
Federal Highway Administration (FHWA)	20.205	Ohio U UT31568		19,557
Federal Highway Administration (FHWA)	20.205	URS CORP-OHIO Sub ODOT 14174 Phase II		190,972
Total Highway Planning and Construction Cluster			205,513	2,402,543
Total Department of Transportation			205,513	2,427,288
National Aeronautics and Space Administration				
National Aeronautics and Space Administration	43.001	OSGC FY2015-2018 NASA SCHLRSH 009959-006		763
National Aeronautics and Space Administration	43.001	OSGC Miller/NASA: OSGC 2053		2,500
National Aeronautics and Space Administration	43.001	OSGC NASA Graduate Fellow-2015		6,500
National Aeronautics and Space Administration	43.001	OSGC Pickering/NASA: OSGC 2053		2,500
National Aeronautics and Space Administration	43.001	OSGC Sichop 2017 CubeCat		-215
National Aeronautics and Space Administration	43.001	OSGC SICHOP 2017 075652		669
National Aeronautics and Space Administration	43.001	OSGC SICHOP NASA 01123-002		5,000
National Aeronautics and Space Administration	43.001	OSGC SICHOP NASA 011372-002		804
National Aeronautics and Space Administration	43.001	OSGC SICHOP NASA SCHLRSH 010383		345
National Aeronautics and Space Administration	43.001	OSGC Wessels/NASA: OSGC 2053		2,500
Total National Aeronautics and Space Administration				21,366
National Security Agency				
Department of Defense	12.905	Dakota State Univ 170406-840219-01		6,222
Total Other - Pass Through Funds			1,439,340	8,343,824
Total Other			1,538,450	13,300,180
Total Federal Awards Expenditures			\$19,513,852	\$465,778,510

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2019

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, 2019. 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, 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, 2019 are as follows:

Federal Perkins Loan Program (CFDA 84.038)	\$	64,740
Health Professions Student Loan Program (CFDA 93.342)		98,700
Nursing Student Loan Program (CFDA 93.364)		83,400
Nursing Faculty Loan Program (CFDA 93.264)		348,824
	<u>\$</u>	<u>595,664</u>

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

Outstanding loans at June 30, 2019 include the following:

Federal Perkins Loans	\$ 16,154,761
Health Professions Student Loans	346,162
Nursing Student Loans	544,622
Nursing Faculty Loan Program	1,463,780
	<u>\$ 18,509,325</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, 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, 2019 through June 30, 2020
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%

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

Independent Auditor's Report

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, 2019, and the related statements of revenues, expenses and changes in net position and cash flows, where applicable, for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated October 15, 2019, 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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Cincinnati, Ohio
October 15, 2019

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 University of Cincinnati's (University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the University's major federal program for the year ended June 30, 2019. 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 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, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

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

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

BKD, LLP

Cincinnati, Ohio
October 15, 2019

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019**

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, 2019**

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
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No matters are reportable.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
2019-001	<p>Federal Program - Federal Direct Student Loan Program, CFDA No. 84.268, 2019, Department of Education</p> <p>Criteria or Specific Requirement - Special Tests and Provisions – The University is responsible for notifying students or parents of the date and amount of loan disbursements, the right to cancel all or a portion of such disbursements and the procedure and time by which the student or parent must notify the institution of his or her wish to cancel the loan (<i>34 CFR 668.165</i>).</p> <p>Condition – Loan disbursement notifications were not sent to students during the period of March 2017 to October 2018.</p> <p>Questioned Costs - There were no questioned costs as a result of this finding.</p> <p>Context - From a sample of 25 students, 23 of the students were not properly notified of their loan disbursements. However, management indicated that no students received notification during the time period noted above. Our sampling method was not, and was not intended to be, statistically valid.</p> <p>Effect – Without timely notification of loan disbursements, students do not have the opportunity to cancel debt which they do not wish to incur.</p> <p>Cause – Notifications ceased being sent to students and parents after the conversion to a new student information software. While the software was programmed to send automatic notifications, an undetected error in the system prevented this from occurring.</p> <p>Identification as a Repeat Finding - No.</p> <p>Recommendation - We recommend management perform periodic tests of automated processes within the student financial aid function to ensure ongoing compliance with federal award requirements.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The university’s Student Financial Aid Office took corrective action to fix the technical problems underlying the failure of the disbursement notification process prior to the 2019 audit. It is important to note that students receive multiple messages regarding their loans, including a disclosure from the US Department of Education several days prior to the loan disbursement. The university does not require the student to produce the disbursement notification to request a loan return, mitigating the effect noted in the finding. The university agrees with the auditors’ recommendation for periodic review and compliance testing to ensure notification of loan disbursements. This review process will be detailed in the corrective action plan filed separately.</p>

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

Reference Number	Summary of Finding	Status
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No matters are reportable.

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OHIO AUDITOR OF STATE KEITH FABER



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
DECEMBER 5, 2019