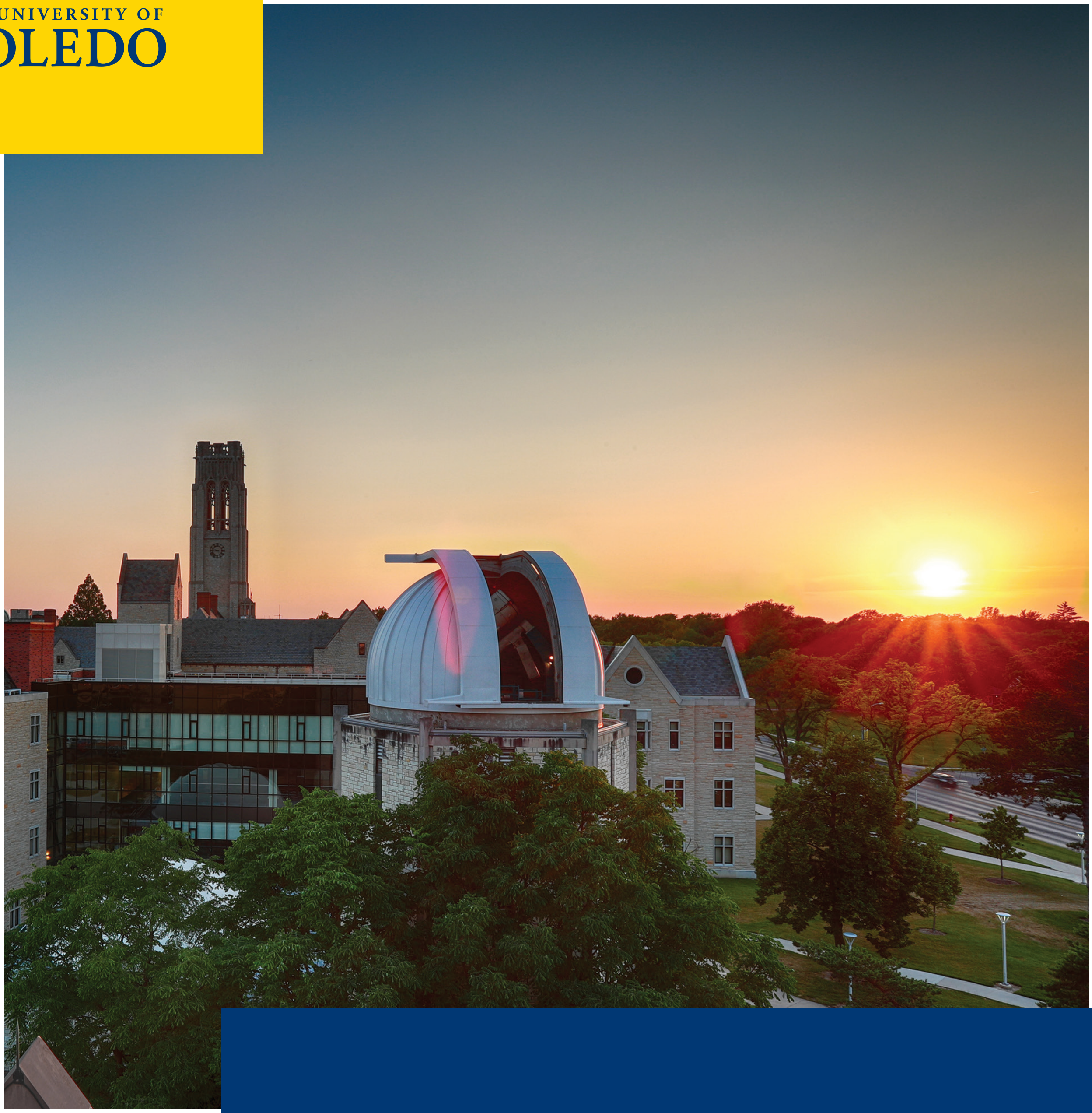
THE UNIVERSITY OF TOLEDO



FY 2019 Annual **Financial Report**

FUELING **TOMORROWS**

OHIO AUDITOR OF STATE
KEITH FABER

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

Board of Trustees
University of Toledo
2801 W. Bancroft Street
Toledo, Ohio 43606

We have reviewed the *Independent Auditor's Report* of the University of Toledo, Lucas County, prepared by CliftonLarsonAllen 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

FINDING FOR RECOVERY

On July 5, 2019, the Internal Auditor for the University of Toledo issued a report related to financial activities under the control of Jason Woodward, a former employee who resigned March 12, 2019, during the Internal Auditor's investigation. The information below is summarized from the internal audit report; the full report can be obtained from the University of Toledo.

Mr. Woodward, a former Fiscal Specialist at the University's Minority Business Development Center (MBDC) and Eberly Center for Women (ECW), processed deposit and withdrawal transactions in an account at the University of Toledo Federal Credit Union. Although this account was in the University's name, Mr. Woodward was the account holder per Credit Union records. Based on the Internal Auditor's investigation, certain revenue items for the University (including class fees from ECW, MBDC monthly office rentals from minority businesses, and donations to the University of Toledo Foundation for ECW fundraising events) were diverted to the Credit Union account by Mr. Woodward and subsequently used to pay various personal expenses (credit card payments, insurance bills, etc.). Of the $30,947 in revenue diverted to these accounts, the Internal Auditor was able to determine $22,238 was expended for the personal use of Mr. Woodward. The Internal Auditor was not able to obtain sufficient information to conclude on the remaining $8,709.

FINDING FOR RECOVERY (Continued)

On August 21, 2019, Jason Woodward pled guilty to the theft in office charges and was sentenced on September 4, 2019. Mr. Woodward was ordered to pay restitution to the University of Toledo in the amount of $22,238. On October 2, 2019, the Lucas County Prosecutor filed paperwork with the Ohio Public Employees Retirement System (OPERS) to recover these funds from the retirement account of Mr. Woodward, which was sufficient to make the University whole. Based on the Court's order and communication with OPERS, the University anticipates the imminent recovery of the funds.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Jason Woodward, and the bonding company, National Union Fire Insurance Company, jointly and severally, in the amount of $22,238 and in favor of the University of Toledo General Fund in the amount of $22,238.

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 Toledo is responsible for compliance with these laws and regulations.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

February 5, 2020

THE UNIVERSITY OF TOLEDO
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The University of Toledo
Toledo, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of The University of Toledo (the University) and its discretely presented component unit, as of and for the year ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are reported as a component unit of the state of Ohio.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited under *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Toledo and its discretely presented component unit as of June 30, 2019 and 2018, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-15, schedule of pension funding, and schedule of pension contributions on page 77, and schedule of OPEB funding, and schedule of OPEB contributions on page 78, 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 of Toledo's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal* Awards (the Uniform Guidance) and is not a required part of the basic financial statements.

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

Board of Trustees
The University of Toledo

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report October 15, 2019, on our consideration of The University of Toledo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 of Toledo'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 of Toledo's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Toledo, Ohio
October 15, 2019

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of The University of Toledo for the year ended June 30, 2019 with comparative information for the years ended June 30, 2018 and 2017. The MD&A complements the accompanying audited financial statements and footnotes.

ABOUT THE UNIVERSITY OF TOLEDO

The University is a leading research institution in the state of Ohio with nearly 20,000 students, 1,500+ instructional faculty and 4,100+ staff members. The University is comprised of 13 colleges: Arts and Letters, Business and Innovation, Education, Engineering, Graduate Studies, Health and Human Services, Honors, Law, Medicine and Life Sciences, Natural Sciences and Mathematics, Nursing, Pharmacy and Pharmaceutical Sciences, and University College. The University offers more than 300 undergraduate, graduate and professional programs leading to degrees in over 60 instructional departments. The University operates The University of Toledo Medical Center (UTMC), which includes over 300 registered beds and provides services to 9,200 admitted patients, 207,000 outpatient clinic patients and 34,000 emergency visit patients. In addition, the Medical Center performed over 9,000 surgical cases and, on average, cared for over 700 patients per day in both an inpatient and outpatient setting. UTMC specializes in kidney transplantation, cardiology, trauma care, orthopedic surgery and cancer treatment.

The Board of Trustees (BOT) governs the University and is responsible for oversight of academic programs, budgets, general administration and employment of faculty and staff. The Governor, with the advice and consent of the State Senate, appoints the BOT members for staggered nine-year terms. Three national and two student trustees, all non-voting members, also serve on the Board and are appointed for two-year terms.

The following financial statements reflect all assets, deferred inflows/outflows, liabilities and net position of the University and The University of Toledo Foundation (Foundation), the University's discretely presented component unit. The University of Toledo Physicians Clinical Faculty, Inc. (UTP-CF), and Rocket Innovations meet the criteria under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and are therefore shown in a blended presentation. UTP-CF provides administrative support, billing and collection for physician services at the University. Rocket Innovations supports the University through investment in public and private economic development projects and promotes the interests of the University.

The Foundation is a legally separate entity with a primary function of fund-raising to supplement the resources that are available to the University in support of its programs. The Foundation is governed by a separate Board of Trustees that is self-perpetuating and consists of graduates and friends of the University. Nearly all the assets of the Foundation are restricted by donors to activities of the University. The University does not control the timing or amount of receipts from the Foundation.

The University is a component unit of the state of Ohio and is included in the state of Ohio's Comprehensive Annual Financial Report (CAFR).

ABOUT THE FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* In addition to this MD&A section, the audited financial statements include Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and the Notes to the Financial Statements. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* which amends GASB Statement No. 14, the Foundation is discretely presented. A complete copy of the audited financial statements of the Foundation is available at the Foundation offices, located near the campus of the University.

The ***Statement of Net Position*** is the University's balance sheet. It reflects the total assets, liabilities, deferred inflows/outflows and net position (equity) of the University. Liabilities with maturities less than one year and assets available to pay those liabilities are classified as current. Other assets and liabilities with maturities greater than one year are classified as non-current. Investment assets are carried at market value. Capital assets, which include the University's land, buildings, improvements and equipment, are presented net of depreciation. Net position is displayed in the following categories:

- Net investment in capital assets (presents the University's equity in capital assets);
- Restricted – non-expendable (available for investment purposes only and cannot be expended);
- Restricted – expendable (available for use based on externally imposed restrictions); and
- Unrestricted (available to the University for any lawful purpose of the institution).

The ***Statement of Revenues, Expenses and Changes in Net Position*** is the University's income statement. It reports the detailed revenues and expenses presented in a net revenue (expense) format. Revenues and expenses are classified as operating, non-operating and other changes, and subtotals are presented for net operating income (loss), income (loss) before other changes, and increase (decrease) in net position. Tuition revenue is shown net of financial aid, hospital patient services revenue is shown net of contractual allowances and bad debt, and depreciation is provided for capital assets.

In accordance with GASB Statement No. 35, appropriations received from the state of Ohio, and certain federal and state grants and contracts, are presented as non-operating revenue; whereas operating expenses include virtually all expenses except interest on long-term debt. Therefore, the University will typically reflect a net operating loss, though universities and other public institutions have traditionally relied on non-operating revenue to support functional operations of the institution.

The ***Statement of Cash Flows*** presents the sources and uses of cash during the year. It breaks out the sources and uses of cash in the following categories:

- Operating activities,
- Non-capital financing activities,
- Capital and related financing activities, and
- Investing activities.

Cash flows associated with the University's expendable net position appear in the operating and non-capital financing categories. Capital financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

The ***Notes to the Financial Statements*** follow the financial statements of the University. The Notes provide additional information and details to supplement the financial statements.

Impact of GASB Statements No. 68 and No. 75

Changes brought on by the implementation of GASB 68 and GASB 75 continue to negatively impact the net position of the University. As of June 30, 2019, the net position associated with GASB 68 is negative $417.1 million and the net position associated with GASB 75 is negative $159.7 million. Total unrestricted net position as of June 30, 2019 is negative $410.3 million.

The University has a restricted expendable net position of $95.0 million and a restricted non-expendable net position of $12.8 million as of June 30, 2019. Net investment in capital is $264.4 million. The following sections provide additional details on the University's 2019 financial position and results and a look ahead at significant economic conditions expected to affect the University in the future.

FINANCIAL HIGHLIGHTS AND KEY TRENDS

STATEMENTS OF NET POSITION

Impact of GASB 68 and 75 – Significant liability and negative net position related to pensions and other post-employment benefits (OPEB)

University maintains prudent levels of debt and sufficient liquidity

Summary Statements of Net Position (in thousands)

	2019	2018	2017
Assets			
Cash and cash equivalents	$ 52,775	$ 40,815	$ 43,105
Receivables, inventories, and other current assets	115,599	136,835	115,146
Total current assets	168,374	177,650	158,251
Restricted cash	2,231	986	2,620
Endowment and loan investments	58,756	62,309	60,395
Long-term investments	183,509	181,135	170,984
Capital assets, net of accumulated depreciation	541,857	572,529	596,844
Net pension asset	1,717	2,319	960
Net OPEB asset	13,251	-	-
Other non-current assets	42,034	48,887	77,981
Total non-current assets	843,355	868,165	909,784
Total assets	$ 1,011,729	$ 1,045,815	$ 1,068,035
Deferred outflows of resources			
Deferred outflows of resources - pension and OPEB	$ 149,223	$ 119,684	$ 164,327
Deferred outflows of resources - other	23,121	17,651	21,447
Total deferred outflows of resources	$ 172,344	$ 137,335	$ 185,774
Liabilities			
Accounts payable and accrued expenses	$ 76,944	$ 78,530	$ 75,258
Other current liabilities	70,302	72,965	74,509
Total current liabilities	147,246	151,495	149,767
Bonds, notes, and leases	277,062	288,939	298,423
Net OPEB liability	156,522	175,944	-
Net pension liability	507,499	409,277	603,168
Other long-term liabilities	56,567	36,221	35,984
Total non-current liabilities	997,650	910,381	937,575
Total liabilities	$ 1,144,896	$ 1,061,876	$ 1,087,342
Deferred inflows of resources			
Deferred inflows of resources - pension and OPEB	$ 77,003	$ 89,420	$ 12,122
Deferred inflows of resources - other	225	343	-
Total deferred inflows resources	$ 77,228	$ 89,763	$ 12,122
Net position			
Net investment in capital assets	$ 264,446	$ 296,834	$ 324,703
Restricted – non-expendable	12,798	13,137	13,236
Restricted – expendable	95,035	111,103	96,211
Unrestricted	(410,330)	(389,563)	(279,805)
Total net position	$ (38,051)	$ 31,511	$ 154,345

Current Assets

Current assets ($168.4 million) decreased $9.3 million (5.2%) in 2019, driven by reductions in accounts receivable and investments held by bond trustee. Cash and cash equivalents ($52.8 million) increased $12.0 million due mainly to more focused collection efforts and a $5.0 million draw from University Reserves held at The University of Toledo Foundation. Receivables, inventories and other current assets decreased by $21.2 million due to reductions in hospital patient accounts receivable and the receipt of the final 2017A bond proceeds. All of the 2017A bond proceeds have now been received and expended. The University's liquidity continues to provide a sufficient level of working capital. The Statements of Cash Flows, discussed later in more detail, provides additional information regarding the sources and uses of cash.

Noncurrent Assets

The majority of the University's endowments and long-term investments are pooled with assets of The University of Toledo Foundation and Alumni Association. University endowments ($58.8 million) decreased by $3.5 million or 5.7% due to expenditures in support of the University, as well as the transfer of one of the non-pooled endowments to The University of Toledo Foundation. University long-term investments ($183.5 million) increased by $2.3 million or 1.3% due to investment earnings offset by draws from the investment pool. Capital assets ($541.9 million), including University land, buildings, infrastructure, improvements, and equipment decreased by $30.7 million with depreciation expense continuing to outpace capital investment. Capital spending was focused on residence hall renovations, deferred maintenance and infrastructure projects funded primarily by bond proceeds and state appropriations. A net OPEB asset of $13,251 was recognized in 2019 for the University's share of the State Teacher's Retirement System's (STRS) net OPEB asset. STRS OPEB was a net liability in 2018. Other non-current assets ($42.0 million) decreased by $6.9 million, driven by activity in the insurance captive, which included a dividend distribution of $6.5 million, as well as a reduction in notes receivable related to collections from student loan programs.

Deferred Outflows of Resources

Deferred outflows of resources ($172.3 million) increased $35.0 million, driven primarily by the University's share of actuarial activity in the State retirement systems. Deferred outflows related to pensions ($135.6 million) increased $28.3 million, while deferred outflows related to OPEB increased $1.2 million. Deferred outflows on debt refunding ($13.6 million) decreased by $1.6 million, while the mark-to-market valuation for the derivative interest rate swap instruments ($9.5 million) increased by $7.1 million.

Current Liabilities

Current liabilities ($147.2 million) decreased $4.2 million due to a reduction in unearned revenue offset by a slight increase in vendor payables.

Noncurrent Liabilities

Total non-current liabilities ($997.7 million) continue to be significantly impacted by the University's share of unfunded liabilities in the State retirement systems. The University's share of the net pension liability ($507.5 million) increased $98.2 million, while its share of the net OPEB liability ($156.5 million) decreased $19.4 million. The University is obligated to pay only contributions to the retirement systems and not the actual benefits themselves. Bonds, notes and leases ($277.1 million) decreased $11.9 million based on scheduled debt payments and no new borrowing. Other long-term liabilities ($56.6 million) increased $20.3 million due mostly to recognition during the current fiscal year of a $15.2 million liability to the U.S. Department of Education (DOE) for the federal capital contribution (FCC) associated with the terminated Perkins loan program. The University will continue to collect on outstanding Perkins loans and return the FCC to the DOE as it is collected.

Deferred Inflows of Resources

Deferred inflows of resources ($77.2 million) decreased by $12.5 million due mainly to the University's share of actuarial activity in the State retirement plans. Deferred inflows related to pensions decreased $27.7 million, while deferred inflows related to OPEB increased $15.3 million.

Prior Years' Highlights

In 2018, the University had total assets of approximately $1.046 billion, a reduction of $22.2 million from the previous year, driven mainly by decreases in capital assets ($24.3 million) and investments held by bond trustee ($13.6 million). This reflects the continuing spend of 2017A bond proceeds on various capital projects and deferred maintenance, while still falling well below annual depreciation expense. Those reductions were partially offset by increases in accounts receivable ($10.4 million) and long-term investments ($10.2 million). Deferred outflows decreased $48.4 million due to pension and derivative activities. Total liabilities were $1.062 billion, a decrease of $25.5 million, with a decrease in net pension liability of $193.9 million, partially offset by the $175.9 million recognition of OPEB liability associated with the adoption of GASB 75. Bonds, notes and leases decreased $9.5 million, which included three new bond issuances to replace previously existing obligations as well as scheduled principal payments. Deferred inflows increased $77.3 million due to pension and OPEB activity. Net position was $31.5 million, reflecting a decrease of $122.8 million.

In 2017, the University had total assets of approximately $1.068 billion, a reduction of $1.3 million from the previous year, with decreases in cash and cash equivalents ($11.8 million), other current assets ($15.7 million) and capital assets ($24.2 million) offset by increases in long-term investments ($19.0 million), and other non-current assets ($26.1 million) that included investments held by bond trustee. Deferred outflows of $185.8 million increased by $39.7 million due to pension and derivative activities. Total liabilities were $1.087 billion, an increase of $111.9 million, impacted primarily by the net pension liability adjustment of $111.2 million. Bonds, notes and leases increased $15.0 million, with new debt from Series 2017A general receipts bonds offset by scheduled debt payments. Deferred inflows were $12.1 million, a decrease of $11.0 million due to pension activities. Net position was $154.3 million, reflecting a decrease of $62.5 million.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Lower hospital and tuition revenue

GASB 68/75 adjustment increases benefit expense by $24.2 million compared to reduction of $75.9 million in 2018

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

(in thousands)	2019	2018	2017
Operating revenues:			
Hospital, net	$ 290,682	$ 295,583	$ 307,844
Tuition and fees, net	196,059	196,576	199,998
Grants and contracts	47,693	47,812	51,285
Auxiliary	63,339	59,431	52,638
Other patient services revenue	79,089	70,730	84,314
Other	69,837	46,639	42,031
Total operating revenue	746,699	716,771	728,110
Operating expenses:			
Salaries, wages, and benefits	611,893	496,924	630,447
Supplies	104,380	102,971	105,997
Outside purchased services	85,047	73,645	80,366
Depreciation	55,462	56,807	57,987
Other	91,881	96,966	92,830
Total operating expenses	948,663	827,313	867,627
Operating Loss	(201,964)	(110,542)	(239,517)
Non-operating revenues (expenses):			
State share of instruction and grants & contracts	148,400	148,534	148,661
Investment income	6,466	15,869	25,149
Interest on debt	(13,457)	(12,747)	(12,755)
Asset disposal	(342)	(946)	(201)
Other	577	304	706
Total non-operating revenues	141,644	151,014	161,560
Other changes			
Capital appropriations	4,591	14,610	12,285
Other	(13,833)	659	3,210
Total other changes	(9,242)	15,269	15,495
Increase/(decrease) in net position	(69,562)	55,741	(62,462)
Net position - beginning of the year	31,511	154,345	216,807
Change in accounting principle	-	(178,575)	-
Net position - end of the year	$ (38,051)	$ 31,511	$ 154,345

Operating Revenues

Operating revenues ($746.7 million) increased by $29.9 million, driven by the College of Medicine and Life Science's affiliation agreement, other patient services revenue and Auxiliary revenue. Hospital revenue ($290.7 million) decreased $4.9 million (1.7%). Tuition and fees ($196.1 million) decreased $0.5 million (0.2%) due to lower enrollment. Auxiliary revenue ($63.3 million) increased $3.9 million (6.6%), driven primarily by residence life ($2.4 million) and food service ($0.9 million) revenues. Other patient services revenue associated with the physician practices increased $8.4 million due to increased contract service revenues from ProMedica, and payments associated with the Ohio Department of Medicaid's Care Innovation and Community Improvement initiative. Affiliation payments to the College of Medicine and Life Sciences increased $12.0 million as scheduled in the agreement.

Operating Expenses

Total operating expenses ($948.7 million) increased $121.4 million (14.7%). Salaries, wages and benefits ($611.9 million) increased $115.0 million (23.1%), with $100.1 million directly attributable to the GASB 68 and 75 adjustments. The remaining variance of $14.9 million is due to pay increases as required by the various collective bargaining agreements, as well as non-union increases approved by the Board. Outside purchased services ($85.0 million) increased $11.4 million, driven by higher fees for physician services at UTMC, as well as payments to affiliated entities for the operation of food service and transportation.

Nonoperating Revenues and Expenses

Total non-operating revenues ($141.6 million) decreased by $9.4 million, driven mainly by a continued decline in investment earnings. The University's long-term investments and endowment investment portfolios are pooled, with assets from The University of Toledo Foundation and Alumni Association. State Share of Instruction (SSI) and grants and contracts remained flat, with decreases in SSI offset by similar increases in grants and contracts.

Other Changes

Total other changes (-$9.2 million) decreased $24.5 million, with $15.2 million attributable to the termination of the Perkins loan program, and $10.0 million attributable to lower state capital appropriations in the first year of the biennium. As described later in the notes to the financial statements, the University has recognized a liability of $15.2 million for the amount of the Perkins loan program federal capital contribution (FCC) due to the U.S. Department of Education (DOE). The Perkins loan program has been discontinued by the federal government, but the University will continue to collect on outstanding loans and return the FCC to the DOE as it is collected.

Prior Years' Highlights

In 2018, the University experienced an increase in net position of $55.7 million. Operating revenues were $716.8 million, a decrease of $11.3 million, with reductions in patient revenue, grants and tuition offset slightly by increases in Auxiliaries and other revenue. Other revenue included $20 million for the College of Medicine and Life Sciences as part of the affiliation agreement, a $7.5 million increase over the previous year. Operating expenses were $827.3 million, a decrease of $140.3 million. Salaries, wages and benefits decreased $133.5 million, with $127.5 million directly attributable to the GASB 68 pension adjustment, and $6.0 million attributable to the voluntary separation plan for faculty and staff. Total non-operating revenue decreased $10.5 million due to lower investment earnings. Other changes of $15.3 million were flat, with an increase in state capital appropriations offset by a reduction in capital grants, gifts and contracts.

In 2017, the University experienced a decrease in net position of $62.5 million. Operating revenues were $728.1 million, a decrease of $12.8 million, with a decrease in College of Medicine affiliation payments offset by an increase in hospital patient revenue. The University received an initial one-time contribution of $40 million from the affiliation in 2016, whereas in 2017 the annual contributions commenced with a $12.5-million installment. Hospital revenue increased $12.4 million, driven by an increase in outpatient and emergency visits. Tuition and fees increased $2.2 million, with enrollment growing for the first time in five years. Auxiliary revenue decreased $2.9 million, driven primarily by changes in the food service contract. Operating expenses were $967.6 million, an increase of $57.3 million. Salaries, wages and benefits increased $54.1 million due to the GASB 68 pension adjustment, the voluntary separation plan for faculty and staff, cost-of-living increases and hospital volume increases. Total non-operating revenue increased $38.9 million due to better investment returns. Other changes of $15.5 million reflected an increase of $3.3 million.

STATEMENTS OF CASH FLOWS

Summary of Cash Flows (in thousands)	2019	2018	2017
Net cash flows from operating activities	$ (116,638)	$ (129,221)	$ (112,345)
Net cash flows from non-capital financing activities	152,878	149,332	149,494
Net cash flows from capital and related financing activities	(45,849)	(44,339)	(10,443)
Net cash flows from investing activities	22,814	20,304	(32,743)
Net increase/(decrease) in cash	$ 13,205	$ (3,924)	$ (6,037)

Cash and cash equivalents increased by $13.2 million during 2019. The University had net cash used in operating activities of $116.6 million, a decrease of $12.6 million. The University had net cash provided by non-capital financing of $152.9 million, an increase of $3.5 million from the previous year. Net cash used in capital and related financing activities was $45.8 million, including capital asset purchases of $25.0 million and debt service payments of $26.9 million. Net cash provided by investing activities was $22.8 million, driven by net investment activity and withdrawals from the investment pool.

Prior Years' Highlights

In 2018, cash and cash equivalents decreased by $3.9 million. The University had net cash used in operating activities of $129.2 million, an increase of $16.9 million, driven by lower patient receipts. The University had net cash provided by non-capital financing of $149.3 million, which was a slight decrease from last year. Net cash used in capital and related financing activities was $44.3 million including proceeds from debt issuance of $73.2 million, principal paid on capital debt of $87.7 million, and capital asset purchases of $33.3 million. Net cash provided by investing activities was $20.3 million, driven by net investment activity.

In 2017, cash and cash equivalents decreased by $6.0 million. The University had net cash used in operating activities of $112.3 million, an increase of $14.0 million, driven partly by the difference in affiliation funding, as previously described in the revenue section. The University had net cash provided by non-capital financing of $149.5 million, a slight increase over prior year. Net cash used in capital and related financing activities was $10.4 million, including proceeds from debt issuance of $84.7 million, principal paid on capital debt of $64.0 million and capital asset purchases of $34.0 million. Net cash used in investing activities was $32.7 million, driven by net investment activity ($41.2 million) offset by withdrawals from the investment pool ($8.5 million).

Higher Education and the University

The United States Higher Education sector continues to be challenged as net tuition growth is not projected to be higher than operating cost growth, thus forcing continued cost containment efforts. The long-term outlook for higher education is challenged as well, with affordability and changing demographics among key factors. Rising labor costs, which are typically 65%-75% of the operating expenses of the organization, are the hardest to reduce. Constant need for investment in programs, technology and aging infrastructure continue to drive costs up and stretch resources. Also, there is uncertainty and concern regarding the continued growth in unfunded pension liabilities.

Overall, State funding has shown modest increases for higher education, with significant variance from state to state. State-funding models have transitioned to performance-based models that focus on accountability and evaluate universities on the number of degrees issued and courses completed. State funding is likely to see incremental increases, but is not expected to keep pace with the growth of operating expenses. Furthermore, state-funding increases have been coupled with tuition limitations or even tuition freezes.

The state of Ohio implemented a performance-based funding model for State Share of Instruction (SSI) in fiscal year 2014.The revised methodology includes performance-based metrics such as course completion and degrees awarded, as well as consideration for at-risk students. The University did not receive an SSI increase for FY2019; in fact, it received a mid-year reduction due to a true-up in the funding model. The state of Ohio passed its biennium budget in July 2019 that allowed state universities to increase tuition and general fees up to 2% for non-guarantee students, and up to 3.5% for the fall 2019 incoming cohort. In addition to the tuition increases, SSI funding for the University in FY2020 was increased 2% for the first time since 2016. These actions by the state will help offset cost increases and enrollment declines.

On December 28, 2017, the Board of Trustees approved the adoption of the Toledo Tuition Guarantee Plan, a cohort-based, guaranteed undergraduate tuition program developed in accordance with Ohio Revised Code §3345.48. New, degree-seeking undergraduate students who enroll for the first time beginning summer or fall semester 2018 were the first cohort to participate in the plan. The plan provides a fixed undergraduate tuition rate for 12 consecutive semesters, including intersessions, and fixed-rate fees for four years. Students who take classes beyond their four-year guarantee period will pay the tuition rate set for the oldest unexpired cohort.

The University is positioning itself to address the formidable challenges it faces. The University has completed several strategic planning initiatives. The five-year strategic plan-completed with campus-wide collaboration-identifies the key priorities of the University, focusing on student success and academic excellence; research and scholarship; faculty, staff, and students; fiscal positioning and infrastructure; and reputation and engagement. The University also completed a strategic enrollment initiative, which resulted in the University reversing a trend of years of enrollment declines. A strategic plan for diversity has been completed as well and includes goals and strategies designed to effect cultural change. The final strategic planning effort completed was the multiple-campus master plan. The master plan focuses on improved utilization of space, prioritizes facility initiatives, and identifies funding sources.

The University continues to focus on efficiency and cost reduction strategies. The University has reduced administrative expenses over the last several years by managing resources more efficiently; establishing stronger budget and position controls; and implementing automation and re-engineering processes. The University continues its pursuit of reducing expenses wherever possible while still maintaining critical functions in support of the student experience and its mission. In fiscal year 2018, the University began realizing the benefits of the successful voluntary separation plan initiated in 2017, and eliminated a significant number of vacant positions.

The University completed an affiliation agreement in fiscal year 2016 between the University's College of Medicine and Life Sciences and ProMedica, a locally-owned health system in northwest Ohio and southeast Michigan with a network of hospitals, physicians, health care professionals, researchers, and specialty clinics and facilities. The partnership will ensure long-term strength and expansion of educational and financial opportunities for the University's College of Medicine and Life Sciences. ProMedica's Toledo Hospital and Toledo's Children's Hospital have become academic medical centers and University students and residents now train at the ProMedica facilities. ProMedica will provide the University with significant financial support for operations and capital investment.

The University recognizes the importance of adapting to technological advances and changes in student preferences for how education is delivered. The U.S. Department of Education reports that one-quarter of students are exclusively distance learners or use some form of online courses toward obtaining a degree. The University is continually looking for opportunities to expand its online education, as well as use technology to create simulation to emulate real-world experiences. The University's Simulation Center creates new models for the education of healthcare professionals. The Center offers virtual reality, human patient simulators, and fresh tissues laboratories to facilitate team training, electronic learning, competency assessments and outcome measurements.

Healthcare and the University

The healthcare industry, in which the University of Toledo Medical Center (UTMC) operates, is subject to regulation by a number of governmental agencies, including those that administer Medicare and Medicaid programs; federal, state and local agencies responsible for administration of health-planning programs; and other federal, state, and local governmental agencies. Furthermore, federal, state and local policies developed to regulate the manner in which healthcare is provided, administered and paid for nationally and locally have an impact, as well. As a result, the healthcare industry is sensitive to legislative and regulatory changes in such programs, and affected both by reductions and limitations in governmental spending for such programs, as well as by changes in healthcare policies.

UTMC is subject to the following: the statutes, regulations and changes governing Medicare and Medicaid programs; regulatory actions by the governmental agencies that administer and enforce Medicare and Medicaid programs; changes in payment from non-governmental third-party payers, such as private insurance plans and managed care entities; and actions by, among others, the Medicare peer review organization, the Ohio Department of Health, Joint Commission and other accreditation bodies; and federal, state, and local governmental authorities.

UTMC maintains over 300 beds and is a Level III Trauma Center, offering emergency health and trauma services 24 hours a day. UTMC's Signature Programs have earned many accolades in the community and include cardiology, orthopaedics, cancer treatment, surgery and kidney transplantation.

During FY2019, UTMC continued to support the mission of the University, to improve the human condition, by providing patient-centered, University-quality care. Recognizing an overwhelming need in the Toledo community, UTMC answered the call and maintains an 18-bed adult detoxification inpatient unit. The unit has a dedicated team of nurses, social workers and other staff with training and experience in detox and behavioral medicine.

While UTMC is positioned to maintain a viable financial position in the coming years, ongoing constraints on revenue are expected due to fiscal pressures from healthcare reform. The impact of insurance exchanges, managed care rates and Medicaid expansion continues to cause uncertainty in the environment for hospitals nationwide. Management believes that much of the payment pressure facing UTMC can be offset by strengthening the partnership between the hospital and physician groups to improve clinical documentation, length of stay, re-admission rates and payment denials. This partnership is critical and will enhance not only the financial performance, but also the care provided to the communities the hospital serves.

UTMC is placing considerable focus on productivity and cost-reduction, and will effectively manage expenses as reimbursements come under pressure. An essential part of reducing unnecessary treatment and costs is length-of-stay reductions. UTMC administration and the hospitalists who manage a large part of the inpatient population have teamed up to manage inpatient stays, promoting the optimal utilization of resources and pursuing quality outcomes. In addition, the hospital has implemented, and will be initiating, a number of new programs, such as bariatric surgery and adult behavioral medicine, to improve the financial position of the hospital and better serve the community.

The hospital has also initiated programs to improve labor costs. As an example, a committee has been established to review requests to replace and/or add new positions. Individuals requesting these positions must appear before this committee with documentation and metrics that fully support the need for additional labor. It is anticipated that this process will eliminate approximately $1 million in labor costs in FY2020.

While facing the challenges of an ever-changing healthcare environment, UTMC has developed processes to improve productivity, billing, and overall patient care to continue to be the provider of choice for the communities it serves.

Contacting Financial Management

This financial report is designed to provide our bondholders, customers, community members, and other interested parties with a general overview of the University of Toledo's finances and to demonstrate the University's accountability for the funds it receives.

If you have questions about this report or need additional information, contact the Finance and Administration department, at University Hall 3700, 2801 W. Bancroft St., Toledo, Ohio 43606-3390.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018
(DOLLARS IN THOUSANDS)

	University		UT Foundation	
	2019	2018	2019	2018
ASSETS				
Current assets:				
Cash and cash equivalents	$ 52,775	$ 40,815	$ 992	$ 1,179
Investments held by bond trustee	12	12,359	-	-
Accounts receivable, net	97,951	107,106	1,309	852
Contributions receivable, net	-	-	5,505	31,123
Inventories	9,382	8,669	-	-
Notes receivable, net	2,652	2,701	-	-
Other	5,602	6,000	265	225
Total current assets	168,374	177,650	8,071	33,379
Noncurrent assets:				
Restricted cash	2,231	986	-	-
Endowment and loan investments	58,756	62,309	-	-
Notes receivable, net	7,302	9,991	-	-
Long-term investments	183,509	181,135	285,402	277,814
Investments held by insurance captive	30,547	34,098	-	-
Contributions receivable, net	-	-	7,592	11,749
Capital assets, net	541,857	572,529	46,098	19,101
Rocket Innovations	2,902	3,394	-	-
Charitable remainder trusts and annuity contracts	-	-	4,139	4,190
Cash surrender value of life insurance policies	-	-	1,327	1,391
Net pension asset	1,717	2,319	-	-
Net OPEB asset	13,251	-	-	-
Other	1,283	1,404	-	-
Total noncurrent assets	843,355	868,165	344,558	314,245
Total assets	$ 1,011,729	$ 1,045,815	$ 352,629	$ 347,624
Deferred outflows of resources:				
Deferred outflow of resources - derivatives	$ 9,548	$ 2,495	$ -	$ -
Deferred outflow of resources - OPEB	13,634	12,427	-	-
Deferred outflow of resources - pension	135,589	107,257	-	-
Deferred outflow of resources - refunding	13,573	15,156	-	-
Total deferred outflows of resources	$ 172,344	$ 137,335	$ -	$ -

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2019 AND 2018
(DOLLARS IN THOUSANDS)

	University		UT Foundation	
	2019	2018	2019	2018
LIABILITIES				
Current liabilities:				
Accounts payable	$ 32,917	$ 31,962	$ 1,446	$ 989
Accrued liabilities	44,027	46,568	384	270
Unearned revenue	31,409	34,989	46	82
Deposits	2,586	2,468	-	-
Compensated absences - current portion	24,698	24,071	-	-
Long-term liabilities - current portion	11,609	11,437	305	290
Total current liabilities	147,246	151,495	2,181	1,631
Noncurrent liabilities:				
Refundable federal student loans	15,247	-	-	-
Compensated absences	8,740	8,422	-	-
Insurance captive reserve for losses	8,536	9,681	-	-
Fair value of derivative investment	9,548	2,495	-	-
Other	14,496	15,623	-	-
Net OPEB liability	156,522	175,944	-	-
Net pension liability	507,499	409,277	-	-
Long-term liabilities	274,424	286,050	15,554	15,968
Funds held for affiliates	-	-	1,194	1,250
Note payable to UT Foundation	2,638	2,889	-	-
Total noncurrent liabilities	997,650	910,381	16,748	17,218
Total liabilities	$ 1,144,896	$ 1,061,876	$ 18,929	$ 18,849
Deferred inflows of resources:				
Deferred inflow of resources - OPEB	$ 30,064	$ 14,760	$ -	$ -
Deferred inflow of resources - pension	46,939	74,660	-	-
Deferred inflow of resources - refunding	225	343	-	-
Total deferred inflows of resources	$ 77,228	$ 89,763	$ -	$ -
NET POSITION				
Net investment in capital assets	$ 264,446	$ 296,834	$ 2,679	$ 5,313
Restricted for:				
Nonexpendable	12,798	13,137	130,626	123,757
Expendable	95,035	111,103	146,226	146,235
Unrestricted	(410,330)	(389,563)	54,169	53,470
Total net position	$ (38,051)	$ 31,511	$ 333,700	$ 328,775

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018
(DOLLARS IN THOUSANDS)

	University		UT Foundation	
	2019	**2018**	**2019**	**2018**
REVENUES				
Operating revenues:				
Hospital patient service revenue, net of bad debt of $10,386 and $7,580, respectively	$ 290,682	$ 295,583	$ -	$ -
Student tuition and fees, net of student aid of $82,064 and $81,680, respectively	196,059	196,576	-	-
Federal grants and contracts	33,988	32,240	-	-
State grants and contracts	3,221	2,519	-	-
Local grants and contracts	527	676	-	-
Private grants and contracts	9,957	12,377	-	-
Sales and services	1,358	2,365	-	-
Auxiliary enterprises, net of student aid of $2,961 and $2,654, respectively	63,339	59,431	-	-
Other patient services revenue	79,089	70,730	-	-
Contributions and support	-	-	16,676	41,029
Residency reimbursement	19,031	14,116	-	-
Academic affiliation investment	32,004	20,000	-	-
Other	17,444	10,158	8,742	8,327
Total operating revenues	746,699	716,771	25,418	49,356
EXPENSES				
Operating expenses:				
Salaries and wages	444,250	431,845	-	-
Benefits	167,643	65,079	-	-
Supplies	104,380	102,971	-	-
Travel and entertainment	13,550	13,874	-	-
Information and communication	16,015	14,997	-	-
Occupancy	25,388	26,558	-	-
Scholarship	27,982	28,798	-	-
Outside purchased services	85,047	73,645	-	-
Provision for doubtful accounts	1,448	2,195	-	-
Support to University	-	-	16,361	15,580
Fundraising and development	-	-	3,524	2,748
Management	-	-	4,816	3,781
Depreciation	55,462	56,807	819	450
Other	7,498	10,544	4,845	4,788
Total operating expenses	948,663	827,313	30,365	27,347
Operating income (loss)	$ (201,964)	$ (110,542)	$ (4,947)	$ 22,009

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED JUNE 30, 2019 AND 2018
(DOLLARS IN THOUSANDS)

	University		UT Foundation	
	2019	**2018**	**2019**	**2018**
Operating income (loss)	$ (201,964)	$ (110,542)	$ (4,947)	$ 22,009
NONOPERATING REVENUES (EXPENSES)				
State share of instruction	106,450	109,232	-	-
Loss after state share of instruction	(95,514)	(1,310)	(4,947)	22,009
Federal grants and contracts	26,301	23,279	-	-
State grants and contracts	10,538	11,369	-	-
Gifts	5,111	4,654	-	-
Investment income	6,466	15,869	7,586	19,037
Interest on debt	(13,457)	(12,747)	-	-
Asset disposal	(342)	(946)	-	-
Other	577	304	2,293	2,452
Total nonoperating revenues	35,194	41,782	9,879	21,489
Income (loss) before other changes	(60,320)	40,472	4,932	43,498
Other changes				
Capital appropriations	4,591	14,610	-	-
Capital grants, gifts, and contracts	1,395	1,172	-	-
Capital transfer	7	(515)	(7)	-
Addition to permanent endowment	12	2	-	-
Perkins loan program termination	(15,247)	-	-	-
Total other changes	(9,242)	15,269	(7)	-
Increase (Decrease) in net position	(69,562)	55,741	4,925	43,498
NET POSITION				
Net position at beginning of year	31,511	(24,230)	328,775	285,277
Net position at end of year	$ (38,051)	$ 31,511	$ 333,700	$ 328,775

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018
(DOLLARS IN THOUSANDS)

	2019	2018
Cash flows from operating activities		
Tuition and fees	$ 196,801	$ 200,741
Grants and contracts	49,994	49,397
Patient revenues	386,748	368,618
Sales and services of educational activities	1,379	879
Payments to suppliers and outside purchased services	(312,741)	(293,719)
Payments to employees	(588,392)	(575,502)
Loans issued to students	(2)	(1,644)
Collection of loans from students	210	2,700
Auxiliary Enterprise charges	62,854	59,269
Other	86,511	60,040
Net cash used in operating activities	(116,638)	(129,221)
Cash flows from non-capital financing activities		
State share of instruction	106,450	109,232
Student direct lending receipts	132,008	129,771
Student direct lending disbursements	(130,187)	(129,286)
Collection of loans from students	2,528	-
Gifts, grants, and contracts	41,961	39,304
Agency transactions	118	311
Net cash provided by non-capital financing activities	152,878	149,332
Cash flows from capital and related financing activities		
Purchases of capital assets	(24,915)	(33,339)
Principal paid on capital debt	(13,953)	(87,668)
Capital appropriations	4,591	14,610
Proceeds from debt issuance	-	73,150
Capital grants and gifts	1,395	1,172
Interest paid on capital debt	(12,967)	(12,264)
Net cash used in capital and related financing activities	(45,849)	(44,339)
Cash flows from investing activities		
Proceeds from sales of investments	21,955	181,531
Purchases of investments	(6,514)	(161,950)
Investment income	2,373	723
Withdrawals from investment pool	5,000	-
Net cash provided in investing activities	$ 22,814	$ 20,304

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2019 AND 2018
(DOLLARS IN THOUSANDS)

	2019	2018
Net increase (decrease) in cash	$ 13,205	$ (3,924)
Cash and cash equivalents - beginning of year	41,801	45,725
Cash and cash equivalents - end of year	$ 55,006	$ 41,801

	2019	2018
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (201,964)	$ (110,542)
Adjustments to reconcile operating loss to		
Net cash used in operating activities:		
Depreciation	55,462	56,807
Provision for patient bad debt	1,448	2,195
(Increase) decrease in assets:		
Accounts receivable, net	9,155	(10,433)
Inventories	(713)	506
Other current assets	398	637
Notes receivable, net	208	1,054
Increase (decrease) in liabilities:		
Accounts payable, accrued liabilities and other	(928)	2,735
Deferred revenue	(3,580)	2,941
Compensated absences	945	(394)
Medical profession liability accrual	(1,145)	1,213
Net pension liability and pension deferrals	24,076	(75,940)
Net cash used in operating activities	$ (116,638)	$ (129,221)

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of Toledo (the University) is a leading research institution in the state of Ohio with nearly 20,000 students, 1,500+ instructional faculty and 4,100+ staff members. The University is comprised of thirteen colleges: Arts and Letters, Business and Innovation, Education, Engineering, Graduate Studies, Health and Human Services, Honors, Law, Medicine and Life Sciences, Natural Sciences and Mathematics, Nursing, Pharmacy and Pharmaceutical Sciences, and University College. The University offers more than 300 undergraduate, graduate and professional programs leading to degrees in over 60 instructional departments. The University operates The University of Toledo Medical Center (UTMC), which includes over 300 registered beds and provides services to 9,200 admitted patients, 207,000 outpatient clinic patients and 34,000 emergency visit patients. In addition, the Medical Center performed over 9,000 surgical cases and, on average, cared for over 700 patients per day in both an inpatient and outpatient setting. UTMC specializes in kidney transplantation, cardiology, trauma care, orthopaedic surgery and cancer treatment.

Organization

The University of Toledo was founded in 1872 and is a component unit of the state of Ohio and discretely presented in the state's Comprehensive Annual Financial Report. The University is classified as a state instrumentality under Internal Revenue Code Section 115 and is therefore, exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 through 514.

The Board of Trustees (BOT) governs the University and is responsible for oversight of academic programs, budgets, general administration and employment of faculty and staff. The Governor, with the advice and consent of the State Senate, appoints the BOT members for staggered nine-year terms. Three national and two student trustees, all non-voting members, also serve on the Board and are appointed for two-year terms.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 35 – *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*, *an amendment of GASB Statement No. 34*, the University presents management's discussion and analysis; statements of net position; statements of revenue, expenses, and changes in net position; statements of cash flows; and notes to financial statements.

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Nonexchange transactions, in which the University receives value without directly giving equal value in return, include: federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the University must provide local resources to be used for a specific purpose, and expense requirements, in which the resources are provided to the University on a reimbursement basis.

The financial statements have been prepared in accordance with GASB Statement No. 61 *The Financial Reporting Entity: Omnibus*. This standard requires examination of significant operational or financial relationships with the University and establishes criteria for identifying and presenting component units of the organization. Based on this examination and application of these criteria, the University has identified three component units: The University of Toledo Foundation, The University of Toledo Physicians, Clinical Faculty, Inc. (UTP-CF), and Rocket Innovations as described in the following paragraphs.

Component Units of the Organization

The University of Toledo Foundation

The University of Toledo Foundation is a legally separate, tax-exempt entity that acts primarily as a fundraising organization to supplement the resources available to the University in support of its programs. The Foundation transferred approximately $16,361 and $15,580 during fiscal years 2019 and 2018, respectively, to the University for both restricted and unrestricted purposes in support of its programs. Certain marketable investments of the University are pooled with marketable investments of the Foundation. The Foundation manages these funds and charges the University a management fee equal to 1.25% of the fair market value of the University's share of the pooled investments.

The Foundation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification 958-205, previously FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

In accordance with GASB Statement No. 61, the Foundation is reflected as a discretely presented component unit in the University's financial statements. A complete copy of the audited financial statements of the Foundation is available at the Foundation offices located near the campus of the University.

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units of the Organization (Continued)

The University of Toledo Physicians, Clinical Faculty, Inc.

Effective July 1, 2011, The University became the sole member of the once self-perpetuating board of The University of Toledo Clinical Faculty, Inc. which subsequently changed to University of Toledo Physicians Clinical Faculty, Inc. (UTP-CF). UTP-CF is the sole member of University of Toledo Physicians, LLC (UTP).

UTP-CF is a multi-specialty corporation that employs 246 physicians in Northwest Ohio and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization provides physician services at The University of Toledo Medical Center and other local facilities in the following areas: anesthesia, medicine, neurology, obstetrics, orthopedics, pathology, pediatrics, psychiatry, radiology, radiation oncology, rehabilitation, surgery, urology, family medicine, and emergency medicine. UTP-CF also provides administrative support, billing and collection services for physician services at UTMC. Total Operating Revenues for UTP-CF, net of provision for doubtful accounts, were $112,612 and $97,709 for the fiscal years ended June 30, 2019 and 2018, respectively.

UTP-CF uses enterprise fund accounting. Revenues and expenses are recognized on an accrual basis, using the economic resources measurement focus. Based on GASB Codification Topic 1600, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended.

The UTP-CF financial statements include the accounts of UTP-CF and its wholly owned subsidiaries: University of Toledo Physicians, LLC (UTP), UTP Pathology Services, LLC (PATH), and The University of Toledo Medical Assurance Company, LLC (UT-MAC), which is discretely presented.

In accordance with GASB Statement No. 61, UTP-CF financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format. Separate audited financial statements for UTP-CF are available at the UTP-CF offices located near the campus of the University.

(DOLLARS IN THOUSANDS)

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units of the Organization (Continued)

The University of Toledo Physicians, Clinical Faculty, Inc. (Continued)

University of Toledo Physicians Clinical Faculty, Inc.

Condensed Statements of Net Position

	2019	2018
ASSETS		
Current assets	$ 29,559	$ 29,803
Due from University of Toledo	2,465	2,760
Capital assets	912	1,250
Investments held by insurance captive	40,784	39,887
Total assets	73,720	73,700
LIABILITIES		
Current liabilities	20,454	20,581
Due to University of Toledo	1,197	3,202
Total liabilities	21,651	23,783
NET POSITION		
Invested in Capital Assets	912	1,250
Unrestricted	51,157	48,667
Total net position	$ 52,069	$ 49,917

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2019	2018
OPERATING REVENUES		
Net patient service revenue	$ 95,263	$ 85,650
Contribution from the University of Toledo	17,349	12,059
Total operating revenues	112,612	97,709
OPERATING EXPENSES		
Salaries, wages, and benefits	89,581	85,263
Depreciation	269	447
Other	14,151	16,296
Total operating expenses	104,001	102,006
Operating income/(loss)	8,611	(4,297)
Total non-operating revenues	(6,459)	1,499
Increase in net position	2,152	(2,798)
Net position - beginning of the year	49,917	52,715
Net position - end of the year	$ 52,069	$ 49,917

Condensed Statements of Cash Flows

	2019	2018
Net cash flows from operating activities	$ 8,341	$ (1,549)
Net cash flows from financing activities	(15,028)	(1,868)
Net cash flows from investing activities	7,185	2,737
Net increase in cash	498	(680)
Cash and cash equivalents - beginning of year	15,279	15,959
Cash and cash equivalents - end of year	$ 15,777	$ 15,279

(DOLLARS IN THOUSANDS)

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units of the Organization (Continued)

Rocket Innovations

In February 2009, the University formed a nonprofit corporation called Science, Technology, and Innovation Enterprises, which filed an amendment in December 2014 to change its name to Rocket Innovations (the Corporation). The University is the sole member of the Corporation which has been organized for charitable, educational, and scientific purposes within the scope of Section 501(c)(3) of the IRC. The Corporation supports the University through investment in public and private economic development projects and promotes the interests of the University.

The Corporation consists of equity investments (common stock, preferred stock, warrant options, and promissory notes) valued at approximately $2,902 and $3,394 as of June 30, 2019 and 2018, respectively. Total cash available to help fund future investments for the years ended June 30, 2019 and 2018 was approximately $608 and $511, respectively. In accordance with GASB Statement No. 61, the Corporation's financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format as of and for the year ended June 30 of each respective year.

Rocket Innovations

Condensed Statements of Net Position

	2019	2018
ASSETS		
Current assets	$ 1,677	$ 1,401
Other assets	2,902	3,394
Total assets	4,579	4,795
LIABILITIES		
Current liabilities	98	113
Total liabilities	98	113
NET POSITION		
Unrestricted	4,481	4,682
Total net position	$ 4,481	$ 4,682

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2019	2018
Total operating revenue	$ 784	$ 994
Total operating expenses	446	836
Operating income/(loss)	338	158
Investment income/(loss)	(539)	(50)
Increase/(decrease) in net position	(201)	108
Net position - beginning of the year	4,682	4,574
Net position - end of the year	$ 4,481	$ 4,682

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units of the Organization (Continued)

Rocket Innovations (Continued)

Condensed Statements of Cash Flows

	2019	2018
Net cash flows from operating activities	$ 87	$ 360
Cash and cash equivalents - beginning of year	1,423	1,063
Cash and cash equivalents - end of year	$ 1,510	$ 1,423

Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits with banks. Investments with original maturities less than 90 days are considered cash equivalents. Restricted cash consists of cash deposits segregated for the Federal Perkins Loan Program. For purposes of the statements of cash flows, “cash” is defined as the total of cash and cash equivalents and restricted cash.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on an average cost basis.

Patient Revenue and Accounts Receivable

Patient accounts receivable and revenue are recorded at net realizable value when patient services are performed. The University has agreements with third-party payors that provide for payments to the University at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare and Medicaid: The University is a provider of services under the Medicare and Medicaid programs. The University is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient. The price varies depending on the type of illness or the patient’s diagnostic related group classification. Capital costs, certain Medicare outpatient services, and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. Graduate medical education is reimbursed on a per diem basis under the Medicare program. The University receives payment for other Medicare outpatient services and certain inpatient costs on a reasonable cost basis.

- Other Payors: The University has also entered into payment agreements with certain commercial carriers to provide health care services. Payment to the University under these agreements is based on prospectively determined fixed prices, fee screens, or on a percentage of billed charges.

(DOLLARS IN THOUSANDS)

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Patient Revenue and Accounts Receivable (Continued)

Provision is made in the financial statements for the differences between the University's standard rate charged for services rendered and third-party reimbursements and for estimated settlements based on third-party reimbursement contracts. Retroactive settlements resulting from third-party audits of filed cost reports are reflected in the financial statements in the year of settlement. These provisions and settlements are included in deductions from patient service revenue. There is at least a reasonable possibility that recorded estimates will change in the near-term. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The University believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Charity care includes services provided to persons who cannot afford healthcare because of inadequate resources or who are uninsured or underinsured. In addition to charity care, services are provided under Medicaid and other welfare programs. Certain payments received under these programs are less than the cost of providing the service.

A summary of charity and uncompensated care, at cost, is as follows:

	Year Ended 6/30/2019	Year Ended 6/30/2018
Traditional charity care	$ (288)	$ (1,639)
Unpaid costs of traditional Medicaid programs	6,431	6,964
Unpaid costs of other welfare programs	19,565	18,877
Total charity and uncompensated care	$ 25,708	$ 24,202

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Capital Assets

Capital assets are stated at historical cost or their acquisition value at date of donation in the case of gifts. When capital assets are sold or otherwise disposed of, the carrying value of such assets is removed from the asset accounts, along with the related accumulated depreciation. Depreciation has been recorded in accordance with generally accepted accounting principles. The University has a rare book collection and manuscript collection in the library that is not capitalized since it represents historical works of art that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered by any means.

Deferred Outflows of Resources

In addition to assets, the statements of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will, therefore, not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the University consist of accumulated changes in the fair value of hedging derivative instruments, deferred losses on refunding of debt, and applicable changes to net pension and OPEB liability (see Notes 8, 9, and 10).

Pensions and OPEB

For purposes of measuring the net pension and OPEB (other post-employment benefits) liability, net pension and OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB and pension and OPEB expense, information about the fiduciary net position of the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS) Pension Plan and additions to/deductions from STRS' and OPERS' fiduciary net position have been determined on the same basis as they are reported by STRS and OPERS. STRS and OPERS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements.

Benefit payments (including refunds of employee contributions) are recognized as an expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Unearned Revenue

Summer term tuition and fees, and corresponding expenses relating to various sessions falling in the fiscal year, are recognized in the fiscal year they occur. The portion of sessions falling into the next fiscal year are recorded as unearned revenue and prepaid expenses in the statement of net position and will be recognized in the following year.

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Insurance Captive Reserve for Losses

The insurance captive reserve for losses represents a liability for estimated unpaid losses and loss adjustment expenses relating to healthcare professional liability. A provision is also recorded for incurred but not paid amounts related to claim run-out provisions on the medical stop-loss coverage.

Note Payable to Foundation

As described in Note 12, the University borrowed $5,798 from the pooled investment portfolio during the year ended June 30, 2017 to fund various capital projects. The balance outstanding as of June 30, 2019 was $4,636, of which $1,988 represents the University's share and has therefore, been eliminated in the financial statements. The remaining $2,638 represents the portion of the loan effectively owed to the Foundation. The balance outstanding as of June 30, 2018 was $5,212, with $2,323 eliminated as the University's share and $2,889 effectively owed to the Foundation.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will therefore not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources for the University are attributable to collective changes in the net pension and OPEB liability and deferred gains on refunding of debt.

Net Position

Net position is classified into the three following categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement in those assets.

Restricted: Net position subject to externally imposed constraints that they may be maintained permanently by the University, or net position whose use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time. Restricted net position is classified further as nonexpendable or expendable. Nonexpendable restricted net position contains externally imposed restrictions that stipulate the resources be maintained permanently. Expendable restricted net position is available for expenditure by the University but must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets.

(DOLLARS IN THOUSANDS)

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Net Position (Continued)

Nonexpendable restricted net position is categorized as shown below. Income from the underlying assets is available to support the activities within these categories.

Non-expendable restricted net position	2019	2018
Scholarships and fellowships	$ 10,633	$ 10,972
University purposes	2,165	2,165
Total	$ 12,798	$ 13,137

Expendable restricted net position is categorized as shown below:

Expendable restricted net position	2019	2018
Capital projects	$ 25,189	$ 21,961
Debt service	17,320	17,782
Research	1,062	940
Scholarships and fellowships	45,673	47,369
University purposes	5,791	23,051
Total	$ 95,035	$ 111,103

Unrestricted: Net position available to the University for any lawful purpose of the institution. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. The University has committed unrestricted net position to provide for identified future needs, such as debt service, contractual obligations, capital outlay, academic programming, and postemployment benefits. In the determination of whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the University's practice to use restricted first.

Compensatory Time

Compensatory time may be given in lieu of overtime pay to classified employees who work in excess of the regular schedule. The liability and expense for future payouts are recorded as earned.

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Compensated Absences

University employees earn vacation and sick leave based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and some are paid for sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitation are forfeited. The liability and expense incurred are recorded at year-end as long-term and short-term liabilities in the statements of net position, and as a component of operating expenses in the statements of revenues, expenses, and changes in net position.

Grants and Contracts

The University receives grants and contracts from federal, state, and private agencies to fund research and other activities. Grants and contracts generally provide for the recovery of direct and indirect costs. The University recognizes revenues associated with grants and contracts as the related costs are incurred. Indirect cost recovery is recorded as a percentage of direct costs at negotiated fixed rates. Revenues received under grants and contracts are subject to the examination and retroactive adjustments by the awarding agency. Federal funds are subject to an annual audit per regulations in the Office of Management and Budget (OMB) *Uniform Guidance* (2 CFR part 200, subpart F).

Operating and Nonoperating Revenue

The University has classified its revenues as either operating or nonoperating according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) patient service revenue; (3) sales and services of auxiliary enterprises, net of agency payments; and (4) most federal, state, and local grants and contracts.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis.*

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

State Subsidies

The University receives student-based subsidy and other subsidies from the state. These subsidies are determined biennially and released annually based upon allocations determined by the Ohio General Assembly and the Ohio Department of Higher Education.

In addition to subsidies, the state provides capital appropriations for construction of major plant facilities on the campus. The financing of construction is obtained by the state through issuance of state revenue bonds. State funds are pledged for the repayment of the revenue bonds. In the event these funds are insufficient to retire the revenue bonds, a pledge exists to assess a special student fee to students of state assisted institutions of higher education. As a result of this financing arrangement, the outstanding debt relating to the revenue bonds is not included in the University's statements of net position.

State appropriations are recognized when received. Restricted funds are recognized as revenue only to the extent expended.

Capitalized Interest

Interest on construction projects is capitalized until substantial completion of the project.

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Endowments

For donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted by Ohio, permits the University and the Foundation to distribute an amount of realized and unrealized endowment appreciation as the Board of Trustees determines to be prudent. The University's and the Foundation's Board of Trustees established an investment policy for the endowments and quasi endowments with the objectives of protecting principal and maximizing total investment return without assuming extraordinary risks. It is the goal of the University to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently 4.0% of the three-year market average, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. As of June 30, 2019 and 2018, net appreciation of $45,673 and $47,369, respectively, was available to be spent, of which $37,972 and $36,286, respectively, was restricted to specific purposes.

Interest Rate Swap Agreements

The University has entered into various interest rate swap agreements in order to manage and hedge risks associated with interest. In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for the University's fiscal year 2010. This Statement requires derivative instruments (such as interest rate swap agreements) to be reported at fair value. In addition, for derivative instruments that qualify as effective hedges, changes in fair value will be reported as deferrals in the statement of net position, while changes in the fair value of the derivative instruments that do not qualify as effective hedges including investment derivative instruments, will be reported as nonoperating revenue (expense) as a component of investment income. See Note 8 for relevant disclosures.

Investments Held By Bond Trustee

Investments held by bond trustee represent funds held by a third party to pay for capital additions and improvements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Perkins Loan Program Termination

The Federal Perkins Loan Program (Perkins program) was established in 1957 as a campus-based program serving students with financial need who qualified for lower interest loans than traditional Stafford loans issued through banks. Funds for the Perkins program were initially received through Federal Capital Contributions (FCC) from the U.S. Department of Education (DOE) and were supplemented with Institutional Capital Contributions (ICC). The two sources of funding are tracked and shown separately on the annual Fiscal Operations Report and Application to Participate (FISAP) report. Institutions originated loans to their students and are responsible for servicing the loans throughout the repayment term. As a revolving loan program, the dollars collected from former students are used to make new loans to current students.

The U.S. Congress did not renew the Perkins program after September 30, 2017 and consequently no disbursements were permitted after June 30, 2018. The DOE has given institutions the option of assigning existing Perkins loans back to the federal government or continuing to collect on them while returning the FCC as loans are repaid. The University has elected to continue to collect on Perkins loans. Historically, the balance of the Perkins loans was reported in Notes Receivable and Restricted Net Position (Expendable for Student Loans). Due to the impending repayment of the FCC portion as the loans are collected, an accrued liability has been established for the amount of the remaining FCC due to the DOE.

Reclassifications

Certain items in the June 30, 2018 comparative information have been reclassified to correspond to the June 30, 2019 financial statement presentation.

New Accounting Principles

In fiscal year 2019, the University adopted the following accounting principles issued by the Governmental Accounting Standards Board:

In April 2018, the GASB issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for the University's fiscal year ended June 30, 2019, with no material impact on the University.

NOTE 2 CASH AND CASH EQUIVALENTS

The carrying amount of the University's cash and cash equivalents for all funds was $55,006 and $41,801 as of June 30, 2019 and 2018, respectively, as compared to bank balances of $58,285 and $48,636, respectively. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. The University had cash deposits with a single financial institution totaling $5,932 and $20,912 as of June 30, 2019 and 2018. $250 of the cash deposits is insured by the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2019 and 2018. The remaining amounts are collateralized with single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the University, per the Ohio Revised Code 135.181B which requires that the total market value of the securities so pledged is at least equal to 105% of the total amount of all public deposits.

UTP-CF maintains the majority of its operating cash balances in three financial institutions. The balances at each institution are insured by the FDIC up to certain limits. At June 30, 2019 and 2018, the Organization had approximately $17,566 and $15,834 in excess of FDIC insured limits, respectively. Management reviews the financial institutions periodically to assess any custodial credit risk. During 2019, UTP-CF had additional collateral pledged by various financial institutions where deposits exceeded FDIC limits and at June 30, 2019, deposits in excess of FDIC and pledged collateral equaled approximately $61,000.

NOTE 3 INVESTMENTS

University investments are categorized by the following: endowment and loan investments, long-term investments, and investments held by bond trustee. Endowment and loan investments include gifted endowment funds of the University held in an investment pool with gifted endowment funds of the Foundation. Long-term investments are considered institutional reserves emphasizing both capital preservation and long-term appreciation. Long-term investments consist of the University's equity in the Foundation's investment pool as well as fixed income instruments. Investments held by bond trustee include short-term and long term fixed income instruments available for approved capital projects.

The University's investment policy establishes investment objectives, strategies, and measures for evaluation. The policy complies with the state of Ohio regulations provided by legislation.

(DOLLARS IN THOUSANDS)

NOTE 3 INVESTMENTS (CONTINUED)

The University's investment policy authorizes the investment of Board Designated Reserves and endowed funds in the following investments:

- Obligations of the U.S. Treasury and other federal agencies
- Municipal and state bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds
- Corporate bonds and stocks
- Mortgages and collateralized mortgage obligations
- Alternative investments

The carrying values of investments as of June 30, 2019, exclusive of accrued interest, consisted of the following:

	Endowment and Loan Investments	Long-Term Investments	Investments Held by Insurance Captive	Total
Certificates of deposit	$ -	$ 5,659	$ -	$ 5,659
Corporate bonds and notes	-	17,466	3,988	21,454
Corporate stock	-	-	16,107	16,107
Equity in internal investment pool	57,885	151,785	-	209,670
Money market	30	3,378	-	3,408
Mutual funds - equity	684	-	-	684
Mutual funds - fixed income	157	-	-	157
U.S. government and agencies	-	5,221	10,452	15,673
Total investments	$ 58,756	$ 183,509	$ 30,547	$ 272,812

The carrying values of investments as of June 30, 2018, exclusive of accrued interest, consisted of the following:

	Endowment and Loan Investments	Long-Term Investments	Investments Held by Insurance Captive	Total
Certificates of deposit	$ -	$ 5,228	$ -	$ 5,228
Corporate bonds and notes	-	12,765	4,498	17,263
Corporate stock	-	-	16,319	16,319
Equity in internal investment pool	59,920	156,466	-	216,386
Money market	99	-	-	99
Mutual funds - equity	1,993	-	-	1,993
Mutual funds - fixed income	297	534	-	831
U.S. government and agencies	-	6,142	13,281	19,423
Total investments	$ 62,309	$ 181,135	$ 34,098	$ 277,542

(DOLLARS IN THOUSANDS)

NOTE 3 INVESTMENTS (CONTINUED)

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires certain additional disclosures related to the interest rate, credit, foreign currency and custodial risks associated with interest-bearing investments as of June 30, 2019. At the present time, the University does not have formal policies addressing these types of risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

As of June 30, 2019, the University had the following interest-bearing investments and maturities.

		Investment Maturity (in Years)			
Investment Type	**Fair Value**	**< 1**	**1 - 5**	**6 - 10**	**> 10**
U.S. government and agencies	$ 15,673	$ 22	$ 7,767	$ 2,213	$ 5,671
Corporate bonds and notes	21,454	9	17,098	3,720	627
Mutual funds - fixed income	157	-	57	88	12
Total	$ 37,284	$ 31	$ 24,922	$ 6,021	$ 6,310

As of June 30, 2018, the University had the following interest-bearing investments and maturities:

		Investment Maturity (in Years)			
Investment Type	**Fair Value**	**< 1**	**1 - 5**	**6 - 10**	**> 10**
U.S. government and agencies	$ 19,423	$ 181	$ 9,614	$ 3,660	$ 5,968
Corporate bonds and notes	17,263	534	6,973	7,807	613
Mutual funds - fixed income	831	-	89	198	10
Total	$ 37,517	$ 715	$ 16,676	$ 11,665	$ 6,591

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by the nationally recognized statistical rating organizations (NRSROs) such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

(DOLLARS IN THOUSANDS)

NOTE 3 INVESTMENTS (CONTINUED)

Credit Risk (Continued)

The credit ratings of the University's interest-bearing investments as of June 30, 2019 are as follows:

			Credit Rating (Moody's)			
Investment Type	**Fair Value**	**Aaa**	**Aa**	**A**	**Baa and less**
U.S. government and agencies	$ 15,673	$ 15,673	$ -	$ -	$ -
Corporate bonds and notes	21,454	450	263	8,458	12,283
Mutual funds - fixed income	157	-	12	28	117
Total	$ 37,284	$ 16,123	$ 275	$ 8,486	$ 12,400

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

			Credit Rating (Moody's)		
Investment Type	**Fair Value**	**Aaa**	**Aa**	**A**	**Baa and less**
U.S. government and agencies	$ 19,423	$ 19,423	$ -	$ -	$ -
Corporate bonds and notes	17,263	633	405	10,368	5,857
Mutual funds - fixed income	831	594	237	-	-
Total	$ 37,517	$ 20,650	$ 642	$ 10,368	$ 5,857

Concentration Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's investment policy requires investment pool direct placements to be sufficiently diversified and provides that no more than 7% of its equity holdings and 5% of its fixed income holdings can be invested in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled 5% or more in 2019 or 2018.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Investments held by insurance captive included $3,754 and $2,017 of international equities as of June 30, 2019 and 2018, representing 12.2% and 5.7% of the captive investment portfolio, respectively.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University had no exposure to custodial credit risk for the years ended June 30, 2019 and 2018.

(DOLLARS IN THOUSANDS)

NOTE 3 INVESTMENTS (CONTINUED)

The University of Toledo Foundation and Subsidiaries Investments

Certain investments of The University of Toledo (the University) and The University of Toledo Alumni Association (Alumni Association) are pooled with investments of the Foundation. The pooled investments are managed by the Foundation. The following are the Foundation's pooled investments at June 30:

	2019		2018	
	Market	Cost	Market	Cost
Mutual funds, index funds and ETFs - equities	$ 197,407	$ 161,268	$ 197,011	$ 153,215
Mutual funds and ETFs - fixed income	56,695	55,995	54,002	55,774
Common stocks	82,133	73,012	79,900	69,364
Hedge funds	55,517	54,505	73,686	69,740
Partnerships	78,911	66,994	67,233	58,773
U.S. government and agency issues	14,094	13,952	14,276	14,406
Corporate bonds	1,575	1,502	1,491	1,502
Cash equivalents	2,772	2,772	1,308	1,308
Total pooled investments	$ 489,104	$ 430,000	$ 488,907	$ 424,082

The Foundation had the following sources of unrealized and realized gains and losses related to the pooled investments reported in their statement of activities for the years ended June 30:

	2019	2018
Unrealized gains:		
Ending balance	$ 26,016	$ 29,132
Beginning balance	29,133	24,535
Unrealized appreciation/(depreciation)	(3,117)	4,597
Realized appreciation/(depreciation)	5,672	10,282
Total realized and unrealized appreciation/(depreciation)	$ 2,555	$ 14,879

NOTE 4 FAIR VALUE MEASUREMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

(DOLLARS IN THOUSANDS)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The University's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The University has the following recurring fair value measurements as of June 30, 2019, and 2018:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using:		
	Balance at June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Certificates of deposit	$ 5,659	$ -	$ 5,659	$ -
Corporate bonds and notes	21,454	-	21,454	-
Corporate stock	16,107	16,107	-	-
Mutual funds - equity	684	684	-	-
Mutual funds - fixed income	157	1,357	-	-
U.S. Government and agencies	15,673	15,673	-	-
Total investments by fair value level	$ 59,734	$ 33,821	$ 27,113	$ -
Investments measured at the net asset value (NAV):				
Equity in internal investment pool	$ 209,670			
Total investments measured at the NAV	$ 209,670			
Total investments measured at fair value	$ 269,404			
Derivative instruments by fair value level:				
Interest rate swap liability	$ 9,548	$ -	$ 9,458	$ -
Total derivative instruments by fair value level	$ 9,548	$ -	$ 9,458	$ -

(DOLLARS IN THOUSANDS)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using:		
	Balance at June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Certificates of deposit	$ 5,228	$ -	$ 5,228	$ -
Corporate bonds and notes	17,263	-	17,263	-
Corporate stock	16,319	16,319	-	-
Mutual funds - equity	1,993	1,993	-	-
Mutual funds - fixed income	831	831	-	-
U.S. Government and agencies	19,423	-	19,423	-
Total investments by fair value level	$ 61,057	$ 19,143	$ 41,914	$ -
Investments measured at the net asset value (NAV):				
Equity in internal investment pool	$ 216,386			
Total investments measured at the NAV	$ 216,386			
Total investments measured at fair value	$ 277,443			
Derivative instruments by fair value level:				
Interest rate swap liability	$ 2,495	$ -	$ 2,495	$ -
Total derivative instruments by fair value level	$ 2,495	$ -	$ 2,495	$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. The fair value of corporate bonds and issuances of the U.S. government and its agencies was determined primarily based on level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following section.

(DOLLARS IN THOUSANDS)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments in Entities that Calculate Net Asset Value per Share

The University holds an equity interest in the investment pool of the Foundation. Fair value is measured on a recurring basis using the net asset value per share as a practical expedient. The fair value of the University's equity interest in the investment pool was $209,670 and $216,386 as of June 30, 2019 and 2018 respectively. There were no unfunded commitments and there is no redemption notice period or restriction on redemption frequency.

The primary investment strategy of the investment pool is capital preservation and long-term appreciation through a mix of fixed income instruments and equities.

NOTE 5 ACCOUNTS AND NOTES RECEIVABLE

The accounts and notes receivable, shown net of allowances for uncollectible accounts at June 30, 2019 and 2018, respectively, are summarized as follows:

	2019	2018
Accounts receivable:		
Tuition and fees	$ 6,819	$ 9,466
Patient services	62,020	66,249
Sales and services	9,010	9,017
Auxiliary services	1,371	1,270
Grants and contracts	18,731	21,104
Total accounts receivable - net of allowances	97,951	107,106
Notes receivable:		
Current	2,652	2,701
Non-current	7,302	9,991
Total notes receivable - net of allowances	9,954	12,692
Total accounts and notes receivable - net of allowances	$ 107,905	$ 119,798

Accounts receivable are for transactions relating to tuition and fees, patient services, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts totaling $14,641 and $15,582 for fiscal years 2019 and 2018, respectively. Student notes receivable are recorded net of allowance for uncollectible accounts of $760 and $760 as of June 30, 2019 and 2018, respectively.

(DOLLARS IN THOUSANDS)

NOTE 5 ACCOUNTS AND NOTES RECEIVABLE (CONTINUED)

The University of Toledo Foundation – Contributions Receivable

As of June 30, 2019 and 2018, donors to the Foundation have made unconditional promises to give that are measured at fair value. A risk premium has been estimated by management based on uncertainty factors to determine expected future cash flows from unconditional promises to give that are discounted to a net present value based on a risk-free interest rate. Write-offs of uncollectible pledges for the years ended June 30, 2019 and 2018 amounted to $2,221 and $1,923, respectively.

Contributions receivable as of June 30 are as follows:

	2019	2018
Within one year	$ 6,083	$ 34,916
Over one to five years	8,199	12,590
More than five years	408	1,201
Total	14,690	48,707
Risk premium	(1,135)	(4,595)
Present value discount	(458)	(1,240)
Net contributions receivable	$ 13,097	$ 42,872
Net due in one year	$ 5,505	$ 31,123
Net due in excess of one year	7,592	11,749
Total contributions receivable	$ 13,097	$ 42,872

In September 2017, the Foundation received a letter of intent for a gift of real property at an estimated value of $30.3 million, which is reflected above as contributions receivable due in one year. The transfer of the property occured in the fall of 2018. In May 2006, the Foundation received a pledge of $15 million to establish three endowed funds to support the University. The timing and amounts of the payments and the amounts allocated to the funds shall be determined by the donors. However, the donors agree to complete the pledge within 15 years. The Foundation has received payments of $11.9 million on the aforementioned pledge, leaving a remaining balance of $3.1 million as of June 30, 2019. The pledge balance due is recorded at fair value as a long-term contribution receivable with a net present value of $2.8 million and $4.6 million as of June 30, 2019 and 2018, respectively.

(DOLLARS IN THOUSANDS)

NOTE 6 CAPITAL ASSETS

Capital assets are recorded at cost or if acquired by gift at the fair market value as of the date of donation. Capital assets activity for the year ended June 30, 2019, consisted of the following:

	Balance 6/30/2018	Additions	Reallocation/ Reductions	Balance 6/30/2019
Capital assets, not being depreciated:				
Land and land improvements	$ 22,616	$ 2,733	$ -	$ 25,349
Construction in progress	16,593	9,950	(17,732)	8,811
Total capital assets, not being depreciated	39,209	12,683	(17,732)	34,160
Capital assets, being depreciated:				
Land improvements	16,587	59	-	16,646
Infrastructure	172,337	4,445	(90)	176,692
Buildings	1,082,634	-	17,731	1,100,365
Equipment	206,795	7,927	(6,891)	207,831
Total capital assets, being depreciated	1,478,353	12,431	10,750	1,501,534
Less accumulated depreciation:	945,033	55,462	(6,658)	993,837
Total capital assets, being depreciated, net	533,320	(43,031)	17,408	507,697
Capital assets, net	$ 572,529	$ (30,348)	$ (324)	$ 541,857

Capital assets activity for the year ended June 30, 2018, consisted of the following:

	Balance 6/30/2017	Additions	Reallocation/ Reductions	Balance 6/30/2018
Capital assets, not being depreciated:				
Land and land improvements	$ 22,616	$ -	$ -	$ 22,616
Construction in progress	21,158	19,095	(23,660)	16,593
Total capital assets, not being depreciated	43,774	19,095	(23,660)	39,209
Capital assets, being depreciated:				
Land improvements	16,612	-	(25)	16,587
Infrastructure	169,325	6,141	(3,129)	172,337
Buildings	1,060,456	-	22,178	1,082,634
Equipment	220,277	8,115	(21,597)	206,795
Total capital assets, being depreciated	1,466,670	14,256	(2,573)	1,478,353
Less accumulated depreciation:	913,600	56,807	(25,374)	945,033
Total capital assets, being depreciated, net	553,070	(42,551)	22,801	533,320
Capital assets, net	$ 596,844	$ (23,456)	$ (859)	$ 572,529

(DOLLARS IN THOUSANDS)

NOTE 6 CAPITAL ASSETS (CONTINUED)

Assets are classified as either for Academic or Hospital use. Academic assets are capitalized at a cost of $50 or greater with the exception of equipment and computer software, which are capitalized at a cost of $5 or greater. Academic asset depreciation and amortization on capital leases are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

Classification	Life
Infrastructure	10 to 25 years
Buildings	40 years
Building additions	10 to 40 years
Equipment	5 - 10 years

Hospital assets are capitalized with a cost of $5 or greater for equipment, buildings, and building additions based on increase of capacity, life, or operating efficiency of a capital asset. Hospital asset depreciation and amortization on capital leases are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

Classification	Life
Infrastructure	2 to 40 years
Buildings	5 to 40 years
Building additions	5 to 40 years
Equipment	3 to 20 years

NOTE 7 DEBT

On May 1, 2018, the University issued $28,320 in General Receipts Bonds, Series 2018B. Proceeds from the Bonds were used to advance refund and defease the General Receipts Bonds Series 2010 totaling $26,660 and to pay cost of issuance. The refunded bonds maturing June 1 of the years 2018 to 2020, inclusive, will be paid on their respective due dates from the escrow fund. The refunded bonds maturing June 1, 2021 will be called for redemption on June 1, 2020 at par plus accrued interest. The Series 2018B bonds bear interest at a fixed rate of 4.25%, and the net present value loss on the refunded bonds was $7,885.

On May 1, 2018, the University issued $9,175 in General Receipts Bonds, Series 2018A. Proceeds from the Bonds were used to advance refund and defease the remaining General Receipts Bonds Series 2008A totaling $10,035 and to pay cost of issuance. The refunded bonds were called for redemption on June 1, 2018 at par plus accrued interest. The Series 2018A Bonds bear interest at a fixed rate of 5%, and the net present value savings of the refunded bonds was $797.

NOTE 7 DEBT (CONTINUED)

On December 28, 2017, the University issued $35,655 in General Receipts Bonds, Series 2017B. Proceeds from the Bonds were used to advance refund and defease the portion of the General Receipts Bonds Series 2011B maturing on June 1 of the years 2022 to 2031, inclusive, totaling $38,385 and to pay cost of issuance. The refunded bonds will be called for redemption on June 1, 2021 at par plus accrued interest. The Series 2017B Bonds bear interest at a fixed rate of 5%, and the net present value savings of the refunded Bonds was $3,024.

On March 28, 2017, the University issued $72,820 in General Receipts Premium Bonds, Series 2017A. Proceeds from the Bonds, together with available funds, were used to refund $32,140 General Receipt Bonds Series 2007A, advance refund $11,060 General Receipt Bonds Series 2008A, fund $30,000 in capital projects to the University’s Main Campus, and to pay cost of issuance. Capital improvements include the renovation of Parks Tower, improvements to various campus facilities, and electrical, lighting and HVAC upgrades. The Bonds have an average coupon of 4.39%, and the net present value savings of the refunded Bonds of $3,311.

On June 27, 2013, the University issued $15,610 in General Receipts Bonds, Series 2013D through a direct placement with U.S. Bank National Association. Proceeds of the Series 2013D were used to fund the purchase of $15,050 of outstanding General Receipts Bonds, Series 2007B that were tendered for purchase, to redeem on July 16, 2013 the outstanding General Receipts Bonds, Series 2005, and to pay cost of issuance of the Series 2013D Bonds. The Series 2013D Bonds bear interest at 72% of the one month LIBOR plus 0.50%. On November 7, 2017, Huntington National Bank purchased the bonds at 72% of the sum of LIBOR plus 0.85% subject to a mandatory tender on July 7, 2023.

On June 27, 2013, the University issued $34,180 in General Receipts Bonds, Series 2013C. Proceeds of the Series 2013C were used to advance refund General Receipts Bonds, Series 2009B, Build America Bonds at par due to a reduction in the federal subsidy and to pay cost of issuance of the Series 2013C Bonds. The Series 2013C Bonds bear a fixed rate of interest with an average yield of 4.03% and a final maturity of June 1, 2031.

On June 21, 2013, the University issued $86,485 in General Receipts Bonds, Series 2013B through a direct placement with PNC Bank, National Association. Proceeds of the Series 2013B were used to advance refund General Receipts Bonds, Series 2011A, and to pay the cost of issuance of the Series 2011A Bonds. Series 2013B Bonds bear interest at 72% of the one month LIBOR plus 0.39%. The Bonds have a mandatory tender date of June 1, 2023.

On June 7, 2013, the University issued $10,125 in General Receipts Bonds, Series 2013A through a direct placement with Capital One Public Funding, LLC. Proceeds of the Series 2013A were used to defease and advance refund the $9,635 outstanding General Receipts Bonds, Series 2004 and to pay the cost of issuance of the Series 2013A Bonds. The University recognized cash flow savings of $904 and an economic gain of $790 from the advance refunding of Series 2004. Series 2013A bears interest at 1.99% with a final maturity of June 1, 2025. The Bonds have mandatory tender date June 1, 2023.

NOTE 7 DEBT (CONTINUED)

On November 3, 2011, the University issued $47,640 in General Receipts Bonds, Series 2011B. Proceeds of the Series 2011B Bonds were, together with other available funds, to pay the cost of various improvements on the University's Health Science Campus, including reconstruction of existing facilities to house a comprehensive cancer center; expansions, renovations and improvements to the University of Toledo Medical Center, including reconstruction and renovation of patient rooms and operating rooms; renovations and improvements to Dowling Hall building for outpatient office space and clinical space; acquisition and installation of hardware and software for electronic medical records system; acquisition of medical equipment; and acquisition and installation of various other facility improvements. Additional proceeds of the Series 2011B Bonds were used to pay the costs related to the issuance of the Series 2011B Bonds. The Series 2011B Bonds bear a fixed rate of interest with an average yield of 4.41%.

The University has defeased a portion of the Series 2011B Bonds through an advance refunding during the year ended June 30, 2018, and accordingly, they are not reflected in the accompanying financial statements. The amount of Bonds that have been defeased and are outstanding as of June 30, 2019 is $38,385.

On November 16, 2010, the University issued $45,460 in General Receipts Bonds, Series 2010. Proceeds of the Series 2010 Bonds were used to fund the purchase of $44,835 of outstanding General Receipts Bonds, Series 2005 that were tendered for purchase, to pay a portion of the termination payments under interest rate hedges related to the Series 2005 Bonds, and to pay costs of issuance of the Bonds. The Series 2010 Bonds bear a fixed rate of interest with an average yield of 4.67%.

The University defeased the outstanding Series 2010 Bonds through an advance refunding during the year ended June 30, 2018, and accordingly, they are not reflected in the accompanying financial statements. The amount of Bonds that have been defeased and are outstanding as of June 30, 2019 is $16,110.

On July 15, 2009, the University issued $22,390 in General Receipts Bonds, Series 2009A (Tax-Exempt). The Bonds were issued with a fixed rate of interest. Proceeds of the series 2009A Bonds were used to pay a portion of the costs of certain improvements to University facilities and the cost of refunding the University's Series 1998 General Receipts Bonds.

On July 11, 2008, the University issued $35,480 in General Receipts Bonds, Series 2008A which bear a fixed rate of interest with coupons ranging from 3% to 5% over the scheduled redemption period from June 1, 2009 through the final maturity of June 1, 2027. A financial guarantee insurance policy was issued concurrently with the delivery of the bonds by Assured Guaranty Corp. A portion of the bonds totaling $12,005 were advance refunded with the issuance of General Receipts Bonds, Series 2017A.

The University defeased the remaining Series 2008A Bonds through an advance refunding during the year ended June 30, 2018, and accordingly, they are not reflected in the accompanying financial statements. The defeased Bonds were called for redemption on June 1, 2018.

(DOLLARS IN THOUSANDS)

NOTE 7 DEBT (CONTINUED)

On April 26, 2007, the University issued $49,900 in General Receipts Bonds, Series 2007B, to finance the rehabilitation and improvement of a facility to provide classrooms for undergraduates; the rehabilitation and improvement of the main library; and improvements to athletic facilities. Series 2007B bears interest based on the Auction Period Rate for each 35-day auction period. During fiscal year 2010, the University made two public tender offers for the 2007B Series Bonds. The University also tendered and repurchased 2007B Series Bonds in fiscal year 2013 from proceeds of the Series 2013D Bond issuance. Bonds repurchased and subsequently cancelled under these tender offers have been credited against the mandatory redemption schedule of the Series 2007B Bonds. The next scheduled principal redemption date on the series 2007B Bonds is currently June 1, 2036.

The principal and interest payments of all of the General Receipts Bonds are collateralized by the pledge of the general receipts of the University. The bond indentures have various covenants relating to reporting with which the University management believes they have complied.

The University has master lease obligations with financial institutions and other lease obligations relating to athletic, hospital and other equipment with a capital cost of $1,828 and related depreciation of $972 and rates ranging from 2.3% to 3.6%. The balance of capital lease obligations was $438 and $802 for the years ended June 30, 2019 and 2018, respectively.

The future amounts of principal and interest payments required by the lease agreements are as follows:

	Principal	Interest	Total
2020	$ 328	$ 11	$ 339
2021	105	2	107
2022	5	-	5
Total	$ 438	$ 13	$ 451

Interest expense, net of interest income, related to the borrowing is capitalized as part of the cost of construction. Interest expense on indebtedness was $13,457 and $12,747 for the years ended June 30, 2019 and 2018, respectively.

Contracts have been entered into for capital construction projects amounting to approximately $35,679. The estimated cost to complete construction in progress at June 30, 2019 is $6,546.

The University leases certain facilities and data processing, patient care, and other equipment under various noncancelable operating lease agreements. Total operating lease expense was $1,345 and $1,495 in 2019 and 2018, respectively. At June 30, 2019, the University is committed to future minimum operating lease payments of $1,570 in 2020; $1,561 in 2021; $1,196 in 2022; $944 in 2023; and $685 in 2024.

(DOLLARS IN THOUSANDS)

NOTE 7 DEBT (CONTINUED)

Long-term liabilities activity for the year ended June 30, 2019, consisted of the following:

	Due Dates	Interest Rate	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current
General Receipts Series 2013A, private placement bonds Refund Series 2004	2014-2025	1.99%	$ 6,190	$ -	$ 835	$ 5,355	$ 850
General Receipts Series 2013B, private placement bonds Refund Series 2011A	2015-2032	Variable	72,985	-	1,890	71,095	1,995
General Receipts Series 2013D, private placement bonds Refund partial Series 2007B and all of Series 2005	2031-2036	Variable	15,610	-	-	15,610	-
Total private placement bonds			94,785	-	2,725	92,060	2,845
General Receipts Series 2007B, serial and term bonds: Renovations for athletic, classrooms, and library	2031-2036	Variable	1,325	-	-	1,325	-
General Receipts series 2009A, serial and term bonds: Refund Series 1998, Hospital renovations and digital records	2010-2020	3.0% to 4.375%	2,235	-	1,540	695	695
General Receipts Series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	4.5% to 5.0%	4,355	-	1,380	2,975	1,450
General Receipts Series 2013C, serial bonds Refund Series 2009B	2019-2031	5.0%	34,180	-	1,335	32,845	2,080
General Receipts Series 2017A, serial bonds Refund partial Series 2008A and all of Series 2007A	2019-2047	3.625% to 5.0%	72,820	-	2,350	70,470	2,495
General Receipts Series 2017B, serial bonds Refund Series 2011B maturities 2022-2031	2022-2031	5.0%	35,655	-	-	35,655	-
General Receipts Series 2018A, serial bonds Refund remaining Series 2008A	2019-2027	5.0%	9,175	-	595	8,580	645
General Receipts Series 2018B, serial bonds Refund partial Series 2008A and all of Series 2007A	2033-2044	4.258%	28,320	-	-	28,320	-
Total serial and term bonds			188,065	-	7,200	180,865	7,365
Total			$ 282,850	$ -	$ 9,925	$ 272,925	$ 10,210
Less current portion long-term liabilities						$ 10,210	
Long-term liabilities						$ 262,715	

	Due Dates	Interest Rate	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current
Interest Rate Swap Contract (see Note 8)			$ 13,835	$ -	$ 1,165	$ 12,670	$ 1,071
Capital lease obligation	2016-2021	Various	802	-	364	438	328
Compensated absences			32,493	17,077	16,132	33,438	24,698
			$ 47,130	$ 17,077	$ 17,661	$ 46,546	$ 26,097
Less current portion long-term liabilities						26,097	
Long-term liabilities						$ 20,449	

(DOLLARS IN THOUSANDS)

NOTE 7 DEBT (CONTINUED)

Long-term liabilities activity for the year ended June 30, 2018, consisted of the following:

	Due Dates	Interest Rate	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Current
General Receipts Series 2013A, private placement bonds Refund Series 2004	2014-2025	1.99%	$ 7,010	$ -	$ 820	$ 6,190	$ 835
General Receipts Series 2013B, private placement bonds Refund Series 2011A	2015-2032	Variable	76,885	-	3,900	72,985	1,890
General Receipts Series 2013D, private placement bonds Refund partial Series 2007B and all of Series 2005	2031-2036	Variable	15,610	-	-	15,610	-
Total private placement bonds			99,505	-	4,720	94,785	2,725
General Receipts Series 2007B, serial and term bonds: Renovations for athletic, classrooms, and library	2031-2036	Variable	1,325	-	-	1,325	-
General Receipts series 2008A, term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2027	3.0% to 5.0%	11,255	-	11,255	-	-
General Receipts series 2009A, serial and term bonds: Refund Series 1998, Hospital renovations and digital records	2010-2020	3.0% to 4.375%	5,215	-	2,980	2,235	1,540
General Receipts series 2010, series bonds: Refund of Series 2005 General Receipts Bonds	2013-2021	4.0% to 5.0%	26,660	-	26,660	-	-
General Receipts Series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	4.5% to 5.0%	44,055	-	39,700	4,355	1,380
General Receipts Series 2013C, serial bonds Refund Series 2009B	2019-2031	5.0%	34,180	-	-	34,180	1,335
General Receipts Series 2017A, serial bonds Refund partial Series 2008A and all of Series 2007A	2019-2047	3.625% to 5.0%	72,820	-	-	72,820	2,350
General Receipts Series 2017B, serial bonds Refund Series 2011B maturities 2022-2031	2022-2031	5.0%	-	35,655	-	35,655	-
General Receipts Series 2018A, serial bonds Refund remaining Series 2008A	2019-2027	5.0%	-	9,175	-	9,175	595
General Receipts Series 2018B, serial bonds Refund partial Series 2008A and all of Series 2007A	2033-2044	4.258%	-	28,320	-	28,320	-
Total serial and term bonds			195,510	73,150	80,595	188,065	7,200
Total			$ 295,015	$ 73,150	$ 85,315	$ 282,850	$ 9,925
Less current portion long-term liabilities						$ 9,925	
Long-term liabilities						$ 272,925	

	Due Dates	Interest Rate	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Current
Interest Rate Swap Contract (see Note 8)			$ 15,126	$ -	$ 1,291	$ 13,835	$ 1,148
Capital lease obligation	2016-2021	Various	1,277	-	475	802	364
Compensated absences			32,887	16,312	16,706	32,493	24,071
			$ 49,290	$ 16,312	$ 18,472	$ 47,130	$ 25,583
Less current portion long-term liabilities						25,583	
Long-term liabilities						$ 21,547	

(DOLLARS IN THOUSANDS)

NOTE 7 DEBT (CONTINUED)

Principal and interest on long-term debt are payable from general receipts. The obligations are generally callable. The future amounts of principal and interest payments required by the bond agreements are as follows:

	Principal	Interest	Swap Interest	Net Interest	Net P&I
2020	$ 10,210	$ 13,007	$ (284)	$ 12,723	$ 22,933
2021	8,785	12,648	(387)	12,261	21,046
2022	10,690	12,153	(306)	11,847	22,537
2023	12,555	11,722	(385)	11,337	23,892
2024	13,130	11,031	(291)	10,740	23,870
2025-2029	67,505	45,459	(1,574)	43,885	111,390
2030-2034	96,115	24,591	(735)	23,856	119,971
2035-2048	53,935	13,957	(18)	13,939	67,874
TOTALS	$ 272,925	$ 144,568	$ (3,980)	$ 140,588	$ 413,513

The University's General Receipts Bonds contain a provision that in any event of default, the trustee may declare the principal and accrued interest of all outstanding bonds be due and payable immediately. Furthermore, in such events of default and upon the written request of the holders of at least 25% of the outstanding bonds, the trustee must declare the principal and accrued interest of all outstanding bonds to be due and payable immediately.

NOTE 8 INTEREST RATE SWAPS

In order to hedge against interest rate fluctuations on the Series 2002 variable rate bonds, the University entered into three interest rate derivative (Swap) agreements in November 2002. The current notional value of the three Swap agreements is $54,080. The three Swaps remain in effect and are now associated with the Series 2013B Bonds. The counterparty for these swaps is JP Morgan Chase. One Swap with a notional value of $1,955 expires on June 1, 2020, and the University pays a fixed rate of 5.000% to the counterparty and receives a variable rate of interest of 67% of one-month LIBOR from the counterparty. The other two Swaps with a combined notional value of $52,125 expire on June 1, 2032. The University pays a fixed rate of 3.888% to the counterparty and receives a variable rate of interest of 71% of one-month LIBOR from the counterparty on these two Swaps. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement’s fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the three Swap agreements as of June 30, 2019 is a liability of $6,390 compared to a liability of $1,756 on June 30, 2018.

In April 2007, the University entered into a Swap agreement with JP Morgan Chase that expires on June 31, 2036, in the notional amount of $33,250, to hedge a portion of the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2007B. $17,640 of the notional amount is now associated with the Series 2013B and the remaining $15,610 notional value is associated with the Series 2013D. Based on the Swap agreement, the University owes interest calculated at a fixed rate of 3.666% to the swap counterparty. In return, the counterparty owes the University interest at a variable rate based on 68% of one-month LIBOR. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement’s fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the Swap agreement as of June 30, 2019 is a liability $3,158 compared to a liability of $739 on June 30, 2018.

Upon termination of any of the Swap agreements, a payment may be owed by the University to the Swap counterparty or by the Swap counterparty to the University, depending on the prevailing economic circumstances at the time of the termination.

(DOLLARS IN THOUSANDS)

NOTE 8 INTEREST RATE SWAPS (CONTINUED)

Effective Date	Type	Objective	Notional Amount	Pays	Receives	Maturity Date	Counter Party Credit Rating	MTM @ 06/30/19	MTM @ 06/30/18
11/16/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 24,690	3.888%	71% Libor	6/1/32	Aa3/A+	$ (3,028)	$ (847)
11/19/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 27,435	3.888%	71% Libor	6/1/32	Aa3/A+	$ (3,365)	$ (942)
4/26/07	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 33,250	3.660%	68% Libor	6/1/36	Aa3/A+	$ (3,158)	$ (739)
12/1/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 1,955	5.000%	67% Libor	6/1/20	Aa3/A+	$ 3	$ 33
			$ 87,330					$ (9,548)	$ (2,495)

Interest rate swaps are classified as hedging derivative instruments, if the hedging instruments meet the criteria outlined in GASB 53, paragraph 27a and b, or as investment derivative instruments if they do not meet the criteria. All four of the swap agreements have been determined to be effective hedging derivative instruments as of both June 30, 2019 and June 30, 2018.

All of the University's hedging relationships in fiscal year 2012 were terminated in fiscal year 2013 and designated into new hedging relationships. In accordance to GASB 53 these swaps are considered hybrid instruments consisting of a financing element and an embedded derivative. The at-market amount of the swaps at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of ($9,548). The above-market amounts which equal $12,670 are considered borrowings and are included in long term debt which will be paid down by a portion of the swaps' periodic fixed payments.

As of the balance sheet date, the swap agreements can be summarized as follows:

	Change in Fair Value		Fair Value at June 30, 2019			Fair Value at June 30, 2018		
			Classification			Classification		
	2019	2018		Amount	Notional		Amount	Notional
Business-type activities								
Cash flow hedges:								
Pay-fixed interest rate swaps			Deferred charge			Deferred charge		
(receive-variable)	$ (7,053)	$ 4,360		$ (9,548)	$ 87,330		$ (2,495)	$ 89,180

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

(DOLLARS IN THOUSANDS)

NOTE 8 INTEREST RATE SWAPS (CONTINUED)

Rating	Bear Stearns (JPM) 2002 (Swap A and B)	Bank One (JPM) 2002 (Swap C)	JPM 2007B
Aaa/AAA	Infinity	Infinity	Infinity
Aa1, Aa2, Aa3/AA+, AA, AA-	Infinity	Infinity	Infinity
A1/A	10,000	Infinity	Infinity
A2/A	10,000	Infinity	Infinity
A3/A-	10,000	Infinity	Infinity
Baa1/BBB+	5,000	5,000	5,000
Baa2/BBB	500	3,000	3,000
Baa3/BBB-	500	0	0
Below Baa3/BBB- or suspended, withdrawn or unrated	0	0	0

As of June 30, 2019, the University's net liability position is $22,219 exclusive of accrued interest in the amount of $100 compared to a net liability position of $16,330 in 2018. The University has not been required to post collateral with any counterparty as of June 30, 2019.

It is the University's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

Although the University originally executed interest rate swap agreements with multiple counterparties, four contracts, comprising approximately 100% of the net exposure to credit risk, are held with one company as the result of merger activity since 2002. That counterparty is rated Aa3/A+.

Interest Rate Risk – The University is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR or the Securities Industry and Financial Markets Association (SIFMA) swap decreases, the University's net payment on the swap increases.

Basis Risk – The University is exposed to basis risk on its LIBOR-based interest rate swaps due to variable-rate payments received on these instruments based on a rate or index other than interest rates the University pays on its variable-rate debt, which, depending on the series is remarketed every 30 or 35 days.

Termination Risk – The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

NOTE 8 INTEREST RATE SWAPS (CONTINUED)

Rollover Risk – The University is exposed to rollover risk on its LIBOR-based interest rate swaps that mature or may be terminated prior to the maturity of the hedged debt. When these hedging interest rate swaps terminate, or in the case of a termination option, if the counterparty exercises its option, the University will be re-exposed to the risks being hedged by the interest rate swaps. The University is exposed to rollover risk on portions of the receive-variable, pay-fixed interest rate swap scheduled to mature on June 1, 2020 which is matched with variable rate debt maturing June 1, 2032.

NOTE 9 RETIREMENT BENEFITS

The University participates in the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS). Each is a statewide, cost-sharing, multiple-employer public employee retirement system governed by the Ohio Revised Code (ORC) that covers substantially all employees of the University. Each system has three retirement plan options available and provides retirement, survivor and disability benefits to plan members and their beneficiaries. The systems also provide post-employment healthcare benefits to retirees and beneficiaries. Employees may opt out of STRS or OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements. The ARP is a defined contribution plan using state-approved investment providers and does not include disability, health care, or death benefits.

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. The reports may be obtained by contacting:

State Teachers Retirement System of Ohio
275 E. Broad Street
Columbus, OH 43215
(888) 227-7877
www.strsoh.org

Ohio Public Employees Retirement System
277 East Town Street
Columbus, OH 43215
(800) 222-7377
www.opers.org

Contributions

STRS – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the plan years ended June 30, 2019 and 2018, the contribution rate was 14% of covered payroll for both members and employers. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2018, no employer allocation was made to the health care fund.

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

OPERS – The ORC provides statutory authority for member and employer contributions. Member contribution rates for the plan years ended December 31, 2018 and 2017 were 10% for the state and local division, 12% for the public safety division and 13% for the law enforcement division. Employer contribution rates for plan years 2018 and 2017 were 14% of covered payroll for the state and local division, and 18.1% of covered payroll for the law enforcement and public safety divisions. For the Traditional and Combined Plans, 1% of employer contributions was allocated to health care coverage for 2017 and none was allocated for 2018. For the Member-Directed Plan, 4% of employer contributions was allocated to health care coverage for both 2017 and 2018.

ARP – The ORC provides statutory authority for member and employer contributions. Member contribution rates are the same as those required by the respective state retirement systems. For STRS-eligible employees who elected an ARP, the University contributed 9.53% of covered payroll to the selected investment provider during the 2018 plan year and 4.47% to STRS. For OPERS-eligible employees who elected an ARP, the University contributed 11.56% of covered payroll to the selected investment provider during the 2018 plan year and 2.44% to OPERS. The employer amounts remitted to STRS and OPERS are based on the statutory mitigating rate which is designed to offset any negative financial impact of the ARP on the state retirement systems.

University contributions to the retirement plans for the year ended June 30 are summarized below.

Plan	2019	2018
STRS	$ 13,473	$ 13,178
OPERS	27,323	26,804
ARP	7,851	7,435
Total	$ 48,647	$ 47,417

<u>Benefits</u>

STRS – Plan benefits are established under Chapter 3307 of the ORC, as amended by Substitute Senate Bill 342 in 2012, which gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the cost-of-living adjustments as the need or opportunity arises, depending on the retirement system's funding progress. STRS members have a choice of three retirement plans: a Defined Benefit (DB) plan, a Defined Contribution (DC) plan and a Combined Plan.

The Defined Benefit (DB) 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. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

Benefits (Continued)

The Defined Contribution (DC) Plan allows members to place all their member contributions and the 9.53% portion of the 14% employer contribution into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% portion of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service.

DB and Combined Plan members are eligible for disability and death benefits based on specified criteria in the plan.

OPERS – Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS members have a choice of three retirement plans: the Traditional Pension Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/defined contribution plan; and the Member-Directed Plan, a defined contribution plan. All state and local governmental employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS.

Retirement benefits in the Traditional Pension Plan are calculated on a formula that considers age, years of service and final average salary. Depending on when they joined the plan, members with five years of service are eligible for retirement at either age 60 or 62, and members with 25 years of service are eligible for retirement at either age 55 or 57. The annual benefit is 2.2% of final average salary for the first 30 or 35 years of service, depending on when the member joined, and 2.5% for years of service in excess. Final average salary is based on the highest three or five years of earnings, depending on when the member joined. Members who retire before meeting the age and service requirements receive a percentage reduction in the benefit amount.

Law Enforcement and Public Safety members, as defined in ORC Chapter 145, are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed or Combined plans.

For the Member-Directed Plan, the amount available for benefits consists of the member's contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

Benefits in the Combined Plan consist of both an age-and-service formula and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Plan. The annual benefit is 1% of final average salary for the first 30 or 35 years of service, depending on when the member joined, and 1.25% for years of service in excess.

Members in the Traditional Pension Plan and Combined Plan are eligible for Disability, Survivor and Death benefits based on age and/or service criteria. Members of the Member-Directed Plan do not qualify for these ancillary benefits. A cost-of-living adjustment is provided for retirement benefits under the Traditional Plan and the defined benefit portion of the Combined Plan. For those who retired prior to January 7, 2013, current law provides for a 3% adjustment. For subsequent retirees, beginning in calendar year 2019, current law provides an adjustment based on the Consumer Price Index but capped at 3%.

Net Pension Liability, Deferrals, and Pension Expense – At June 30, 2019 and 2018, the University reported a liability for its proportionate share of the net pension liability of STRS and the OPERS traditional plan, as well as an asset for its proportionate share of the net pension asset of the OPERS combined plan and member-directed plan. The net pension liability and asset were measured as of July 1, 2018 and July 1, 2017 respectively for STRS and December 31, 2018 and December 31, 2017 respectively for the OPERS plans. The total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability or asset was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability/(Asset) 2019	Net Pension Liability/(Asset) 2018	Proportionate Share 2019	Proportionate Share 2018	Change
STRS	July 1	$ 181,318	$ 206,268	0.82%	0.87%	0.05%
OPERS Traditional	December 31	326,181	203,009	1.19%	1.29%	0.10%
OPERS Combined and Member-Directed	December 31	(1,717)	(2,319)	1.36%	1.52%	0.16%

For the year ended June 30, 2019 and 2018, the University recognized pension expense of $91,515 and pension income $28,017, respectively.

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

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

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	$ 4,334	$ 6,385	$ 8,283	$ 6,388
Changes of assumptions	61,166	-	70,579	-
Difference between projected and actual investment earnings	42,272	10,995	-	48,731
Changes in proportion and differences between University contributions and proportionate share of contributions	1,100	29,559	2,072	19,541
Contributions after the measurement date	26,717	-	26,323	-
Total	$ 135,589	$ 46,939	$ 107,257	$ 74,660

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	$ 29,932
2021	14,705
2022	849
2023	16,371
2024	1
Thereafter	75

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

Actuarial Assumptions – The total pension liability is based on the results of an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

	STRS - as of 6/30/18	OPERS - as of 12/31/18
Valuation date	July 1, 2018	December 31, 2018
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	0.0 percent	2.15 percent - 3.0 percent
Salary increases, including inflat	2.5 percent - 12.5 percent	3.25 percent - 10.75 percent
Price inflation	2.5 percent	2.5 percent
Investment rate of return	7.45 percent, net of investment expense	7.2 percent, net of investment expense
Experience study rate	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table and MP-2016 mortality improvement scale	RP-2014 Healthy Annuitant Mortality Table and MP-2015 mortality improvement scale

	STRS - as of 6/30/17	OPERS - as of 12/31/17
Valuation date	July 1, 2017	December 31, 2017
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	2.0 percent	Pre 1/7/2013 retirees 3.0 percent, post 1/7/2013 retirees 3.0 percent through 2018 then 2.15 percent
Salary increases	2.5 percent - 12.5 percent including inflation	3.25 percent - 10.75 percent including inflation
Price inflation	2.5 percent	2.5 percent
Investment rate of return	7.45 percent, net of investment expense	7.5 percent, net of investment expense
Experience study rate	Period of 5 years ended July 1, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Combined Mortality Table (Projection 2022-Scale AA)	RP-2014 Healthy Annuitant Mortality Table

Discount Rate – The discount rate used to measure the total pension liability was 7.45% for STRS and 7.2% for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

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

STRS as of 6/30/2018			OPERS as of 12/31/2018		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Fixed Income	23.00%	2.79%
International Equity	23.00%	5.30%	Domestic Equity	19.00%	6.21%
Alternatives	17.00%	4.84%	Real Estate	10.00%	4.90%
Fixed Income	21.00%	0.75%	Private Equity	10.00%	10.81%
Real Estate	10.00%	3.75%	International Equity	20.00%	7.83%
Liquidity Reserves	1.00%	0.00%	Other Investments	18.00%	5.50%
Total	100.00%		Total	100.00%	

STRS as of 6/30/2017			OPERS as of 12/31/2017		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Fixed Income	23.00%	2.20%
International Equity	23.00%	7.55%	Domestic Equity	19.00%	6.37%
Alternatives	17.00%	7.09%	Real Estate	10.00%	5.26%
Fixed Income	21.00%	3.00%	Private Equity	10.00%	8.97%
Real Estate	10.00%	6.00%	International Equity	20.00%	7.88%
Liquidity Reserves	1.00%	2.25%	Other Investments	18.00%	5.26%
Total	100.00%		Total	100.00%	

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the University, calculated using the discount rate listed below, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00 percent decrease		Current discount rate		1.00 percent increase	
STRS 6/30/2018	6.45%	$ 264,791	7.45%	$ 181,318	8.45%	$ 110,670
OPERS 12/31/2018	6.20%	481,293	7.20%	324,464	8.20%	194,250
Total		$ 746,084		$ 505,782		$ 304,920

Plan	1.00 percent decrease		Current discount rate		1.00 percent increase	
STRS 6/30/2017	6.45%	$ 295,678	7.45%	$ 206,268	8.45%	$ 130,953
OPERS 12/31/2017	6.50%	359,231	7.50%	200,690	8.50%	68,661
Total		$ 654,909		$ 406,958		$ 199,614

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS and OPERS financial report.

Payable to the Pension Plan – The University reported a payable of $4,348 and $4,253 to OPERS at June 30, 2019 and 2018, respectively, for the outstanding amount of contributions required for the years then ended.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

As described in Note 9, both STRS and OPERS provide benefits other than pensions, such as health care, that meet the GASB criteria for other postemployment benefit OPEB plans.

The net OPEB liability represents the University's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

GASB 75 assumes the OPEB liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions

STRS (State Teachers Retirement System)

STRS administers a cost-sharing health plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include 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. The plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

ORC Chapter 3307 authorizes STRS to offer the plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

OPERS (Ohio Public Employees Retirement System)

The ORC permits, but does not require, OPERS to offer postemployment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans.

Prior to January 1, 2015, the System provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses, and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2018 CAFR.

(DOLLARS IN THOUSANDS)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional Pension Plan and Combined Plan. A portion of employer contributions for these participants is allocated to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0.0% and 1.0% for 2018 and 2017, respectively. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0% for 2018 and 2017.

Net OPEB Liability, Deferrals, and OPEB Expense – At June 30, 2019 and 2018, the University reported a liability for its proportionate share of the net OPEB liability of OPERS, and an asset and liability, respectively, for its proportionate share of the net OPEB asset/liability of STRS. The net OPEB liability for OPERS was measured as of December 31, 2018 and December 31, 2017. The net OPEB asset and liability for STRS were measured as of July 1, 2018 and July 1, 2017, respectively. The total OPEB liability used to calculate the net OPEB liability and asset was determined by an actuarial valuation as of those dates. The University's proportion of the net OPEB liability and asset was based on its share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Plan	Measurement Date	Share of Net OPEB Liability (Asset) 2019	Share of Net OPEB Liability (Asset) 2018	Proportionate Share 2019	Proportionate Share 2018	Change
STRS	July 1	$ (13,251)	$ 33,878	0.82%	0.87%	0.04%
OPERS	December 31	156,522	142,066	1.20%	1.31%	0.11%

For the years ended June 30, 2019 and 2018, the University recognized OPEB income of $18,578 and $281, respectively.

(DOLLARS IN THOUSANDS)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

	STRS		OPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	$ 1,548	$ 772	$ 58	$ 425
Changes of assumptions	-	18,056	5,491	-
Difference between projected and actual investment earnings	-	1,514	6,522	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	1,461	-	7,836
Contributions after the measurement date	-	-	15	-
Total	$ 1,548	$ 21,803	$ 12,086	$ 8,261

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

	STRS		OPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	$ 1,956	$ -	$ 111	$ -
Changes of assumptions	-	2,729	10,343	-
Difference between projected and actual investment earnings	-	1,448	-	10,583
Contributions after the measurement date	-	-	17	-
Total	$ 1,956	$ 4,177	$ 10,471	$ 10,583

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in benefit expense as follows:

Year Ending June 30	STRS	OPERS
2020	$ (3,614)	$ 1,944
2021	(3,614)	(2,596)
2022	(3,614)	846
2023	(3,252)	3,616
2024	(3,145)	-
Thereafter	(3,016)	-

(DOLLARS IN THOUSANDS)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Actuarial Assumptions – The total OPEB liability is based on the results of an actuarial valuation using the following key assumptions, applied to all periods included in the measurement:

	STRS - as of 6/30/18	OPERS - as of 12/31/18
Inflation	2.50%	3.25%
Salary increases	12.50% at age 20 to 2.50% at age 65	3.25% - 10.75% (includes inflation)
Blended discount rate of return	7.45%	3.96%
Investment rate of return	7.45 percent, net of investment expenses, including inflation	6.00 percent, net of investment expenses
Health care cost trends	-5.23% - 6.00% initial, 4.00% ultimate	10.00% initial, 3.25% ultimate in 2029

	STRS - as of 6/30/17	OPERS - as of 12/31/17
Inflation	2.50%	3.25%
Salary increases	12.50% at age 20 to 2.50% at age 65	3.25% - 10.75% (includes inflation)
Blended discount rate of return	4.13%	3.85%
Investment rate of return	7.45 percent, net of investment expenses, including inflation	6.50 percent, net of investment expenses
Health care cost trends	6.00% - 11.00% initial, 4.50% ultimate	7.50% initial, 3.25% ultimate in 2028
Cost-of-living adjustments	0% effective July 1, 2017	

<u>STRS</u>

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.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

STRS (Continued)

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members. Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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. 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.

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

Discount Rate

STRS

The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2018. 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.

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 health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031.

(DOLLARS IN THOUSANDS)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2031, and the municipal bond rate was applied to all health care costs after that date.

Target Investment Allocation and Long-term Expected Real Rate of Return

STRS as of 6/30/2018			OPERS as of 12/31/2018		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Fixed Income	34.00%	2.42%
International Equity	23.00%	5.30%	Domestic Equity	21.00%	6.21%
Alternatives	17.00%	4.84%	Real Estate	6.00%	5.98%
Fixed Income	21.00%	0.75%	International Equity	22.00%	7.83%
Real Estate	10.00%	3.75%	Other Investments	17.00%	5.57%
Liquidity Reserves	1.00%	0.00%			
Total	100.00%		Total	100.00%	

STRS as of 6/30/2017			OPERS as of 12/31/2017		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Fixed Income	34.00%	1.88%
International Equity	23.00%	5.30%	Domestic Equity	21.00%	6.37%
Alternatives	17.00%	4.84%	Real Estate	6.00%	5.91%
Fixed Income	21.00%	0.75%	International Equity	22.00%	7.88%
Real Estate	10.00%	3.75%	Other Investments	17.00%	5.39%
Liquidity Reserves	1.00%	0.00%			
Total	100.00%		Total	100.00%	

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rate – The following presents the net OPEB liability of the University, calculated using the current discount rate listed below, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate. Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1.00 percentage point lower and higher than the current rate.

(DOLLARS IN THOUSANDS)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan	1.00 percent decrease			Current discount rate			1.00 percent increase		
STRS 6/30/2018	6.45%	$	(11,357)	7.45%	$	(13,251)	8.45%	$	(14,843)
OPERS 12/31/2018	2.96%		200,250	3.96%		156,522	4.96%		121,747
Total		$	188,893		$	143,271		$	106,904

Plan	1.00 percent decrease		Current health care trend rate		1.00 percent increase	
STRS 6/30/2018	$	(14,753)	$	(13,251)	$	(11,726
OPERS 12/31/2018		150,452		156,522		163,513
Total	$	135,699	$	143,271	$	151,787

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued STRS and OPERS financial report.

Payable to the OPEB Plan – The University did not have a payable to the OPEB plans as of June 30, 2019 and 2018.

Assumption Changes Since the Prior Measurement Date

STRS

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

Benefit Term Changes Since the Prior Measurement Date

STRS

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

NOTE 11 CONTINGENCIES AND COMMITMENTS

In the normal course of its activities, the University is a party to various legal actions. The University intends to vigorously defend itself against all claims and is of the opinion that the outcome of current legal actions will not have a material effect on the University's financial position.

The University participates in the Inter-University Council Insurance Consortium (IUC-IC). Since 1994, the IUC-IC Universities have purchased their property and casualty insurance on a group basis. The IUC-IC formalized their pooling in 2006 and created the Board of Governors. The Board of Governors is comprised of representatives from each University and is the decision making body for insurance issues of the group programs. There are three committees related to the insurance program that report to the Board of Governors: Underwriting, Loss Control, and Audit. Underwriting and Loss Control have representation from each University. In 2009, a director was hired to coordinate the activities of the IUC-IC and act as a facilitator to other IUC committees and university departments to address insurance and risk related issues.

Through the IUC-IC group, the University maintains property insurance with a $100 deductible and a pre-funded group pool deductible of $350 per occurrence; with an annual group aggregate stop-loss of $700. Total insurable value for the University of Toledo is approximately $3,102,000.

The casualty portion of the IUC-IC program provides educator's legal liability, general liability and other miscellaneous coverage, and includes a $100 deductible. There is also a casualty group pool fund with dedicated limits for each member totaling $10,000 which consists of $1,000 by the members and $9,000 from reinsurance. Finally, there are general liability shared excess limits totaling $40,000. The educator's legal liability coverage has shared excess limits totaling $15,000 in excess of the pool. The University's contributions to IUC for property and casualty coverage totaled $1,042 and $1,088 for 2019 and 2018, respectively.

The University participates in a state pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund (the Plan), which pays workers' compensation benefits to beneficiaries who have been injured on the job. Losses from asserted and unasserted claims for the participating state agencies and universities in the Plan are accrued by the Ohio Bureau of Workers' Compensation (the Bureau) based on estimates that incorporate the preceding five-year experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Participants in the Plan annually fund the workers' compensation liability based on rates set by the Bureau to collect the cash needed in subsequent fiscal years to pay the workers' compensation claims of participating state agencies and universities.

The University is also self-insured for unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University for outstanding claims and claims incurred but not reported under self-insurance programs have been based on the University's experience and actuarial valuation. The estimated value of these claims was $5,596 and $5,711 as of June 30, 2019 and 2018, respectively. Settlements have not exceeded insurance coverage in each of the past three years.

NOTE 11 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Academic Affiliation Agreement

On August 26, 2015, the University and ProMedica Health System (ProMedica) entered into an academic affiliation agreement for a period of 50 years. ProMedica is a nonprofit health system located in Toledo, Ohio, with facility locations in northwest Ohio and southeast Michigan. The agreement aligns the University's University of Medicine and Life Sciences with ProMedica to collaborate and support training of physicians and other healthcare professionals; achieve physician synergies; train the next generation of healthcare providers; extend academic and research capabilities to the community; and support the academic, training, and research missions of the University and its faculty.

As part of the agreement, ProMedica committed to a $40 million initial investment in the University of Medicine and Life Sciences which was paid in three installments. ProMedica will also make annual academic affiliation investments to support the academic mission of the University of Medicine and Life Sciences that will range from $12.5 million to $50 million over a five-year transition period beginning on July 1, 2016. After the transition period, annual academic affiliation payments will be based on ProMedica's annualized patient service revenue and is expected to be at least $50 million. ProMedica is also committing $250 million in capital spending to enhance the academic mission of the University of Medicine and Life Sciences.

NOTE 12 RELATED PARTY TRANSACTIONS

During fiscal year 2019, the University transferred an endowment fund in the amount of $1,153 and a loan fund in the amount of $1,573 to the Foundation as requested by the originators of the respective funds. During fiscal year 2018, the University transferred an endowment fund in the amount of $515 to the Foundation as requested by the fund originators.

During fiscal year 2019, the Foundation Real Estate Corporation transferred land to the University in the amount of $2,733.

At its March 2016 meeting, the Foundation board of trustees approved funding by the pooled investment portfolio of up to $6 million for University capital projects. This 10-year loan was approved by the University in July 2016 with the first draw in August 2016. The balance owed to the pool was $4,636 and $5,212 as of June 30, 2019 and 2018, respectively.

On March 30, 2016, the University of Toledo entered into a Grantor Trust Agreement with the Foundation to allow the Foundation to hold title to 8,554.8 shares of VHA-VHC Alliance Newco, Inc. (now known as Vizient, Inc.). The purpose for this trust rests in the fact that Vizient, Inc. is a for-profit entity and Ohio law does not permit state entities to hold title or ownership interests in for-profit entities. The initial gift was recorded based on a valuation analysis of the common stock at $2,000 as of June 30, 2016, and a corresponding receivable was recorded by the University. The value at June 30, 2019 and 2018 is $2,013.

NOTE 12 RELATED PARTY TRANSACTIONS (CONTINUED)

During 2015, the Corporation purchased a residence for $922 and entered into a contract to renovate the residential property. Immediately following renovations, the Corporation and the University entered into a 20-year lease agreement commencing on July 1, 2015 and terminating on June 30, 2035 with four additional five-year renewal options. The lease agreement was amended and restated on January 1, 2016 and the annual lease income was restated to one dollar per year.

The University leases office space to the Foundation for $58 annually during the 10-year renewal option period which commenced in April 2008.

During the years ended June 30, 2019 and 2018, the University paid $29,446 and $25,231, respectively, to UTP-CF primarily for wage expense where the University utilized UTP-CF's employees.

During the years ended June 30, 2019 and 2018, the University received $1,659 and $1,659, respectively, from UTP-CF for the hospital facility fee charged to patients in connection with professional services rendered in hospital-based clinics. The University also received $4,010 and $6,178 from UTP-CF for the years ended June 30, 2019 and 2018, respectively, as reimbursement for expenses paid on behalf of UTP-CF.

Accounts receivable from UTP-CF were $1,197 and $3,202 as of June 30, 2019 and 2018, respectively. Accounts payable to UTP-CF were $2,465 and $2,760 as of June 30, 2019 and 2018, respectively.

During the years ended June 30, 2019 and 2018, UTP-CF paid $1,378 and $710, respectively, to UTMAC LLC for professional liability insurance.

During the year ended June 30, 2019, UTMAC LLC declared and paid a dividend of $6,500 to UTP-CF. UTP-CF subsequently transferred the dividend to the University in support of the broader mission of the collective enterprise.

(DOLLARS IN THOUSANDS)

NOTE 13 FUNCTIONAL CLASSIFICATION OF EXPENSES

Operating expenses by functional classification for the year ended June 30, 2019 are summarized as follows:

	Payroll	Supplies	Services	Other	Total
Patient Services	$ 238,393	$ 82,528	$ 23,368	$ 17,921	$ 362,210
Instruction	199,231	4,160	2,681	6,038	212,110
Research	19,706	6,641	5,361	10,071	41,779
Public Service	4,406	238	2,112	1,566	8,322
Academic Support	28,440	3,129	7,871	3,186	42,626
Student Services	18,843	675	1,049	3,682	24,249
Institutional Support	62,945	532	18,245	516	82,238
Operation and Maintenance of Plant	14,147	3,001	1,458	12,699	31,305
Auxiliary Enterprises	22,483	3,476	22,902	17,328	66,189
	$ 608,594	$ 104,380	$ 85,047	$ 73,007	871,028
Student Aid					20,725
Depreciation					55,462
Provision for Bad Debts					1,448
Total Operating Expenses					$ 948,663

Operating expenses by functional classification for the year ended June 30, 2018 are summarized as follows:

	Payroll	Supplies	Services	Other	Total
Patient Services	$ 237,897	$ 81,471	$ 15,067	$ 20,150	$ 354,585
Instruction	193,730	4,608	3,410	6,291	208,039
Research	18,780	5,753	4,054	9,088	37,675
Public Service	3,817	217	1,657	730	6,421
Academic Support	23,089	2,249	11,199	3,684	40,221
Student Services	18,449	622	713	3,603	23,387
Institutional Support	(37,736)	236	15,549	(3,258)	(25,209)
Operation and Maintenance of Plant	13,827	3,956	1,436	17,627	36,846
Auxiliary Enterprises	21,420	3,859	20,560	17,662	63,501
	$ 493,273	$ 102,971	$ 73,645	$ 75,577	745,466
Student Aid					22,845
Depreciation					56,807
Provision for Bad Debts					2,195
Total Operating Expenses					$ 827,313

NOTE 14 UPCOMING PRONOUNCEMENTS

GASB Statement No. 84 – The GASB has issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2018. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments to determine whether an activity should be reported in a fiduciary fund in the financial statements. The University has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

GASB Statement No. 87 – The GASB has issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In other words, most leases currently classified as operating leases will be accounted for and reported in the same manner as capital leases. The University has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

GASB Statement No. 89 – The GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* which is effective for fiscal years beginning after June 30, 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. 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 for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The University has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

GASB Statement No. 90 – The GASB has issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, which is effective for fiscal years beginning after December 15, 2018. Statement No. 90 modifies previous guidance for reporting a government's majority equity interest in a legally separate organization by specifying that this type of interest should be reported as an investment if it meets the definition of an investment as prescribed in GASB 72. For all other holdings of a majority equity interest, a government would report the legally separate organization as a component unit, and the government or fund that holds the interest would report the asset using the equity method. The University has not yet determined the effect that the adoption of GASB Statement No. 90 may have on its financial statements.

NOTE 14 UPCOMING PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 91 – The GASB has issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2020. Statement No. 91 provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The University has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

THE UNIVERSITY OF TOLEDO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019 AND 2018
(DOLLARS IN THOUSANDS)

	2019		2018		2017		2016		2015	
Schedule of Pension Funding	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS
Plan year end	June 30, 2018	December 31, 2018	June 30, 2017	December 31, 2017	June 30, 2016	December 31, 2016	June 30, 2015	December 31, 2015	June 30, 2014	December 31, 2014
University's proportion of the collective net pension liability:										
Percentage	0.82%	1.19%	0.87%	1.29%	0.89%	1.35%	0.91%	1.38%	0.89%	1.34%
Amount	$ 181,318	$ 324,464	$ 206,268	$ 200,690	$ 297,264	$ 304,944	$ 251,992	$ 239,124	$ 217,575	$ 160,523
University's covered payroll	$ 82,947	$ 183,753	$ 85,069	$ 184,052	$ 83,626	$ 186,245	$ 85,398	$ 185,470	$ 82,208	$ 176,615
University's proportionate share of the collective pension liability as a percentage of covered payroll	218.60%	176.58%	242.47%	109.04%	355.47%	163.73%	295.08%	128.93%	264.66%	90.89%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	74.91%	75.29%	84.85%	66.78%	77.39%	72.09%	81.19%	74.71%	86.53%

	2019		2018		2017		2016		2015	
Schedule of Pension Contributions	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS
Statutorily required contribution	$ 13,473	$ 27,323	$ 13,178	$ 26,804	$ 13,431	$ 26,899	$ 13,162	$ 26,666	$ 13,840	$ 26,262
Contributions in relation to the actuarially determined contractually required contribution	$ 13,473	$ 27,323	$ 13,178	$ 26,804	$ 13,431	$ 26,899	$ 13,162	$ 26,666	$ 13,840	$ 26,262
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 84,059	$ 186,901	$ 82,939	$ 184,427	$ 85,062	$ 190,184	$ 83,566	$ 188,684	$ 85,403	$ 185,126
Contributions as a percentage of covered employee payroll	16.03%	14.62%	15.89%	14.53%	15.79%	14.14%	15.75%	14.13%	16.21%	14.19%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

(DOLLARS IN THOUSANDS)

Schedule of OPEB Funding	2019 STRS	2019 OPERS	2018 STRS	2018 OPERS
Plan year end	June 30, 2018	December 31, 2018	June 30, 2017	December 31, 2017
University's proportion of the collective net OPEB liability (asset):				
Percentage	0.82%	1.20%	0.87%	1.31%
Amount	$ (13,251)	$ 156,522	$ 33,878	$ 142,066
University's covered payroll	$ 82,947	$ 183,753	$ 85,069	$ 184,052
University's proportionate share of the collective net OPEB liability as a percentage of covered payroll	-15.98%	85.18%	39.82%	77.19%
Plan fiduciary net position as a percentage of the total OPEB liability	176.00%	46.33%	47.11%	54.14%

Schedule of OPEB Contributions	2019 STRS	2019 OPERS	2018 STRS	2018 OPERS
Statutorily required contribution	$ -	$ 31	$ -	$ 293
Contributions in relation to the actuarially determined contractually required contribution	$ -	$ 31	$ -	$ 293
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 84,059	$ 186,901	$ 82,939	$ 184,427
Contributions as percentage of covered payroll	0.00%	0.02%	0.00%	0.16%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

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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*

Board of Trustees
The University of Toledo
Toledo, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Toledo and the discretely presented component unit of The University of Toledo, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise The University of Toledo's basic financial statements, and have issued our report thereon dated October 15, 2019. The University is a component unit of the state of Ohio. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The University of Toledo'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 of Toledo's internal control. Accordingly, we do not express an opinion on the effectiveness of The University of Toledo'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.

Board of Trustees
The University of Toledo

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The University of Toledo'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Toledo, Ohio
October 15, 2019

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
The University of Toledo
Toledo, Ohio

Report on Compliance for Each Major Federal Program

We have audited The University of Toledo's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The University of Toledo's major federal programs for the year ended June 30, 2019. The University of Toledo's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, The University of Toledo 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.

Report on Internal Control Over Compliance

Management of The University of Toledo 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 of Toledo's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The University of Toledo'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Toledo, Ohio
October 15, 2019

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Agency / Program or Cluster	Federal CFDA #	Award Number	Passed-Through to Subrecipients	Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER				
U.S. Department of Education				
FSEOG	84.007			$ 945,123
Pell Grant	84.033			22,742,298
Federal Workstudy	84.033			866,249
Federal Teach Grant	84.379			105,238
Federal Direct Loans advances during fiscal year	84.268			130,187,358
Federal Perkins Loans outstanding balance at 07/01/2018	84.038			12,789,330
Total U.S. Department of Education				167,635,596
U.S. Department of Health and Human Services				
Disadvantaged Student Loans outstanding balance at 07/01/2018	93.342			192,110
Primary Care Loans outstanding balance at 07/01/2018	93.342			554,173
Nurse Faculty Loans outstanding balance at 07/01/2018	93.264	2 - E01HP12956		183,082
Nurse Faculty Loans advances during fiscal year	93.264	2 - E01HP12956		27,362
Total Department of Health and Human Services				956,727
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				**168,592,323**
RESEARCH AND DEVELOPMENT CLUSTER				
U.S. Department of Agriculture				
Biomonitoring of Nutritional and Environmental Stress in Plants	10.001	58-3607-4-026		69,382
Analysis of mechanisms involved in induction of abiotic and biotic stress tolerance	10.001	58-5082-6-012		144,835
Immune Evasion in Aquatic Rhabdoviral Pathogens	10.001	58-5090-6-057	160,965	253,389
Research Support Agreement-Acquisition of Goods and Services	10.001	58-5082-7-013		6,786
Biomonitoring of Iron Deficiency and Toxicity in Ornamental Plants	10.001	58-5082-8-011		12,401
A new technology for high yield conversion of biomass carbohydrates to furans for bioproducts	10.310	2018-67021-27953		29,525
Industry Clusters and Location of Agriculture: Establishing a Theoretical Base for Economic Development Practice Passed-Through From Rutgers University	10.310			7,436
Anti-Inflammatory and Anti-Oxidant Effects of Potato Anthocyanins -- Role of Gut Bacteria Passed-Through From Pennsylvania State University	10.310	5831-UT-USDA-4512		5,887
Total U.S. Department of Agriculture				529,641
Economic Development Administration				
The University of Toledo Rocket Fuel Fund	11.020	ED17HDQ0200013		194,631
Total Economic Development Administration				194,631
National Oceanic and Atmospheric Administration				
Trace Element Uptake in Grass Carp Otoliths Passed-Through From Ohio State University	11.417			44,747
Establishing Ecological Criteria and Thresholds for Monitoring Hydrologic Impacts on Old Woman Creek Wetland Funds Passed-Through From Ohio Department of Natural Resources	11.419			2,662
Building Resilient Shorelines: Phase 3 Passed-Through From Ohio Department of Natural Resources	11.419			(7,304)
Quantifying Nutrient Retention By Coastal Wetlands for Guiding Restoration and Management Passed-Through From Ohio Department of Natural Resources	11.419	NA14NOS4190145		75,244
Engaging Students and Teachers Through GLOBE: Authentic Watershed Studies in the Maumee and Lake Erie Watersheds	11.429	NA19NOS4290024		459
Linking process models and field experiments to forecast algal bloom toxicity in Lake Erie Passed-Through from Ohio State University	11.478			40,676
Total National Oceanic and Atmospheric Administration				156,484
U.S. Department of Defense				
Fatigue Properties of Aerospace Materials (Multiaxial Fatigue) Passed-Through From Technical Data Analysis	12.000			114,893
IDADSS II: Intelligent and Directed Antibiotic Decision Support System Passed-Through From Aptima, Inc.	12.000	#W81XWH-16-C-003		80,063
High Specific Power Multi-Junction Thin Film PV	12.114	FA9453-18-2-0037		431,566
Hybrid Solid and Gas Phase Deposition of Hydrogenated Silicon for Photovoltaics	12.300	N00014-15-1-0066		8,681
Development of Next Generation Physics and Circuit Simulation Gallium Nitride Power Transistor Models with Added Gate Reliability Analysis for Improved Normally Off Operation	12.300	N00014-16-1-3104		45,240
New experiments towards understanding shock sensitivity of energetic materials	12.300	N00014-16-1-2058		111,398
In Situ Investigations and Strategies for Addressing Extrinsic and Intrinsic Degradation Mechanisms in Perovskite Solar Cell Materials and Devices	12.300	N00014-17-1-2223		202,348
Fundamental and Applied WBGs Device Modeling Investigation for Next Generation Naval Applications	12.300	N00014-18-1-2676		93,454

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Federal Agency / Program or Cluster	Federal CFDA #	Award Number	Passed-Through to Subrecipients	Expenditures
Shear Fatigue Properties for Aerospace Materials Passed-Through From Technical Data Analysis	12.300	N68335-11-G-0033		(40,167)
A Novel Nuclear Interaction between Androgen Receptor and TM4SF3	12.420	W81XWH-17-1-0263		224,835
Early Intervention to Reduce Alcohol Misuse and Abuse in the Ohio Army National Guard Passed-Through From University Hospitals of Cleveland	12.420	W81XWH-14-2-0007		148,743
Pre-, Peri-, and Post-deployment Trajectories and Mechanisms of Psychopathology, Psychological Health and Resilience over 9 Years of Prospective Follow-up in the Reserves Passed-Through From University Hospitals of Cleveland	12.420	W81XWH-15-1-0080		43,210
Scalable, Single Step Melt Processing of Anion Exchange Membranes	12.431	W911NF-17-1-0362		(3,885)
Multifunctional Oxide Heterostructures for RF and Memory Devices Passed-Through From Dayton Area Graduate Studies Institute	12.800	RX3-UT-15-5		14,149
TRACR-T: Tool for Rapid Assessment of Cognitive Readiness in Teams Passed-Through From Aptima, Inc.	12.800	1151-1996 SLIN 002		118,250
TRACR-T: Tool for Rapid Assessment of Cognitive Readiness in Teams Passed-Through From Aptima, Inc.	12.800	1151-1996 SLIN 002		67,458
Lightweight Flexible Solar Cells	12.800	FA9453-11-C-0253		1,263,494
A Global Hybrid LES/RANS Model for	12.800	DAGSI RQ11-UT-19-2		23,420
Episodic Memory Reconstruction for UAV Behavior Explanation Passed-Through From Soar Technology	12.800			67,897
Total U.S. Department of Defense				3,015,047
U.S. Department of the Interior				
Electrospun Delivery to Enhance the Effectiveness of Immunocontraception Strategies in Equids Passed-Through From Ohio State University	15.229	L15AC00146		10,340
BLM Contract Solicitation L17PS00986: Production of PZP-22 Contraceptive Vaccine	15.229	L17PS00986		219,095
Distribution, Density, and Demography of Spotted Turtles, Eastern box Turtles, and Red-Headed Woodpeckers in Oak Openings of Ohio and Michigan Passed-Through From Ohio Department of Natural Resources	15.634			106,798
Distribution, Density, and Demography of Spotted Turtles, Eastern box Turtles, and Red-Headed Woodpeckers in Oak Openings of Ohio and Michigan Passed-Through From Michigan Department of Natural Resources	15.634			121,049
Use of existing fishery assessment	15.662			17,724
Field Component: Use of existing fishery assessment	15.662			13,382
Enhancement of Turtle Recruitment in the Kalamazoo River Passed-Through From U.S. Fish and Wildlife Service	15.658			61,051
Can health of aquatic wildlife indicate the quality of water resources? Passed-Through From Ohio State University	15.805	60066099		11,506
Determining the contribution of Maumee River fisheries production to western Lake Erie stocks	15.808	G14AC00030		3,739
Grass carp spawning potential in the Sandusky River basin	15.808	G15AC00148		(1)
Linking Fish to Lower Trophic Level Variability in Lake Huron (CSMI 2017)	15.808	G17AC00121		52,359
Vegetation Surveying in Support of Grass Carp Spawning Potential in the Sandusky River Basin	15.808	G17AC00404		106,836
Modeling the Response of Fish and Benthic Invertebrate Responses to Changes in Stream Flow and Land Use in the Cape Fear And Yadkin/Pee Dee River Basins	15.808	G17AC00271		9,207
Identification of Optimal Sites for Maumee AOC Restoration Actions in the Lower Maumee River	15.808	G19AC00077		33,013
Lake Huron Trophic Niche (CSMI 2017)	15.808	G19AC00090		10,155
Ichthyoplankton Community Ecology and Distribution in Lake St. Claire	15.808	G18AC00107		299,560
Lake Erie Live at Maumee Bay State Passed-Through From Great Lakes Commission	15.808	G18AC00279		582
Examination of Factors Influencing Lake Whitefish Recruitment in the Detroit River and Western Lake Erie	15.808	G16AC00345		89,507
Total U.S. Department of the Interior				1,165,902
U.S. Department of Justice				
Center for Student Advocacy & Wellness Passed-Through From Ohio Attorney General	16.575	2019-VOCA-132134816		205,194
Center for Student Advocacy & Wellness Passed-Through From Ohio Attorney General	16.575	2018-VOCA-109310273		91,166
Lucas County Reentry Program	16.812			17,696
Total U.S. Department of Justice				314,056
National Aeronautics and Space Administration				
A Snapshot WFC3 IR Survey of Spitzer/Hershel-Identified Protostars in Nearby Molecular Clouds	43.000			43,038
W014- TBD Passed-Through From Vantage Partners, LLC	43.000	W014 VPL-15-018		68,305
Radiative Feedback from Massive Stars as Traced by Multiband Imaging and Spectroscopic Mosaics Passed-Through From Space Telescope Science Institute	43.000	JWST-ERS-01288.021-A		1,802
The Nature of the Current Outburst of the Be Star HD 6226	43.001			177
H-alpha LEGUS: Unveiling the Interplay Between Stars, Star Clusters, and Ionized Gas	43.001	HST-GO-13773.001-A		10,630
Characterizing the Energetics of the Youngest Protostars; FIFI-LS Spectroscopy of Herschel-Identified Extreme Class 0 Objects in Orion	43.001	NAS2-97001		16,290
WFC3 Spectroscopy of Faint Young Companions to Orion Young Stellar Objects	43.001	HST-GO-13763.001-A		3,562

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Federal Agency / Program or Cluster	Federal CFDA #	Award Number	Passed-Through to Subrecipients	Expenditures
Mission Earth: Fusing GLOBE with NASA Assets to Build Systemic Innovation in STEM Education	43.001	NNX16AC54A	1,118,221	1,562,460
Mission Earth: Fusing GLOBE with NASA Assets to Build Systemic Innovation in STEM Education	43.001	NNX16AC54A		30,367
Contract NAS2-97001 Cycle Four General Investigator (GI) Research Proposal for the Stratospheric Observatory for Infrared Astronomy (SOFIA) Project Passed-Through From Universities Space Research Association	43.001	NAS2-97001		29,984
Planet Occurrence around Mid-M Dwarfs in the Kepler Field	43.001	RSA 1580638		9,506
Legacy HETG Spectrum of a Massive Star: Zeta Pup Passed-Through From Smithsonian Astrophysical Observatory	43.001	GO8-19011E		15,057
Constructing a Phase Diagram for the Interstellar Medium through the Analysis of O I Fine-Structure Excitations Passed-Through From Space Telescope Science Institute	43.001			10,186
The Cluster Population of UGC 2885	43.001			1,716
The 6 pc DASH: A WFC3 1.6 micron Survey of the Orion Integral Shaped Filament Passed-Through From Space Telescope Science Institute	43.001	GO Proposal 15141		9,873
Infrared Abundances and the Chemical Enrichment of the Universe	43.001	80NSSC18K0730		31,341
UV Laboratory Measurements of Oscillator Strengths, Radiative Lifetimes, and Dissociation Products of CH, C2, and CS Passed-Through From The University of California at Davis	43.001	A18-1779-S001		13,218
VPL-12-051 Multistage Turbomachinery Advanced Computational Tool Development W141_628 Passed-Through From Vantage Partners, LLC	43.001	NASA WO 141_628 Mod		181,016
GaN-Based Power Bus Converter with Autonomous Control for Deep Space Small Spacecraft Power Subsystems Passed-Through From Jet Propulsion Laboratory	43.001			16,599
DETECTION OF NON-THERMAL X-RAY EMISSION FROM GAMMA2 VELORUM Passed-Through From University of Maryland at Baltimore	43.001			8,203
Bow-shocks and Jets in the Far-IR:	43.001			61
A Spitzer, Herschel and WISE Census	43.001	80NSSC18K1564 P0000	955	6,443
WFC3 Imaging of 24 micron Dopout Prostairs in Orion	43.002	HST-GO-14695.001-A		1,876
Turbomachinery Computational Aero-Acoustics (CAA) Passed-Through From Vantage Partners, LLC	43.002	NNC12BA01B VPL-12-05		60,382
Turbomachinery Computational Aero-Acoustics (CAA) Passed-Through From Vantage Partners, LLC	43.002	NNC12BA01B VPL-12-05		106,661
Scalable production of boron nitride nano-sheets (BNNS) using compressible flow exfoliation	43.002	80NSSC18P2868		19,285
Development of Advanced Computational Tools for the Simulation of Multistage Turbomachinery in Support of Aeropropulsion Passed-Through From Vantage Partners, LLC	43.002	NNC12BA01B		262,682
Brown Dwarf and Exoplanet Weather Forecasts: Are Y Dwarfs Partly Cloudy? Passed-Through From Jet Propulsion Laboratory	43.002	1472480		11,739
Broad (OI) in Outflows: The GREAT Observations of Orion Protostars Passed-Through From Universities Space Research Association	43.002	NAS2-97001		16,179
A Spitzer/HST Case Study of Weather on a Y Dwarf	43.002	1530668		7,771
Hyperspectral Imager Atmospheric Correction	43.002	NNC15MF73P		26,180
Taming the Tepid Three	43.002			(3,843)
Planet Occurrence around Mid-M Dwarfs in the Kepler Field	43.002	RSA 1546069		28
Planet Occurrence around Mid-M Dwarfs in the Kepler Field	43.002	RSA 1559606		6,216
HST/WFC3 Spectroscopy of < 400 AU Companions to Orion Young Stellar Objects	43.002	HST-GO-14709.003-A		19,570
Modeling the dust formation and detecting PAHs around carbon-rich WR binaries	43.002			4,034
Exploring Far-IR Abundance Diagnostics in Nearby Galaxies Passed-Through From Universities Space Research Association	43.002	SOF-03-135		6,536
Advanced Aerospace Seals Research Passed-Through From Universities Space Research Association	43.002	NNC13BA10B_13TA85T.0		51,875
Microstructural Analysis and Structure Property Relationships in Advanced Metallic Materials Passed-Through From Universities Space Research Association	43.002	NNC13BA10B 04555.13T		75,499
Analysis and Testing of Advanced Materials and Structures (85T.08) Passed-Through From Universities Space Research Association	43.002	04555.13TA85T.05.00.C10		63,535
Aeroelastic Analysis for Boundary Layer Ingesting Inlet-Fan Passed-Through From Universities Space Research Association	43.002	04555.13TA85T.06.00.C10		68,718
Analysis for Future Aircraft Propulsion Systems Passed-Through From Universities Space Research Association	43.002	NNC13BA10B 04555.13T		36,360
Extended Durability of Materials in Aerospace Propulsion and Power Systems Passed-Through From Universities Space Research Association	43.002	04555.13TA85T.08.00.C10		60,292
High Temperature Materials and Coatings for Extreme Environments - OY3 Passed-Through From Universities Space Research Association	43.002	04555.13TA85T.18.00.C10		45,205
Development of Computed Tomography and Digital Radiography for Aerospace Materials and Facilities Operations Passed-Through From Universities Space Research Association	43.002	04555.13TA85T.23.00.C10		39,738
Advanced Aerospace Seals Research for Reimbursements Interagency Agreement With DARPA-OYr4 Passed-Through From Universities Space Research Association	43.002	04555.13TA91T28.00.C		17,411
Advanced Aerospace Seals Research for Reimbursable task Plan with Sierra Nevada Passed-Through From Universities Space Research Association	43.002	04555.13TA91T.31		17,172
Development of Computed Tomography and Digital Radiography for Aerospace Materials and Facilities Operations Passed-Through From Universities Space Research Association	43.002	04555 13TA85T.23.00.		116,391
Advanced Aerospace Seals Research Passed-Through From Universities Space Research Association	43.002	04555.13TA85T.01.00.		219,003
Microstructural Analysis and Structure Property Relationships in Advanced Metallic Materials Passed-Through From Universities Space Research Association	43.002	NNC13BA10B 04555.13T		214,541
Aeroelastic Analysis for Boundary Layer Ingesting Inlet-Fan Passed-Through From Universities Space Research Association	43.002	04555.13TA85T.06.00.		186,002
Analysis for Future Aircraft Propulsion Systems Passed-Through From Universities Space Research Association	43.002	NNC13BA10B 04555.13T		118,397

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Federal Agency / Program or Cluster	Federal CFDA #	Award Number	Passed-Through to Subrecipients	Expenditures
High Temperature Materials and Coatings for Extreme Environments - OY3 Passed-Through From Universities Space Research Association	43.002	04555.13TA85T.18.00.		132,410
Advanced Aerospace Seals Research for Reimbursements Interagency Agreement With DARPA-OYr4 Passed-Through From Universities Space Research Association	43.002	04555.13TA91T28.00.C		6,770
Extended Durability of Materials in Aerospace Propulsion and Power Systems Passed-Through From Universities Space Research Association	43.002	04555.13TA85T.05.00.		186,093
Analysis and Testing of Advanced Materials and Structures (85T.08) Passed-Through From Universities Space Research Association	43.002	NNC13BA10B_04555.13T		141,952
Ohio Space Grant Consortium (OSGC) Scholarships and Fellowships for Fellowships for 2006-2007 to University of Toledo	43.002			7,622
A Multiwavelength Study of the Nature of Diffuse Atomic and Molecular Gas Passed-Through From Space Telescope Science Institute	43.003	HST-GO-14173.001-A		646
Microgravity Crystal Growth for Improvement in Neutron Diffraction and the Analysis of Protein Complexes Passed-Through From Center for the Advancement of Science in Space	43.007	GA-2017-251		67,347
Driving the AGN Feedback Story With the Highest Resolution Observations Passed-Through From Space Telescope Science Institute	43.012	HST-HF2-51377.002-A		120,716
Total National Aeronautics and Space Administration				4,608,825
National Science Foundation				
Topic II: NSF I-Corps Site at The University of Toledo	47.041	1644631		23,004
Topic II: NSF I-Corps Site at The University of Toledo	47.041	1644631		7,416
CAREER: Photodirected Assembly of Custom-Designed Polyelectrolyte Complexes	47.041	CBET-1150908		20,363
PFI:AIR - TT: Low Cost Method for Harvesting Algal Biomass from Dilute Cultures	47.041	1500256		87,703
PFI:AIR - TT: High Yield Production of Furans from Biomass Hydrolysates using a Hybrid Enzyme- and Chemo-catalytic Technology	47.041	1500273		69,234
EAGER: TDM Solar Cells: Exploration of high open-circuit voltage and stable wide-bandgap Cu2BaSnS4 top cell for monolithic tandem cell applications	47.041	1665028		54,367
I-Corps: Computational Systems to Deliver Proper Injectable Treatments	47.041	1749053		2,688
Understanding the Role of Biofilm on Disinfection By-Product Formation and Fate in the Water Distribution System	47.041	CBET - 1236433		1,009
Understanding the Role of Biofilm on Disinfection By-Product Formation and Fate in the Water Distribution System	47.041	CBET - 1236433		(507)
I:/URC: Technology Innovation for Novel Cost-reducing and Quality Enhancing Musculoskeletal Therapies	47.041			45,432
NSF/DOE Solar Hydrogen Fuel: New metal oxides for efficient hydrogen production via solar water splitting	47.041	CBET-1433401		67,359
I:/URC: Technology Innovation for Novel Cost-reducing and Quality Enhancing Musculoskeletal Therapies	47.041			4,428
CM/Collaborative Research: Cloud MEMS: Cybermanufacturing of Micro-Electro-Mechanical Systems	47.041	CMMI 1643941		(1,064)
DMREF: Collaborative Research: Hard Coating Synthesis	47.041	1629239		27,006
Collaborative Research: Research Initiation: Factors Affecting Underrepresented Minority Student Success and Pathways to Engineering Careers at Majority and Minority Institutions.	47.041	1640553		29,444
GOALI/Collaborative: Engineering Biofilm Dynamics for Cyanotoxins in Biological Water Treatment	47.041	CBET1605185		95,810
I-Corps: Decision Support System For Risk Reduction in Health Care Facilities	47.041	1735683		(686)
I-CORPS: Bio-Inspired Predictive Engineering Analysis Tool	47.041	1737815		1,061
EAGER TDM Solar Cells: Towards Low Cost Manufacturing of 30% Monolithic Perovskite/CuInSe2 Tandems with Solution Processing and Novel Carbon Nanotube Tunnel Junctions	47.041	1665172		134,244
I Corps Phase State Water Sensor	47.041	1738721		4,072
I-Corps: Addressing Pulmonary Embo	47.041	1612607		(4,150)
I-CORPS Minimizing the risk of radi	47.041			24,355
I-Corp Node: Activating the Midwest I-Corps Network Passed-Through From University of Michigan	47.041	3004362736		38,415
I-Corps: 3-Dimensional Data Output from Remote Sensing Derived Algorithms	47.041	1741462		1,089
Role of Small Angle Grain Boundaries in CdTe Solar Cell Performance	47.041	NSF 1711534		52,820
4016Next Generation Ca-P Cements for Treating Vertebral-Body Fractures	47.041	1706513		104,196
Multifunctional Underwater Sealant with Long-Term Sustained Release Functionality	47.041	1701104		74,688
GOALI/Collaborative: Engineering Biofilm Dynamics for Cyanotoxins in Biological Water Treatment	47.041	CBET1605185		6,362
Electrochemical Interaction of Nano-Cerium Oxide Composites with Hydroxyl Radicals	47.041	1817294		78,444
Scalable Nanomanufacturing of Two-Dimensional Materials by High Speed Compressible Gas Flow Exfoliation	47.041	1762507		181,102
4016Next Generation Ca-P Cements for Treating Vertebral-Body Fractures	47.041	1706513		33,531
NSF I-Corps: Silver materials for antimicrobial coatings	47.041	1853675		41,784
GOALI/Collaborative: Engineering Biofilm Dynamics for Cyanotoxins in Biological Water Treatment	47.041	CBET1605185		3,844
CAREER: Dual Function Materials for Capture and Conversion of CO2 into Methanol and Higher Alcohols	47.041	1847391		52,709
PFI: AIR-IT REU Supplement	47.041	1500273		2,007

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Federal Agency / Program or Cluster	Federal CFDA #	Award Number	Passed-Through to Subrecipients	Expenditures
SEP: Earth-abundant solar cells as a sustainable solar energy pathway	47.049	CHE-1230246		3,478
SEP Collaborative: Alkaliphilic microalgae-based sustainable & scalable processes for renewable fuels and products	47.049	CHE-1230609		34,114
Creation of Tools for the Study of Oxidative Damage to Nucleic Acids	47.049	CHE 1309135		(1,107)
Collaborative Research: Variable Circumstellar Disks: Prevalence, Timescales, and Physical Mechanisms	47.049	AST-1412135		21,587
Stereoselective Construction of Difficult Glycosidic Linkages	47.049	1464787	29,403	102,127
DMREF: SusChEM: Collaborative Research: Rapid Design of Earth Abundant Inorganic Materials for Future PV's	47.049	1534686		97,475
The Birth and Death of Stellar Clusters: Uncloaking the Roles of Stars, Gas, and Physical Environment in Nearby Galaxies	47.049	1517819		73,908
Quantum Theories of Fundamental Atomic and Molecular Interactions and their applications	47.049	PHY 1607256		93,289
ATD: Collaborative Research: Spatio-temporal data analysis with dynamic network models	47.049	NSF 17-510 - 1830412		14,542
Lead free organic-inorganic halide perovskite ferroelectrics with large piezoelectric responses	47.049	1807818		8,665
RUI: Algebraic, Differential-Geometric, and Computational Aspects of Darboux Transformations in Classical and Super Settings Passed-Through From State University of New York	47.049	210-1146191-81168		25,099
Collaborative Research: Winter snow depth as a driver of microbial activity, nutrient cycling, tree growth and treeline advance in the Arctic	47.050	1503939		114,015
Collaborative Research: Winter snow depth as a driver of microbial activity, nutrient cycling, tree growth and treeline advance in the Arctic	47.050	1503939		34,149
Lake Erie Center for Fresh Waters and Human Health--BGSU NSF subaward Passed-Through From Bowling Green State University	47.050			18,355
CRII: III: Generative Models for Robust Real-Time Analysis of Complex Dynamic Networks	47.070	1755824		62,230
Collaborative Research: Gene Diversity of the VHS Fish Virus: Evolution of Cellular Immune Response and Pathogenesis	47.074	IOS-1354806	19,767	95,707
REU Site: Undergraduate Research and Mentoring-Using the Lake Erie Sensor Network to Study Land-Lake Ecological Linkages	47.074	1461124		8,977
08152017Molecular basis of plant parasitism by a galling insect	47.074			161,201
Plant perception of insect herbivoreres includes leaf vibrations caused by chewing. Passed-Through From University of Missouri-Columbia	47.074			29,233
Addressing Environmental ParticCost	47.074	1852245		68,091
RESEARCH - PGR: Elucidating Maize Gene Regulatory Networks to Accelerate Translational Genomics Passed-Through From Michigan State University	47.074	RC108100UTO		107,084
Addressing Environmental Challenges and Proposing Sustainable Solutions at the Lake Erie Land-Lake Interface	47.074	1852245		7,281
The Northern Ohio Alliance for Advancing Graduate Education in the Professoriate	47.076	1432878		32,725
The Northern Ohio Alliance for Advancing Graduate Education in the Professoriate	47.076	1432878		22,514
EXperiences in STEM and Computational Thinking: Improving Teaching and lEarning (EXCITE)	47.076	1741784	45,040	470,830
EXperiences in STEM and Computational Thinking: Improving Teaching and lEarning (EXCITE)	47.076	1741784		76,601
NURTURES Phase II: Expansion and Evaluation	47.076	1721059	83,999	728,926
Developing problem solving skills using student-generated problems that reverse engineer YouTube videos	47.076	1712186		97,874
NURTURES Phase II: Expansion and Evaluation	47.076	1721059		142,530
NURTURES Phase II: Expansion and Evaluation	47.076	1721059		4,200
Collaborative Research: IRES: Life Cycle Management and Ecosystem Services Applied to Urban Agriculture	47.079	OISE 1559394		15,351
Collaborative Research: IRES: Life Cycle Management and Ecosystem Services Applied to Urban Agriculture	47.079	OISE 1559394	3,600	16,903
Total National Science Foundation				4,151,533
U.S. Environmental Protection Agency				
Indoor Radon Passed-Through From Ohio Department of Health	66.032	04840022IR1219		24,342
4137Indoor Radon Passed-Through From Ohio Department of Health	66.032			16,217
Invasive Species Prevention from Retailers via Metagenetics, Supply Chains, and Public/Stakeholder Engagement	66.469	GL 00E01898	240,641	260,606
Invasive Invertebrate Species Prevention, Detection, and Control: A New Next Generation Sequencing Assay	66.469	GL-00E01289-0	15,159	22,342
Lake Erie Bathing Beach Monitoring Passed-Through From Ohio Department of Health	66.472			6,144
Lake Erie Bathing Beach Monitoring Passed-Through From Ohio Department of Health	66.472	CU00E52610-0		4,987
The University of Toledo Pollution Prevention Grant Proposal	66.708	NP00E02052 Mod 2	14,475	47,044
The University of Toledo Pollution Prevention Grant Proposal	66.708	NP-00E02363-0	1,250	21,300
Total U.S. Environmental Protection Agency				402,982
U.S. Department of Energy				
Transactive Campus Passed-Through From Battelle	81.000	439239		54,516
Ultra high-efficiency and low-cost halide perovskite-based thin-film solar cells Passed-Through From Alliance for Sustainable Energy LLC	81.000	DE-AC36-08GO28308		21,758
Optical Evaluation of Photovoltaic Module Materials for Thermal Management Passed-Through From Alliance for Sustainable Energy LLC	81.000	DE-AC36-08GO28308		36,271
Neutron Diffraction Studies of PLP Dependent Enzymes Passed-Through From Battelle	81.000	DE-AC05-00OR22725		22,941
Northern Ohio Building-to-Grid Integration Demonstration Project Passed-Through From Pacific Northwest National Laboratory	81.000	323688		5,292
Integrating and Optimizing Red Rock Biofuels' Feedstock Handling & Feed Systems Using State-of-the-Art Computational Tools Passed-Through From Alliance for Sustainable Energy LLC	81.000	NGZ-8-82127-01		51,559
Center for Hybrid Organic-Inorganic	81.000	XGJ-9-92008-01		23,825
Experimental Electron Density Distribution in Actinide Compounds - an Experimental Atoms in Molecules Approach	81.049	DE-SC0012403		55,936
A comprehensive strategy for stable, high productivity cultivation of microalgae with controllable biomass composition	81.087	DE-EE0008247	172,230	279,510
High-Performance Perovskite-Based Solar Cells Passed-Through From Duke University	81.087	DE-EE0006712		31,216
Crosscutting Recombination Metrology for Expediting VOC Engineering Passed-Through From Texas State University	81.087	17003-82647-1		47,985
Ultra-High Efficiency and Stable All-Perovskite Tandem Solar Cells	81.087	DE-EE0008753		2,775
Monolithically Integrated Thin-Film/Silicon Tandem Photoelectrodes for High Efficiency and Stable Photoelectrochemical Water Splitting. Passed-Through From University of Michigan	81.087	3004665465		19,855
Total U.S. Department of Energy				653,439

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Federal Agency / Program or Cluster	Federal CFDA #	Award Number	Passed-Through to Subrecipients	Expenditures
U.S. Department of Education				
Design, Develop, and Pilot Implementation of An Integrated Dual Licensure (Middle Grades and Intervention Specialist) Teacher Education and Master's Degree Program	84.027	011507-002		60,607
Making Connections: Preparing Teachers to Integrate STEM Passed-Through From Ohio Department of Higher Education	84.367	16-35		6,500
Making Connections: Preparing Teachers to Integrate STEM Passed-Through From Ohio Department of Higher Education	84.367	16-35		(1,100)
Total U.S. Department of Education				66,007
U.S. Department of Health and Human Services - National Institutes of Health				
Genetic Elements Controlling Blood Pressure Passed-Through From National Institutes of Health	93.000	5 - R01 - HL - 020176		67,826
Phase 1 Open Label Trial of the Safety, Tolerability, and Genitourinary and Pharyngeal Pharmacokinetics of Solithramycin Passed-Through From Clinical Research Management, Inc.	93.000	Task Order 008-13-00		(895)
Task Order 007 - CefiximeNIAID - DMID 12-0025	93.000	HHSN272200800026C		(4,854)
Computational Models for Fracture Prediction in Growing Rods Implanted in Pediatric Scoliotic Spines	93.103	HHSF223201610591P		24,351
Lake Erie Center for Fresh Waters and Human Health--BGSU NIH subaward Passed-Through From Bowling Green State University	93.113			9,102
The role of platelets in oral candidiasis	93.121	1 - R01 - DE - 027343		195,992
Multifunctional bone putty for craniomaxillofacial bone repair	93.121	R01 - DE - 023356		266,278
Novel Role for B-defensin 3 in the Regulation of Innate Lymphocytes and Oral Mucosal Immune Responses	93.121	R15 - DE - 026898		308,846
Cellular Mechanisms of Age Related Hearing Loss Passed-Through From National Institutes of Health	93.173	1 - R01 - DC - 016037		181
Neurobehavioral Moderators of Post-traumatic Disease Trajectories: Prospective MRI Study of Recent Trauma Survivors Passed-Through From New York University	93.242	13-A-00-001751-01		6,047
Study of early brain alterations that predict development of chronic PTSD Passed-Through From National Institutes of Health	93.242	R01 - MH - 110483	156,048	1,060,980
CO2 Inhalation enhances the lability of fear memory	93.242	R01 - MH - 113986	8,225	240,566
206463Cell-specific analysis of sub-kinomes in schizophrenia	93.242	R01 - MH - 107487		387,341
Educating a Community Within a Community: Mental Health First Aid and Green Zone Training at the University of Toledo and Beyond	93.243	1 - H79 - SM - 081323		23,220
How Non-Transcriptional IRF3 Prevents ALD	93.273	1 - R21 - AA - 02617		56,254
In Vivo Photoaffinity Labeling Using Casper Zebrafish for Target Identification Passed-Through From National Institutes of Health	93.279	R03 - DA - 045833		49,543
High throughput approaches to determining the lethality of synthetic psychoactive cathinones using Danio rerio larvae	93.279	1 - R03 - DA - 045350		76,512
Improved Methods for Synthesis of Biomedically Relevant Carbohydrates Passed-Through From Wayne State University	93.310	5U01GM125271-02		304,500
Anatomical-Functional Mapping of Enteric Neural Circuits	93.310	1OT2OD023859-1		(3,357)
Development of novel approaches for steroelective construction of glycosidic linkages Passed-Through From University of California - Santa Barbara	93.310	KK1807-1U01GM125289-		272,572
Anatomical-Functional Mapping of Enteric Neural Circuits	93.310	1OT2OD023859-1	997,263	2,091,919
Resource for Rat Genetic Models of Aerobic Capacity	93.351	5 - P40 - OD - 021331		568,575
TRIP13 AAA-ATPase overexpression in chromosomal instability and breast cancer Passed-Through From National Institutes of Health	93.393	3 - R01 - CA - 169500		52,116
Interplay between Dietary Fiber and Gut Microbiota in Hepatocellular Carcinoma	93.393	5 - R01 - CA - 219144	40,728	410,615
Histopathology correlated quantitative analysis of lung nodules with LDCT for early detection of lung cancer Passed-Through From University of Michigan	93.394	U01 - CA - 216459		5,742
Alteration of the miR-let-7c: Lin28 ratio as a predictor of therapy resistance in Prostate Cancer Passed-Through From National Institutes of Health	93.394	5 - R03 - CA - 198696		18,325

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YEAR ENDED JUNE 30, 2019

Federal Agency / Program or Cluster	Federal CFDA #	Award Number	Passed-Through to Subrecipients	Expenditures
Validation of LCRT Biomarker in Prospective Cohort Study by PRoBE Design-EDRN Passed-Through From Fred Hutchinson Cancer Research Center	93.394	: 0000921356		111,325
Entirely Carbohydrate Vaccine Constructs and Their Application in Probing Glycoim	93.395	5 - R01 - CA - 156661		(15,912)
MicroRNAs Modulate Therapy Resistance in Prostate Cancer Passed-Through From National Institutes of Health	93.395	7 - R21 - CA - 202404		168,553
Novel Ferroptotic Compounds to Target Mesenchymal Breast Cancer and Cancer Stem Cells Passed-Through From National Institutes of Health	93.395	1 - R15 - CA - 213185		113,900
Regulation of Invadopodia Formation by RhoG Specific GEFs and GAPs Passed-Through From National Institutes of Health	93.396	1 - R15 - Ca - 199101	936	73,486
RhoG Signaling in Invadopodia Passed-Through From National Institutes of Health	93.396	1 - R21 - CA - 194776		22,641
A Novel RhoG Protein Interaction Network in Invadopodia Passed-Through From National Institutes of Health	93.396	R03 - 5R03CA197227-02	5,317	35,095
Regulation of MLK3 by Oxidative stress in colon cancer cells Passed-Through From National Institutes of Health	93.396	1 - R15 - CA - 199164		153,882
Potential Role of the Novel Angiopoietin-like Protein RIFL/Angptl8 in Hepatocellular Carcinoma Passed-Through From National Institutes of Health	93.396	R03 - CA - 216153		40,214
Identification of novel regulators of invadopodia formation	93.396	R03 - CA - 234693		64,719
Emergency Department Case Manager	93.958	1900616		20,996
Ohio Opioid Analytics Project Passed-Through From Ohio State University	93.778	60064256		14,516
Ohio Opioid Analytics Project	93.778	60065948		72,943
Ohio State Opioid Response (SOR) Project Passed-Through From Mental Health and Recovery Services Board	93.778			11,142
Na/K-ATPase reduction in renal disease-related caridac dysfunction	93.837	R01 - HL - 105649		13,697
Antioxidant-PPARalpha interaction reduces adiposity	93.837	K01 - HL - 125445		207,040
Novel Roles of the TRPC3 Channel in Macrophage Functions: Implications in Atherosclerosis Passed-Through From National Institutes of Health	93.837	1 - R56 - HL - 125619	(2,060)	(12,785)
Counter Regulatory Mechanisms of Cardiotonic Steroids in Cardio-Renal Syndrome Passed-Through From National Institutes of Health	93.837	R01 - HL - 137004		465,103
Primary cilia dysfunction and cardiovascular complications in Polycystic Kidney Disease	93.837	1 - R15 - HL - 140523		143,702
Genetic, Epigenetic and Dietary Salt effects on Microbiota and Hypertension Passed-Through From National Heart, Lung & Blood Institute	93.837	R01 - HL - 143082		648,926
Myocardial Ischemia and Transfusion (MINT) Passed-Through From Rutgers University	93.839	MINT		9,255
Gfi1-mediated inhibition of the cytostatic effect of TGPb in the hematopoietic system Passed-Through From National Institutes of Health	93.839	R15 - HL - 135695		130,922
In vivo role of platelets in bacterial blood infection	93.839	R01 - HL - 122401		86,126
Role of complement regulator properdin in the interaction between platelets and leukocytes Passed-Through From National Institutes of Health	93.839	R01 - HL - 112937		231,669
B. burgdorferi motility and chemotaxis in the development of Lyme disease Passed-Through From East Carolina University	93.846	A12-0090-001		193
ICAM-1 in Augmenting Skeletal Muscle Growth Passed-Through From National Institutes of Health	93.846	1 - R15 - AR - 064858		(155)
Multi-faceted Approach to Modeling ACL Injury Mechanisms Passed-Through From Mayo Clinic	93.846			(7,592)
MicroRNA-based therapy for rheumatoid arthritis Passed-Through From Washington State University	93.846			5,118
A New Empirical Model of Deceased Donor Kidney Allocation Passed-Through From National Bureau of Economic Research	93.847	R21 - DK - 113626		24,209
Chemotaxis to islets based on cellular insulin receptor expression	93.847	R15 - DK - 103196		426
Molecular characterization of novel insulin sensitizers Passed-Through From Scripps Research Institute	93.847	R01 - DK - 105825		272
Molecular characterization of novel insulin sensitizers Passed-Through From Scripps Research Institute	93.847	R01 - DK - 105825		(25,272)
Nuclear Receptor Chaperones in Signaling and Metabolism	93.847	1R56DK111826-01A1		134,540
Optimization and Simulation of Kidney Paired Donation Programs Passed-Through From University of Michigan	93.847	R01 - DK - 093513		38,581
The Melanocortinergic pathway in glomerular disease	93.847	R01 - DK - 114006		394,418
Molecular characterization of novel insulin sensitizers Passed-Through From Scripps Research Institute	93.847	R01 - DK - 105825		215,694
Role of histone Methyltransferase EZH3 in Acute and Chronic Renal Injury Passed-Through From Rhode Island Hospital	93.847	R01 - 7017137411		6,981
A Multi-Center, Double-Blind, Randomized Study Comparing the Combined Use of Interferon Beta-1a and Glatiramer Acetate to Either Agent Alone in Patients with Relapsing Remitting Multiple Sclerosis (CombiRx-Phase III) Passed-Through From Mount Sinai School of Medicine - New York City	93.853	1 - U01 - NS - 045719		11,260
Understanding trehalose synthesis and utilization in mycobacteria	93.855	R01 - AI - 105084		607
Understanding trehalose synthesis and utilization in mycobacteria	93.855	R01 - AI - 105084		(2,201)
Paralysis of Nematode Parasites Passed-Through From National Institutes of Health	93.855	R15 - R15AI109573		43,351
Novel role of RNA signaling in cross-talk between autophagy and apoptosis Passed-Through From National Institutes of Health	93.855	1 - R15 - AI - 119980		31,166
Intravital assessment of B. burgdorferi immune clearance in skin Passed-Through From National Institutes of Health	93.855	5 - R01 - AI - 121970	6,729	422,548
Trehalose and Mycolic Acid Use in Mycobacteria	93.855	2 - R01 - AI - 105084		201,495
Trehalose and Mycolic Acid Use in Mycobacteria	93.855	2 - R01 - AI - 105084		232,512
Synthesis of natural product scaffold selectively active against dormant Mycobacterium tuberculosis	93.855	1R21AI135313-01A1	56,885	117,127
Virulence inducing signals of Vibrio cholerae	93.855	R21 - AI - 144567		26,295

Federal Agency / Program or Cluster	Federal CFDA #	Award Number	Passed-Through to Subrecipients	Expenditures
Biochemical and Crystallographic Characterization of Nocturnin Passed-Through From National Institutes of Health	93.859	1 - R15 - GM - 110679		43,726
Synthesis of Glycopeptide-based Cancer Antigen Vaccines Passed-Through From National Institutes of Health	93.859	R15 - GM - 094734		49,421
Synthesis of Glycopeptide-based Cancer Antigen Vaccines Passed-Through From National Institutes of Health	93.859	R15 - GM - 094734		63,864
Regulation of the Mitotic Checkpoint by Gsk3 Passed-Through From National Institutes of Health	93.859	R15 - GM - 120712		108,939
Physiological effects of FKBP51 and FKBP52 variants Passed-Through From Health Research, Inc.	93.859	R01 - GM - 119152		46,832
Molecular basis of apical protrusion organization and function in specialized epithelia	93.859	1 - R15 - GM - 131382		59,698
Diverse membrane affinities of Gy members deferentially modulate the GBy effectors and cell behaviors	93.859	1 - R15 - GM - 126455		51,514
Centrosome-localized tyrosine kinase JAK2 regulates cell proliferation	93.859	1R15GM131239-01		40,685
Identification of the Elusive NAADP Receptor	93.859	1 - R15 - GM - 131329	6,634	50,498
Diverse membrane affinities of Gy m	93.859	1 - R15 - GM - 126455		9,817
Intrarenal Arteries Sense N-formyl	93.859	R00 - GM - 118885		8,474
Modulation of Microtubule Dynamics in Axon Guidance Passed-Through From National Institutes of Health	93.865	1 - R15 - HD - 080512		31,751
Defective melanocortin signaling underlying T2D-associated erectile dysfunction Passed-Through From National Institutes of Health	93.865	R01 - HD - 081792		255,754
A Genome-wide Drosophila RNAi Screen for Regulators of Centrosome Reduction	93.865	R01 - 03 - HD087429		19,325
Developing an animal model to identify the role of the sperm centriole in fertility	93.865	R21		154,130
MicroRNA regulation of guidance receptors in axonal pathfinding	93.865	R15 - HD - 097620		56,948
A BBB-Permeable Neurotrophic Polysaccharide, Midi-GAGR	93.866	R21 - AG - 053590		63,828
Development of Attenuated Furoxans as Novel Therapies for Alzheimer's Disease Passed-Through From National Institutes of Health	93.866	5 - R01 - AG - 057598		489,686
Signal shaping via multiple allosteric sites on oligomeric muscarinic receptors Passed-Through From Pennsylvania State University	93.886	R56 - AG - 005214		60,547
Ryan White Part C (Title III) HIV E	93.918	H76 - HA - 00732		124,747
Healthy Start Initiative: Eliminating Racial/Ethnic Disparities Passed-Through From Lucas County Regional Health District	93.926	H49MC27825		(35)
Healthy Start Initiative: Eliminating Racial/Ethnic Disparities Passed-Through From Lucas County Regional Health District	93.926	H49MC27825		65,969
Healthy Relationships through Existing Support Groups Passed-Through From Lucas County Regional Health District	93.940	48-1-001-2-HP-06-13		-
Randomized Trial to Prevent Vascular Events in HIV - REPRIEVE" ("Study") under Grant Number 5U01HL123336-02 Passed-Through From Massachusetts General Hospital	93.837			10,291
Total U.S. Department of Health and Human Services - National Institutes of Health				13,037,434
U.S. Agency for International Development				
Randomized, Multicenter, Controlled Trial to Compare Best Endovascular versus Best Surgical Therapy in Patients with Critical Limb Ischemia	98.837			585
Total U.S. Agency for International Development				585
National Science Foundation				
Advancing Geospatial Thinking and Technologies in Grades 9-12: Citizen Mapping, Community Engagement, and Career Preparation in STEM	47.076	DRL-1433574		(2,695)
Total National Science Foundation				(2,695)
TOTAL RESEARCH AND DEVELOPMENT CLUSTER				**28,293,871**
TRIO CLUSTER				
U.S. Department of Education				
UT Student Support Services	84.042	P042A151332-18		266,275
Upward Bound Program	84.047	P047A171403 - 18		414,183
Upward Bound Program	84.047	P047A171403 - 18		87,248
Upward Bound Math & Science Program	84.047	P047M170558 - 18		54,076
Upward Bound Math & Science Program	84.047	P047M170558 - 18		208,011
Total U.S. Department of Education				1,029,793
TOTAL TRIO CLUSTER				**1,029,793**
MEDICAID CLUSTER				
U.S. Department of Health and Human Services				
UT Interprofessional Healthcare Provider Development	93.778	OMD201409		3,310
Cardi-OH	93.778	G-1819-05-0094/ RES5		97,846
Medicaid Equity Simulation Project MEDTAPP Providers As Allies In Equity And Care (PAEC) Passed-Through From Ohio State University	93.778	60068340		1,082,028
Total U.S. Department of Health and Human Services				1,183,184
TOTAL MEDICAID CLUSTER				**1,183,184**

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TOTAL MEDICAID CLUSTER				**1,183,184**
U.S. Department of Transportation				
Overhead Sign Failure Investigation Passed-Through From Ohio University	20.205			43,218
Evaluation of Reserve Shear Capacity of Bridge Pier Caps Using The Deep Beam Theory Passed-Through From Ohio Department of Transportation	20.205	30269		18,579
Total U.S. Department of Transportation				**61,797**
OTHER AWARDS				
U.S. Department of Defense				
ASEE SMART Program Team	12.631			11,139
Assessment of Team Dynamics Using Adaptive Modeling of Biometric Data Passed-Through From Dayton Area Graduate Studies Institute	12.800	RH3-UT-16-3		7,336
STARTALK CHELER Program for Chinese Heritage School Teachers and Administrators	12.900	H98230-18-1-0039		79,089
Total U.S. Department of Defense				97,564
U.S. Department of State - Bureau of Educational and Cultural Affairs				
Institute of International Education (Fulbright Programs)	19.401			32,556
Total U.S. Department of State - Bureau of Educational and Cultural Affairs				32,556
U.S. Department of Education				
DCTAG Award				97,430
Carl D. Perkins Grant Passed-Through From Ohio Department of Education	84.048	063099		(228)
Carl D. Perkins Grant Passed-Through From Ohio Department of Education	84.048	063099		20,718
CTE Teacher Preparation and Retention Passed-Through From Ohio Department of Education	84.048	VEPD-TPR-12-063099		(1,740)
CTE Teacher Preparation and Retention Passed-Through From Ohio Department of Education	84.048	VEPD-TPR-12-063099		1,473
CTE Teacher Preparation and Retention Passed-Through From Ohio Department of Education	84.048	VEPD-TPR-12-063099		75,075
BVR - Bureau of Vocational Rehabilitation	84.126			43,110
Graduate Studies Consortium for Listening and Spoken Language (GSCLSL) Passed-Through From University of Akron	84.325	01389-UT		3,613
Graduate Studies Consortium for Listening and Spoken Language (GSCLSL) Passed-Through From University of Akron	84.325	01389-UT		(1,933)
Project LEA: Leading Educators in Advancing Inclusive Early Education	84.325	H325D130075-17		25,440
Project LEA: Leading Educators in Advancing Inclusive Early Education	84.325	H325D130075-17		39,067
Great Start Higher Education (GSHE)	84.325	H325N180008		52,224
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Passed-Through From Ohio Department of Education				52,325
Total U.S. Department of Education				406,574
National Science Foundation				
University of Toledo - Proposal for NSF I Corps Site at The Bancroft Innovators Center	47.070	CNS-1322026		464
Total National Science Foundation				464
U.S. Department of Health and Human Services				
HRSA National Health Services	93.162			124,131
Child and Adolescent Psychiatry Residency and Training Program	93.000	402-12-100-14-013		170
Regional Comprehensive Genetics Services	93.073	04840011GS1219	93,060	107,349
AHEC Point of Service Maintenance and Enhancement Passed-Through From National Institutes of Health	93.107	6 - U77 - HP - 23072	1,040,371	1,177,015
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.153	H76HA00732-17-00		375,713
Increasing Access of Trauma-Informed Care by CPS-Involved Youth and Families Passed-Through From ProMedica Health System	93.243	1U97SM063115-02		50,104
Designed for DATA	93.243	1 - H79 - TI - 081657		33,650
NIOSH Training Grant Project: Industrial Hygiene-University Toledo Passed-Through From National Institutes of Health	93.262	T01 - OH - 008605		67,410
Regional Comprehensive Genetic Services Passed-Through From Ohio Department of Health - Federal Pass-Through Funds	93.558	04840011GS1118		1
Regional Comprehensive Genetic Services Passed-Through From Ohio Department of Health - Federal Pass-Through Funds	93.558	04840011GS1118		12,481
Project Open House-Better Child Care for the Student with Developmental Disabilities Passed-Through From Ohio Developmental Disabilities Planning Council	93.630	#17CH01SC18	5,300	24,715
Project Open House-Better Child Care for the Student with Developmental Disabilities Passed-Through From Ohio Developmental Disabilities Planning Council	93.630		1,597	21,119
Child Welfare Workforce Professional Education Program Passed-Through From Ohio Department of Jobs and Family Services	93.645	1501OHFOST		82,547
Child Welfare Workforce Professional Education Program Passed-Through From Ohio Department of Jobs and Family Services	93.658	1501OHFOST		10,000

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Federal Agency / Program or Cluster	Federal CFDA #	Award Number	Passed-Through to Subrecipients	Expenditures
Program Income Account for Ryan White Part D Passed-Through From University of Toledo Physicians	93.918			3,916
Program Income Account for Ryan White Part C Passed-Through From University of Toledo Physicians	93.918			3,909
Ryan White 340b Pharmacy Revenue Program UTMC	93.918			1,770,185
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program Passed-Through From National Institutes of Health	93.918	H76 - HA - 00732		1,487
Social Marketing Advertising CTR Passed-Through From Lucas County Regional Health District	93.940			30,352
Total U.S. Department of Health and Human Services				3,896,254
U.S. Department of Health and Human Services - National Institutes of Health				
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY) Passed-Through From National Institutes of Health	93.153	2 - H12 - HA - 24838		39,947
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY) Passed-Through From National Institutes of Health	93.153	H12 - HA - 24838		447,943
Total U.S. Department of Health and Human Services - National Institutes of Health				487,890
Corporation for National and Community Service				
Government Training (Americorp)	94.006			53,625
Total Corporation for National and Community Service				53,625
Other				
Global Minority Virtual Business Center	11.802	MB18OBD8020074		54,886
Military Service Center Student Support	12.000			1,191
The University of Toledo Program to Address Sexual Assault and Violence on Campus: UT Awareness & Prevention Project	16.525	2016-WA-AX-0005	20,996	31,179
University of Toledo Tax Controversy Clinic- Low Income Taxpayer Clinic Grant	21.008	19-LITC0439-01-00		16,340
Total other				103,596
TOTAL OTHER AWARDS				**5,078,523**
TOTAL FEDERAL EXPENDITURES			**$ 4,343,734**	**$ 204,239,491**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The University of Toledo under programs of the federal government for the year ended 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* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The University of Toledo, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of The University of Toledo.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions,* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The University has not elected to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

NOTE 3 ADJUSTMENTS AND TRANSFERS

During the year ended June 30, 2019, there were the following transfers of grant overpayments:

Transferred from	Amount	Transferred to
Federal Work Study	$ 351,274	FSEOG

NOTE 4 LOAN BALANCES

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule of federal expenditures. The balance of loans outstanding at June 30, 2019 consists of the following:

Cluster/Program Title	CFDA Number	Loan Balance
Federal Perkins Loans	84.038	$ 10,302,615
Nurse Faculty Loan Program	93.264	147,145
Disadvantaged Student Loans	93.342	203,407
Primary Care Loans	93.342	543,945
Total Loans Outstanding		$ 11,197,112

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported
3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes __x__ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.268, 84.379, 93.264, 93.342	Student Financial Assistance Cluster
93.107	Area Health Education Centers
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,069,415

Auditee qualified as low-risk auditee? __x__ yes ______ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

THE UNIVERSITY OF TOLEDO
STATUS OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

No prior year audit findings

OHIO AUDITOR OF STATE
KEITH FABER

UNIVERSITY OF TOLEDO

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 18, 2020