

# **The Ohio State University**

(A Component Unit of the State of Ohio)

**EIN: 31-6025986**

Financial Statements as of and for the years ended  
June 30, 2017 and 2016 and Report on Federal  
Financial Assistance Programs in Accordance with the  
OMB Uniform Guidance for the year ended June 30,  
2017





# Dave Yost • Auditor of State

Board of Trustees  
Ohio State University  
2040 Blankenship Hall  
901 Woody Hayes Drive  
Columbus, Ohio 43210

We have reviewed the *Report of Independent Auditors* of The Ohio State University, Franklin County, prepared by Pricewaterhouse Coopers LLP, for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

December 19, 2017

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**The Ohio State University**  
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**June 30, 2017 and 2016**

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## **Report of Independent Auditors**

To the Board of Trustees of  
The Ohio State University  
Columbus, Ohio:

### **Report on the Financial Statements**

We have audited the financial statements of the primary institution and of the aggregate discretely presented component units, which collectively comprise The Ohio State University (the "University"), appearing on pages 20 to 23, which consist of the statements of net position as of June 30, 2017 and June 30, 2016, the related statements of revenues, expenses and other changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. The University is 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 the 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 the 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the University'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 University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary institution and the aggregate discretely presented component



units of the University as of June 30, 2017 and June 30, 2016, and the respective changes in financial position and 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*

The accompanying management's discussion and analysis on pages 4 through 19, and the Required Supplementary Information on GASB 68 Pension Liabilities on page 88 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying other information on the long-term investment pool on pages 89 through 90 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedule of expenditures of federal awards for the year ended June 30, 2017 on pages 91 through 128 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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.





***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2017. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

November 6, 2017

## Management's Discussion and Analysis for the Year Ended June 30, 2017 (Unaudited)

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The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University (the "university") for the year ended June 30, 2017, with comparative information for the years ended June 30, 2016 and June 30, 2015. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

### About The Ohio State University

The Ohio State University is the State of Ohio's flagship research institution and one of the largest universities in the United States of America, with over 66,000 students, 7,000 faculty members and 25,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the university – which was originally known as the Ohio Agricultural and Mechanical College -- has grown over the years into a comprehensive public institution of higher learning, with over 200 undergraduate majors, 157 master's degree programs, 121 doctoral programs and seven professional degree programs.

The Ohio State University Wexner Medical Center is one of the the largest and most diverse academic medical centers in the country and the only academic medical center in central Ohio. As a part of the Wexner Medical Center, the Health System operates under the governance of The Ohio State University Board of Trustees and is comprised of seven hospitals and a network of ambulatory care locations. The Health System provides care across the spectrum from primary care to quaternary specialized care. Key clinical care locations and facilities at the Health System include:

- **University Hospital:** the Medical Center's full-service tertiary care facility that provides care to patients throughout the region.
- **Arthur G. James Cancer Hospital and Solove Research Institute:** one of only 41 National Cancer Institute-designated Comprehensive Cancer Centers. In fiscal 2015, the Arthur G. James Cancer Hospital and Solove Research Institute opened a new tower, which is a transformational facility that fosters collaboration and integration of cancer research and clinical cancer care.
- **Richard M. Ross Heart Hospital:** The Ross is home to OSU's Heart and Vascular program, ranked 26th out of nearly 5,000 hospitals around the country by US News and World Report.
- **OSU Harding Hospital:** provides the most comprehensive behavioral healthcare services in central Ohio.
- **University Hospital East:** a full service community hospital.
- **Dodd Hall:** a 60-bed inpatient rehabilitation facility.
- **Brain and Spine Hospital:** provides comprehensive neuroscience care to improve prevention, detection and treatment of brain and spine disorders.
- **Ambulatory Services:** a network of community-based primary and subspecialty care facilities.

The Health System provided services to approximately 61,700 adult inpatients and 1,764,000 outpatients during fiscal year 2017, 59,300 adult inpatients and 1,724,000 outpatients during fiscal year 2016, and 58,200 adult inpatients and 1,664,000 outpatients during fiscal year 2015.

## Management's Discussion & Analysis (Unaudited) - continued

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The university is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The university's 15 colleges, four regional campuses, the Wexner Medical Center and various academic support units operate largely on a decentralized basis. The Board approves annual budgets for university operations, but these budgets are managed at the college and department level.

The following financial statements reflect all assets, liabilities, deferred inflows/outflows and net position (equity) of the university, the Ohio State University Wexner Medical Center, the Ohio Agricultural Research and Development Center (OARDC) and the Ohio Technology Consortium (OH-TECH), which is an umbrella organization that includes the Ohio Academic Resources Network (OARnet), the Ohio Supercomputer Center and the Ohio Library and Information Network (OhioLINK). These entities constitute the "primary government" for financial reporting purposes. In addition, the financial statements include consolidated financial results for a number of "component units", which are legally separate entities that meet the financial accountability criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* and Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*.

The following component units are considered to "exclusively benefit" the university and are shown in a blended presentation with the primary government:

- The OSU Foundation (a fundraising foundation operating exclusively for the benefit of the university)
- OSU Health Plan (a non-profit organization – formerly known as OSU Managed Health Care Systems -- that administers university health care benefits)
- Oval Limited (captive insurer that provides medical malpractice coverage to university hospitals and physicians)

The GASB has indicated that, under the amended consolidation standards, the "exclusive benefit" criterion for blending is not met when a component unit provides services to parties external to the primary government. As a result, the university presents the following component units in a discrete presentation:

- OSU Physicians, Inc. (the practice group for physician faculty members of the Colleges of Medicine and Public Health)
- Campus Partners for Community Urban Redevelopment (a non-profit organization participating in the redevelopment of neighborhoods adjacent to the main Columbus campus)
- Transportation Research Center, Inc. (an automotive research and testing facility in East Liberty, Ohio)
- Dental Faculty Practice Association (the practice group for faculty members of the College of Dentistry)

Condensed financial information for both blended and discretely presented component units is provided in the Notes to the Financial Statements. The university is considered a component

## Management's Discussion & Analysis (Unaudited) - continued

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unit of the State of Ohio and is included in the State of Ohio's Comprehensive Annual Financial Report.

### About the Financial Statements

The university presents its financial statements in a "business type activity" format, in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements. Separate columns are presented for the primary institution (which includes the primary government and the blended component units), discretely presented component units and the total university. Unless otherwise specified, the amounts presented in this MD&A are for the primary institution.

The **Statement of Net Position** is the university's balance sheet. It reflects the total assets, deferred outflows, liabilities, deferred inflows and net position (equity) of the university as of June 30, 2017, with comparative information as of June 30, 2016. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at fair value. Capital assets, which include the university's land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net position is grouped in the following categories:

- Net investment in capital assets
- Restricted – Nonexpendable
- Restricted – Expendable
- Unrestricted

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

The **Statement of Revenues, Expenses and Other Changes in Net Position** is the university's income statement. It details how net position has increased (or decreased) during the year ended June 30, 2017, with comparative information for the year ended June 30, 2016. Tuition revenue is shown net of scholarship allowances, patient care revenue is shown net of contractual allowances, charity care and bad debt expense, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss) before capital contributions and additions to permanent endowments.

It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss" for state-supported colleges and universities. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use*

## Management's Discussion & Analysis (Unaudited) - continued

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*Proprietary Fund Accounting.* Operating expenses include virtually all university expenses, except for interest on long-term debt. Operating revenues, however, *exclude* certain significant revenue streams that the university and other public institutions have traditionally relied upon to fund current operations, including state instructional support, current-use gifts and investment income.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2017, with comparative information for the year ended June 30, 2016. It breaks out the sources and uses of university cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

Cash flows associated with the university's expendable net position appear in the operating and noncapital 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**, which follow the financial statements, provide additional details on the numbers in the financial statements. Behind the notes is a section that provides required supplementary information related to pensions and other information on the university's Long-Term Investment Pool.

### Financial Highlights and Key Trends

Total net position for the primary institution increased \$571 million in Fiscal Year 2017, primarily due to revenue growth and increases in operating margins for the OSU Health System and strong investment returns. University investments yielded \$601 million of net investment income, reflecting increases in fair value. On April 10, 2017, the university entered into a 50-year comprehensive energy management agreement with Ohio State Energy Partners and received a \$1.09 billion upfront payment upon settlement on July 6, 2017.

Demand for an Ohio State education remains strong, and student outcomes continue to improve. 66,046 students were enrolled in Autumn 2016, up 862 students compared to Autumn 2015. 94% of the freshmen enrolled in Autumn 2015 returned to OSU in Autumn 2016. Over the past five years, four-year graduation rates have been stable at 59%, and six-year graduation rates have increased from 80% to 84%.

The following sections provide additional details on the university's 2017 financial results and a look ahead at significant economic conditions that are expected to affect the university in the future.

## Management's Discussion & Analysis (Unaudited) - continued

### Statement of Net Position

<b>Summary Statement of Net Position</b> <i>(in thousands)</i>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash and temporary investments	\$ 2,230,609	\$ 1,971,929	\$ 1,782,051
Receivables, inventories, prepaids and other current assets	757,389	709,872	664,402
<b>Total current assets</b>	<b>2,987,998</b>	<b>2,681,801</b>	<b>2,446,453</b>
Restricted cash	666,032	802,707	375,425
Noncurrent notes and pledges receivable	108,073	106,629	118,257
Long-term investment pool	4,253,459	3,616,562	3,659,387
Other long-term investments	143,638	132,971	93,367
Capital assets, net of accumulated depreciation	4,883,584	4,852,433	4,803,242
<b>Total noncurrent assets</b>	<b>10,054,786</b>	<b>9,511,302</b>	<b>9,049,678</b>
<b>Total assets</b>	<b>13,042,784</b>	<b>12,193,103</b>	<b>11,496,131</b>
Deferred outflows	1,012,937	698,125	227,083
<b>Total assets and deferred outflows</b>	<b>\$ 14,055,721</b>	<b>\$ 12,891,228</b>	<b>\$ 11,723,214</b>
Accounts payable and accrued expenses	\$ 524,754	\$ 469,216	\$ 447,364
Deposits and advance payments for goods and services	223,880	216,372	261,537
Current portion of bonds, notes and lease obligations	651,984	658,418	655,919
Other current liabilities	87,708	94,883	76,788
<b>Total current liabilities</b>	<b>1,488,326</b>	<b>1,438,889</b>	<b>1,441,608</b>
Noncurrent portion of bonds, notes and lease obligations	2,640,142	2,714,842	2,186,090
Net pension liability	3,565,362	2,794,626	2,130,432
Other noncurrent liabilities	366,057	401,708	380,382
<b>Total noncurrent liabilities</b>	<b>6,571,561</b>	<b>5,911,176</b>	<b>4,696,904</b>
<b>Total liabilities</b>	<b>8,059,887</b>	<b>7,350,065</b>	<b>6,138,512</b>
Deferred inflows	471,288	587,150	693,251
Net investment in capital assets	2,259,207	2,282,647	2,340,342
Restricted:			
Nonexpendable	1,480,440	1,370,064	1,355,560
Expendable	1,195,515	908,953	993,000
Unrestricted	589,384	392,349	202,549
<b>Total net position</b>	<b>5,524,546</b>	<b>4,954,013</b>	<b>4,891,451</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 14,055,721</b>	<b>\$ 12,891,228</b>	<b>\$ 11,723,214</b>

During the year ended June 30, 2017, **cash and temporary investment** balances increased \$259 million, to \$2.23 billion, primarily due to strong operating margins at the OSU Health System. Amounts shown as restricted cash consist primarily of unspent proceeds from the General Receipts Bonds, which are being used to fund various capital projects. Restricted cash balances decreased \$137 million, to \$666 million at June 30, 2017, reflecting application of bond proceeds to capital projects. The Statement of Cash Flows, which is discussed in more detail below, provides additional information on sources and uses of university cash.

**Accounts receivable**, net of allowances, increased \$63 million, to \$576 million at June 30, 2017, primarily due to increases in patient care receivables of the Health System.

## Management's Discussion & Analysis (Unaudited) - continued

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The fair value of the university's **long-term investment pool** increased \$637 million, to \$4.25 billion at June 30, 2017. The increase is primarily due to a combination of \$552 million of net investment income and a \$250 million investment of Wexner Medical Center Health System cash in the pool. These increases were partially offset by distributions (\$167 million) and expenses (\$72 million). The long-term investment pool operates similar to a mutual fund, in that each named fund is assigned a number of shares in the pool. It includes the gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and operating funds which have been internally designated to function as endowments. The pool is invested in a diversified portfolio of equity and fixed-income securities, partnerships and hedge funds that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

The university has established a **securities lending program** through its custodian bank for the long-term investment pool. Securities loaned by the university are secured by collateral in the form of cash, equity, U.S. government obligations, and foreign government/private debt. The portion of this collateral that was received in cash totaled \$16 million and \$28 million at June 30, 2017 and 2016, respectively, and is reflected in the Statement of Net Position as a current asset and a corresponding current liability.

**Other long-term investments** are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation and long-term investments of operating funds. These investments increased \$11 million, to \$144 million, at June 30, 2017.

**Capital assets**, which include the university's land, buildings, improvements, equipment and library books, grew \$31 million, to \$4.88 billion at June 30, 2017. The university depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from 5 years (for computer equipment and software) to 100 years (for certain building components such as foundations).

In 2017, the university completed construction of the 116,000 square foot Jameson Crane Sports Medicine Institute. The \$38 million comprehensive sports medicine building is a state of art facility and the largest of its kind in the Midwest. The Institute houses 15 inter-disciplinary specialties and 160 sports medicine faculty and staff. Mount Hall underwent a 73,000 square foot, \$15 million renovation to house approximately 450 staff from the Office of the Chief Information Officer and Office of Distance Education. Four new aircraft hangars were constructed as part of the \$5 million initial phase of a \$20 million University Airport enhancement.

Major infrastructure improvements completed in 2017 included \$8 million related to the street and bridge maintenance across campus including Defiance Drive, walkways between buildings on West Campus, portions of Neil Avenue, Hagerty Drive, 18<sup>th</sup> Avenue, Service Annex Drives A-B, Woody Hayes, Herrick Drive, and the Herrick Drive Bridge over the Olentangy River.

In addition, several major construction projects are currently underway or in advanced planning stages, including:

## Management's Discussion & Analysis (Unaudited) - continued

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- Arts & Science Academic Buildings—The \$59 million project will renovate Pomerene, and Oxley Halls to accommodate academic programs. In addition, the Baker Commons enabling project renovated space to accommodate the Office of Disability Services staff who relocated from Pomerene. Pomerene and Oxley Halls are slated for completion in the spring of 2018.
- Covelli Multi-Sport Arena – The \$50 million project will construct a new multi-sport arena to house the men's and women's varsity volleyball teams, and fencing, wrestling, and gymnastics matches. The project is in the design phase and slated for completion in the spring of 2019.
- Marion Science and Engineering Building – A new \$15 million Science and Engineering building completed in July 2017 replaces an older facility, expands space for the engineering program and enhances the quality of the teaching and research on the Marion regional campus.
- Ohio Stadium Upgrades – The \$39 million project will include power upgrades, suite expansion and renovation, C-Deck restoration, and a suite and loge addition. The project is currently in the design phase and slated for completion for the summer of 2018.
- Student Athlete Development Center – The \$43 million project will construct a state-of-the-art athletic training center with new weight training and cardio conditioning for use by most of the university's sports programs. The project is in the design phase and slated for completion the summer of 2018.
- Schottenstein Center-North Expansion and Concourse Renovation – The \$32 million project will renovate the concourse walls and lighting and include an addition to the north end of the facility. The initial phase of the project is slated for completion in summer 2018.

University capital expenditures totaled \$415 million in 2017, including \$164 million of capital expenditures for the Wexner Medical Center Health System. The university's estimated future capital commitments, based on contracts and purchase orders, total approximately \$262 million at June 30, 2017.

**Accounts payable and accrued expenses** were up \$56 million, to \$525 million at June 30, 2017, primarily due to increases in accrued compensation and benefits (up \$33 million) and the accrual of a \$16 million fee related to the settlement of an interest-rate swap agreement associated with the comprehensive energy management agreement. **Deposits and advance payments for goods and services** increased \$8 million, to \$224 million. Increases in advance payments for sponsored programs were partially offset by reduction in unearned sales and service revenues.

University debt, in the form of **bonds, notes and capital lease obligations**, decreased \$81 million, to \$3.29 billion at June 30, 2017. The university did not issue any new bonds during 2017.



## Management's Discussion & Analysis (Unaudited) - continued

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The university's plant debt includes variable rate demand bonds that mature at various dates through 2044. GASB Interpretation 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation 1, outstanding principal balances on variable rate demand bonds may be classified as noncurrent liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. These obligations totaled \$588 million and \$596 million at June 30, 2017 and 2016, respectively.

GASB Statement No. 68 requires governmental employers participating in defined benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio. Under GASB 68, the university is required to record a liability for its proportionate share of the net pension liabilities of the retirement systems. The university's share of these **net pension liabilities** increased \$771 million, to \$3.57 billion at June 30, 2017. Total net pension liabilities increased at OPERS primarily due to a reduction in the discount rate used in the liability calculation (from 8% to 7.5%). Total net pension liabilities increased at STRS-Ohio primarily due to lower-than-projected investment returns. Net deferrals associated with pensions increased \$422 million, to \$975 million at June 30, 2017. These deferrals will be recognized as pension expense in future periods. Total pension expense recognized by the university increased \$255 million, to \$664 million in 2017. Total pension expense includes \$315 million of employer contributions and \$349 million in GASB 68 accruals.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on the university for pension funding. Although the liabilities recognized under GASB 68 meet the GASB's definition of a liability in its conceptual framework for accounting standards, they do not represent legal claims on the university's resources, and there are no cash flows associated with the recognition of net pension liabilities, deferrals and related expense.

Other (non-pension) **deferred inflows** consist primarily of the unamortized proceeds of the parking service concession arrangement. The parking deferred inflows, which totaled \$436 million at June 30, 2017, are being amortized to operating revenue on a straight-line basis over the 50-year life of the agreement. In addition, the deferred inflows include \$19 million of deferred gains on debt-related transactions.

**Prior-Year Highlights:** *In 2016*, the university issued \$600 million in taxable Fixed Rate General Receipts Bonds and \$31 million in tax-exempt Fixed Rate General Receipts Bonds.

## Management's Discussion & Analysis (Unaudited) - continued

Net pension liabilities increased \$664 million, to \$2.79 billion, reflecting increases in actuarial liabilities and decreases in fiduciary net position for both STRS-Ohio and OPERS. Cash and temporary investment balances increased \$190 million, to \$1.97 billion, primarily due to strong operating margins at the OSU Health System. **In 2015**, the university implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of the new standard resulted in a \$2.16 billion reduction in the university's opening unrestricted net position. The net pension liability recognized by the university at June 30, 2015 was \$2.13 billion. Capital assets grew \$310 million, to \$4.80 billion, as the university completed several large projects and continued work on the North Residential District Transformation (NRDT).

### Statement of Revenues, Expenses and Other Changes in Net Position

Summary of Revenues, Expenses and Changes in Net Position <i>(in thousands)</i>			
	2017	2016	2015
Operating Revenues:			
Tuition and fees, net	\$ 927,317	\$ 884,805	\$ 850,289
Grants and contracts	677,361	630,858	657,238
Auxiliary enterprises sales and services, net	309,497	261,761	261,351
OSU Health System sales and services, net	2,853,177	2,625,075	2,357,824
Departmental sales and other operating revenues	204,091	173,882	181,532
Total operating revenues	<u>4,971,443</u>	<u>4,576,381</u>	<u>4,308,234</u>
Operating Expenses:			
Educational and general	2,488,642	2,359,243	2,238,015
Auxiliary enterprises	313,185	254,137	248,879
OSU Health System	2,595,797	2,251,030	1,970,124
Depreciation	374,615	351,901	335,881
Total operating expenses	<u>5,772,239</u>	<u>5,216,311</u>	<u>4,792,899</u>
Net operating loss	(800,796)	(639,930)	(484,665)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	473,061	456,063	435,824
Gifts - current use	181,212	156,737	163,800
Net investment income (loss)	600,701	(10,513)	173,295
Grants, interest expense and other non-operating	(38,854)	(11,135)	25,699
Net non-operating revenue	<u>1,216,120</u>	<u>591,152</u>	<u>798,618</u>
Income (loss) before other changes in net position	415,324	(48,778)	313,953
State capital appropriations	68,270	36,381	40,868
Private capital gifts	26,762	10,422	1,688
Additions to permanent endowments	52,458	64,537	62,295
Capital contributions and other changes in net position	7,719	-	-
Total other changes in net position	<u>155,209</u>	<u>111,340</u>	<u>104,851</u>
Increase in net position	570,533	62,562	418,804
Net position - beginning of year	4,954,013	4,891,451	6,637,119
Cumulative effect of accounting change	-	-	(2,164,472)
Net position - end of year	<u>\$ 5,524,546</u>	<u>\$ 4,954,013</u>	<u>\$ 4,891,451</u>

**Net tuition and fees** increased \$43 million, to \$927 million in 2017, primarily due to a 6% increase in non-resident enrollments and a 5% increase in the non-resident surcharge. Resident enrollments were flat. The university did not increase its undergraduate instructional and mandatory fees for fiscal 2017.

## Management's Discussion & Analysis (Unaudited) - continued

Operating **grant and contract revenues** increased \$47 million, to \$677 million in 2017. Federal grant and contract revenues were up \$11 million, to \$324 million, reflecting increases in federal sponsored programs. State grants and contract revenues were up \$7 million, to \$77 million, reflecting increases in research grants from several state agencies. Private grant and contract revenues increased \$27 million, to \$254 million, primarily due to increases in grants to the College of Medicine.

**Educational and general expenses** increased \$129 million, or 5%, to \$2.49 billion in 2017. Additional details are provided below.

Educational and General Expenses <i>(in thousands)</i>			
	2017	2016	2015
Instruction and departmental research	\$ 1,006,411	\$ 994,287	\$ 940,105
Separately budgeted research	497,508	444,077	434,624
Public service	175,101	160,281	131,358
Academic support	222,043	207,688	192,140
Student services	108,041	103,784	100,229
Institutional support	254,782	227,157	230,749
Operation and maintenance of plant	94,687	101,007	95,866
Scholarships and fellowships	130,069	120,962	112,944
Total	<u>\$ 2,488,642</u>	<u>\$ 2,359,243</u>	<u>\$ 2,238,015</u>

The overall increase in educational and general expense is related to GASB 68 pension accruals. These accruals are allocated to functional expense lines in the Statement of Revenues, Expenses and Other Changes in Net Position, based on pension-eligible salaries. Excluding these accruals, total educational and general expenses were relatively flat, increasing \$8 million in 2017. Scholarships and fellowships, net of amounts shown as reductions of tuition and auxiliary revenues, increased \$9 million, to \$130 million in 2017, reflecting increases in unrestricted (university-funded) student financial aid.

Total **auxiliary revenues** increased \$48 million, to \$309 million in 2017, primarily due to an increase in beds in the North Residential District and additional meal plans sold to second-year students, who are now required to live in the campus dorms. **Auxiliary expenses** increased \$59 million, to \$313 million, primarily due to increases in housing and dining costs.

**Health System** operating revenues grew \$228 million, to \$2.85 billion in 2017. Operating expenses (excluding depreciation, interest and transfers) increased \$345 million, to \$2.60 billion. An in-depth look at the Health System, as presented in their stand-alone financial statements, is provided below.

The Health System operates over 1,300 inpatient beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. The Wexner Medical Center delivers superior patient care, quality outcomes, and patient safety and has been recognized by US News and World Report for 25 consecutive years as one of "America's Best Hospitals" and has seven nationally ranked specialties and is one of only a handful of hospitals in the country ranked in multiple specialties. Less than 1% of hospitals in the country achieved that honor. The Wexner Medical Center was selected by Becker Hospital Review for its 2017 list of "100

## Management's Discussion & Analysis (Unaudited) - continued

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Great Hospitals in America" for excellence in patient care and clinical research, leadership in innovations and ranking and awards. The Health System is proud to be the first health system in central Ohio to have a hospital achieve Magnet Recognition, one of the highest honors awarded for nursing excellence. The Ross Heart Hospital, University Hospital, and the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute are all designated Magnet hospitals. The Health System works with a strong physician group that provides exceptional patient care. Physicians at the Wexner Medical Center were selected by Castle Connolly because they are among the very best in their specialties.

In fiscal 2017, the Health System continued its expansion strategy by opening Outpatient Care Upper Arlington, The Jameson Crane Sports Medicine Institute, and the Brain and Spine Hospital. The Outpatient Care Upper Arlington facility will provide high quality and convenient health services from disease prevention and primary care to highly specialized women's health services and beyond. The Jameson Crane Sports Medicine Institute is the Midwest's largest and most advanced sports medicine facility and is the home of innovation and discovery in helping people improve their athletic performance, recover from injury and prevent future injuries. The new state of the art complex integrates research, teaching, clinical care, and performance training under one roof. The Brain and Spine Hospital is home to central Ohio's top-ranked Neurology and Neurosurgery program. The new Brain and Spine Hospital combines the talent and resources of doctors and researchers at the Wexner Medical Center's Neurological Institute in one comprehensive hospital. It includes specialized units for stroke care, neurotrauma and traumatic brain injuries, spinal cord injuries and spine surgery, epilepsy, chronic pain, acute rehabilitation, and neurosurgery.

The largest development project (Medical Center Expansion) in the history of The Ohio State University was completed in fiscal 2015. Included in Medical Center Expansion was the construction of the new Arthur G. James Cancer Hospital and Richard J. Solove Research Institute ("The James"). The new tower is a transformational facility that fosters the collaboration and integration of cancer research and clinical cancer care. The James is the largest cancer hospital in the Midwest and the third largest in the nation. The new 21-level tower opened in December of fiscal year 2015.

In 2017, the Health System continued with the Medical Center mission of "improving people's lives through innovation in research, education and patient care" and remained financially sound due to solid activity levels and strong expense management. Inpatient admissions increased 3.9% compared to the prior year. Outpatient visits increased 2.3% and total observation patients increased 6.5% over the previous year. Outpatient visits experienced significant growth specific to Surgical, Radiation Oncology, Rehab Services, Radiology, and Chemotherapy. The Health System continued its ambulatory expansion strategy with the opening of the Upper Arlington outpatient facility in Kingsdale and The Jameson Crane Sports Medicine Institute this year. These new locations along with the outpatient rehabilitation program achieved significant growth of 20.7% over the prior year for Ambulatory Services.

The Health System experienced strong surgical volumes in 2017 and was 5.4% above the prior year activity. Service lines contributing to the growth in surgical volumes in 2017 were Cancer, Transplant, Orthopedic Surgery, Trauma/Critical Care, Burn, Ophthalmology, and

## Management's Discussion & Analysis (Unaudited) - continued

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Urology. The growth in surgical volumes contributed to increases in admissions, revenues, and outpatient volumes

Total operating revenues grew \$225.1 million, or 8.6% from the prior year. The increases in operating revenues are a result of strong admissions, surgical volumes, and increased outpatient activities. Total operating revenues grew \$259.9 million, or 11.0% from 2015 to 2016. The increases from 2015 to 2016 are a result of the additional volumes related to Medical Center Expansion and the new James Cancer Hospital being open for the entire fiscal year and strong revenues related to the Retail Pharmacy.

Approximately 93% of total operating revenues are from patient care activities. Other operating revenues is composed of items such as reference labs, cafeteria operations, rental agreements and other sources. To ensure appropriate access and education for outpatients, the Health System opened the Retail Pharmacy in 2015 due to the increasing complexity and significantly growing number of specialty oral and self-administered pharmaceuticals available for cancer and non-cancer patients. The Retail Pharmacy contributed \$92.5 million of operating revenues in 2017, \$70.3 million in 2016, and \$32.7 million in 2015. To standardize care across the Neonatal Intensive Care Units in central Ohio, the Health System shares other revenue from Nationwide Children's Hospital management of the unit. The Neonatal Intensive Care Units contributed \$16.4 million of operating revenues in 2017, \$18.8 million in 2016, and \$14.7 million in 2015.

Operating expenses increased \$300.2 million, or 12.9% from 2016 to 2017. The increase in salaries and benefits from 2016 to 2017 is reflective of increased salaries and a larger workforce due to the additional volumes related to Brain and Spine Hospital, Jameson Crane Sports Medicine Institute, and Outpatient Care Upper Arlington as well as the continued growth at the James Cancer Hospital. Strong admissions, surgical volumes, and increased outpatient activities as well as higher Retail Pharmacy volumes contributed to the increase in supplies and drugs. The increase in purchased services from 2016 to 2017 is reflective of increased preventative maintenance costs for information technology and medical equipment as well as an increase in franchise fee for the hospitals. The increase in pension expense from 2016 to 2017 is related to the reduction in the discount rate used in the liability calculation and lower-than-projected investment returns.

Income before other changes in Net Position was \$215 million in 2017 compared to \$248.6 million in 2016. Pension expense was \$168.1 million in 2017 compared to \$63 million in 2016 reflecting annual accounting under GASB 68. Income before other changes in Net Position for clinical activities was \$383.2 million in 2017 compared to \$312.3 million in 2016 reflecting strong activities, a strong patient mix and maintaining expenses in line with activities throughout the Health System.

The Health System's other changes in net position for fiscal year 2017 includes Medical Center Investments of \$145.2 million reinvested back into research, education, and programs at the Medical Center. This compares to Medical Center Investments of \$125.3 million in 2016 and \$136.9 million in 2015. Additionally, other changes in net position include \$17.6 million for capital expansion and hospital projects for fiscal year 2017.

## Management's Discussion & Analysis (Unaudited) - continued

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Revenues and operating expenses of **OSU Physicians, Inc.** (OSUP), the University's central practice group for physician faculty members of the College of Medicine and Public Health, continued to grow in 2017. Total consolidated operating revenues increased \$9 million, to \$496 million, reflecting increases in patient volumes. Total consolidated OSUP expenses (excluding depreciation and interest) increased \$3 million to \$444 million in 2017. These figures are included in the Discretely Presented Component Units columns of the university's financial statements.

Total state operating support increased \$17 million, to \$473 million in 2017. **State share of instruction** increased \$23 million, or 6%, to \$385 million. This increase was partially offset by a \$6 million decrease in **state line-item appropriations**, to \$88 million in 2017.

**State capital appropriations** increased \$32 million, to \$68 million in 2017, reflecting funding for OH-Tech capital projects (\$16 million), the Pomerene Oxley Hall renovation (\$10 million) and the Newark Adena Hall renovation (\$3 million).

Total **gifts** to the university increased \$29 million, to \$260 million in 2017. Increases in current use and capital gifts were partially offset by a \$12 million decrease in endowment gifts. Several colleges and support units received gifts in excess of \$1 million in 2017, including Veterinary Medicine, Food Agricultural and Environmental Sciences, the Wexner Center for the Arts, the Comprehensive Cancer Center, the College of Medicine, the College of Arts and Sciences and the Fisher College of Business. Gift receipts from the annual Pelotonia ride increased \$1 million, to \$28 million in 2017. During 2017, over 267,000 alumni and friends made gifts to the university, up from 246,000 in 2016.

University investments yielded \$601 million of **net investment income** in 2017. The net investment income figure includes \$124 million of interest and dividend income and a \$477 million net increase in the fair value of university investments.

To start the fiscal year, the Brexit vote impacted world financial markets as the U.S. 10 year-treasury hit a low yield of 1.37% in the flight to quality that ensued. Over the rest of the year, world events and political uncertainty in the U.S. raised concerns about prospects for economic growth. Despite this backdrop, structural low world interest rates combined with low equity market volatility driven by solid corporate earnings and consumer confidence supported strong world equity market investment returns. The All Country World Equity Index returned +19.42% and the S&P500 generated a +17.90% for the fiscal year.

The University's Long-Term Investment Pool (LTIP) returned +14.5% for the fiscal year ending June 30, 2017. The LTIP outperformed on a relative basis to each of its individual benchmarks for its three major asset classes; global equities, fixed income and real assets. The LTIP is a diversified portfolio of investments designed to provide steady growth in a risk controlled structure.

**Interest expense on plant debt** increased \$27 million, to \$121 million in 2017, primarily due to an increase in interest expense related to the Series 2016A and 2016B bonds and a reduction in capitalized interest.

## Management's Discussion & Analysis (Unaudited) - continued

**Prior-Year Highlights:** *In 2016*, OSU Health System operating revenues increased \$267 million, to \$2.63 billion, reflecting additional volumes related to the Medical Center Expansion and the new James Cancer Hospital (2016 was the first full fiscal year of operations for these facilities). Educational and general expenses increased \$121 million, to \$2.36 billion. Approximately \$64 million of the overall increase in E&G expense was related to GASB 68 pension accruals. University investments yielded an \$11 million net investment loss. *In 2015*, the implementation of GASB 68 reduced beginning net position by \$2.16 billion. Excluding the effect of the GASB 68 accounting change, total net position for the primary institution increased \$419 million, reflecting revenue growth and increases in operating margins for the OSU Health System and \$173 million of net investment income. Other university operating revenues and expenses were relatively flat compared with 2014.

### Statement of Cash Flows

University Cash Flows Summary <i>(in thousands)</i>	2017	2016	2015
Net cash flows used in operating activities	\$ (100,589)	\$ (174,888)	\$ (113,426)
Net cash flows from noncapital financing activities	787,986	752,926	715,137
Capital appropriations and gifts for capital projects	82,982	46,511	53,092
Proceeds from capital debt	6,430	618,242	300,820
Payments for purchase or construction of capital assets	(414,606)	(428,966)	(610,776)
Principal and interest payments on capital debt and leases, net of federal Build America Bond interest subsidies	(192,914)	(190,501)	(146,095)
Net cash flows used in investing activities	(184,111)	(301,532)	(14,974)
Net increase (decrease) in cash	<u>\$ (14,822)</u>	<u>\$ 321,792</u>	<u>\$ 183,778</u>

University cash and cash equivalents decreased \$15 million in 2017. Net cash flows from operating and non-capital financing activities increased \$109 million, to \$687 million, as growth in receipts from sales and services, grants and contracts and gifts outpaced increases in operating disbursements. Total cash used by capital financing activities was \$518 million, reflecting capital expenditures and payments for debt service. Total cash used by investing activities was \$184 million, reflecting net purchases of temporary investments.

### Economic Factors That Will Affect the Future

In August 2017, university leadership introduced a new strategic plan “to make the next bold leap in Ohio State’s land-grant history of excellence and impact”. The strategic plan sets forth five pillars of focus:

- **Teaching and Learning** – Ohio State will be an exemplar of the best teaching, demonstrating leadership by adopting innovative, at-scale approaches to teaching and learning to improve student outcomes.

## Management's Discussion & Analysis (Unaudited) - continued

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- **Access, Affordability and Excellence** – Ohio State will further our position as a leading public university offering an excellent, affordable education and promoting economic diversity.
- **Research and Creative Expression** – Ohio State will enhance our position among the top national and international public universities in research and creative expression, both across the institution and in targeted fields – driving significant advances for critical societal challenges.
- **Academic Health Care** – The Ohio State University Wexner Medical Center will continue our ascent as a leading academic medical center, pioneering breakthrough health care solutions and improving people's lives.
- **Operational Excellence and Resource Stewardship** – Ohio State will be an exemplar of best practices in resource stewardship, operational effectiveness, and efficiency and innovation.

The strategic plan reinforces and builds on the priorities set in the 2020 Vision, which President Michael V. Drake established in 2015 to achieve inclusive excellence. Among other goals, the 2020 Vision established financial goals of generating \$400 million in support for the academic mission, including \$200 million in administrative efficiencies and \$200 million in new revenue from sources other than tuition or taxpayers.

The major themes for the university's 2018 budget are access, affordability and excellence.

The university introduced the Ohio State Tuition Guarantee for new first-year students, which provides incoming undergraduates with more certainty about college costs by setting rates for in-state tuition, mandatory fees, room and board for four years. For incoming freshmen on the Columbus campus, in-state tuition and mandatory fees increased 5.5%, but those rates will not change during a four-year education. Meanwhile, the university continued to freeze in-state tuition and mandatory fees for continuing students, who have not experienced an increase since 2012-13. The Board of Trustees also approved a 6% increase in housing rates and a 3% increase in dining fees.

At the same time, Ohio State has expanded financial aid by committing \$25 million to the President's Affordability Grant Program for 2017-18 and increasing the value of the Land Grant Opportunity Scholarship to cover the full cost of attendance. The President's Affordability Grants are funded through the university's administrative efficiency program.

Based on what is now known regarding the university's financial outlook, university management anticipates that Ohio State will maintain its sound financial position in Fiscal Year 2018. However, the university does face certain financial challenges, including a slowing state economy and uncertainties related to future federal funding for research. Despite these challenges and uncertainties, the university remains committed to executing its long-range



## Management's Discussion & Analysis (Unaudited) - continued

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strategic plan. By doing so, we believe that The Ohio State University will continue its progress towards becoming the world's preeminent comprehensive public university.

### Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the university, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the university expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The university does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF NET POSITION**  
**June 30, 2017 and June 30, 2016**  
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2017	2016	2017	2016	2017	2016
<b>ASSETS AND DEFERRED OUTFLOWS:</b>						
Current Assets:						
Cash and cash equivalents	\$ 584,928	\$ 463,075	\$ 125,725	\$ 87,001	\$ 710,653	\$ 550,076
Temporary investments	1,645,681	1,508,854	9,216	7,050	1,654,897	1,515,904
Accounts receivable, net	575,875	512,631	47,736	52,715	623,611	565,346
Notes receivable - current portion, net	25,231	22,798	84	2,780	25,315	25,578
Pledges receivable - current portion, net	33,718	35,322	-	-	33,718	35,322
Accrued interest receivable	20,058	19,295	-	-	20,058	19,295
Inventories and prepaid expenses	99,223	111,388	3,628	3,784	102,851	92,316
Investments held under securities lending program	15,949	27,589	-	-	15,949	27,589
Amounts due from (to) primary institution	(12,665)	(19,151)	12,665	19,151	-	-
<b>Total Current Assets</b>	<b>2,987,998</b>	<b>2,681,801</b>	<b>199,054</b>	<b>172,481</b>	<b>3,187,052</b>	<b>2,831,426</b>
Noncurrent Assets:						
Restricted cash	666,032	802,707	-	-	666,032	802,707
Notes receivable, net	35,723	41,083	2,664	443	38,387	41,526
Pledges receivable, net	72,350	65,546	-	-	72,350	65,546
Long-term investment pool	4,253,459	3,616,562	-	-	4,253,459	3,616,562
Other long-term investments	143,638	132,971	1,550	4,766	145,188	137,737
Capital assets, net	4,883,584	4,852,433	122,167	117,965	4,982,987	4,970,398
<b>Total Noncurrent Assets</b>	<b>10,054,786</b>	<b>9,511,302</b>	<b>126,381</b>	<b>123,174</b>	<b>10,158,403</b>	<b>9,634,476</b>
<b>Total Assets</b>	<b>13,042,784</b>	<b>12,193,103</b>	<b>325,435</b>	<b>295,655</b>	<b>13,345,455</b>	<b>12,465,902</b>
Deferred Outflows:						
Pension	991,559	675,709	155	124	991,714	675,833
Other deferred outflows	21,378	22,416	-	-	21,378	22,416
<b>Total Deferred Outflows</b>	<b>1,012,937</b>	<b>698,125</b>	<b>155</b>	<b>124</b>	<b>1,013,092</b>	<b>698,249</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 14,055,721</b>	<b>\$ 12,891,228</b>	<b>\$ 325,590</b>	<b>\$ 295,779</b>	<b>\$ 14,358,547</b>	<b>\$ 13,164,151</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION:</b>						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 524,754	\$ 469,216	\$ 25,204	\$ 23,116	\$ 549,958	\$ 492,332
Deposits and advance payments for goods and services	223,880	216,372	1,718	23,327	225,598	216,843
Current portion of bonds, notes and leases payable	63,624	61,983	946	811	64,570	62,794
Long-term bonds payable, subject to remarketing	588,360	596,435	-	-	588,360	596,435
Liability under securities lending program	15,949	27,589	-	-	15,949	27,589
Other current liabilities	93,357	91,977	-	1,980	93,357	93,957
Amounts due to (from) primary institution - current	(21,598)	(24,683)	21,598	24,683	-	-
<b>Total Current Liabilities</b>	<b>1,488,326</b>	<b>1,438,889</b>	<b>49,466</b>	<b>73,917</b>	<b>1,537,792</b>	<b>1,489,950</b>
Noncurrent Liabilities:						
Bonds, notes and leases payable	2,640,142	2,714,842	15,738	14,735	2,655,880	2,729,577
Net pension liability	3,565,362	2,794,626	382	366	3,565,744	2,794,992
Compensated absences	164,594	159,874	-	-	164,594	159,874
Self-insurance accruals	81,239	94,616	-	-	81,239	94,616
Amounts due to third-party payors - Health System	38,032	42,745	-	-	38,032	42,745
Obligations under annuity and life income agreements	30,473	29,276	-	-	30,473	29,276
Refundable advances for Federal Perkins loans	31,714	32,110	-	-	31,714	32,110
Other noncurrent liabilities	101,702	113,057	23,566	405	102,504	113,462
Amounts due to (from) primary institution - noncurrent	(81,697)	(69,970)	81,697	69,970	-	-
<b>Total Noncurrent Liabilities</b>	<b>6,571,561</b>	<b>5,911,176</b>	<b>121,383</b>	<b>85,476</b>	<b>6,670,180</b>	<b>5,996,652</b>
<b>Total Liabilities</b>	<b>8,059,887</b>	<b>7,350,065</b>	<b>170,849</b>	<b>159,393</b>	<b>8,207,972</b>	<b>7,486,602</b>
Deferred Inflows:						
Parking service concession arrangement	435,807	445,439	-	-	435,807	445,439
Pension	16,342	122,369	10	7	16,352	122,376
Other deferred inflows	19,139	19,342	-	-	19,139	19,342
<b>Total Deferred Inflows</b>	<b>471,288</b>	<b>587,150</b>	<b>10</b>	<b>7</b>	<b>471,298</b>	<b>587,157</b>
Net Position:						
Net investment in capital assets	2,259,207	2,282,647	105,430	100,068	2,364,637	2,382,715
Restricted:						
Nonexpendable	1,480,440	1,370,064	-	-	1,480,440	1,370,064
Expendable	1,195,515	908,953	-	-	1,195,515	908,953
Unrestricted	589,384	392,349	49,301	36,311	638,685	428,660
<b>Total Net Position</b>	<b>5,524,546</b>	<b>4,954,013</b>	<b>154,731</b>	<b>136,379</b>	<b>5,679,277</b>	<b>5,090,392</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 14,055,721</b>	<b>\$ 12,891,228</b>	<b>\$ 325,590</b>	<b>\$ 295,779</b>	<b>\$ 14,358,547</b>	<b>\$ 13,164,151</b>

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

**THE OHIO STATE UNIVERSITY  
STATEMENTS OF REVENUES, EXPENSES, AND OTHER  
CHANGES IN NET POSITION**

Years ended June 30, 2017 and June 30, 2016  
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2017	2016	2017	2016	2017	2016
<b>Operating Revenues:</b>						
Student tuition and fees (net of scholarship allowances of \$179,071 and \$180,828, respectively)	\$ 927,317	\$ 884,805	\$ -	\$ -	\$ 927,317	\$ 884,805
Federal grants and contracts	324,462	313,906	12,517	11,963	336,979	325,869
State grants and contracts	77,139	70,499	-	-	77,139	70,499
Local grants and contracts	21,427	18,701	-	-	21,427	18,701
Private grants and contracts	254,333	227,752	47,182	40,988	301,515	268,740
Sales and services of educational departments	145,994	138,502	8,935	8,757	154,929	147,259
Sales and services of auxiliary enterprises (net of scholarship allowances of \$31,016 and \$25,133, respectively)	309,497	261,761	-	-	309,497	261,761
Sales and services of the OSU Health System, net	2,853,177	2,625,075	-	-	2,844,327	2,625,075
Sales and services of OSU Physicians, Inc., net	-	-	496,364	487,429	496,364	487,429
Other operating revenues	58,097	35,380	-	-	58,097	35,380
<b>Total Operating Revenues</b>	<b>4,971,443</b>	<b>4,576,381</b>	<b>564,998</b>	<b>549,137</b>	<b>5,527,591</b>	<b>5,125,518</b>
<b>Operating Expenses:</b>						
<b>Educational and General:</b>						
Instruction and departmental research	1,006,411	994,287	6,081	5,452	1,012,492	999,739
Separately budgeted research	497,508	444,077	21,566	26,479	519,074	470,556
Public service	175,101	160,281	10,780	9,815	185,881	170,096
Academic support	222,043	207,688	-	-	222,043	207,688
Student services	108,041	103,784	-	-	108,041	103,784
Institutional support	254,782	227,157	17,360	10,118	272,142	237,275
Operation and maintenance of plant	94,687	101,007	7,489	7,454	102,176	108,461
Scholarships and fellowships	130,069	120,962	-	-	130,069	120,962
Auxiliary enterprises	313,185	254,137	-	-	313,185	254,137
OSU Health System	2,595,797	2,251,030	-	-	2,595,797	2,242,256
OSU Physicians, Inc.	-	-	444,361	441,333	444,361	441,333
Depreciation	374,615	351,901	7,138	6,425	381,753	358,326
<b>Total Operating Expenses</b>	<b>5,772,239</b>	<b>5,216,311</b>	<b>514,775</b>	<b>507,076</b>	<b>6,287,014</b>	<b>5,714,613</b>
<b>Net Operating Income (Loss)</b>	<b>(800,796)</b>	<b>(639,930)</b>	<b>50,223</b>	<b>42,061</b>	<b>(759,423)</b>	<b>(589,095)</b>
<b>Non-operating Revenues (Expenses):</b>						
State share of instruction and line-item appropriations	473,061	456,063	-	-	473,061	456,063
Federal subsidies for Build America Bonds interest	10,561	10,523	-	-	10,561	10,523
Federal non-exchange grants	54,962	55,694	-	-	54,962	55,694
State non-exchange grants	9,434	9,643	-	-	9,434	9,643
Gifts	181,212	156,737	-	-	181,212	156,737
Net investment income (loss)	600,701	(10,513)	481	(169)	601,182	(10,376)
Interest expense on plant debt	(121,071)	(93,885)	(1,584)	(1,610)	(122,655)	(95,495)
Other non-operating revenues (expenses)	7,261	6,890	(30,768)	(8,550)	(14,657)	(6,951)
<b>Net Non-operating Revenue</b>	<b>1,216,121</b>	<b>591,152</b>	<b>(31,871)</b>	<b>(10,329)</b>	<b>1,193,100</b>	<b>575,838</b>
<b>Income (Loss) before Other Changes in Net Position</b>	<b>415,325</b>	<b>(48,778)</b>	<b>18,352</b>	<b>31,732</b>	<b>433,677</b>	<b>(13,257)</b>
<b>Other Changes in Net Position</b>						
State capital appropriations	68,270	36,381	-	-	68,270	36,381
Private capital gifts	26,761	10,422	-	-	26,761	10,422
Additions to permanent endowments	52,458	64,537	-	-	52,458	64,537
Capital contributions and other changes in net position	7,719	-	-	3,789	7,719	-
<b>Total Other Changes in Net Position</b>	<b>155,208</b>	<b>111,340</b>	<b>-</b>	<b>3,789</b>	<b>155,208</b>	<b>111,340</b>
<b>Increase in Net Position</b>	<b>570,533</b>	<b>62,562</b>	<b>18,352</b>	<b>35,521</b>	<b>588,885</b>	<b>98,083</b>
<b>Net Position - Beginning of Year</b>	<b>4,954,013</b>	<b>4,891,451</b>	<b>136,379</b>	<b>100,858</b>	<b>5,090,392</b>	<b>4,992,309</b>
<b>Net Position - End of Year</b>	<b>\$ 5,524,546</b>	<b>\$ 4,954,013</b>	<b>\$ 154,731</b>	<b>\$ 136,379</b>	<b>\$ 5,679,277</b>	<b>\$ 5,090,392</b>

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

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2017 and June 30, 2016**  
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2017	2016	2017	2016	2017	2016
<b>Cash Flows from Operating Activities:</b>						
Tuition and fee receipts	\$ 808,684	\$ 795,196	\$ -	\$ -	\$ 808,684	\$ 795,196
Grant and contract receipts	688,946	632,073	61,254	73,351	750,200	705,424
Receipts for sales and services	3,250,797	2,975,167	517,885	487,945	3,759,832	3,463,112
Payments to or on behalf of employees	(2,237,758)	(2,214,578)	(324,012)	(306,613)	(2,561,770)	(2,521,191)
University employee benefit payments	(595,410)	(619,964)	(78,703)	(76,190)	(674,113)	(696,154)
Payments to vendors for supplies and services	(1,941,533)	(1,674,593)	(108,548)	(119,918)	(2,050,081)	(1,785,737)
Payments to students and fellows	(121,109)	(112,465)	-	-	(121,109)	(112,465)
Student loans issued	(9,305)	(7,074)	-	-	(9,305)	(7,074)
Student loans collected	10,166	10,406	-	-	10,166	10,406
Student loan interest and fees collected	1,369	2,407	-	-	1,369	2,407
Other receipts	44,564	38,537	-	-	44,564	38,537
Net cash provided (used) by operating activities	<u>(100,589)</u>	<u>(174,888)</u>	<u>67,876</u>	<u>58,575</u>	<u>(41,563)</u>	<u>(107,539)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>						
State share of instruction and line-item appropriations	473,061	456,063	-	-	473,061	456,063
Non-exchange grant receipts	64,396	65,337	-	-	64,396	65,337
Gift receipts for current use	188,579	158,991	-	-	188,579	158,991
Additions to permanent endowments	52,458	64,537	-	-	52,458	64,537
Drawdowns of federal direct loan proceeds	322,405	321,661	-	-	322,405	321,661
Disbursements of federal direct loans to students	(323,813)	(321,146)	-	-	(323,813)	(321,146)
Repayment of loans from related organization	667	2,193	-	-	667	2,193
Amounts received for annuity and life income funds	2,567	5,913	-	-	2,567	5,913
Amounts paid to annuitants and life beneficiaries	(1,700)	(1,632)	-	-	(1,700)	(1,632)
Agency funds receipts	4,893	4,626	-	-	4,893	4,626
Agency funds disbursements	(4,645)	(4,412)	-	-	(4,645)	(4,412)
Other receipts (payments)	9,118	795	(17,169)	2,995	799	(4,984)
Net cash provided (used) by noncapital financing activities	<u>787,986</u>	<u>752,926</u>	<u>(17,169)</u>	<u>2,995</u>	<u>779,667</u>	<u>747,147</u>
<b>Cash Flows from Capital Financing Activities:</b>						
Proceeds from capital debt	6,430	618,242	150	-	6,580	618,242
State capital appropriations	67,662	36,783	-	-	67,662	36,783
Gift receipts for capital projects	15,320	9,728	-	-	15,320	9,728
Payments for purchase or construction of capital assets	(414,606)	(428,966)	(21,254)	(44,479)	(435,860)	(473,445)
Proceeds from sale of capital assets	-	-	9,172	-	9,172	-
Principal payments on capital debt and leases	(79,528)	(94,308)	(1,058)	(823)	(80,586)	(95,131)
Interest payments on capital debt and leases	(124,267)	(106,654)	(458)	(1,610)	(124,725)	(108,264)
Federal subsidies for Build America Bonds interest	10,881	10,461	-	-	10,881	10,461
Net cash provided (used) by capital financing activities	<u>(518,108)</u>	<u>45,286</u>	<u>(13,448)</u>	<u>(46,912)</u>	<u>(531,556)</u>	<u>(1,626)</u>
<b>Cash Flows from Investing Activities:</b>						
Net (purchases) sales of temporary investments	(137,323)	(294,511)	(2,166)	(159)	(139,489)	(294,670)
Proceeds from sales and maturities of long-term investments	1,866,011	1,578,221	3,215	-	1,869,226	1,578,221
Investment income	123,274	95,927	416	(169)	123,690	95,758
Purchases of long-term investments	(2,036,073)	(1,681,169)	-	(4,030)	(2,036,073)	(1,685,199)
Net cash provided (used) by investing activities	<u>(184,111)</u>	<u>(301,532)</u>	<u>1,465</u>	<u>(4,358)</u>	<u>(182,646)</u>	<u>(305,890)</u>
<b>Net Increase (Decrease) in Cash</b>						
Cash and Cash Equivalents - Beginning of Year	1,265,782	943,990	87,001	76,701	1,352,783	1,020,691
Cash and Cash Equivalents - End of Year	<u>\$ 1,250,960</u>	<u>\$ 1,265,782</u>	<u>\$ 125,725</u>	<u>\$ 87,001</u>	<u>\$ 1,376,685</u>	<u>\$ 1,352,783</u>

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF CASH FLOWS, Cont'd**  
**Years Ended June 30, 2017 and June 30, 2016**  
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2017	2016	2017	2016	2017	2016
<b>Reconciliation of Net Operating Loss (Income) to Net Cash Used by Operating Activities:</b>						
Operating loss (income)	\$ (800,796)	\$ (639,930)	\$ 50,223	\$ 42,061	\$ (759,423)	\$ (589,095)
Adjustments to reconcile net operating loss (income) to net cash provided (used) by operating activities:						
Depreciation expense	374,615	351,901	7,138	6,425	381,753	358,326
Impairment and demolition expense	-	-	1,675	-	1,675	-
Changes in assets and liabilities:						
Accounts receivable, net	(52,801)	(28,621)	5,044	(3,473)	(47,757)	(32,094)
Notes receivable, net	861	2,783	473	(1,806)	1,334	977
Accrued interest receivable	(344)	(77)	-	-	(344)	(77)
Inventories and prepaid expenses	12,165	(28,454)	156	1,852	12,321	(26,602)
Amounts due to/from primary institution	(15,128)	14,119	2,450	(14,119)	(12,678)	-
Deferred outflows	(315,850)	(456,724)	(31)	(84)	(315,881)	(456,808)
Accounts payable and accrued liabilities	57,049	49,653	1,154	3,603	58,203	53,256
Self-insurance accruals	(13,377)	(13,258)	-	-	(13,377)	(13,258)
Amounts due to third-party payors - Health System	(4,713)	(1,423)	-	-	(4,713)	(1,423)
Deposits and advanced payments	2,932	(26,218)	(21,606)	22,385	(18,674)	(3,833)
Compensated absences	4,720	7,990	-	-	4,720	7,990
Refundable advances for Federal Perkins loans	(396)	(118)	-	-	(396)	(118)
Net pension obligation	770,736	664,194	16	70	770,752	664,264
Deferred inflows	(115,659)	(105,897)	2	2	(115,657)	(105,895)
Other liabilities	(4,603)	35,192	21,182	1,659	16,579	36,851
Net cash provided (used) by operating activities	\$ (100,589)	\$ (174,888)	\$ 67,876	\$ 58,575	\$ (41,563)	\$ (107,539)
<b>Non Cash Transactions:</b>						
Construction in Process in Accounts Payable	\$ 17,442	\$ 30,355	\$ 3,885	\$ -	\$ 21,327	\$ 30,355
Stock Gifts	21,723	20,746	-	-	21,723	20,746
Net Increase (Decrease) in Fair Value of Investments	477,006	(105,312)	-	-	477,006	(105,312)

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

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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### NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

#### Organization

The Ohio State University (the “university”) is a land grant institution created in 1870 by the Ohio General Assembly under provisions of the Morrill Act. The university is one of several state-supported universities in Ohio. It is declared by statute to be a body politic and corporate and an instrumentality of the State.

The university is governed by a Board of Trustees which is granted authority under Ohio law to do all things necessary for the proper maintenance and continual successful operation of the university. Trustees are appointed by the governor, with the advice and consent of the state Senate. In 2005, the Ohio General Assembly voted to expand the Board from 11 to 17 members. The standard term for voting members of the Board is nine years. However, as part of the transition to a larger board membership, the additional trustees appointed in 2005 and 2006 will serve terms ranging from four to eight years. The Board also includes two non-voting student trustees who are appointed to two-year terms.

In 2009, the Board appointed its first charter trustee, which expanded the Board to 18 members. A maximum of three charter trustees may be appointed and removed by a vote of the Board. Charter trustees, who must be non-Ohio residents, are appointed to three-year terms and do not have voting privileges.

The Board of Trustees has responsibility for all the university’s financial affairs and assets. The university operates largely on a decentralized basis by delegating this authority to its academic and support departments. The Board must approve the annual budgets for unrestricted academic and support functions, departmental earnings operations and restricted funds operations, but these budgets are managed at the department level.

#### Basis of Presentation

The accompanying financial statements present the accounts of the following entities, which constitute the primary government for financial reporting purposes:

- The Ohio State University and its hospitals and clinics
- Ohio Agricultural Research and Development Center
- The Ohio Technology Consortium (OH-TECH)

In addition, these financial statements include component units -- legally separate organizations for which the university is financially accountable. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, *The Financial Reporting Entity: Omnibus* and Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.*, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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- Appointment of a voting majority of an organization's governing authority and the ability of the primary government (i.e. the university) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government and provides specific financial benefits to, or imposes specific financial burdens on, the primary government.

The university's component units and the reasons for their inclusion in the university's financial statements are described below:

- **The Ohio State University Foundation** – The fiscal dependency criteria apply to this not-for-profit fundraising organization, which operates exclusively for the benefit of The Ohio State University.
- **OSU Health Plan, Inc.** – The university appoints a voting majority of the board for this organization, which provides medical benefit plan administration services to the university and its faculty and staff.
- **Oval Limited** – The university holds all of the voting stock of this captive insurance entity, which was established by the university to provide medical malpractice coverage to physicians in the university's medical center.

The component units listed above provide services entirely, or almost entirely, to the university or otherwise exclusively, or almost exclusively, benefit the university. Therefore, the transactions and balances for these organizations have been blended with those of the university.

In addition to the blended component units described above, the university's financial statements include the following discretely presented component units:

- **The Ohio State University Physicians, Inc.** – The university appoints a voting majority of the board of the medical practice group for physician faculty members in the Colleges of Medicine and Public Health.
- **Campus Partners for Community Urban Redevelopment, Inc.** – This non-profit organization, which participates in the redevelopment of neighborhoods adjacent to the Columbus campus, is fiscally dependent on the university.
- **Transportation Research Center of Ohio, Inc.** – The university appoints a voting majority of the board for this automotive research and testing facility in East Liberty, Ohio.
- **Dental Faculty Practice Association, Inc.** – The university appoints a voting majority of the board for the dental practice group for faculty in the College of Dentistry.

Summary financial statement information for the university's blended and discretely presented component units is provided in Notes 19 and 20. Audited financial statements for the discretely presented component units considered to be material to the university may be obtained from the Office of the Controller. A total university column in the financial statements is provided as

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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memorandum only for purposes of additional analysis by users. The total university column reflects eliminations of transactions between the primary institution and the discretely component units. These transactions consist primarily of (a) discretionary subsidies and contributions which are presented as either non-operating activities or capital additions at the component unit level and (b) exchanged-based goods and services that support the operations of the entity, which are presented as operating revenues and expenses at the component unit level. The impact of these transactions on the statement of revenues, expenses and other changes in net position was \$8,850 and \$3,709 for the years ended June 30, 2017 and 2016, respectively.

The university, as a component unit of the State of Ohio, is included as a discrete entity in the State of Ohio's Comprehensive Annual Financial Report.

### Basis of Accounting

The financial statements of the university have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The university is reporting as a special purpose government engaged in business type activities (BTA) on the accrual basis. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the university presents Management's Discussion and Analysis; Statements of Net Position; Statements of Revenues, Expenses and Other Changes in Net Position; Statements of Cash Flows; and Notes to the Financial Statements. In the Financial Statements, separate columns are presented for the *primary institution* (which includes the primary government and the blended component units), *discretely presented component units* and the *total university*. The Notes to the Financial Statements include separate disclosures for the primary institution and the discretely presented component units, where relevant and material. Unless otherwise specified, the amounts presented in MD&A are those of the primary institution.

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

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation, cash restricted for capital projects and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted - nonexpendable:** Amounts subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal by the university. These assets primarily consist of the university's permanent endowments.



## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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- **Restricted - expendable:** Amounts whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted:** Amounts which are not subject to externally-imposed stipulations. Substantially all unrestricted balances are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

Under the university's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted funds are available.

For internal financial management purposes, the university classifies financial resources into funds that reflect the specific activities, objectives or restrictions of the resources.

### Cash and Investments

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, savings accounts and investments with original maturities of ninety days or less at the time of purchase. Such investments consist primarily of U.S. Government obligations, U.S. Agency obligations, repurchase agreements and money market funds. Restricted cash consists of bond proceeds restricted for capital expenditures. For purposes of the Statement of Cash Flows, "cash" is defined as the total of these two line items.

Investments are carried at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*. The average cost method is used for purposes of determining gains and losses on the sale of investments. The specific identification method is used for purposes of determining gains and losses on the sale of gifted securities.

The university holds investments in limited partnerships, private equity and other investments, which are carried at estimated fair value provided by the management of these limited partnerships. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Investments in these limited partnerships are fair valued based on the university's proportional share of the net asset value of the total fund. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. As of June 30, 2017, the university has made commitments to limited partnerships totaling \$1,161,359 that have not yet been funded. These commitments may extend for a maximum of ten years.

Investment income is recognized on an accrual basis. Interest and dividend income is recorded when earned.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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### Endowment Policy

All endowments are invested in the university's Long Term Investment Pool, which consists of more than 5,464 Board authorized funds and 260 pending funds. Each named fund is assigned a number of shares in the Long Term Investment Pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio, permits the university's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. The UPMIFA, as adopted in Ohio, establishes a 5% safe harbor of prudence for funds appropriated for expenditure. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the Long Term Investment Pool, and the associated net position is classified as restricted-expendable, unless otherwise restricted by the donor.

Annual distributions to named funds in the Long Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.25% of the average fair value per share of the Long Term Investment Pool over the most recent seven year period. In 2016, the Board of Trustees approved an increase in the distribution rate to 4.5%, effective fiscal year 2017.

At June 30, 2017, the fair value of the university's gifted endowments is \$1,939,582, which is \$327,343 above the historical dollar value of \$1,612,239. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2017, there are 1,347 named funds that remain underwater. The fair value of these underwater funds at June 30, 2017 is \$492,695, which is \$47,823 below the historical dollar value of \$540,518.

At June 30, 2016, the fair value of the university's gifted endowments is \$1,740,505, which is \$183,572 above the historical dollar value of \$1,556,933. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2016, there are 2,729 named funds that remain underwater. The fair value of these underwater funds at June 30, 2016 is \$822,501, which is \$99,527 below the historical dollar value of \$922,028.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted non-expendable net position. Recovery on these funds is recorded as an increase in restricted non-expendable up to the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C)), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

### Gift Pledges Receivable

The university receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, endowment pledges are not recorded as assets until the related gift is received. An allowance

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts and includes such factors as prior collection history, type of gift and nature of fundraising.

### Inventories

The university's inventories, which consist principally of publications, general stores and other goods for resale by earnings operations, are valued at the lower of moving average cost or market. The inventories of the Health System, which consist principally of pharmaceuticals and operating supplies, are valued at cost on a first-in, first-out basis.

### Capital Assets and Collections

Capital assets are long-life assets in the service of the university and include land, buildings, improvements, equipment, software and library books. Capital assets are stated at cost or acquisition value at date of gift. Depreciation of capital assets (excluding land and construction in progress) is provided on a straight-line basis over the following estimated useful lives:

Type of Asset	Estimated Useful Life
Improvements other than buildings	20 years
Buildings	10 to 100 years
Moveable equipment, software and furniture	5 to 15 years
Library books	10 years

The university does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

### Advance Payments for Goods and Services

Advance payments for goods and services primarily consist of receipts relating to tuition, room, board, grants, contracts and athletic events received in advance of the services to be provided. Tuition and fees relating to the summer academic term are recorded as revenue in the year to which they pertain. The university will recognize revenue to the extent these services are provided over the coming fiscal year.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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### Derivative Instruments

The university accounts for all derivative instruments on the statement of net position at fair value. Changes in the fair value (i.e., gains or losses) of the university's interest rate swap investments and futures investments are recorded each period in the statement of revenues, expenses and other changes in net position as a component of other non-operating expense.

### Operating and Non-Operating Revenues and Expenses

The university defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses, and Other Changes in Net Position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness, substantially all university expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, current-use gifts and net investment income.

### Tuition, Room and Board

Student tuition and residence hall fees are presented net of scholarships and fellowships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expense. Fee authorizations provided to graduate teaching, research and administrative associates as part of an employment arrangement are presented in instruction, research and other functional categories of operating expense.

### State Support

The university is a state-assisted institution of higher education which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy, which is based upon a formula devised by the Ohio Board of Regents, is determined annually and is adjusted to state resources available.

The state also provides line-item appropriations which partially support the current operations of various activities, which include clinical teaching expenditures incurred at The Ohio State University Health System and other health sciences teaching facilities, The Ohio State University Extension, the Ohio Agricultural Research and Development Center, and the Center for Labor Research.

In addition to current operating support, the State of Ohio provides the funding for and constructs major plant facilities on the university's campuses, and this funding is recorded as state capital appropriations. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC) which, in turn, initiates the construction and subsequent lease of the facility by the Ohio Board of Regents.

Such facilities are reflected as buildings or construction in progress in the accompanying statement of net position. Neither the obligations for the revenue bonds issued by OPFC nor

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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the annual debt service charges for principal and interest on the bonds are reflected in the university's financial statements. Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly.

These facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund and future payments to be received by such fund, which is established in the custody of the Treasurer of State.

### Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs and are subject to audit by the appropriate government agency. Federal funds are subject to an annual OMB Uniform Guidance audit. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.

The university generally considers grants, contracts and non-capital appropriations to be exchange transactions. Under these arrangements, the university provides a bargained-for benefit, typically in the form of instruction, research or public service programs, either directly to the funding entity or to its constituents. The overall scope and nature of these program activities is determined by the level of funding and the requirements set forth by these resource providers.

### OSU Health System Revenue

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payors for services rendered net of contractual allowances, charity care and bad debt expenses. Revenue received under third-party cost reimbursement agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the Health System contests certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The Health System recognizes settlements of protested adjustments or appeals upon resolution of the matters.

### OSU Physicians Revenue

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payors for services rendered net of contractual allowances, charity care, self-pay discounts and bad debt expenses. OSU Physicians (OSUP), a discretely presented component unit of the university, provides care to patients under various reimbursable agreements, including governmental and commercial payors (third party payors). These arrangements provide for payment for covered services at agreed-upon rates and under certain fee schedules and various discounts from charges. Provisions have been made in the financial statements for estimated contractual adjustments, representing the difference

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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between the customary charges for services rendered and related reimbursements, and for administrative adjustments.

### Charity Care and Community Benefit

Care is provided to patients regardless of their ability to pay. A patient is classified as charity care in accordance with policies established by the OSU Health System and OSUP. Because collection of amounts determined to qualify as charity care are not pursued, such amounts are written off and not reported as gross patient service revenue. OSU Health System and OSUP maintain records to identify and monitor the level of charity care provided, including the amount of charges foregone for services rendered. Net charity care costs for the OSU Health System for the years ended June 30, 2017 and 2016 are \$42,710 and \$36,020, respectively, after applying an additional expense of \$12,416 and \$12,380, respectively, for support received under the Health Care Assurance Program (HCAP). HCAP is administered by the State of Ohio to help hospitals cover a portion of the cost of providing charity care. Charity care costs for OSUP for the years ended June 30, 2017 and 2016 are \$9,362 and \$6,022, respectively.

### Management Estimates

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

### Implementation of GASB Statement No. 72

In fiscal year 2016, the university implemented GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 expands the guidance on valuation of university investments and requires new disclosures of fair value measurements grouped by level and allows Net Asset Value (NAV) to be used for valuation of certain investments. In addition, the new standard requires additional disclosures related to investments valued at NAV, including information on unfunded commitments and a general description of redemption terms and related restrictions. These disclosures are provided in Note 3.

### Newly Issued Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard, which is the companion to Statement 74, establishes new reporting requirements for employers participating in OPEB plans. Similar to Statement 68, it will require employers in cost-sharing, multi-employer plans to record a liability (and related deferrals) for the employer's pro-rata share of net OPEB liabilities. It also expands disclosure and supplementary reporting requirements for employers participating in OPEB plans. The standard is effective for periods beginning after June 15, 2017 (FY2018).

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This standard requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. It also requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. In general, revenue recognition related to these agreements will be delayed until a specified event occurs (such as the death of the lead beneficiary). This standard is effective for periods beginning after December 15, 2016 (FY2018).

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This standard establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The deferred outflow is recognized as expense over the life of the related asset. The determination of when the liability is incurred is based on the existence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Internal obligating events include the occurrence of contamination, placing into use a tangible capital asset that is required to be retired, abandoning a tangible capital asset before use begins, or acquiring a tangible capital asset that has an existing asset retirement obligation. This standard is effective for periods beginning after June 15, 2018 (FY2019).

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This standard establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria are required to present these activities in a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to this requirement is provided for a business-type activity that expects to hold assets in a custodial fund for three months or less. This standard is effective for periods beginning after December 15, 2018 (FY2020).

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This standard addresses a variety of practice issues identified during implementation and application of certain GASB statements. It provides guidance on blending of component units (confirming limited applicability of blended presentation for BTAs), accounting for goodwill acquired prior to the issuance of GASB 69, accounting for real estate held for investment by insurance entities, clarification of circumstances in which money-market investments may be valued at amortized cost, and various technical corrections related to the implementation of the new OPEB standards. This standard is effective for periods beginning after June 15, 2017 (FY2018).

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This standard provides guidance on in-substance defeasance of debt, in which a government uses its existing resources (not the proceeds of refunding debt) to establish an irrevocable trust for the sole purpose of extinguishing debt. The accounting, reporting and disclosures for defeasance transactions, including reporting of gains and losses, generally will be consistent,

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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regardless of the source of the funds used to defease the debt. This standard is effective for periods beginning after June 15, 2017 (FY2018).

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees will record an intangible right-of-use asset and corresponding lease liability. Lessors will record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less. This standard is effective for periods beginning after December 15, 2019 (FY2021).

University management is currently assessing the impact that implementation of GASB Statements No. 75, 81, 83, 84, 85, 86 and 87 will have on the university's financial statements.

### Other

The university is exempt from income taxes as an instrumentality of the State of Ohio under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

### NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2017, the carrying amount of the primary institution's cash, cash equivalents and restricted cash is \$1,250,960 as compared to bank balances of \$1,265,022. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$53,569 is covered by federal deposit insurance and \$1,211,453 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2016, the carrying amount of the primary institution's cash, cash equivalents and restricted cash is \$1,265,782 as compared to bank balances of \$1,324,013. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$53,280 is covered by federal deposit insurance and \$1,270,733 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2017, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$125,725 as compared to bank balances of \$122,850. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$5,121 is covered by federal deposit insurance and \$117,729 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2016, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$87,001 as compared to bank balances of \$79,794. The differences in carrying amount and bank balances are caused by outstanding checks and



## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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deposits in transit. Of the bank balances, \$4,911 is covered by federal deposit insurance and \$74,883 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

### NOTE 3 — INVESTMENTS

University investments are grouped into three major categories for financial reporting purposes: Temporary Investments, the Long-Term Investment Pool and Other Long-Term Investments.

Temporary Investments are amounts available for current operations. The target is to maximize value while protecting the liquidity of the assets. Temporary Investments include the following instruments with varying maturities: obligations of the U. S. Treasury and other federal agencies and instrumentalities, municipal and state bonds, corporate bonds, certificates of deposit, commercial paper, repurchase agreements, money market funds and mutual funds.

The Long-Term Investment Pool is a unitized investment pool consisting of gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and quasi-endowment funds which are internally designated funds that are to function as endowments. The Long-Term Investment Pool operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for the generation of a predictable stream of annual distribution. The university's Board of Trustees approved the following thematic asset classes, allocation ranges and benchmarks for the Long-Term Investment Pool:

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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<b>Asset Class</b>	<b>Range</b>	<b>Benchmark</b>
Global Equities	40-80%	MSCI All Country World Index (ACWI)
Global Credit	10-50%	Barclays U.S. Aggregate Bond Index
Real Assets	5-20%	U.S. Consumer Price Index (CPI) + 5%

The Global Equities category includes domestic equity, international equity, emerging market equity, hedged funds and private equity. The Global Credit category includes global fixed income and relative value/macro, credit oriented managers and private credit. The Real Assets category includes real estate and infrastructure funds.

Other Long-Term Investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation. Included in this category are charitable remainder trust assets invested in mutual funds, OSU Foundation interests in unitrust, gift annuities, annuity trust and pooled income agreements, life insurance policies for which the OSU Foundation has been named owner and beneficiary, and certain real estate investments. Also included in this category are other private equity investments and investments in certain organizations that are affiliated with the OSU Health System.

U. S. Government and Agency securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the university. Common stocks, corporate bonds and money market instruments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at Northern Trust and BNY Mellon in "book entry" form. The banks internally designate the securities as owned by or pledged to the university.

The cash and cash equivalents amount represents cash held in the Long-Term Investment Pool by various investment managers. Such amounts were generated by gifts received throughout the fiscal year and sales of investments in the Long-Term Investment Pool. Subsequently, the cash and cash equivalents will be used to purchase long-term investments.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Total university investments by major category for the primary institution at June 30, 2017 and 2016 are as follows:

	Primary Institution	
	2017	2016
Temporary Investments	\$ 1,645,681	\$ 1,508,854
Long-Term Investment Pool:		
Gifted Endowment - University	1,062,321	977,173
Gifted Endowment - OSU Foundation	877,261	763,332
Quasi Endowment - Operating	1,299,779	1,203,959
Quasi Endowment - Designated	1,014,098	672,098
Total Long-Term Investment Pool	4,253,459	3,616,562
Securities Lending Collateral Investments	15,949	27,589
Other Long-Term Investments	143,638	132,971
Total Investments	\$ 6,058,727	\$ 5,285,976

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2017 are as follows:

	Primary Institution				
	Temporary	Long-Term	Other	Securities	Total
			Long-Term	Lending Collateral	
Investments	Investment Pool	Investments	Investments		
U.S. equity	\$ -	\$ 214,328	\$ -	\$ -	\$ 214,328
International equity	-	160,680	-	-	160,680
Equity mutual funds	84,674	536,226	23,810	-	644,710
U.S. government obligations	162,870	367,909	352	-	531,131
U.S. government agency obligations	130,557	-	-	-	130,557
Repurchase agreements	-	-	-	-	-
Corporate bonds and notes	1,073,319	-	-	-	1,073,319
Bond mutual funds	88,106	-	16,831	-	104,937
Foreign government bonds	30,212	-	-	-	30,212
Real assets	8,347	674,729	25,930	-	709,006
Hedge funds	-	1,399,392	-	-	1,399,392
Private equity	-	588,281	59,047	-	647,328
Commercial paper	46,028	-	-	-	46,028
Cash and cash equivalents	-	311,914	-	-	311,914
Other	21,568	-	17,668	-	39,236
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	10,621	10,621
Variable rate notes	-	-	-	890	890
Commercial paper	-	-	-	1,410	1,410
Certificates of deposit	-	-	-	3,044	3,044
Cash and other adjustments	-	-	-	(16)	(16)
	<u>\$ 1,645,681</u>	<u>\$ 4,253,459</u>	<u>\$ 143,638</u>	<u>\$ 15,949</u>	<u>\$ 6,058,727</u>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2016 are as follows:

	Primary Institution				
	Temporary	Long-Term	Other	Securities	Total
	Investments	Investment Pool	Long-Term Investments	Lending Collateral Investments	
U.S. equity	\$ -	\$ 366,931	\$ -	\$ -	\$ 366,931
International equity	-	112,199	-	-	112,199
Equity mutual funds	81,371	158,936	23,407	-	263,714
U.S. government obligations	167,430	5,094	2,745	-	175,269
U.S. government agency obligations	120,992	-	-	-	120,992
Repurchase agreements	2,200	-	-	-	2,200
Corporate bonds and notes	983,399	-	214	-	983,613
Bond mutual funds	83,697	-	17,801	-	101,498
Foreign government bonds	6,819	-	-	-	6,819
Real assets	10,184	644,415	16,705	-	671,304
Hedge funds	-	1,444,636	-	-	1,444,636
Private equity	-	514,100	56,409	-	570,509
Commercial paper	40,746	-	-	-	40,746
Cash and cash equivalents	-	370,251	-	-	370,251
Other	12,016	-	15,690	-	27,706
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	7,317	7,317
Variable rate notes	-	-	-	17,774	17,774
Commercial paper	-	-	-	521	521
Certificates of deposit	-	-	-	-	-
Cash and other adjustments	-	-	-	1,977	1,977
	<u>\$ 1,508,854</u>	<u>\$ 3,616,562</u>	<u>\$ 132,971</u>	<u>\$ 27,589</u>	<u>\$ 5,285,976</u>

The components of the net investment income and loss for the primary institution are as follows:

	Net Increase (Decrease)		
	Interest and Dividends	in Fair Value of Investments	Net Investment Income (Loss)
Temporary Investments	\$ 41,653	\$ (496)	\$ 41,157
Long-Term Investment Pool	78,984	472,758	551,742
Other Long-Term Investments	3,058	4,744	7,802
Total 2017	<u>\$ 123,695</u>	<u>\$ 477,006</u>	<u>\$ 600,701</u>
Total 2016	<u>\$ 94,799</u>	<u>\$ (105,312)</u>	<u>\$ (10,513)</u>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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### Information on Fair Value of Investments

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value.

Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

*Level 1* – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Directly held equity securities, registered bond and equity mutual funds, and other miscellaneous investments classified in Level 1 are valued using prices quoted in active markets that the custodian and university have the ability to access.

*Level 2* – Quoted prices in the markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly, are classified as Level 2. Level 2 investments include US government agencies and obligations, corporate bonds, municipal bonds, foreign government bonds, repurchase agreements, commercial paper, and other debt related investments. The evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.

*Level 3* – Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment. Investments included in Level 3 consist primarily of the university's ownership in real estate, limited partnerships and equity positions in private companies.

*Net Asset Value (NAV)* – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in non-governmental entities that do not have a readily determinable fair value may be valued at NAV if the NAV is determined in accordance with the fair value measurement principles provided by the FASB standards relevant to investment companies. Interest in investment funds with a NAV reported under an alternative basis are reflected as Level 3 investments. Investments measured at NAV consist mainly of non-publicly

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

traded mutual funds, hedge funds, private equity, and other alternative funds. These assets are valued by the associated external investment manager/general partner and reviewed by the university using the most recent audited and unaudited financial statements available.

*Not Leveled* – Cash is not measured at fair value and, thus, is not subject to the fair value disclosure requirements. Cash not subject to such requirements amounted to \$76,474 and \$179,177 at June 30, 2017 and 2016, respectively.

Investments by fair value category for the primary institution at June 30, 2017 are as follows:

	Primary Institution				
	Quoted Prices	Significant	Significant	NAV as	Total
	in Active	Other Observable	Unobservable	Practical	
	Markets	Inputs	Inputs	Expedient	
	(Level 1)	(Level 2)	(Level 3)	(NAV)	
				Fair Value	
U.S. equity	\$ 214,328	\$ -	\$ -	\$ -	\$ 214,328
International equity	160,680	-	-	-	160,680
Equity mutual funds	164,075	-	-	480,635	644,710
U.S. government obligations	(138)	531,269	-	-	531,131
U.S. government agency obligations	-	130,557	-	-	130,557
Corporate bonds and notes	-	1,072,324	995	-	1,073,319
Bond mutual funds	104,937	-	-	-	104,937
Foreign government bonds	-	30,212	-	-	30,212
Real assets	18,592	-	141,757	548,657	709,006
Hedge funds	-	-	-	1,399,392	1,399,392
Private equity	-	-	41,084	606,244	647,328
Commercial paper	-	46,028	-	-	46,028
Cash equivalents	235,440	-	-	-	235,440
Other	-	21,237	17,999	-	39,236
Securities Lending Collateral Assets:					
Repurchase agreements	-	10,621	-	-	10,621
Variable rate notes	-	890	-	-	890
Commercial paper	-	1,410	-	-	1,410
Certificates of deposit	-	3,044	-	-	3,044
Other adjustments	-	(16)	-	-	(16)
	<u>\$ 897,914</u>	<u>\$ 1,847,576</u>	<u>\$ 201,835</u>	<u>\$ 3,034,928</u>	<u>\$ 5,982,253</u>
Securities not leveled in investment portfolio:					
Cash	<u>\$ 76,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,474</u>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2016 are as follows:

	Primary Institution				
	Quoted Prices	Significant	Significant	NAV as	Total
	in Active	Other Observable	Unobservable	Practical	
	Markets	Inputs	Inputs	Expedient	
(Level 1)	(Level 2)	(Level 3)	(NAV)		
					Fair Value
U.S. equity	\$ 366,931	\$ -	\$ -	\$ -	\$ 366,931
International equity	112,199	-	-	-	112,199
Equity mutual funds	104,779	-	-	158,935	263,714
U.S. government obligations	-	175,269	-	-	175,269
U.S. government agency obligations	-	120,992	-	-	120,992
Repurchase agreements	-	2,200	-	-	2,200
Corporate bonds and notes	-	980,094	3,519	-	983,613
Bond mutual funds	101,498	-	-	-	101,498
Foreign government bonds	-	6,819	-	-	6,819
Real assets	15,182	-	125,357	530,765	671,304
Hedge funds	-	-	-	1,444,636	1,444,636
Private equity	-	-	23,806	546,703	570,509
Commercial paper	-	40,746	-	-	40,746
Cash equivalents	191,074	-	-	-	191,074
Other	-	11,685	16,021	-	27,706
Securities Lending Collateral Assets:					
Repurchase agreements	-	7,317	-	-	7,317
Variable rate notes	-	17,199	575	-	17,774
Commercial paper	-	521	-	-	521
Certificates of deposit	-	-	-	-	-
Other adjustments	-	1,977	-	-	1,977
	<u>\$ 891,663</u>	<u>\$ 1,364,819</u>	<u>\$ 169,278</u>	<u>\$ 2,681,039</u>	<u>\$ 5,106,799</u>
Securities not leveled in investment portfolio:					
Cash	<u>\$ 179,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,177</u>



## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

### Additional Information on Investments Measured at the NAV

Additional information on fair values, unfunded commitments, remaining life and redemption for investments measured at the NAV for the primary institution at June 30, 2017 is as follows:

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Equity mutual funds - non-public international	\$ 480,635	\$ -	No limit	1 to 30 days	None
Hedge funds - absolute return, credit, long/short equities	1,399,392	-	No limit	30 to 90 day notice periods	Lock-up provisions ranging from none to 2 years; side pockets on a few funds
Private equity - private credit, buyouts, venture, secondary	606,244	648,769	1-10 years	Partnerships ineligible for redemption	Not redeemable
Real assets - natural resources, real estate, infrastructure	548,657	224,711	1-10 years	Partnerships ineligible for redemption	Not redeemable
	<u>\$ 3,034,928</u>	<u>\$ 873,480</u>			

### Additional Risk Disclosures for Investments

GASB Statements No. 3 and 40 require certain additional disclosures related to the liquidity, interest-rate, custodial, credit and foreign currency risks associated with deposits and investments.

**Liquidity risk** – The university’s private equity and real asset investments are illiquid and subject to redemption restrictions in accordance with their respective governing documents. Such governing documents do not provide for the university to exit these investments until their respective terms have ended.

**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.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2017 are as follows:

	Primary Institution				
	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 531,131	\$ 395,780	\$ 107,902	\$ 27,449	\$ -
U.S. government agency obligations	130,557	12,681	55,288	16,468	46,120
Commercial paper	46,028	46,028	-	-	-
Corporate bonds	1,073,319	301,723	661,802	55,156	54,638
Bond mutual funds	104,937	4,862	58,284	28,182	13,609
Other governmental bonds	21,237	4,803	13,216	175	3,043
Foreign governmental bonds	30,212	22,666	7,546	-	-
Securities Lending Collateral:					
Repurchase agreements	10,621	10,621	-	-	-
Certificates of deposit	3,044	3,044	-	-	-
Commercial paper	1,410	1,410	-	-	-
Variable rate notes	890	890	-	-	-
<b>Total</b>	<b>\$ 1,953,386</b>	<b>\$ 804,508</b>	<b>\$ 904,038</b>	<b>\$ 127,430</b>	<b>\$ 117,410</b>

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2016 are as follows:

	Primary Institution				
	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 175,269	\$ 18,829	\$ 157,613	\$ (1,173)	\$ -
U.S. government agency obligations	120,992	14,980	62,941	17,088	25,983
Repurchase agreements	2,200	2,200	-	-	-
Commercial paper	40,746	40,746	-	-	-
Corporate bonds	983,613	270,225	634,723	35,072	43,593
Bond mutual funds	101,498	(1,011)	66,138	27,106	9,265
Other governmental bonds	11,685	3,237	7,739	-	709
Foreign governmental bonds	6,819	1,726	5,093	-	-
Securities Lending Collateral:					
Repurchase agreements	7,317	7,317	-	-	-
Commercial paper	521	521	-	-	-
Variable rate notes	17,774	17,774	-	-	-
<b>Total</b>	<b>\$ 1,468,434</b>	<b>\$ 376,544</b>	<b>\$ 934,247</b>	<b>\$ 78,093</b>	<b>\$ 79,550</b>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

**Custodial credit risk** – Custodial credit risk is the risk that, in the event of the failure of the custodian, university investments may not be recovered. It is the policy of the university to hold investments in custodial accounts, and the securities are registered solely in the name of the university. All investments are transacted with nationally reputable brokerage firms offering protection by the Securities Investor Protection Corporation.

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

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

The credit ratings of the university’s interest-bearing investments for the primary institution at June 30, 2017 are as follows:

	Primary Institution										
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	Not Rated
U.S. government											
and agency obligations	\$ 661,688	\$ 4,828	\$ 615,608	\$ 33,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,999
Corporate bonds	1,073,319	74,388	187,093	367,603	328,182	19,966	5,249	-	-	-	90,838
Bond mutual funds	104,937	69,995	5,424	18,060	8,080	1,474	619	1,272	-	-	13
Foreign government bonds	30,212	3,080	2,126	12,724	2,043	-	-	-	-	-	10,239
Commercial paper	46,028	-	-	10,949	-	-	-	-	-	-	35,079
Other government bonds	21,237	1,325	9,964	5,259	3,688	-	-	-	-	-	1,001
Securities Lending Collateral:											
Repurchase agreements	10,621	-	-	-	-	-	-	-	-	-	10,621
Certificates of deposit	3,044	-	-	2,627	-	-	-	-	-	-	417
Commercial paper	1,410	-	-	1,410	-	-	-	-	-	-	-
Variable rate notes	890	-	633	257	-	-	-	-	-	-	-
Total	\$ 1,953,386	\$ 153,616	\$ 820,848	\$ 452,142	\$ 341,993	\$ 21,440	\$ 5,868	\$ 1,272	\$ -	\$ -	\$ 156,207

The credit ratings of the university’s interest-bearing investments for the primary institution at June 30, 2016 are as follows:

	Primary Institution										
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	Not Rated
U.S. government											
and agency obligations	\$ 296,261	\$ 289	\$ 292,392	\$ 2,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,062
Repurchase agreements	2,200	-	-	-	-	-	-	-	-	-	2,200
Corporate bonds	983,613	61,182	211,662	359,356	291,321	22,258	8,313	238	-	-	29,283
Bond mutual funds	101,498	62,906	7,385	16,059	12,540	870	281	1	-	1,320	136
Foreign government bonds	6,819	2,322	2,731	-	1,255	-	-	-	-	-	511
Commercial paper	40,746	-	-	-	-	-	-	-	-	-	40,746
Other government bonds	11,685	-	4,726	5,235	275	-	1,004	-	-	-	445
Securities Lending Collateral:											
Repurchase agreements	7,317	-	-	-	-	-	-	-	-	-	7,317
Commercial paper	521	521	-	-	-	-	-	-	-	-	-
Variable rate notes	17,774	2,015	6,029	9,730	-	-	-	-	-	-	-
Total	\$ 1,468,434	\$ 129,235	\$ 524,925	\$ 392,898	\$ 305,391	\$ 23,128	\$ 9,598	\$ 239	\$ -	\$ 1,320	\$ 81,700

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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**Concentration of credit risk** – Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the university to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

There is no investment in issuers other than U. S. government guaranteed securities that represents five percent or more of investments held at June 30, 2017 and June 30, 2016.

**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.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

At June 30, 2017, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common	Equity	Bond	Corporate	Foreign	Partnerships
	Stock	Mutual Funds	Mutual Funds	Bonds and Notes	Government Bonds	and Hedge Funds
Australian dollar	\$ 1,557	\$ 12,026	\$ 486	\$ -	\$ -	\$ 4,054
Bangladeshi taka	-	544	-	-	-	-
Brazilian real	2,473	7,196	183	-	-	-
Canadian dollar	11,022	4,644	(30)	-	-	-
Chilean peso	(1)	2,256	-	-	-	-
Chinese yuan	-	2,225	3	-	-	-
Columbian peso	-	1,906	-	-	-	-
Czech Republic						
koruna	-	1,216	-	-	2,185	-
Danish krone	2,891	341	8	8,543	-	-
Egyptian pound	-	22	-	-	-	-
Euro	49,766	45,438	182	4,023	-	96,881
Great Britain pound						
sterling	27,369	66,843	114	2,638	-	30,577
Hong Kong dollar	10,858	16,146	17	-	-	-
Hungarian forint	-	56	-	-	-	-
Indian rupee	(5)	4,793	139	-	-	-
Indonesian rupiah	(1)	933	141	-	-	-
Israeli shekel	-	74	-	-	-	-
Japanese yen	28,717	55,177	34	-	15,099	-
Kuwaiti dinar	-	1,910	-	-	-	-
Malaysian ringgit	-	1,908	69	-	-	-
Mexican peso	(2)	4,767	274	(61)	-	-
New Taiwan dollar	(8)	6,438	(174)	-	-	-
New Turkish lira	-	2,535	232	-	-	-
New Zealand dollar	-	27	(289)	-	-	-
Norwegian krone	3,505	1,745	50	-	-	-
Pakistan rupee	-	4,823	-	-	-	-
Peruvian nuevo sol	-	6	71	-	-	-
Philippine peso	-	1,348	-	-	-	-
Polish zloty	(7)	1,048	-	-	-	-
Qatari riyal	-	85	-	-	-	-
Romanian new leu	-	2,887	-	-	-	-
Russian ruble	(2)	33	146	-	-	-
Singapore dollar	-	7,978	(625)	-	-	-
South African rand	(4)	5,560	6	-	-	-
South Korean won	3,284	4,839	(183)	-	-	-
Sri Lanka rupee	-	116	-	-	-	-
Swedish krona	773	4,711	273	-	-	-
Swiss franc	18,495	15,004	(262)	-	-	13,860
Thailand bhat	-	3,232	(3)	-	-	-
UAE dirham	-	1,137	-	-	-	-
Total	\$ 160,680	\$ 293,973	\$ 862	\$ 15,143	\$ 17,284	\$ 145,372

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

At June 30, 2016, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common	Equity	Bond	Corporate	Foreign	Partnerships
	Stock	Mutual Funds	Mutual Funds	Bonds and Notes	Government Bonds	and Hedge Funds
Australian dollar	\$ 1,005	\$ 6,759	\$ (60)	\$ -	\$ -	\$ 11,493
Bangladeshi taka	-	605	-	-	-	-
Brazilian real	315	6,425	298	-	-	-
Canadian dollar	7,474	1,111	6	-	-	-
Chilean peso	-	1,520	-	-	-	-
Chinese yuan	-	342	(280)	-	-	-
Columbian peso	-	628	-	-	-	-
Czech Republic koruna	-	974	-	-	-	-
Danish krone	1,110	251	(3)	-	-	-
Egyptian pound	-	30	-	-	-	-
Euro	35,254	23,712	(456)	1,597	-	80,657
Great Britain pound sterling	22,789	36,297	(293)	190	-	19,414
Hong Kong dollar	5,104	14,562	18	-	-	-
Hungarian forint	-	38	-	-	-	-
Indian rupee	-	3,986	3	-	-	-
Indonesian rupiah	-	323	5	-	-	-
Israeli shekel	-	82	-	-	-	-
Japanese yen	19,823	26,559	(55)	-	-	-
Kuwaiti dinar	-	443	-	-	-	-
Malaysian ringgit	-	1,163	-	-	-	-
Mexican peso	-	1,279	130	-	-	-
New Taiwan dollar	-	4,777	(240)	-	-	-
New Turkish lira	-	1,166	-	-	-	-
New Zealand dollar	-	39	4	-	-	-
Norwegian krone	1,529	1,130	1	-	-	-
Pakistan rupee	-	1,818	-	-	-	-
Philippine peso	-	233	-	-	-	-
Polish zloty	-	559	-	-	-	-
Romanian new leu	-	1,810	-	-	-	-
Russian ruble	-	-	150	-	-	-
Singapore dollar	-	6,925	(483)	-	-	-
South African rand	-	5,525	3	-	-	-
South Korean won	-	4,324	(13)	-	-	-
Sri Lanka rupee	-	345	-	-	-	-
Swedish krona	1,723	1,315	222	-	-	-
Swiss franc	16,073	6,247	(218)	-	-	7,968
Thailand bhat	-	774	-	-	-	-
UAE dirham	-	107	-	-	-	-
<b>Total</b>	<b>\$ 112,199</b>	<b>\$ 164,183</b>	<b>\$ (1,261)</b>	<b>\$ 1,787</b>	<b>\$ -</b>	<b>\$ 119,532</b>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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### Securities Lending

The university has engaged in a securities lending program through its custodian bank of the Long-Term Investment Pool. Securities loaned at June 30, 2017 were comprised completely of equities, and these loans were secured by collateral in the form of cash, equities, U.S. government obligations, and foreign government/private debt. All loans must be secured by collateral amounting to no less than 102% of the current fair value of domestic securities loaned and no less than 105% of the current fair value of foreign securities loaned.

As of the financial statements' date, there was no credit risk on securities loaned due to the fair value of the collateral held being greater than the fair value of securities on loan to each individual broker. The university, the custodian, and the borrower each maintain the right to terminate a loan. Upon maturity or termination of a loan agreement, the custodian is contractually obligated to indemnify the university if the borrowers fail to return loaned securities and if liquidation of the collateral is insufficient to replace the value of the securities loaned. Noncash collateral cannot be pledged or sold by the university without a borrower's default. While earning fees received by the university during the loan period, cash collateral is simultaneously invested in short term, highly liquid securities in order to further increase interest earned while also matching a weighted average maturity of loans which is not to exceed 60 days.

As of June 30, 2017, securities loaned by the university amounted to a fair value of \$26,267 and were secured by collateral in the amount of \$27,745. The portion of this collateral that was received in cash amounted to \$15,949 and is reflected within the university's statement of net position as a current asset and a corresponding current liability.

As of June 30, 2016, securities loaned by the university amounted to a fair value of \$38,166 and were secured by collateral in the amount of \$40,139. The portion of this collateral that was received in cash amounted to \$27,589 and is reflected within the university's statement of net position as a current asset and a corresponding current liability.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

### NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable for the primary institution at June 30, 2017 and 2016 consist of the following:

	<b>Primary Institution</b>	
	<b>2017</b>	<b>2016</b>
Gross patient receivables - OSU Health System	\$ 1,089,251	\$ 1,057,506
Grant and contract receivables	91,684	88,725
Tuition and fees receivable	20,176	19,508
Receivables for departmental and auxiliary sales and services	52,415	47,934
State and federal receivables	9,239	7,223
Other receivables	9,440	409
Total receivables	1,272,205	1,221,305
Less: Allowances	696,330	708,674
Total receivables, net	<u>\$ 575,875</u>	<u>\$ 512,631</u>

Allowances consist primarily of allowances for doubtful accounts and contractual adjustments of patient receivables of the OSU Health System.

Notes receivable consist primarily of Perkins and health professions loans and are net of an allowance for doubtful accounts of \$18,445 and \$17,500 at June 30, 2017 and 2016, respectively. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-exchange Transactions*, the university has recorded \$110,849 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$4,781 at June 30, 2017. The university recorded \$105,671 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$4,804 at June 30, 2016.

Accounts receivable for the discretely presented component units at June 30, 2017 and 2016 consist of the following:

	<b>Discretely Presented Component Units</b>	
	<b>2017</b>	<b>2016</b>
Gross patient receivables - OSU Physicians	\$ 101,787	\$ 116,489
Other receivables	13,234	14,693
Total receivables	115,021	131,182
Less: Allowances for doubtful accounts	67,285	78,467
Total receivables, net	<u>\$ 47,736</u>	<u>\$ 52,715</u>



## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Allowances consist primarily of allowances for doubtful accounts and contractual adjustments of patient receivables of OSU Physicians.

### NOTE 5 — CAPITAL ASSETS

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

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 85,335	\$ 3,474	\$ 307	\$ 88,502
Intangibles	18,413	-	-	18,413
Construction in progress	103,555	63,155	-	166,710
Total non depreciable assets	207,303	66,629	307	273,625
Capital assets being depreciated:				
Improvements other than buildings	812,055	16,374	-	828,429
Buildings and fixed equipment	6,039,509	183,276	8,246	6,214,539
Movable equipment, furniture and software	1,374,200	138,473	59,928	1,452,745
Library books	183,389	5,109	492	188,006
Total	8,409,153	343,232	68,666	8,683,719
Less: Accumulated depreciation	3,764,023	374,615	64,878	4,073,760
Total depreciable assets, net	4,645,130	(31,383)	3,788	4,609,959
Capital assets, net	\$ 4,852,433	\$ 35,246	\$ 4,095	\$ 4,883,584

The increase in construction in progress of \$63,155 in fiscal year 2017 represents the amount of capital expenditures for new projects of \$318,555, net of assets placed in service of \$255,400.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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

	Primary Institution			
	Beginning			Ending
	Balance	Additions	Retirements	Balance
Capital assets not being depreciated:				
Land	\$ 86,915	\$ 3,319	\$ 4,899	\$ 85,335
Intangibles	18,413	-	-	18,413
Construction in progress	332,346	(228,791)	-	103,555
Total non depreciable assets	437,674	(225,472)	4,899	207,303
Capital assets being depreciated:				
Improvements other than buildings	730,346	81,709	-	812,055
Buildings and fixed equipment	5,607,541	441,277	9,309	6,039,509
Movable equipment, furniture and software	1,300,468	109,169	35,437	1,374,200
Library books	177,753	6,165	529	183,389
Total	7,816,108	638,320	45,275	8,409,153
Less: Accumulated depreciation	3,450,540	351,901	38,418	3,764,023
Total depreciable assets, net	4,365,568	286,419	6,857	4,645,130
Capital assets, net	\$ 4,803,242	\$ 60,947	\$ 11,756	\$ 4,852,433

The decrease in construction in progress of \$228,791 in fiscal year 2016 represents the amount of capital expenditures for new projects of \$349,456, net of assets placed in service of \$578,247.

Capital assets activity for the discretely presented component units for the year ended June 30, 2017 is summarized as follows:

	Discretely Presented Component Units			
	Beginning			Ending
	Balance	Additions	Retirements	Balance
Capital assets not being depreciated:				
Land	\$ 21,122	\$ 6,354	\$ 1,745	\$ 25,731
Intangibles	-	52	-	52
Construction in progress	25,491	(10,325)	-	15,166
Total non depreciable assets	46,613	(3,919)	1,745	40,949
Capital assets being depreciated:				
Improvements other than buildings	8,510	5,663	750	13,423
Buildings and fixed equipment	72,366	41,622	11,622	102,366
Movable equipment, furniture and software	50,281	2,611	22,318	30,574
Library books	-	-	-	-
Total	131,157	49,896	34,690	146,363
Less: Accumulated depreciation	59,805	7,138	1,798	65,145
Total depreciable assets, net	71,352	42,758	32,892	81,218
Capital assets, net	\$ 117,965	\$ 38,839	\$ 34,637	\$ 122,167

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Capital assets activity for the discretely presented component units for the year ended June 30, 2016 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 10,844	\$ 20,881	\$ 10,603	\$ 21,122
Intangibles	-	-	-	-
Construction in progress	582	24,909	-	25,491
Total non depreciable assets	11,426	45,790	10,603	46,613
Capital assets being depreciated:				
Improvements other than buildings	8,314	1,625	1,429	8,510
Buildings and fixed equipment	67,551	8,101	3,286	72,366
Movable equipment, furniture and software	48,398	2,662	779	50,281
Library books	-	-	-	-
Total	124,263	12,388	5,494	131,157
Less: Accumulated depreciation	55,778	6,425	2,398	59,805
Total depreciable assets, net	68,485	5,963	3,096	71,352
Capital assets, net	\$ 79,911	\$ 51,753	\$ 13,699	\$ 117,965

### NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses for the primary institution at June 30, 2017 and 2016 consist of the following:

	Primary Institution	
	2017	2016
Payables to vendors for supplies and services	\$ 303,026	\$ 333,524
Accrued compensation and benefits	125,049	90,906
Retirement system contributions payable	49,572	45,118
Other accrued expenses	47,107	(332)
Total payables and accrued expenses	\$ 524,754	\$ 469,216

### NOTE 7 – DEPOSITS AND ADVANCE PAYMENTS FOR GOODS AND SERVICES

Deposits and advance payments for goods and services for the primary institution at June 30, 2017 and 2016 consist of the following:

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

	Primary Institution	
	2017	2016
Current deposits and advance payments:		
Tuition and fees	\$ 40,002	\$ 40,119
Departmental and auxiliary sales and services	64,546	75,686
Affinity agreements	5,068	7,901
Grant and contract advances	101,307	78,329
Other deposits and advance payments	12,957	14,337
Total current deposits and advance payments	<u>\$ 223,880</u>	<u>\$ 216,372</u>
Other non-current deposits and advance payments:	\$ 73,289	\$ 79,538

### NOTE 8 – SELF-INSURANCE ACCRUALS

The university maintains self-insurance programs for professional medical malpractice, employee health insurance and workers' compensation. Information on each of these programs is provided below.

#### Medical Malpractice

The university has established trustee self-insurance funds for professional medical malpractice liability claims with a \$4,000 limit per occurrence and \$18,000 annual aggregate. The university self-insurance funds have insurance in excess of \$4,000 per occurrence through Oval Limited, a blended component unit of the university. Effective July 1, 2016, Oval Limited provides coverage with limits of \$85,000 per occurrence and in the aggregate.

Previous coverage levels for Oval Limited are as follows:

Accident Period for Oval	Gross Oval Limit (Occurrence and Annual Aggregate)
7/1/16 – 6/30/17	\$85,000
7/1/15 – 6/30/16	\$75,000
7/1/08 – 6/30/15	\$55,000
7/1/06 – 6/30/08	\$40,000
7/1/05 – 6/30/06	\$35,000
7/1/02 – 6/30/05	\$25,000
7/1/97 – 6/30/02	\$15,000
9/30/94 – 6/30/97	\$10,000

The limits are in excess of underlying policies with limits of \$4,000 per occurrence and \$18,000 in the aggregate. A portion of the risks written by Oval Limited to date is reinsured by four reinsurance companies. Oval Limited retains 50% of the first \$15,000 of risk and cedes the remainder to Berkley Medical Excess Underwriters (rated A+ by A.M. Best). The next \$20,000 is fully ceded to Lexington Insurance Company (rated A by A.M. Best). The next \$20,000 is fully ceded to Endurance Specialty Insurance Ltd. (rated A by A.M. Best). Above that, Oval

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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Limited cedes the remaining \$20,000 of risk to Medical Protective (rated A++ by A.M. Best). The estimated liability and the related contributions to the trustee fund are based upon an independent actuarial determination as of June 30, 2017. OSUP participates in the university self-insurance fund for professional medical malpractice liability claims.

The university's estimate of professional malpractice liability includes provisions for known claims and actuarially determined estimates of incurred but not reported claims and incidents. This liability at June 30, 2017 of the anticipated future payments on gross claims is estimated at its present value of \$51,626 discounted at an estimated rate of 3.0% (university funds) and an additional \$7,297 discounted at an estimated rate of 3.0% (Oval Limited).

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of \$184,849 (which primarily consist of bond and equity mutual funds, money market funds and U.S. treasury notes) are more than the recorded liability at June 30, 2017, and the surplus of \$111,328 is included in unrestricted net position.

At June 30, 2016, the anticipated future payments on gross claims was estimated at its present value of \$57,873 discounted at an estimated rate of 3% (university funds) and an additional \$26,927 discounted at an estimated rate of 3% (Oval Limited). The self-insurance fund assets of \$179,198 (which primarily consist of bond and equity mutual funds, money market funds and U.S. treasury notes) were more than the recorded liability at June 30, 2016, and the surplus of \$94,398 was included in unrestricted net position.

### Employee Health Insurance

The university is also self-insured for employee health insurance. As of June 30, 2017 and 2016, \$35,849 and \$39,096, respectively is recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

### Workers' Compensation

Effective January 1, 2013, the university became self-insured for workers' compensation. As of June 30, 2017 and 2016, respectively, \$20,498 and \$19,127 are recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Changes in reported self-insurance liabilities for the primary institution since June 30, 2015 result from the following activities:

	Malpractice		Health		Workers' Compensation	
	2017	2016	2017	2016	2017	2016
Liability at beginning of fiscal year	\$ 84,800	\$ 98,578	\$ 39,096	\$ 37,375	\$ 19,127	\$ 15,308
Current year provision for losses	(10,307)	(9,128)	325,339	343,904	(11,409)	(5,492)
Claim payments	(970)	(4,650)	(328,586)	(342,183)	12,780	9,311
Balance at fiscal year end	\$ 73,523	\$ 84,800	\$ 35,849	\$ 39,096	\$ 20,498	\$ 19,127

### NOTE 9 — DEBT

The university may finance the construction, renovation and acquisition of certain facilities through the issuance of debt obligations, which may include general receipts bonds, certificates of participation, commercial paper, capital lease obligations and other borrowings. Debt activity for the primary institution for the year ended June 30, 2017 is as follows:

	Primary Institution				
	Beginning			Ending	Current
	Balance	Additions	Reductions	Balance	Portion
<b>Notes:</b>					
WOSU	\$ 2,303	\$ -	\$ 159	\$ 2,144	\$ 159
OH Air Quality Note Series A	3,438	-	407	3,031	413
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,802	-	73	2,729	76
<b>General Receipts Bonds - Fixed Rate:</b>					
2008A, due serially through 2028	110,330	-	15,820	94,510	7,340
2010A, due serially through 2020	117,190	-	38,030	79,160	38,700
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	84,625	-	-	84,625	-
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	82,870	-	7,890	74,980	8,230
2012B, due 2033	17,135	-	1,800	15,335	1,820
2014A, due serially through 2044	133,795	-	2,235	131,560	2,315
2016A, due serially through 2111	600,000	-	-	600,000	-
2016B, due serially through 2030	28,545	-	2,610	25,935	2,680
<b>Special Purpose General Receipts Bonds - Fixed Rate:</b>					
2013A, due 2043	337,955	-	-	337,955	-
<b>General Receipts Bonds - Variable Rate:</b>					
1997, due serially through 2027	17,160	-	-	17,160	17,160
1999B1, due serially through 2029	10,765	-	-	10,765	10,765
2001, due serially through 2032	53,035	-	-	53,035	53,035
2003C, due serially through 2031	51,975	-	2,175	49,800	49,800
2005B, due serially through 2035	71,575	-	-	71,575	71,575
2008B, due serially through 2028	91,925	-	5,900	86,025	86,025
2010E, due serially through 2035	150,000	-	-	150,000	150,000
2014B, due serially through 2044	150,000	-	-	150,000	150,000
<b>Capital Lease Obligations</b>	4,547	6,430	2,429	8,548	1,891
	3,279,095	6,430	79,528	3,205,997	651,984
<b>Unamortized Bond Premiums</b>	94,165	-	8,036	86,129	-
Total outstanding debt	\$ 3,373,260	\$ 6,430	\$ 87,564	\$ 3,292,126	\$ 651,984

**Notes to Financial Statements – Years Ended June 30, 2017 and 2016**  
(dollars in thousands)

Debt activity for the primary institution for the year ended June 30, 2016 is as follows:

	Primary Institution				
	Beginning	Additions	Reductions	Ending	Current
	Balance			Balance	Portion
<b>Notes:</b>					
WOSU	\$ 2,462	\$ -	\$ 159	\$ 2,303	\$ 159
OH Air Quality Note Series A	3,839	-	401	3,438	407
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,871	-	69	2,802	73
<b>General Receipts Bonds - Fixed Rate:</b>					
2005A, due serially through 2035	36,040	-	36,040	-	-
2008A, due serially through 2028	124,165	-	13,835	110,330	7,070
2010A, due serially through 2020	146,040	-	28,850	117,190	38,030
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	84,625	-	-	84,625	-
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	90,500	-	7,630	82,870	7,890
2012B, due 2033	18,920	-	1,785	17,135	1,800
2014A, due serially through 2044	135,985	-	2,190	133,795	2,235
2016A, due serially through 2111	-	600,000	-	600,000	-
2016B, due serially through 2030	-	30,875	2,330	28,545	2,610
<b>Special Purpose General Receipts Bonds - Fixed Rate:</b>					
2013A, due 2043	337,955	-	-	337,955	-
<b>General Receipts Bonds - Variable Rate:</b>					
1997, due serially through 2027	17,160	-	-	17,160	17,160
1999B1, due serially through 2029	10,765	-	-	10,765	10,765
2001, due serially through 2032	53,035	-	-	53,035	53,035
2003C, due serially through 2031	51,975	-	-	51,975	51,975
2005B, due serially through 2035	71,575	-	-	71,575	71,575
2008B, due serially through 2028	91,925	-	-	91,925	91,925
2010E, due serially through 2035	150,000	-	-	150,000	150,000
2014B, due serially through 2044	150,000	-	-	150,000	150,000
<b>Capital Lease Obligations</b>	6,389	-	1,842	4,547	1,709
	2,743,351	630,875	95,131	3,279,095	658,418
<b>Unamortized Bond Premiums</b>	98,658	4,745	9,238	94,165	-
Total outstanding debt	\$ 2,842,009	\$ 635,620	\$ 104,369	\$ 3,373,260	\$ 658,418

Debt activity for the discretely presented component units for the year ended June 30, 2017 is as follows:

	Discretely Presented Component Units				
	Beginning	Additions	Reductions	Ending	Current
	Balance			Balance	Portion
<b>Notes:</b>					
OSU Physicians - Series 2013 Health Care Facilities Revenue Bond, due through 2035	\$ 13,659	\$ -	\$ 635	\$ 13,024	\$ 601
OSU Physicians - Term Loan Payable, due 2023	1,887	-	273	1,614	261
Campus Partners - Columbus Foundation Note Payable	-	1,979	83	1,896	84
Campus Partners - Edwards TIF Note Payable	-	150	-	150	-
<b>Capital Lease Obligations</b>	-	-	-	-	-
Total outstanding debt	\$ 15,546	\$ 2,129	\$ 991	\$ 16,684	\$ 946

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Debt activity for the discretely presented component units for the year ended June 30, 2016 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Notes:</b>					
OSU Physicians - Series 2013 Health Care Facilities Revenue Bond, due through 2035	\$ 14,228	\$ -	\$ 569	\$ 13,659	\$ 811
OSU Physicians - Term Loan Payable, due 2023	2,136	-	249	1,887	-
<b>Capital Lease Obligations</b>	5	-	5	-	-
Total outstanding debt	\$ 16,369	\$ -	\$ 823	\$ 15,546	\$ 811

Debt obligations are generally callable by the university, bear interest at fixed and variable rates ranging from 0% to 6% and mature at various dates through 2111. Maturities and interest on debt obligations for the next five years and in five-year periods for the primary institution are as follows:

	Primary Institution		
	Principal	Interest	Total
2018	\$ 651,984	\$ 133,483	\$ 785,467
2019	49,455	126,190	175,645
2020	36,441	124,307	160,748
2021	34,969	122,654	157,623
2022	36,060	121,084	157,144
2023-2027	191,588	578,941	770,529
2028-2032	150,524	539,178	689,702
2033-2037	103,653	511,595	615,248
2038-2042	790,153	398,346	1,188,499
2043-2047	411,170	235,203	646,373
2048-2052	-	170,600	170,600
2053-2057	250,000	165,540	415,540
2058-2062		120,000	120,000
2063-2067		120,000	120,000
2068-2072		120,000	120,000
2073-2077		120,000	120,000
2078-2082		120,000	120,000
2083-2087		120,000	120,000
2088-2092		120,000	120,000
2093-2097		120,000	120,000
2098-2102		120,000	120,000
2103-2107		120,000	120,000
2108-2112	500,000	96,000	596,000
	\$ 3,205,997	\$ 4,523,121	\$ 7,729,118



## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Maturities and interest on debt obligations for the next five years and in five-year periods for the discretely presented component units are as follows:

	<b>Discretely Presented Component Units</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 946	\$ 341	\$ 1,287
2019	1,114	320	1,434
2020	986	299	1,285
2021	2,555	273	2,828
2022	938	243	1,181
2023-2027	3,744	871	4,615
2028-2032	3,861	482	4,343
2033-2037	2,540	87	2,627
	<u>\$ 16,684</u>	<u>\$ 2,916</u>	<u>\$ 19,600</u>

General receipts bonds are backed by the unrestricted receipts of the university, excluding certain items as described in the bond indentures.

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the university has set aside \$323,350 for future debt service which is included in unrestricted net position.

The university has defeased various bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The defeased bonds for the primary institution are as follows:

	<b>Amount</b>	
	<b>Amount Defeased</b>	<b>Outstanding at June 30, 2017</b>
General Receipts Bonds:		
Series 2008A	\$ 26,945	\$ 20,750
Series 2010A	13,050	4,720
Series 2010D	3,710	3,710
	<u>\$ 43,705</u>	<u>\$ 29,180</u>

Neither the outstanding indebtedness nor the related trust account assets for the above bonds are included in the university's financial statements.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

### Special-Purpose General Receipts Bonds

In January 2013, the university issued \$337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. The bond indenture agreement includes a debt covenant, requiring the university “to set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.10 times the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations.” At June 30, 2017, the university is in compliance with this covenant. Condensed financial information for the Special Purpose Revenue Facilities is provided in Note 21.

### Variable Rate Demand Bonds

Series 1997, 1999B1, 2001, 2003C, 2005B, 2008B, 2010E and 2014B variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2017 are as follows:

Series:	Interest Rate Not	Effective Average
	to Exceed	Interest Rate
1997	12%	1.496%
1999B1	12%	1.278%
2001	12%	1.067%
2003C	12%	1.424%
2005B	12%	0.975%
2008B	12%	0.317%
2010E	8%	0.188%
2014B	not specified	0.306%

At the discretion of the university, the interest rate on the bonds can be converted to a fixed rate. The bonds may be redeemed by the university or sold by the bondholders to a remarketing agent appointed by the university at any time prior to conversion to a fixed rate at a price equal to the principal amount plus accrued interest.

The university’s variable rate demand bonds mature at various dates through 2044. GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation No. 1, outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a “take-out agreement” to convert bonds “put” but not resold into some other form of long-term obligation. In the absence

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation No. 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled \$588,360 and \$596,435 at June 30, 2017 and 2016, respectively.

### Capital Lease Obligations

Some university equipment items and vehicles are financed as capital leases. The original cost and lease obligations related to these capital leases as of June 30, 2017 are \$17,523 and \$8,548, respectively. The original cost and lease obligations related to these capital leases as of June 30, 2016 are \$13,338 and \$4,547, respectively.

### Capitalization of Interest

Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Total interest costs incurred for the years ended June 30, 2017 and 2016 for the primary institution were \$124,240 and \$105,619, respectively. Of these amounts, interest of \$3,169 and \$11,734 was capitalized in the years ended June 30, 2017 and 2016, respectively. The remaining amounts, \$121,071 and \$93,885 for the years ended June 30, 2017 and 2016, respectively, are reported as interest expense in the statement of revenues, expenses and changes in net position.

## NOTE 10 — OPERATING LEASES

The university leases various buildings, office space, and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statement of net position. The total rental expense under these agreements was \$24,836 and \$30,152 for the years ended June 30, 2017 and 2016, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2017 are as follows:

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Year Ending June 30,	Primary	Discretely Presented
	Institution	Component Units
2018	\$ 18,870	\$ 1,894
2019	17,335	962
2020	16,621	715
2021	14,694	610
2022	14,060	552
2023-2027	50,321	1,576
2028-2032	29,529	124
2033-2037	2,360	-
2038-2042	836	-
2043-2047	1,077	-
2048-2052	1,068	-
2053-2057	1,368	-
2058-2062	1,368	-
2063 and beyond	1,083	-
Total minimum lease payments	<u>\$ 170,590</u>	<u>\$ 6,433</u>

### NOTE 11 — COMPENSATED ABSENCES

University employees earn vacation and sick leave on a monthly basis.

Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of service with the state. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

The university accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the “termination payment method” which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method, the university calculates a ratio, Sick Leave Termination Cost per Year Worked, that is based on the university’s actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current employees.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Certain employees of the university (mostly classified civil service employees) receive compensation time in lieu of overtime pay. Any unused compensation time must be paid to the employee at termination or retirement.

### NOTE 12 — OTHER LIABILITIES

Other liability activity for the primary institution for the year ended June 30, 2017 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 171,012	\$ 18,808	\$ 12,613	\$ 177,207	\$ 12,613
Self-insurance accruals	143,023	316,403	329,556	129,870	48,631
Amounts due to third party payors	71,228	23,781	28,483	66,526	28,494
Obligations under life income agreements	33,225	2,567	1,700	34,092	3,619
Refundable advances for Federal Perkins loans	32,110	-	396	31,714	-
Other noncurrent liabilities	113,057	-	11,355	101,702	-
	<u>\$ 563,655</u>	<u>\$ 361,559</u>	<u>\$ 384,103</u>	<u>\$ 541,111</u>	<u>\$ 93,357</u>

Other liability activity for the primary institution for the year ended June 30, 2016 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 166,356	\$ 15,794	\$ 11,138	\$ 171,012	\$ 11,138
Self-insurance accruals	151,261	338,595	346,833	143,023	48,407
Amounts due to third party payors	52,811	62,585	44,168	71,228	28,483
Obligations under life income agreements	28,944	7,721	3,440	33,225	3,949
Refundable advances for Federal Perkins loans	32,228	-	118	32,110	-
Other noncurrent liabilities	84,140	28,917	-	113,057	-
	<u>\$ 515,740</u>	<u>\$ 453,612</u>	<u>\$ 405,697</u>	<u>\$ 563,655</u>	<u>\$ 91,977</u>

### NOTE 13 – RENTALS UNDER OPERATING LEASES

The university is the lessor of certain land, buildings, office and retail space under operating lease agreements. Future minimum rental income from non-cancelable operating leases for the primary institution as of June 30, 2017 is as follows:

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Year Ending June 30,	
2018	\$ 4,868
2019	4,263
2020	3,710
2021	2,867
2022	2,449
2023-2027	8,659
2028-2032	3,991
2033-2037	3,043
2038-2042	1,868
2043-2047	158
2048-2052	53
Total minimum future rentals	<u>\$ 35,929</u>

### NOTE 14 – OPERATING EXPENSES BY OBJECT

In accordance with requirements set forth by the Ohio Board of Regents, the university reports operating expenses by functional classification on the Statement of Revenues, Expenses and Other Changes in Net Position. Operating expenses by object for the primary institution for the years ended June 30, 2017 and 2016 are summarized as follows:

#### Year Ended June 30, 2017

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 888,236	\$ 118,175	\$ -	\$ -	\$ 1,006,411
Separately budgeted research	340,784	156,724	-	-	497,508
Public service	104,285	70,816	-	-	175,101
Academic support	180,431	41,612	-	-	222,043
Student services	84,593	23,448	-	-	108,041
Institutional support	124,620	130,162	-	-	254,782
Operation and maintenance of plant	35,143	59,544	-	-	94,687
Scholarships and fellowships	7,263	1,697	121,109	-	130,069
Auxiliary enterprises	187,806	125,379	-	-	313,185
OSU Health System	1,397,568	1,198,229	-	-	2,595,797
Depreciation	-	-	-	374,615	374,615
Total operating expenses	<u>\$ 3,350,729</u>	<u>\$ 1,925,786</u>	<u>\$ 121,109</u>	<u>\$ 374,615</u>	<u>\$ 5,772,239</u>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Year Ended June 30, 2016

	Primary Institution				Total
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	
Instruction	\$ 866,910	\$ 127,377	\$ -	\$ -	\$ 994,287
Separately budgeted research	296,748	147,329	-	-	444,077
Public service	90,729	69,552	-	-	160,281
Academic support	169,078	38,610	-	-	207,688
Student services	78,115	25,669	-	-	103,784
Institutional support	117,693	109,464	-	-	227,157
Operation and maintenance of plant	32,547	68,460	-	-	101,007
Scholarships and fellowships	6,308	2,189	112,465	-	120,962
Auxiliary enterprises	153,389	100,748	-	-	254,137
OSU Health System	1,231,265	1,019,765	-	-	2,251,030
Depreciation	-	-	-	351,901	351,901
Total operating expenses	\$ 3,042,782	\$ 1,709,163	\$ 112,465	\$ 351,901	\$ 5,216,311

### NOTE 15 — RETIREMENT PLANS

University employees are covered by one of three retirement systems. The university faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

STRS Ohio and OPERS each offer three separate plans: 1) a defined benefit plan, 2) a defined contribution plan and 3) a combined plan. Each of these three options is discussed in greater detail in the following sections.

#### Defined Benefit Plans

STRS Ohio and OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

STRS Ohio  
275 East Broad Street  
Columbus, OH 43215-3371  
(614) 227-4090  
(888) 227-7877  
[www.strsoh.org](http://www.strsoh.org)

OPERS, Attn: Finance Director  
277 East Town Street  
Columbus, OH 43215-4642  
(614) 222-5601  
(800) 222-7377  
[www.opers.org/financial/reports.shtml#CAFR](http://www.opers.org/financial/reports.shtml#CAFR)

In accordance with GASB Statement No. 68, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension liabilities of the plans. Although changes in the net pension liability generally are recognized as pension expense in the current period, GASB 68 requires certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The collective net pension liabilities of the retirement systems and the university's proportionate share of these net pension liabilities as of June 30, 2017 are as follows:

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Net pension liability - all employers	\$ 33,473,014	\$ 22,652,226	
Proportion of the net pension liability - university	4.5%	9.1%	
Proportionate share of net pension liability	\$ 1,510,814	\$ 2,054,548	\$ 3,565,362

The collective net pension liabilities of the retirement systems and the university's proportionate share of these net pension liabilities as of June 30, 2016 are as follows:

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Net pension liability - all employers	\$ 27,637,075	\$ 17,272,216	
Proportion of the net pension liability - university	4.5%	9.0%	
Proportionate share of net pension liability	\$ 1,238,470	\$ 1,556,156	\$ 2,794,626



## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2017:

	STRS-Ohio	OPERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 61,044	\$ 3,296	\$ 64,340
Changes in assumptions	-	329,038	329,038
Net difference between projected and actual earnings on pension plan investments	125,438	306,350	431,788
Changes in proportion of university contributions	921	1,163	2,084
University contributions subsequent to the measurement date	70,306	94,003	164,309
<b>Total</b>	<b>\$ 257,709</b>	<b>\$ 733,850</b>	<b>\$ 991,559</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ -	\$ 16,279	\$ 16,279
Changes in proportion of university contributions	-	63	63
<b>Total</b>	<b>\$ -</b>	<b>\$ 16,342</b>	<b>\$ 16,342</b>

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2016:

	STRS-Ohio	OPERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 56,459	\$ 317	\$ 56,776
Net difference between projected and actual earnings on pension plan investments	-	461,637	461,637
Changes in proportion of university contributions	789	1,343	2,132
University contributions subsequent to the measurement date	67,106	88,058	155,164
<b>Total</b>	<b>\$ 124,354</b>	<b>\$ 551,355</b>	<b>\$ 675,709</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ -	\$ 33,260	\$ 33,260
Net difference between projected and actual earnings on pension plan investments	89,069	-	89,069
Changes in proportion of university contributions	-	40	40
<b>Total</b>	<b>\$ 89,069</b>	<b>\$ 33,300</b>	<b>\$ 122,369</b>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
2018	100,495	352,017	452,512
2019	30,189	266,590	296,779
2020	77,142	108,889	186,031
2021	49,883	(9,353)	40,530
2022	-	(277)	(277)
2023 and Thereafter	-	(358)	(358)
<b>Total</b>	<b>\$ 257,709</b>	<b>\$ 717,508</b>	<b>\$ 975,217</b>

The following table provides additional details on the pension benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension liabilities for the retirement systems.

**Notes to Financial Statements – Years Ended June 30, 2017 and 2016**

(dollars in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Statutory Authority</b>	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145
<b>Benefit Formula</b>	<p>The 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 is 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.</p>	<p>Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p>
<b>Cost-of-Living Adjustments</b>	<p>With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring Aug. 1, 2013, or later, the first 2% is paid on the fifth anniversary of the retirement benefit. In April 2017, STRS-Ohio announced that, effective July 1, 2017, it would indefinitely suspend the annual COLA for all retirees.</p>	<p>Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit.</p>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Contribution Rates</b>	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2016, the employer rate was 14% and the member rate was 13% of covered payroll. The statutory employer rate for fiscal 2017 and subsequent years is 14%. The statutory member contribution rate increased to 14% on July 1, 2016.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2016, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
<b>Measurement Date</b>	June 30, 2016	December 31, 2016
<b>Actuarial Assumptions</b>	<p><b>Valuation Date:</b> July 1, 2016  <b>Actuarial Cost Method:</b> Individual entry age  <b>Investment Rate of Return:</b> 7.75%  <b>Inflation:</b> 2.75%  <b>Projected Salary Increases:</b> 2.75% - 12.25%  <b>Cost-of-Living Adjustments:</b> 2.00% Simple, applied as follows: for members retiring before August 1, 2013, 2% per year; for members retiring August 1, 2013 or later, 2% COLA commences on fifth anniversary of the retirement date.</p>	<p><b>Valuation Date:</b> December 31, 2016  <b>Actuarial Cost Method:</b> Individual entry age  <b>Investment Rate of Return:</b> 7.5%  <b>Inflation:</b> 3.25%  <b>Projected Salary Increases:</b> 3.25% - 10.75%  <b>Cost-of-Living Adjustments:</b> 3.00% Simple – for those retiring after January 7, 2013, 3.00% Simple through 2018, then 2.15% Simple.</p>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Mortality Rates</b>	RP-2000 Combined Mortality Table (Projection 2022–Scale AA) for Males and Females. Males’ ages are set back two years through age 89 and no setback for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.	RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.
<b>Date of Last Experience Study</b>	July 1, 2012	December 31, 2015

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>																																															
<b>Investment Return Assumptions</b>	The 10 year expected real rate of return on pension plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:	The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:																																															
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><b>Asset Class</b></th> <th style="text-align: center;"><b>Target Allocation</b></th> <th style="text-align: center;"><b>Long Term Expected Return*</b></th> </tr> </thead> <tbody> <tr> <td>Domestic Equity</td> <td style="text-align: center;">31.0%</td> <td style="text-align: center;">8.00%</td> </tr> <tr> <td>International Equity</td> <td style="text-align: center;">26.0%</td> <td style="text-align: center;">7.85%</td> </tr> <tr> <td>Alternatives</td> <td style="text-align: center;">14.0%</td> <td style="text-align: center;">8.00%</td> </tr> <tr> <td>Fixed Income</td> <td style="text-align: center;">18.0%</td> <td style="text-align: center;">3.75%</td> </tr> <tr> <td>Real Estate</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">6.75%</td> </tr> <tr> <td>Liquidity Reserves</td> <td style="text-align: center;">1.0%</td> <td style="text-align: center;">3.00%</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>100%</b></td> <td></td> </tr> </tbody> </table> <p>* Returns presented as geometric means</p>	<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Return*</b>	Domestic Equity	31.0%	8.00%	International Equity	26.0%	7.85%	Alternatives	14.0%	8.00%	Fixed Income	18.0%	3.75%	Real Estate	10.0%	6.75%	Liquidity Reserves	1.0%	3.00%	<b>Total</b>	<b>100%</b>		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><b>Asset Class</b></th> <th style="text-align: center;"><b>Target Allocation</b></th> <th style="text-align: center;"><b>Long Term Expected Return*</b></th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td style="text-align: center;">23.0%</td> <td style="text-align: center;">2.75%</td> </tr> <tr> <td>Domestic Equity</td> <td style="text-align: center;">20.7%</td> <td style="text-align: center;">6.34%</td> </tr> <tr> <td>Real Estate</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td>Private Equity</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">8.97%</td> </tr> <tr> <td>International Equity</td> <td style="text-align: center;">18.3%</td> <td style="text-align: center;">7.95%</td> </tr> <tr> <td>Other Investments</td> <td style="text-align: center;">18.0%</td> <td style="text-align: center;">4.92%</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>100.0%</b></td> <td></td> </tr> </tbody> </table> <p>* Returns presented as arithmetic means</p>	<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Return*</b>	Fixed Income	23.0%	2.75%	Domestic Equity	20.7%	6.34%	Real Estate	10.0%	4.75%	Private Equity	10.0%	8.97%	International Equity	18.3%	7.95%	Other Investments	18.0%	4.92%	<b>Total</b>	<b>100.0%</b>
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## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>												
<b>Discount Rate</b>	The discount rate used to measure the total pension liability was 7.75% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.	The discount rate used to measure the total pension liability was 7.5% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.												
<b>Sensitivity of Net Pension Liability to Changes in Discount Rate</b>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">1% Decrease (6.75%)</th> <th style="text-align: center;">Current Rate (7.75%)</th> <th style="text-align: center;">1% Increase (8.75%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$ 2,007,749</td> <td style="text-align: right;">\$ 1,510,814</td> <td style="text-align: right;">\$ 1,091,620</td> </tr> </tbody> </table>	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)	\$ 2,007,749	\$ 1,510,814	\$ 1,091,620	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">1% Decrease (6.5%)</th> <th style="text-align: center;">Current Rate (7.5%)</th> <th style="text-align: center;">1% Increase (8.5%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$ 3,147,036</td> <td style="text-align: right;">\$ 2,054,548</td> <td style="text-align: right;">\$ 1,144,550</td> </tr> </tbody> </table>	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)	\$ 3,147,036	\$ 2,054,548	\$ 1,144,550
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1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)												
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### Changes in Assumptions between Measurement Date and Report Date

In March 2017, the STRS-Ohio Board adopted certain assumption changes, which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75% to 7.45%. Also, in April 2017, the STRS-Ohio Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amounts of these changes are not known, they are expected to have a significant impact on net pension liabilities to be reported at June 30, 2018.

### Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

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

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

### Combined Plans

STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits.

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits. OPERS provides retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

### Summary of Employer Pension Expense

Total pension expense for the year ended June 30, 2017, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below.

	STRS-Ohio	OPERS	ARP	Total
Employer Contributions	\$ 70,373	\$ 188,762	\$ 56,425	\$ 315,560
GASB 68 Accruals	49,919	298,941		348,860
Total Pension Expense	<u>\$ 120,292</u>	<u>\$ 487,703</u>	<u>\$ 56,425</u>	<u>\$ 664,420</u>

Total pension expense for the year ended June 30, 2016, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below.



## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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	STRS-Ohio	OPERS	ARP	Total
Employer Contributions	\$ 66,975	\$ 178,293	\$ 53,423	\$ 298,691
GASB 68 Accruals	11,006	100,197		111,203
Total Pension Expense	<u>\$ 77,981</u>	<u>\$ 278,490</u>	<u>\$ 53,423</u>	<u>\$ 409,894</u>

Pension expense is allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

### Post-Retirement Health Care Benefits

STRS Ohio currently provides access to health care coverage to retirees who participated in the defined benefit or combined plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care costs in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS Ohio are included in the employer contribution rate. For the fiscal year ended June 30, 2016, STRS Ohio made no allocation of employer contributions for post-employment health care.

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar years 2016 and 2017, OPERS allocated 2.0% and 1.0%, respectively, of the employer contribution rate to fund the health care program for retirees.

### OSU Physicians Retirement Plan

Retirement benefits are provided for the employees of OSUP through a tax-sheltered 403(b) and 401(a) program administered by an insurance company. OSUP is required to make nondiscretionary contributions of no less than 7.5% under the Interim Retirement Plan; however, some subsidiaries make an additional discretionary contribution of up to 17.5%, for a range of total employer contributions of 7.5% to 25%. Employees are allowed, but not required, to make contributions to the 403(b) plan. OSUP's share of the cost of these benefits was \$4,619 and \$3,949 for the years ended June 30, 2017 and 2016, respectively.

Employee contributions were \$1,745 and \$1,603 for the years ended June 30, 2017 and 2016.

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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### NOTE 16 — CAPITAL PROJECT COMMITMENTS

At June 30, 2017, the university is committed to future contractual obligations for capital expenditures of approximately \$262,286.

These projects are funded by the following sources:

State appropriations	\$ 72,999
Internal and other sources	189,287
Total	<u>\$ 262,286</u>

### NOTE 17 — CONTINGENCIES AND RISK MANAGEMENT

The university is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the university's financial position.

The university is self-insured for the Health System's professional malpractice liability, employee health benefits, workers' compensation and employee life, accidental death and dismemberment benefits. Additional details regarding these self-insurance arrangements are provided in Note 8. The university also carries commercial insurance policies for various property, casualty and excess liability risks. Over the past three years, settlement amounts related to these insured risks have not exceeded the university's coverage amounts.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required of the university have been infrequent in prior years.

### NOTE 18 — PARKING LEASE AND CONCESSION AGREEMENT

On September 21, 2012, the university entered into a 50-year lease and concession agreement with QIC Global Infrastructure (QIC GI). CampusParc LP, a QIC GI affiliate, owns and operates the university's parking concession on QIC GI's behalf. Under the agreement, CampusParc operates, maintains and retains parking revenues from the university's parking lots and garages. This agreement also regulates the parking rates that may be charged and future increases in these rates. The university received lump-sum payments totaling \$483,000 from QIC GI and used the proceeds to establish endowment funds, with income distributions internally designated to support student scholarships, faculty initiatives and research, transportation and sustainability and the university arts district.

The lump-sum payment under this service concession arrangement is reported as a deferred inflow of resources and is being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were \$435,807 and \$445,439 at June 30,

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

2017 and 2016, respectively. The university reports the parking lots and garages as capital assets with a carrying amount of \$124,417 and \$124,985 at June 30, 2017 and 2016, respectively.

### NOTE 19 – COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

As indicated in the Basis of Presentation in Note 1, the university consolidates certain component units in a blended presentation. Condensed combining financial information for the years ended June 30, 2017 and 2016 is presented below.

#### Condensed Combining Information – Year Ended June 30, 2017

	OSU Foundation	OSU Health Plan	Oval Limited
<b>Condensed statements of net position:</b>			
Current assets	\$ 47,236	\$ 6,252	\$ 50,634
Capital assets, net	3,271	168	-
Other assets	1,002,456	585	-
Total assets	<u>\$ 1,052,963</u>	<u>\$ 7,005</u>	<u>\$ 50,634</u>
Current liabilities	\$ 3,748	\$ 2,546	\$ 44
Noncurrent liabilities	48,025	467	21,895
Amounts payable to the university	1,853	-	-
Total liabilities	<u>53,626</u>	<u>3,013</u>	<u>21,939</u>
Net investment in capital assets	3,271	-	-
Restricted:			
Nonexpendable	824,383	-	-
Expendable	158,733	-	-
Unrestricted	12,950	3,992	28,695
Total net position	<u>999,337</u>	<u>3,992</u>	<u>28,695</u>
Total liabilities and net position	<u>\$ 1,052,963</u>	<u>\$ 7,005</u>	<u>\$ 50,634</u>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited
<b>Condensed statements of revenues, expenses and changes in net position:</b>			
Operating revenues:			
Other sales, services and rental income	\$ 1,885	\$ 10,730	\$ 1,406
Total operating revenues	1,885	10,730	1,406
Operating expenses, excluding depreciation	22,380	10,787	193
Depreciation expense	247	-	-
Total operating expenses	22,627	10,787	193
Net operating income (loss)	(20,742)	(57)	1,213
Non-operating revenues and expenses:			
Gifts for current use	179,912	-	-
Net investment income (loss)	116,623	-	3,010
Net non-operating revenue (expense)	296,535	-	3,010
Capital contributions and additions to permanent endowments	79,229	-	-
Transfers from (to) the university	(235,448)	-	-
Change in net position	119,574	(57)	4,223
Beginning net position	879,763	4,049	24,472
Ending net position	\$ 999,337	\$ 3,992	\$ 28,695
<b>Condensed statements of cash flows:</b>			
Net cash provided (used) by:			
Operating activities	\$ (19,578)	\$ 1,817	\$ (1,264)
Noncapital financing activities	(6,519)	(2,081)	-
Capital and related financing activities	26,771	(138)	-
Investing activities	1,195	62	3,023
Net increase (decrease) in cash	1,869	(340)	1,759
Beginning cash and cash equivalents	2,494	5,994	1,758
Ending cash and cash equivalents	\$ 4,363	\$ 5,654	\$ 3,517

**Notes to Financial Statements – Years Ended June 30, 2017 and 2016**  
(dollars in thousands)

**Condensed Combining Information – Year Ended June 30, 2016**

	OSU Foundation	OSU Health Plan	Oval Limited
<b>Condensed statements of net position:</b>			
Current assets	\$ 47,947	\$ 6,764	\$ 51,449
Capital assets, net	3,518	31	-
Other assets	879,169	648	-
Amounts receivable from the university	-	-	-
Deferred outflows	-	-	-
Total assets and deferred outflows	<u>\$ 930,634</u>	<u>\$ 7,443</u>	<u>\$ 51,449</u>
Current liabilities	\$ 3,881	\$ 885	\$ 50
Noncurrent liabilities	45,442	428	26,927
Amounts payable to the university	1,548	2,081	-
Deferred inflows	-	-	-
Total liabilities and deferred inflows	<u>50,871</u>	<u>3,394</u>	<u>26,977</u>
Net investment in capital assets	3,518	-	-
Restricted:			
Nonexpendable	744,159	-	-
Expendable	121,124	-	-
Unrestricted	<u>10,962</u>	<u>4,049</u>	<u>24,472</u>
Total net position	<u>879,763</u>	<u>4,049</u>	<u>24,472</u>
Total liabilities, deferred inflows and net position	<u>\$ 930,634</u>	<u>\$ 7,443</u>	<u>\$ 51,449</u>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited
<b>Condensed statements of revenues, expenses and changes in net position:</b>			
Operating revenues:			
Grants and contracts	\$ -	\$ -	\$ -
Sales and services of OSU Physicians	-	-	-
Other sales, services and rental income	1,846	12,138	759
Other operating	-	-	-
Total operating revenues	<u>1,846</u>	<u>12,138</u>	<u>759</u>
Operating expenses, excluding depreciation	22,531	11,581	152
Depreciation expense	247	-	-
Total operating expenses	<u>22,778</u>	<u>11,581</u>	<u>152</u>
Net operating income (loss)	(20,932)	557	607
Non-operating revenues and expenses:			
Gifts for current use	156,737	-	-
Net investment income (loss)	(12,441)	-	502
Interest expense	-	-	-
Other non-operating revenue (expense)	-	-	-
Net non-operating revenue (expense)	<u>144,296</u>	<u>-</u>	<u>502</u>
Capital contributions and additions to permanent endowments	75,415	-	-
Transfers from (to) the university	<u>(197,297)</u>	<u>-</u>	<u>-</u>
Change in net position	1,482	557	1,109
Beginning net position	<u>878,281</u>	<u>3,492</u>	<u>23,363</u>
Ending net position	<u>\$ 879,763</u>	<u>\$ 4,049</u>	<u>\$ 24,472</u>
<b>Condensed statements of cash flows:</b>			
Net cash provided (used) by:			
Operating activities	\$ (19,660)	\$ 39	\$ 1,198
Noncapital financing activities	29,991	1,332	-
Capital and related financing activities	10,422	104	-
Investing activities	<u>(21,536)</u>	<u>(31)</u>	<u>(12,295)</u>
Net increase (decrease) in cash	(783)	1,444	(11,097)
Beginning cash and cash equivalents	<u>3,276</u>	<u>4,551</u>	<u>12,854</u>
Ending cash and cash equivalents	<u>\$ 2,493</u>	<u>\$ 5,995</u>	<u>\$ 1,757</u>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

### NOTE 20 – COMBINING INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS

As indicated in the Basis of Presentation in Note 1, the university consolidates certain component units in a discrete presentation. Condensed combining financial information for the years ended June 30, 2017 and 2016 is presented below.

#### Condensed Combining Information – Year Ended June 30, 2017

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
<b>Condensed statements of net position:</b>				
Current assets	\$ 164,004	\$ 9,581	\$ 11,319	\$ 1,485
Capital assets, net	24,330	88,410	9,341	86
Other assets	1,602	2,612	-	-
Amounts receivable from the university	8,663	-	4,002	-
Deferred outflows	-	-	155	-
Total assets and deferred outflows	<u>\$ 198,599</u>	<u>\$ 100,603</u>	<u>\$ 24,817</u>	<u>\$ 1,571</u>
Current liabilities	\$ 12,719	\$ 7,370	\$ 7,724	\$ 55
Noncurrent liabilities	13,931	25,373	382	-
Amounts payable to the university	19,401	77,894	6,000	-
Deferred inflows	-	-	10	-
Total liabilities and deferred inflows	<u>46,051</u>	<u>110,637</u>	<u>14,116</u>	<u>55</u>
Net investment in capital assets	9,640	86,363	9,341	86
Unrestricted	142,908	(96,397)	1,360	1,430
Total net position	<u>152,548</u>	<u>(10,034)</u>	<u>10,701</u>	<u>1,516</u>
Total liabilities, deferred inflows and net position	<u>\$ 198,599</u>	<u>\$ 100,603</u>	<u>\$ 24,817</u>	<u>\$ 1,571</u>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
<b>Condensed statements of revenues, expenses and changes in net position:</b>				
Operating revenues:				
Grants and contracts	\$ -	\$ 12,693	\$ 47,007	\$ -
Sales and services of OSU Physicians	496,364	-	-	-
Other sales, services and rental income	-	-	-	8,935
Total operating revenues	496,364	12,693	47,007	8,935
Operating expenses, excluding depreciation	444,362	10,779	46,417	6,079
Depreciation expense	3,740	3,121	250	27
Total operating expenses	448,102	13,900	46,667	6,106
Net operating income (loss)	48,262	(1,207)	340	2,829
Non-operating revenues and expenses:				
Net investment income (loss)	215	103	163	-
Interest expense	(369)	(1,154)	(61)	-
Other non-operating revenue (expense)	(18,605)	(9,451)	-	(2,713)
Net non-operating revenue (expense)	(18,759)	(10,502)	102	(2,713)
Change in net position	29,503	(11,709)	442	116
Beginning net position	123,045	1,675	10,259	1,400
Ending net position	\$ 152,548	\$ (10,034)	\$ 10,701	\$ 1,516
<b>Condensed statements of cash flows:</b>				
Net cash provided (used) by:				
Operating activities	\$ 58,225	\$ 6,596	\$ 174	\$ 2,883
Noncapital financing activities	(18,604)	(1,519)	5,667	(2,714)
Capital and related financing activities	(5,049)	(3,742)	(4,587)	(70)
Investing activities	1,357	39	162	(92)
Net increase (decrease) in cash	35,929	1,374	1,416	7
Beginning cash and cash equivalents	79,695	5,975	937	394
Ending cash and cash equivalents	\$ 115,624	\$ 7,349	\$ 2,353	\$ 401



**Notes to Financial Statements – Years Ended June 30, 2017 and 2016**  
(dollars in thousands)

**Condensed Combining Information – Year Ended June 30, 2016**

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
<b>Condensed statements of net position:</b>				
Current assets	\$ 131,333	\$ 11,599	\$ 9,029	\$ 1,369
Capital assets, net	24,297	92,373	1,250	44
Other assets	5,209	-	-	-
Amounts receivable from the university	15,481	-	3,670	-
Deferred outflows	-	-	124	-
Total assets and deferred outflows	<u>\$ 176,320</u>	<u>\$ 103,972</u>	<u>\$ 14,073</u>	<u>\$ 1,413</u>
Current liabilities	\$ 14,365	\$ 31,413	\$ 3,441	\$ 13
Noncurrent liabilities	15,140	-	366	-
Amounts payable to the university	23,770	70,884	-	-
Deferred inflows	-	-	7	-
Total liabilities and deferred inflows	<u>53,275</u>	<u>102,297</u>	<u>3,814</u>	<u>13</u>
Net investment in capital assets	6,444	92,373	1,251	-
Restricted:				
Nonexpendable	-	-	-	-
Expendable	-	-	-	-
Unrestricted	116,601	(90,698)	9,008	1,400
Total net position	<u>123,045</u>	<u>1,675</u>	<u>10,259</u>	<u>1,400</u>
Total liabilities, deferred inflows and net position	<u>\$ 176,320</u>	<u>\$ 103,972</u>	<u>\$ 14,073</u>	<u>\$ 1,413</u>

**Notes to Financial Statements – Years Ended June 30, 2017 and 2016**  
(dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
<b>Condensed statements of revenues, expenses and changes in net position:</b>				
Operating revenues:				
Grants and contracts	\$ -	\$ 8,498	\$ 44,456	\$ -
Sales and services of OSU Physicians	487,429	-	-	-
Other sales, services and rental income	-	-	-	8,758
Other operating	-	-	-	-
Total operating revenues	487,429	8,498	44,456	8,758
Operating expenses, excluding depreciation	441,333	9,816	44,052	5,452
Depreciation expense	4,326	1,821	242	36
Total operating expenses	445,659	11,637	44,294	5,488
Net operating income (loss)	41,770	(3,139)	162	3,270
Non-operating revenues and expenses:				
Gifts for current use	-	-	-	-
Net investment income (loss)	76	(91)	(154)	-
Interest expense	(395)	(1,215)	-	-
Other non-operating revenue (expense)	(9,422)	4,044	-	(3,172)
Net non-operating revenue (expense)	(9,741)	2,738	(154)	(3,172)
Capital contributions and additions to permanent endowments	-	3,789	-	-
Change in net position	32,029	3,388	8	98
Beginning net position	91,016	(1,713)	10,251	1,302
Ending net position	\$ 123,045	\$ 1,675	\$ 10,259	\$ 1,400
<b>Condensed statements of cash flows:</b>				
Net cash provided (used) by:				
Operating activities	\$ 28,792	\$ 26,882	\$ (374)	\$ 3,276
Noncapital financing activities	(9,422)	15,283	306	(3,172)
Capital and related financing activities	(3,703)	(42,232)	(977)	-
Investing activities	(4,079)	(91)	(154)	(34)
Net increase (decrease) in cash	11,588	(158)	(1,199)	70
Beginning cash and cash equivalents	68,107	6,134	2,139	324
Ending cash and cash equivalents	\$ 79,695	\$ 5,976	\$ 940	\$ 394

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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### NOTE 21 – SEGMENT INFORMATION

A segment is an identifiable activity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains, losses, assets and liabilities that can be identified. The university has one segment that meets the GASB reporting requirements.

The Office of Student Life operates student housing, dining and recreational sports facilities on the university's main and regional campuses. In January 2013, the university issued \$337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. Special Purpose Pledged Revenues include all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived from the ownership or operation of these facilities. Special Purpose Pledged Revenues totaled \$213,564 and \$172,002 for the years ended June 30, 2017 and 2016, respectively.

Condensed financial information for the Special Purpose Revenue Facilities, before the elimination of certain intra-university transactions, as of and for the years ended June 30, 2017 and 2016 is as follows:

**Notes to Financial Statements – Years Ended June 30, 2017 and 2016**  
(dollars in thousands)

**Segment Disclosure Information – Year Ended June 30, 2017 and June 30, 2016**

	<b>2017</b>	<b>2016</b>
<b>Condensed Statement of Net Position</b>		
Assets and deferred outflows:		
Current assets	\$ 26,022	\$ 24,926
Capital assets	725,840	728,836
Other assets	2,356	35,464
Total assets	<u>\$ 754,218</u>	<u>\$ 789,226</u>
Liabilities and deferred inflows:		
Current liabilities	\$ 7,365	\$ 6,943
Amounts payable to the university	755,890	784,135
Total liabilities	<u>763,255</u>	<u>791,078</u>
Net position:		
Net investment in capital assets	(27,695)	(19,835)
Unrestricted	18,658	17,983
Total net position	<u>(9,037)</u>	<u>(1,852)</u>
Total liabilities and net position	<u>\$ 754,218</u>	<u>\$ 789,226</u>

	<b>2017</b>	<b>2016</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>		
Special-purpose pledged revenues - operating	\$ 213,564	\$ 172,002
Operating expenses, excluding depreciation	(141,323)	(121,182)
Depreciation expense	<u>(32,604)</u>	<u>(28,110)</u>
Operating income	39,637	22,710
Nonoperating revenues, net	<u>(32,499)</u>	<u>(33,326)</u>
Net income (loss) before transfers	7,138	(10,616)
Transfers from (to) other university units, net	<u>(14,323)</u>	<u>8,366</u>
Increase (decrease) in net position	(7,185)	(2,250)
Beginning net position	(1,852)	398
Ending net position	<u>\$ (9,037)</u>	<u>\$ (1,852)</u>

	<b>2017</b>	<b>2016</b>
<b>Condensed Statement of Cash Flows</b>		
Net cash provided (used) by:		
Operating activities	\$ 533,452	\$ 402,744
Capital and related financing activities	(565,713)	(531,575)
Investing activities	180	95
Net increase (decrease) in cash	<u>(32,081)</u>	<u>(128,736)</u>
Beginning cash and cash equivalents	59,242	187,978
Ending cash and cash equivalents	<u>\$ 27,161</u>	<u>\$ 59,242</u>

## Notes to Financial Statements – Years Ended June 30, 2017 and 2016

(dollars in thousands)

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### NOTE 22 – SUBSEQUENT EVENTS

On April 10, 2017, the university entered into a 50-year agreement to lease the university's utility system to Ohio State Energy Partners and grant it the exclusive right to operate the utility system and provide utility services to the Columbus campus. On July 6, 2017, the university received an upfront payment of \$1,089,875. The agreement includes the sale of certain utility-related equipment assets, which will be recognized in Fiscal Year 2018. The majority of the remainder of the upfront payment will be recorded as unearned revenues and amortized to revenue on a straight-line basis over the life of the agreement.

Related to this transaction, the university entered into an interest-rate swap agreement with a bank on April 10, 2017 for a notional amount of \$397,000 to hedge interest-rate risk prior to the closing of the utility lease and concession agreement. The university terminated the swap on May 26, 2017 and made a \$15,713 payment on July 6, 2017. This payment was reflected in the university's June 30, 2017 financial statements as a non-operating loss and a corresponding current liability.

**The Ohio State University**  
**Required Supplementary Information on GASB 68 Pension Liabilities**  
**Year Ended June 30, 2017**  
**(Unaudited)**

The schedule of the university's proportionate shares of STRS-Ohio and OPERS net pension liabilities are presented below:

<i>(dollars in thousands)</i>	2017		2016		2015	
	STRS-Ohio	OPERS	STRS-Ohio	OPERS	STRS-Ohio	OPERS
University's proportion of the net pension liability	4.5%	9.1%	4.5%	9.0%	4.4%	8.8%
University's proportionate share of the net pension liability	\$ 1,510,814	\$ 2,054,548	\$ 1,238,470	\$ 1,556,156	\$ 1,070,914	\$ 1,059,519
University's covered payroll	\$ 392,797	\$ 1,289,346	\$ 388,309	\$ 1,236,914	\$ 381,669	\$ 1,188,828
University's proportionate share of the net pension liability as a percentage of its covered payroll	385%	159%	319%	126%	281%	89%
Plan fiduciary net position as a percentage of the total pension liability	66.8%	77.4%	72.1%	81.2%	74.7%	86.5%

The schedule of the university's contributions to STRS-Ohio and OPERS are presented below:

<i>(dollars in thousands)</i>	2017		2016		2015	
	STRS-Ohio	OPERS	STRS-Ohio	OPERS	STRS-Ohio	OPERS
Contractually required contribution	\$ 70,373	\$ 188,762	\$ 66,975	\$ 178,293	\$ 65,738	\$ 170,979
Contributions in relation to the contractually required contribution	\$ 70,373	\$ 188,762	\$ 66,975	\$ 178,293	\$ 65,738	\$ 170,979
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 412,149	\$ 1,334,350	\$ 392,797	\$ 1,260,366	\$ 388,309	\$ 1,208,710
Contributions as a percentage of covered payroll	17.1%	14.1%	17.1%	14.1%	16.9%	14.1%

**The Ohio State University**  
**Supplementary Information on the Long-Term Investment Pool**  
**Year Ended June 30, 2017**  
**(Unaudited)**

The following section of the financial report provides additional information on the university's Long-Term Investment Pool, including a summary of changes in market value, investment returns and related expenses. Additional details on university investments, including asset allocations, endowment distribution policies, investment by type and risk disclosures, are provided in Notes 1 and 3 to the Financial Statements.

In 2017, the market value of the university's Long-Term Investment Pool – which includes gifted endowments, long-term investments of university operating funds and other funds internally designated to function as endowments – increased \$637 million, to \$4.25 billion at June 30, 2017. The Long-Term Investment Pool activity for 2017 is summarized below:

**Long-Term Investment Pool Activity (in thousands)**

	Gifted Endowments		Quasi - Endowments		Total
	University	Foundation	Operating	Designated	
<b>Balance at June 30, 2016</b>	\$ 977,173	\$ 763,332	\$ 1,203,959	\$ 672,098	\$ 3,616,562
Net Principal: Additions/(Withdrawals)	5,966	49,557	(1,309)	269,850	324,064
Change in Fair Value	120,236	97,309	147,630	107,583	472,758
Income Earned	20,242	16,286	24,852	17,604	78,984
Distributions	(42,767)	(34,316)	(52,604)	(36,923)	(166,610)
Expenses	<u>(18,529)</u>	<u>(14,907)</u>	<u>(22,749)</u>	<u>(16,114)</u>	<u>(72,299)</u>
<b>Balance at June 30, 2017</b>	<b><u>\$ 1,062,321</u></b>	<b><u>\$ 877,261</u></b>	<b><u>\$ 1,299,779</u></b>	<b><u>\$ 1,014,098</u></b>	<b><u>\$ 4,253,459</u></b>

**Net principal additions (withdrawals)** for gifted endowments include new endowment gifts and reinvestment of unused endowment distributions. **Change in fair value** includes realized gains and losses for assets sold during the year and unrealized gains and losses for assets held in the pool at June 30, 2017. **Income earned** includes interest and dividends and is used primarily to fund **distributions**. **Expenses** include investment management expenses (\$55 million), University Development related expenses (\$16 million) and other investment related expenses (\$1 million).

**Investment Returns and Expenses:**

The investment return for the Long-Term Investment Pool was 14.5% for fiscal year 2017. The annualized investment returns for the three-year and five-year periods were 4.7% and 7.9%, respectively. These returns -- which are net of investment management expenses as defined by Cambridge Associates for its annual survey -- are used for comparison purposes with other endowments and various benchmarks. In addition to the \$55 million of investment management expenses, which reduced the pool

by 1.5% in fiscal year 2017, the \$16 million of University Development expenses and \$1 million of other investment related expenses further reduced the pool by 0.5%.

**Additional Information:**

For more information on how the Long-Term Investment Pool is invested, please visit the Office of Investments website at: [investments.osu.edu](http://investments.osu.edu).

Additional details on university and foundation endowments, including balances for individual funds, are available on the Office of the Controller's website at: [go.osu.edu/EndowAdmin](http://go.osu.edu/EndowAdmin) (click on the "Endowment Descriptions and Balances" link).



**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —			
Funds received directly from the following agencies			
<b>Department of Agriculture</b>			
10.001	USDA Agricultural Res Service	\$ 1,002,212	\$ -
10.001	USDA Forest Service	1,787	-
10.025	Animal & Plant Health Inspection Service	132,623	13,475
10.168	Agricultural Marketing Service	54,335	-
10.200	National Institute of Food & Agriculture	10,307	-
10.202	Cooperative Forestry Research	395,680	-
10.203	Pmts to Agricult Exp Station	7,018,227	-
10.207	Animal Health & Disease Research	79,268	-
10.207	National Institute of Food & Agriculture	5,668	-
10.210	National Institute of Food & Agriculture	52,338	-
10.217	National Institute of Food & Agriculture	233,770	164,316
10.219	National Institute of Food & Agriculture	(21,043)	-
10.250	Economic Res Service	3,864	-
10.290	USDA Office of the Chief Economist	95,150	25,000
10.303	National Institute of Food & Agriculture	385,957	63,348
10.307	National Institute of Food & Agriculture	421,144	-
10.309	National Institute of Food & Agriculture	30,044	-
10.310	National Institute of Food & Agriculture	4,696,459	1,137,740
10.310	US Department of Agriculture	5,426	-
10.311	National Institute of Food & Agriculture	68,176	5,562
10.312	National Institute of Food & Agriculture	1,338,381	662,660
10.329	National Institute of Food & Agriculture	297,021	-
10.RD	National Institute of Food & Agriculture	285,063	-
10.500	National Institute of Food & Agriculture	1,507,878	29,681
10.652	USDA Forest Service	(4,333)	-
10.680	USDA Forest Service	10,059	4,032
10.771	USDA Rural Development	185,924	-
10.902	Natural Resources Conservation Service	(61)	-
10.903	Natural Resources Conservation Service	65,398	-
10.912	Natural Resources Conservation Service	63,974	-
<b>Total Department of Agriculture Direct Awards</b>		<b>18,420,696</b>	<b>2,105,814</b>
<b>Department of Commerce</b>			
11.417	Nat Oceanic & Atmospheric Admin	1,809,256	716,858
11.431	Nat Oceanic & Atmospheric Admin	106,268	-
<b>Total Department of Commerce Direct Awards</b>		<b>1,915,524</b>	<b>716,858</b>
<b>Department of Defense</b>			
12.300	Nav Postgraduate School	34,286	-

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —			
Funds received directly from the following agencies			
12.300	Office of Naval Res	2,914,094	16,117
12.351	Defense Threat Reduction Agency	1,168,531	502,273
12.420	Army Medical Res & Materiel Command	6,402	-
12.420	Army Medical Res Acquisition Activity	2,787,572	406,693
12.431	Army	105,548	7,367
12.431	Army Res Office	2,586,598	757,672
12.431	Army Research, Development and Eng Cmd	115,149	-
12.500	Secretary of Defense Historical Office	35,369	-
12.500	Air Force Test Center	13,563	-
12.500	Air Force Research Laboratory	665,008	-
12.500	Army	13,627	-
12.500	Army Corps of Engineers	295,460	27,594
12.500	Army Natick Res, Dev & Eng Ctr	515	-
12.500	Army Medical Res Acquisition Activity	156,662	-
12.500	Nat Geospatial-Intelligence Agcy	267,646	-
12.502	Nat Reconnaissance Office	11,799	-
12.502	Defense Threat Reduction Agency	583,286	527,972
12.632	Army Corps of Engineers	3,693	-
12.75	Uniformed Services Univ Health Sci's	-	-
12.8	Air Force Office of Scientific Res	3,912,606	840,649
12.8	Air Force Research Laboratory	1,666,101	771,812
12.8	Air Force Academy	563,665	-
12.901	Nat Security Agency	32,856	-
12.91	Defense Advanced Res Projects Agency	258,119	-
<b>Total Department of Defense Direct Awards</b>		<b>18,198,155</b>	<b>3,858,149</b>
<b>Department of Housing and Urban Development</b>			
14.506	Dept of Housing & Urban Dev	189,103	43,000
<b>Total Department of Housing and Urban Development Direct Awards</b>		<b>189,103</b>	<b>43,000</b>
<b>Department of the Interior</b>			
15.229	Bureau of Land Management	184,213	-
15.232	Bureau of Land Management	106,052	29,358
15.255	Ofc Surface Mining Reclam & Enforcement	37,593	-
15.608	US Fish and Wildlife Service	6,176	-
15.655	US Fish and Wildlife Service	12,408	-
15.657	US Fish and Wildlife Service	14,407	-
15.805	US Geological Survey	68,613	18,669
<b>Total Department of the Interior Direct Awards</b>		<b>429,462</b>	<b>48,027</b>

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster — Funds received directly from the following agencies			
<b>Department of Labor</b>			
17.RD	Bureau of Labor Statistics	12,203,816	8,246,257
<b>Total Department of Labor</b>		<b>12,203,816</b>	<b>8,246,257</b>
<b>Department of State</b>			
19.040	US Department of State	70,061	-
<b>Total Department of State</b>		<b>70,061</b>	<b>-</b>
<b>Department of Transportation</b>			
20.108	Federal Aviation Administration	378,916	-
20.109	Federal Aviation Administration	986,171	2,762
20.514	Federal Transit Administration	(267)	-
20.701	US Department of Transportation	1,040,878	571,454
20.820	Federal Aviation Administration	32,046	-
20.820	Nat Highway Traffic Safety Admin	640,397	-
<b>Total Department of Transportation Direct Awards</b>		<b>3,078,141</b>	<b>574,216</b>
<b>National Aeronautics and Space Administration</b>			
43.001	Goddard Space Flight Center	1,833,668	553,404
43.001	NASA Headquarters	872,491	48,720
43.001	Nat Aeronautics & Space Admin	1,708,374	362,113
43.002	NASA Headquarters	348,432	-
43.002	Nat Aeronautics & Space Admin	7,468	-
43.008	NASA Headquarters	23,218	-
43.008	Nat Aeronautics & Space Admin	234,131	-
43.012	NASA Headquarters	13,412	-
43.012	Nat Aeronautics & Space Admin	54,730	-
43.330	NASA Headquarters	176,402	154,386
<b>Total National Aeronautics and Space Administration Direct Awards</b>		<b>5,272,326</b>	<b>1,118,623</b>
<b>National Endowment for the Humanities</b>			
45.024	National Endowment For The Arts	2,596	-
45.149	National Endowment For The Humanities	(3)	-
45.161	National Endowment For The Humanities	2,000	-
45.169	National Endowment For The Humanities	9,124	-
<b>Total National Endowment for the Humanities Direct Awards</b>		<b>13,717</b>	<b>-</b>

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —			
Funds received directly from the following agencies			
<b>National Science Foundation</b>			
47.041	NSF Div Chem, Bioeng, Environ, & Trnsp S	1,500,777	-
47.041	NSF Div Civil, Mechanical & Maufact Innv	2,619,332	204,650
47.041	NSF DIV Elect, Comm, & CyberSystems	1,365,391	69,033
47.041	NSF Div Emerging Frontiers	595,073	267,599
47.041	NSF Div Engineering Education&Centers	32,836	-
47.041	NSF Div Info and Intelligent Systems	16,218	-
47.041	NSF Engineering	1,634	-
47.041	NSF Industrial Innovation & Partnerships	641,646	-
47.049	NSF Div Civil, Mechanical & Maufact Innv	151,247	-
47.049	NSF DIV Elect, Comm, & CyberSystems	191,455	69,060
47.049	NSF Div Astronomical Sciences	1,179,261	63,333
47.049	NSF Div Chemistry	1,469,586	116,462
47.049	NSF Div Design &Manufacturing Innovation	73,517	-
47.049	NSF Div Materials Research	4,402,052	405,379
47.049	NSF Div Mathematical Sciences	5,136,591	-
47.049	NSF Div Physics	1,598,598	-
47.050	NSF Div Atmospheric Sciences	272,531	-
47.050	NSF Div Earth Sciences	997,163	199,723
47.050	NSF Div Ocean Sciences	346,444	-
47.050	NSF Div Polar Programs	1,147,063	75,222
47.050	NSF Education & Human Resources	427	-
47.050	NSF Geosciences	235,872	-
47.070	NSF DIV Elect, Comm, & CyberSystems	20,240	-
47.070	NSF Div Info and Intelligent Systems	2,010,957	70,320
47.070	NSF Behavioral & Cognitive Sciences	31,675	-
47.070	NSF Computer & Info Sciences & Eng	102,311	-
47.070	NSF Div Advanced Cyberinfrastructure	1,009,643	15,238
47.070	NSF Div Computing & Communication Fdn	2,227,582	104,256
47.070	NSF Div of Computer & Network Systems	3,087,628	-
47.074	NSF Div Emerging Frontiers	12,752	-
47.074	NSF Biological Infrastructure	1,012,768	-
47.074	NSF Biological Sciences	323	-
47.074	NSF Environmental Biology	996,596	5,448
47.074	NSF Integrative Organismal Biology	1,279,198	22,505
47.074	NSF Molecular & Cellular Biosciences	1,894,744	14,120
47.075	NSF Behavioral & Cognitive Sciences	1,551,743	96,619
47.075	NSF Nat Ctr for Sci and Eng Stats	10,992	-
47.075	NSF Social & Economic Sciences	1,532,602	-
47.075	NSF Social, Behavioral & Economic Res	603,114	23,198
47.075	NSF Social, Behavioral & Economic Sci	27,889	-

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CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —			
Funds received directly from the following agencies			
47.076	NSF Education & Human Resources	858,592	24,733
47.076	NSF Div Graduate Educ & Res Development	1,697,157	125,759
47.076	NSF Div Human Resource Development	601,405	361,866
47.076	NSF Div of Research on Learning	591,906	8,284
47.076	NSF Div Undergraduate Education	878,248	-
47.078	NSF Div Polar Programs	508,815	3,539
47.079	NSF Engineering	31,960	-
47.079	NSF Ofc of International Science & Eng	183,299	94,182
47.079	NSF Office of Integrative Activities	64,573	-
47.080	NSF Office of Cyberinfrastructure	70,876	-
47.RD	NSF Computer & Info Sciences & Eng	206,930	-
47.RD	NSF Office of Integrative Activities	610,468	-
47.RD	NSF Behavioral & Cognitive Sciences	232,594	-
<b>Total National Science Foundation Direct Awards</b>		<b>47,924,294</b>	<b>2,440,528</b>
<b>Veterans Affairs</b>			
64.RD	Veterans Affairs	12,410	-
64.RD	James A. Haley Veterans' Hospital	4,425	-
<b>Total Veterans Affairs Direct Awards</b>		<b>16,835</b>	<b>-</b>
<b>Environmental Protection Agency</b>			
66.RD	Environmental Protection Agency	51,479	-
66.509	Environmental Protection Agency	44,965	44,965
66.514	Environmental Protection Agency	7,995	-
<b>Total Environmental Protection Agency Direct Awards</b>		<b>104,439</b>	<b>44,965</b>
<b>Nuclear Regulatory Commission</b>			
77.006	Nuclear Regulatory Commission	56,797	-
77.008	Nuclear Regulatory Commission	186,614	-
77.009	Nuclear Regulatory Commission	121,031	-
<b>Total Nuclear Regulatory Commission Direct Awards</b>		<b>364,442</b>	<b>-</b>
<b>Department of Energy</b>			
81.049	US Department of Energy	7,940,338	574,371
81.086	US Department of Energy	246,005	-
81.086	Nat Energy Tech Lab	500,449	20,000
81.087	US Department of Energy	1,482,875	458,763
81.089	US Department of Energy	148,016	-

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Research and Development Cluster —			
Funds received directly from the following agencies			
81.089	Nat Energy Tech Lab	2,383,427	183,710
81.112	Nat Nuclear Security Admin	297,767	-
81.117	Nat Energy Tech Lab	164,684	-
81.121	US Department of Energy	1,693,890	525,195
81.135	Advanced Res Projects Agency-Energy	310,005	218,493
81.RD	US Department of Energy	175,515	-
81.RD	Los Alamos Nat Lab	56,542	-
81.RD	Lawrence Berkeley National Laboratory	123,213	-
81.RD	Lawrence Livermore National Laboratory	(417)	-
81.RD	Oak Ridge Nat Lab	38,795	-
81.RD	Fermi National Accelerator Laboratory	98,123	-
<b>Total Department of Energy Direct Awards</b>		<b>15,659,227</b>	<b>1,980,532</b>
<b>Department of Education</b>			
84.015	US Department of Education	560,856	-
84.021	US Department of Education	75,224	-
84.200	US Department of Education	298,716	-
84.220	US Department of Education	238,237	-
84.220	Ofc of Postsecondary Education	(22)	-
84.229	US Department of Education	172,405	-
84.305	US Department of Education	592,936	192,732
84.305	Institute of Education Sciences	3,684,790	517,784
84.324	Institute of Education Sciences	552,813	46,952
84.325	US Department of Education	209,631	-
84.325	Office of Special Education Programs	51,787	-
84.350	US Department of Education	1,310,732	788,012
84.RD	US Department of Education	401	(1,075)
84.407	US Department of Education	508,347	80,526
84.411	US Department of Education	823,088	385,261
<b>Total Department of Education Direct Awards</b>		<b>9,079,941</b>	<b>2,010,192</b>
<b>Department of Health and Human Services</b>			
93.061	Centers for Disease Control & Prevention	65,980	-
93.077	National Cancer Institute	3,382,845	320,670
93.103	Food and Drug Administration	14,548	1,356
93.110	Health Resources & Services Admin	744,912	104,747
93.113	Nat Inst of Environ Health Scis	1,492,861	15,037
93.121	Nat Inst of Dental & Craniofacial Res	3,685,298	546,415
93.172	National Human Genome Research Institute	47,415	18,698
93.173	Nat In Deafness&Other Commnctn Disorders	2,939,396	440,132

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Research and Development Cluster —			
Funds received directly from the following agencies			
93.184	Centers for Disease Control & Prevention	334,133	101,671
93.213	Nat Ctr Complementary & Integrative Hlth	108,688	54,627
93.226	Agency for Healthcare Res & Quality	1,896,971	100,659
93.234	Administration for Community Living	134,035	-
93.242	National Institute of Mental Health	3,000,409	256,295
93.247	Health Resources & Services Admin	287,326	56,456
93.262	Centers for Disease Control & Prevention	259,163	-
93.262	Nat Inst Occupational Safety & Health	45,114	-
93.267	Health Resources & Services Admin	132,690	-
93.273	Nat Inst on Alcohol Abuse & Alcoholism	127,950	-
93.279	National Institute on Drug Abuse	1,652,089	67,532
93.286	Nat In Biomedical Imaging&Bioengineering	3,129,079	267,301
93.307	Nat In Minority Hlth & Hlth Disparities	550,059	59,620
93.318	Centers for Disease Control & Prevention	835,642	49,333
93.350	Nat Ctr for Advancing Translational Scis	5,446,984	574,454
93.350	Nat Inst Gen Medical Scis	11,179	-
93.351	Nat Inst of Health, Ofc of the Director	1,153,277	-
93.361	National Institute of Nursing Research	1,998,679	45,704
93.393	National Cancer Institute	11,367,651	2,052,896
93.393	National Institute of Nursing Research	33,795	-
93.394	National Cancer Institute	3,227,005	719,542
93.395	National Cancer Institute	16,365,230	2,006,756
93.396	National Cancer Institute	7,224,661	586,285
93.397	National Cancer Institute	7,579,612	526,902
93.398	National Cancer Institute	3,203,832	-
93.399	National Cancer Institute	397,936	-
93.433	Administration for Community Living	585,211	22,839
93.464	Administration for Community Living	480,280	-
93.510	Health Resources & Services Admin	261,709	-
93.600	Admin Children, Youth, & Families	6,769	-
93.600	US Department of Health & Human Services	6,974	-
93.RD	Food and Drug Administration	42,502	-
93.632	Admin Developmental Disabilities	504,836	23,273
93.640	National Institutes of Health	4,024	-
93.640	National Cancer Institute	973,478	-
93.640	National Heart, Lung, and Blood Inst	927,287	319,713
93.640	Nat Inst Neurological Disorders & Stroke	44,536	-
93.640	National Institute on Aging	14,809	-
93.RD	Centers for Disease Control & Prevention	283,367	-
93.837	National Heart, Lung, and Blood Inst	12,071,805	1,760,796
93.838	National Heart, Lung, and Blood Inst	2,301,080	24,827
93.839	National Heart, Lung, and Blood Inst	579,650	145,930

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Research and Development Cluster —			
Funds received directly from the following agencies			
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	2,985,431	139,129
93.847	Nat In Diabetes&Digestive&KidneyDiseases	3,349,390	580,842
93.853	Nat Inst Neurological Disorders & Stroke	8,648,593	166,028
93.855	Nat Inst of Allergy &Infectious Diseases	10,246,808	582,269
93.859	Nat Inst Gen Medical Scis	13,849,224	511,228
93.859	Nat Inst Child Health & HumanDevelopment	425,154	78,383
93.865	Nat Inst Child Health & HumanDevelopment	5,788,337	2,511,804
93.866	National Institute on Aging	3,491,693	284,053
93.867	National Eye Institute	5,133,274	187,663
93.879	National Library of Medicine	661,367	50,115
93.884	Health Resources & Services Admin	534,716	27,216
93.978	Centers for Disease Control & Prevention	6,050	-
93.989	John E Fogarty International Center	162,886	-
<b>Total Department of Health and Human Services Direct Awards</b>		<b>157,247,684</b>	<b>16,389,196</b>
<b>Agency for International Development</b>			
98.001	Agency for Intl Dev	2,630,657	1,043,767
<b>Total Agency for International Development Direct Awards</b>		<b>2,630,657</b>	<b>1,043,767</b>
<b>Agency for National Academy of Sciences</b>			
99.RD	National Academy of Sciences	25,921	-
<b>Total National Academy of Sciences Direct Awards</b>		<b>25,921</b>	<b>-</b>
Subtotal of Research and Development Cluster funds received directly from federal agencies		<b>\$ 292,844,441</b>	<b>\$ 40,620,124</b>



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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
<b>Department of Agriculture</b>					
10.001	US Department of Agriculture	USDA Agricultural Res Service	40040200	\$ 110,475	\$ -
10.001	USDA Agricultural Res Service	Univ of Arkansas	22000239	127,056	-
10.001	Intl Plant Nutrition Institute	USDA Agricultural Res Service	40040200	14,836	-
10.001	United Soybean Board	USDA Agricultural Res Service	40040200	157,019	-
10.170	Bill & Melinda Gates Fdn	USDA Agricultural Res Service	40040200	5,416	-
10.170	Agricultural Marketing Service	Ohio Department Of Agriculture	26390000	124,607	-
10.170	Agricultural Marketing Service	Refugee Response	20022295	3,678	-
10.200	US Department of Agriculture	Ohio Department Of Agriculture	26390000	50,737	-
10.200	National Institute of Food & Agriculture	Iowa State Univ	22000047	116,991	-
10.200	National Institute of Food & Agriculture	Michigan State Univ	22000044	87,159	-
10.200	National Institute of Food & Agriculture	Univ of Maine at Orono	22000048	4,690	-
10.200	National Institute of Food & Agriculture	Rutgers Univ	22000003	1,599	-
10.200	National Institute of Food & Agriculture	Purdue Univ	22000002	18,723	-
10.200	National Institute of Food & Agriculture	Univ of Minnesota	22000067	45,005	-
10.200	National Institute of Food & Agriculture	Univ of Wisconsin	22000006	20,451	-
10.217	National Institute of Food & Agriculture	Cornell University	22000081	28,725	-
10.217	National Institute of Food & Agriculture	Texas A & M Univ	22000053	(2,493)	-
10.250	US Department of Agriculture	Cornell University	22000081	14,651	-
10.250	USDA Agricultural Res Service	Pennsylvania State Univ	22000030	3,548	-
10.253	Economic Res Service	Res Triangle Inst	20020058	20,050	-
10.303	National Institute of Food & Agriculture	Michigan State Univ	22000044	34,706	-
10.304	National Institute of Food & Agriculture	Michigan State Univ	22000044	63,251	-
10.307	National Institute of Food & Agriculture	Rutgers Univ	22000003	402	-
10.309	National Institute of Food & Agriculture	USDA Agricultural Res Service	40040200	228,496	-
10.309	National Institute of Food & Agriculture	Purdue Univ	22000002	18,162	-
10.309	National Institute of Food & Agriculture	Univ of Maryland	22000120	(134)	-
10.309	National Institute of Food & Agriculture	North Carolina State Univ	22000136	188,624	-
10.309	National Institute of Food & Agriculture	Univ of Florida	22000108	171,689	-
10.310	National Institute of Food & Agriculture	USDA Agricultural Res Service	40040200	4,231	-
10.310	National Institute of Food & Agriculture	Iowa State Univ	22000047	142,909	-
10.310	National Institute of Food & Agriculture	Michigan State Univ	22000044	23,364	-
10.310	National Institute of Food & Agriculture	Univ of Maine at Orono	22000048	78,605	-
10.310	National Institute of Food & Agriculture	Purdue Univ	22000002	28,232	-
10.310	National Institute of Food & Agriculture	Cornell University	22000081	57,556	-
10.310	National Institute of Food & Agriculture	Pennsylvania State Univ	22000030	18,903	-
10.310	National Institute of Food & Agriculture	North Carolina State Univ	22000136	1,421	-
10.310	National Institute of Food & Agriculture	Univ of California - Davis	22000013	53,172	10,178
10.310	National Institute of Food & Agriculture	Kansas State Univ	22000062	354,340	-
10.310	National Institute of Food & Agriculture	Univ of Delaware	22000138	121,128	-
10.310	National Institute of Food & Agriculture	Univ at Buffalo	22000240	47,468	-
10.310	National Institute of Food & Agriculture	South Dakota State University	22000262	69,823	-

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
10.310	National Institute of Food & Agriculture	Univ of Houston	22000092	34,846	-
10.310	National Institute of Food & Agriculture	Auburn University	22000266	31,634	-
10.310	National Institute of Food & Agriculture	Univ of Missouri	22000073	43,436	-
10.310	National Institute of Food & Agriculture	Univ of Nebraska	22000085	31,264	-
10.310	National Institute of Food & Agriculture	Colorado State Univ	22000110	59,776	-
10.320	National Institute of Food & Agriculture	Oklahoma State University	22000313	12,122	-
10.330	National Institute of Food & Agriculture	Univ of Maryland	22000120	19,476	-
10.330	National Institute of Food & Agriculture	Univ of Tennessee	22000010	9,147	-
10.500	National Institute of Food & Agriculture	Pennsylvania State Univ	22000030	45,022	-
10.500	National Institute of Food & Agriculture	Virginia Polytechnic Inst	22000023	3,180	-
10.500	Navy	National Institute of Food & Agriculture	40040100	-	(23)
10.664	USDA Forest Service	OH Dept of Natural Resources	26110000	10,947	-
10.902	Natural Resources Conservation Service	The Nature Conservancy	20020999	(867)	-
10.912	Natural Resources Conservation Service	Ohio Soybean Cncl	20021130	9,975	-
<b>Total Department of Agriculture Pass-Through Awards</b>				<b>2,969,229</b>	<b>10,155</b>
<b>Department of Commerce</b>					
11.417	Nat Oceanic & Atmospheric Admin	Univ of Wisconsin	22000006	4,812	-
11.417	Nat Oceanic & Atmospheric Admin	Univ of Michigan	22000005	844	-
11.419	Nat Oceanic & Atmospheric Admin	OH Dept of Natural Resources	26110000	168,027	96,730
11.463	Nat Oceanic & Atmospheric Admin	The Nature Conservancy	20020999	2,088	-
11.611	Nat Inst of Standards & Tech	OH Development Services Agency	26140000	227,517	-
11.620	Nat Inst of Standards & Tech	Edison Welding Inst Inc	10011218	(97)	-
<b>Total Department of Commerce Pass-Through Awards</b>				<b>403,191</b>	<b>96,730</b>
<b>Department of Defense</b>					
12.225	US Department of Defense	Nat Ctr for Manufacturing Sci's	20021452	43,839	-
12.300	Office of Naval Res	Univ of California - Santa Barbara	22000315	268,498	-
12.300	Office of Naval Res	Univ of Notre Dame	22000140	640,284	-
12.300	Office of Naval Res	Duke Univ	22000094	144,961	-
12.330	Office of Naval Res	Lorain County Community College	22000199	19,398	-
12.351	Defense Threat Reduction Agency	Univ of Nebraska	22000085	97,048	-
12.351	Defense Threat Reduction Agency	Univ of California - Santa Barbara	22000315	34,258	-
12.420	Army Medical Res & Materiel Command	Arteriocyte, Inc	10020226	31,416	-
12.420	Army Medical Res & Materiel Command	Tulane University	22000372	21,377	-
12.420	Army Medical Res Acquisition Activity	Purdue Univ	22000002	(189)	-
12.420	Army Medical Res Acquisition Activity	Johns Hopkins Univ	22000133	3,696	-
12.420	Army Medical Res Acquisition Activity	Arteriocyte, Inc	10020226	14,971	-
12.420	Army Medical Res Acquisition Activity	Henry M Jackson Fdn	20010473	35,280	-
12.420	Army Medical Res Acquisition Activity	Henry M Jackson Fdn for the Advn Mil Med	20012161	5,821	-

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Research and Development Cluster —					
Pass-through from other sources:					
12.420	Army Medical Res Acquisition Activity	Wake Forest Univ	22000286	187,679	-
12.420	Army Medical Res Acquisition Activity	Univ of Louisville	22000299	3,664	-
12.420	Army Medical Res Acquisition Activity	Roswell Park Cancer Institute	20021570	19,409	-
12.420	National Institutes of Health	Army Medical Res Acquisition Activity	50022700	172,063	-
12.420	US Department of Defense	Research Institute at Nationwide Childrn	20010182	(24,586)	-
12.431	Army	Georgia Inst of Tech	22000189	34,066	-
12.431	Army Res Office	Univ of California - Davis	22000013	47,217	-
12.431	Army Res Office	Duke Univ	22000094	183,690	-
12.431	Army Res Office	Univ of Chicago	22000018	193,997	-
12.431	Army Res Office	Univ of California - Los Angeles	22000269	76,207	-
12.431	Army Res Office	Georgia Inst of Tech	22000189	43,944	-
12.431	Army Res Office	Univ of South Carolina	22000241	21,069	-
12.431	Army Res Office	Kent State Univ	22000235	31,908	-
12.431	Army Research, Development and Eng Cmd	Cornell University	22000081	90,423	-
12.431	Army Research, Development and Eng Cmd	Virginia Polytechnic Inst	22000023	364,611	-
12.431	US Department of Defense	Univ of Michigan	22000005	61,634	-
12.RD	US Department of Defense	Johns Hopkins Univ	22000133	6,088	-
12.RD	US Department of Defense	Northrop Grumman Corp	10011657	10,188	-
12.RD	US Department of Defense	High Performance Technologies Inc	10012364	85,408	-
12.RD	US Department of Defense	Tetra Tech EM Inc.	10011785	48,949	-
12.RD	US Department of Defense	Engility Corporation	10013615	237,146	-
12.RD	US Department of Defense	BioFire Defense	10013711	23,834	-
12.RD	US Department of Defense	BerrieHill Research Corp	10020202	60,656	-
12.RD	Air Force	BerrieHill Research Corp	10020202	40,966	-
12.RD	Air Force	PaneraTech Inc.	10013192	(303)	-
12.RD	Air Force	Universal Tech Corp	10011471	37,173	-
12.RD	Air Force	Infoscitex Corporation	10011833	13,278	-
12.RD	Air Force	Massachusetts Inst Tech - Lincoln Lab	22000228	132,515	-
12.RD	Air Force	Leidos, Inc	10013531	144,077	-
12.RD	Air Force	Hyper Tech Res Inc	10020102	126,810	-
12.RD	Air Force	Metron, Inc.	10013243	41,512	-
12.RD	Air Force	Battelle Memorial Inst	20020012	15,437	-
12.RD	Air Force	TallannQuest	10013547	217,950	-
12.RD	Air Force	L-3 Communications	10013079	12,864	-
12.RD	Air Force	Carnegie-Mellon Univ	22000051	5,113	-
12.RD	Air Force Materiel Command	Leidos, Inc	10013531	160,674	-
12.RD	Air Force Materiel Command	Aptima, Inc.	10013496	8,428	-
12.RD	Air Force Office of Scientific Res	Systems Plus, Inc.	10013719	17,042	-
12.RD	Air Force Office of Scientific Res	Voss Scientific, LLC	10013299	24,538	-
12.RD	Air Force Research Laboratory	Northrop Grumman Corp	10011657	216,117	-
12.RD	Air Force Research Laboratory	BerrieHill Research Corp	10020202	214,540	-
12.RD	Air Force Research Laboratory	Universal Tech Corp	10011471	94,129	-

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Research and Development Cluster —					
Pass-through from other sources:					
12.RD	Air Force Research Laboratory	Massachusetts Inst Tech - Lincoln Lab	22000228	52,660	-
12.RD	Air Force Research Laboratory	Leidos, Inc	10013531	646	-
12.RD	Air Force Research Laboratory	Metron, Inc.	10013243	166,908	-
12.RD	Air Force Research Laboratory	L-3 Communications	10013079	3,904	-
12.RD	Air Force Research Laboratory	Voss Scientific, LLC	10013299	4,450	-
12.RD	Air Force Research Laboratory	XCOM Wireless, Inc.	10013301	(4,199)	-
12.RD	Air Force Research Laboratory	RNET Technologies	10012505	29,410	-
12.RD	Air Force Research Laboratory	Syntonics LLC	10012399	21,751	-
12.RD	Air Force Research Laboratory	Wyle Laboratories	10012528	14,589	-
12.RD	Air Force Research Laboratory	UES Inc	10020049	30,422	-
12.RD	Air Force Research Laboratory	SolAero Technologies, Corp.	10013592	45,897	-
12.RD	Air Force Research Laboratory	Defense Engineering Corporation	10020364	(320)	-
12.RD	Air Force Research Laboratory	Riverside Research Institute	20020997	(2,399)	-
12.RD	Air Force Research Laboratory	The Design Knowledge Co	10020158	217,504	-
12.RD	Air Force Research Laboratory	IRflex Corporation	10013622	31,309	-
12.RD	Air Force Research Laboratory	Univ of Dayton	22000008	137,477	-
12.RD	Air Force Research Laboratory	Tennessee State Univ	22000397	35,524	-
12.RD	Air Force Research Laboratory	Applied Dynamics International	10013675	42,587	-
12.RD	Air Force Research Laboratory	Honeywell International Inc	10011512	54,026	-
12.RD	Air Force Research Laboratory	Innovative Scientific Solutions Inc	10020096	42,105	-
12.RD	Air Force Research Laboratory	Titanium Metals Corporation	10013676	15,233	-
12.RD	Air Force Research Laboratory	Wright State Applied Research Corp	20022222	100,776	-
12.RD	Air Force Research Laboratory	MetroLaser Inc	10012538	37,434	-
12.RD	Air Force Research Laboratory	Ahmic Aerospace LLC	10020384	142,442	-
12.RD	Air Force Research Laboratory	Systems & Technology Research	10013305	61,013	-
12.RD	Air Force Research Laboratory	Mile Two LLC	10020403	32,263	-
12.RD	Army	Aptima, Inc.	10013496	159,582	-
12.RD	Army	Honeywell International Inc	10011512	17,950	-
12.RD	Army	Asymmetric Technologies, LLC	10020310	40,014	-
12.RD	Army	US Technology Corporation	10020378	(3,397)	-
12.RD	Army	Boulder Nonlinear Systems, Inc.	10013029	33,000	-
12.RD	Army Contracting Command	Nat Energetics	10013450	(13,099)	-
12.RD	Army Res Office	Battelle Memorial Inst	20020012	80,017	-
12.RD	Army Res Office	Mide Technology	10013741	10,135	-
12.RD	Missile Defense Agency	XCOM Wireless, Inc.	10013301	18,941	-
12.RD	Missile Defense Agency	Charles River Analytics Inc.	10011429	23,219	-
12.RD	Missile Defense Agency	Applied Radar, Inc.	10013259	190,280	-
12.RD	Missile Defense Agency	SK Infrared	10013760	73,839	-
12.RD	Navy	Johns Hopkins Univ	22000133	124,944	-
12.RD	Navy	Innovative Scientific Solutions Inc	10020096	16,577	-
12.RD	Navy	Wang Electro-Opto Corporation	10012847	(3,293)	-
12.RD	Office of Naval Res	Univ of Michigan	22000005	5,876	-

**THE OHIO STATE UNIVERSITY**  
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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
12.RD	Office of Naval Res	Northrop Grumman Corp	10011657	113,908	-
12.RD	Office of Naval Res	Rolls-Royce North American Technologies	10011861	21,650	-
12.RD	Office of Naval Res	Scientific Forming Technologies Corp	10020151	15,142	-
12.RD	Office of Naval Res	Applied Physical Sciences Corp	10013726	15,491	-
12.RD	Office of Naval Res	BWX Technologies, Inc	10012749	20,251	-
12.RD	Defense Advanced Res Projects Agency	Northrop Grumman Corp	10011657	(4,353)	-
12.RD	Defense Advanced Res Projects Agency	RNET Technologies	10012505	149,456	-
12.RD	Defense Advanced Res Projects Agency	Univ of Maryland, Baltimore County	22000393	174,654	-
12.RD	Defense Advanced Res Projects Agency	Teledyne Scientific & Imaging, LLC	10013456	68,259	-
12.RD	Defense Advanced Res Projects Agency	Boeing Co, The	10010013	(25,674)	-
12.RD	Defense Advanced Res Projects Agency	QuesTek Innovations	10010852	50,139	-
12.RD	Defense Advanced Res Projects Agency	Raytheon BBN Technologies	10012357	321,972	-
12.RD	Defense Logistics Agency	Advanced Technology International	10012322	36,309	-
12.RD	Defense Threat Reduction Agency	Leidos, Inc	10013531	92,128	-
12.611	US Department of Defense	Univ of Michigan	22000005	928,608	-
12.630	Air Force Research Laboratory	Dayton Area Graduate Studies Inst	20021372	141,051	-
12.630	Air Force Research Laboratory	Univ of Dayton	22000008	73,845	-
12.630	Army	Georgia Inst of Tech	22000189	15,245	-
12.630	Army Contracting Command	Edison Welding Inst Inc	10011218	5,789	-
12.630	Army Contracting Command	UI Labs	20022383	58,692	25,770
12.630	Office of Naval Res	Am Lightweight Materials Innovation Inst	20022269	2,736,025	-
12.750	Uniformed Services Univ Health Sci's	Henry M Jackson Fdn	20010473	111,669	-
12.750	Uniformed Services Univ Health Sci's	Geneva Foundation	20012073	43,326	-
12.800	Air Force	Univ of California - Santa Barbara	22000315	40,641	-
12.800	Air Force Office of Scientific Res	Cornell University	22000081	11,780	-
12.800	Air Force Office of Scientific Res	Univ of Michigan	22000005	97,633	-
12.800	Air Force Office of Scientific Res	Univ of Utah	22000145	12,513	-
12.800	Air Force Office of Scientific Res	Univ of New Mexico	22000056	107,730	-
12.800	Air Force Office of Scientific Res	Florida State Univ	22000070	125,277	-
12.800	Air Force Office of Scientific Res	Univ of Central Florida	22010046	143,720	-
12.800	Air Force Office of Scientific Res	Indiana Univ	22000012	58,821	-
12.800	Air Force Office of Scientific Res	Syracuse University	22000045	113,053	-
12.800	Air Force Research Laboratory	Dayton Area Graduate Studies Inst	20021372	48,499	-
12.800	Air Force Research Laboratory	Wright State Univ	22000087	38,082	-
12.800	Air Force Research Laboratory	Griffiss Institute	20022377	1,504	-
12.800	Air Force Research Laboratory	Ohio Aerospace Inst	20021048	341	-
12.910	Defense Advanced Res Projects Agency	Univ of Utah	22000145	294,079	-
12.910	Defense Advanced Res Projects Agency	Univ of Illinois	22000009	43,532	-
<b>Total Department of Defense Pass-Through Awards</b>				<b>13,251,566</b>	<b>25,770</b>

Department of the Interior

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
15.232	Bureau of Land Management	Univ of Washington	22000212	28,031	-
15.608	US Fish and Wildlife Service	Columbus Zoo	24000299	(29)	-
15.615	US Fish and Wildlife Service	OH Division of Wildlife	26110100	104,682	-
15.622	US Fish and Wildlife Service	OH Division of Wildlife	26110100	36,432	-
15.634	US Fish and Wildlife Service	OH Division of Wildlife	26110100	999,975	-
15.657	US Fish and Wildlife Service	OH Division of Wildlife	26110100	53,834	-
15.662	US Fish and Wildlife Service	The Nature Conservancy	20020999	(1,526)	-
15.RD	US Department of the Interior	OH Division of Wildlife	26110100	2,818	-
15.RD	Bureau of Land Management	USDA Forest Service	40020000	19,047	-
15.805	US Geological Survey	Univ of Illinois	22000009	16,932	-
15.820	US Geological Survey	Oklahoma State University	22000313	52,819	-
<b>Total Department of the Interior Pass-Through Awards</b>				<b>1,313,015</b>	<b>-</b>
<b>Department of Justice</b>					
16.123	Ofc Juvenile Justice & Delinquency Prev	City of Long Beach	24000621	37,500	-
16.575	US Department of Justice	Ohio Office of Attorney General	26310000	157,038	-
16.582	Office of Justice Programs	Ohio Domestic Violence Network	20022407	5,871	-
16.606	Bureau of Justice Assistance	Ohio Dept Rehabilitation & Correction	26160000	36,363	-
<b>Total Department of Justice Pass-Through Awards</b>				<b>236,772</b>	<b>-</b>
<b>Department of Labor</b>					
17.261	US Department of Labor	OH Dept of Job & Family Services	26630000	9,554	-
17.282	Employment and Training Administration	Lorain County Community College	22000199	2,795	-
17.283	US Department of Labor	OH Dept of Job & Family Services	26630000	138,545	44,500
17.283	US Department of Labor	Wargo-Brock Workforce Dimensions LLC	10020314	65,696	-
17.RD	US Department of Labor	New Growth Group, LLC	10020372	134,676	-
<b>Total Department of Labor Pass-Through Awards</b>				<b>351,266</b>	<b>44,500</b>
<b>Department of State</b>					
19.021	US Department of State	Inst of International Education	20021662	25,003	-
19.401	US Department of State	Inst of International Education	20021662	114,020	5,556
<b>Total Department of State Pass-Through Awards</b>				<b>139,023</b>	<b>5,556</b>
<b>Department of Transportation</b>					
20.701	US Department of Transportation	Purdue Univ	22000002	303,380	4,077
20.761	US Department of Transportation	Iowa State Univ	22000047	37,247	-
20.RD	US Department of Transportation	Battelle Memorial Inst	20020012	21,526	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
20.RD	Federal Aviation Administration	Mitre Corporation	20021725	5,891	-
<b>Total Department of Transportation Pass-Through Awards</b>				<b>368,044</b>	<b>4,077</b>
<b>National Aeronautics and Space Administration</b>					
43.001	NASA Headquarters	Smithsonian Astrophysical Observatory	30060200	15,080	-
43.001	NASA Headquarters	Jet Propulsion Lab	33000303	39,314	-
43.001	Nat Aeronautics & Space Admin	Univ of Houston	22000092	812	-
43.001	Nat Aeronautics & Space Admin	Univ of California - Los Angeles	22000269	280,937	-
43.001	Nat Aeronautics & Space Admin	Univ of Washington	22000212	91,115	-
43.001	Nat Aeronautics & Space Admin	Arizona State Univ	22000109	28,644	-
43.001	Marshall Space Flight Center	Smithsonian Astrophysical Observatory	30060200	9,501	-
43.002	NASA Headquarters	Univ of Illinois	22000009	(5,378)	-
43.002	Nat Aeronautics & Space Admin	Georgia Inst of Tech	22000189	61,744	-
43.003	Nat Aeronautics & Space Admin	Nat Space Grant Foundation	20022037	11,142	-
43.008	Nat Aeronautics & Space Admin	Ohio Space Grant Consortium	20021298	2,108	-
43.009	Nat Aeronautics & Space Admin	Univ of Michigan	22000005	48,002	-
43.RD	Nat Aeronautics & Space Admin	Univ of Michigan	22000005	116,709	-
43.RD	Nat Aeronautics & Space Admin	Georgia Inst of Tech	22000189	21,372	-
43.RD	Nat Aeronautics & Space Admin	Hyper Tech Res Inc	10020102	37,038	-
43.RD	Nat Aeronautics & Space Admin	Innovative Scientific Solutions Inc	10020096	97,526	-
43.RD	Nat Aeronautics & Space Admin	Jet Propulsion Lab	33000303	179,867	900
43.RD	Nat Aeronautics & Space Admin	Micro Cooling Concepts	10013309	316	-
43.RD	Nat Aeronautics & Space Admin	Vantage Partners, LLC	10013302	250,535	-
43.RD	Nat Aeronautics & Space Admin	N&R Engineering and Management Svcs Corp	10020244	191	-
43.RD	Nat Aeronautics & Space Admin	Tech4Imaging LLC	10020227	55,185	-
43.RD	NASA Headquarters	Hyper Tech Res Inc	10020102	36,291	-
43.RD	NASA Headquarters	Jet Propulsion Lab	33000303	236,781	28,734
43.RD	NASA Headquarters	Space Telescope Sci Inst	20021006	206,355	-
43.RD	NASA Headquarters	ASCA Inc.	10013503	222,658	-
43.RD	NASA Headquarters	Paragon TEC	10020400	4,260	-
<b>Total National Aeronautics and Space Administration Pass-Through Awards</b>				<b>2,048,105</b>	<b>29,634</b>
<b>Department of National Endowment for the Humanities</b>					
45.129	National Endowment For The Humanities	OH Humanities Council	26290000	2,000	-
<b>Total Department of National Endowment for the Humanities Pass-Through Awards</b>				<b>2,000</b>	<b>-</b>
<b>National Science Foundation</b>					
47.041	NSF Industrial Innovation & Partnerships	Ohio Surgical Optics, LLC	10020350	(2,854)	-
47.041	NSF Industrial Innovation & Partnerships	MARI LLC	10013625	105,884	-

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Research and Development Cluster —					
Pass-through from other sources:					
47.041	NSF Industrial Innovation & Partnerships	LiveFocus, LLC	10020413	21,768	-
47.041	NSF Div Chem, Bioeng, Environ, & Trnsp S	Univ of Minnesota	22000067	56,365	-
47.041	NSF Div Chem, Bioeng, Environ, & Trnsp S	Univ of Nebraska	22000085	(94)	-
47.041	NSF Div Civil, Mechanical & Maufact Innv	Virginia Polytechnic Inst	22000023	3,468	-
47.049	Nat Science Foundation	American Physical Society	20021996	1,277	-
47.049	NSF Div Chemistry	Univ of Minnesota	22000067	136,716	-
47.049	NSF Div Chemistry	Indiana Univ	22000012	51,851	-
47.049	NSF Div Chemistry	Univ of California - San Diego	22000288	124,483	-
47.049	NSF Div Chemistry	Univ of Connecticut	22000076	59,841	-
47.049	NSF Div Chemistry	Worcester Polytechnic Institute	22000351	33,942	-
47.049	NSF Div Mathematical Sciences	Univ of California - Davis	22000013	(170)	-
47.049	NSF Div Physics	Princeton Univ	22000289	216,677	-
47.049	NSF Div Physics	Univ of Cincinnati	22000074	46,056	-
47.049	NSF Div Materials Research	Univ of California - Santa Barbara	22000315	108,318	-
47.049	NSF Div Materials Research	Brown University	22000284	(8,519)	-
47.050	NSF Div Ocean Sciences	Columbia University	22000135	11,799	-
47.050	NSF Div Atmospheric Sciences	Texas A & M Univ	22000053	20,855	-
47.050	NSF Div Polar Programs	Univ of Minnesota	22000067	(6,838)	-
47.050	NSF Div Polar Programs	Univ of Colorado	22000039	132,971	-
47.050	NSF Geosciences	Univ of Minnesota	22000067	301,876	-
47.070	NSF Div of Computer & Network Systems	Univ of Missouri	22000073	(79)	-
47.070	NSF Div of Computer & Network Systems	New York University	22000254	93,428	-
47.070	NSF Office of Cyberinfrastructure	Univ of Illinois	22000009	201,945	-
47.070	NSF Office of Cyberinfrastructure	Washington Univ	22000209	12,552	-
47.070	NSF Office of Integrative Activities	Univ of Akron	22000066	2,019	-
47.070	NSF Div Info and Intelligent Systems	Univ of Wisconsin	22000006	16,450	-
47.070	NSF Div Info and Intelligent Systems	Univ of Notre Dame	22000140	12,013	-
47.070	NSF Div Advanced Cyberinfrastructure	Univ of Illinois	22000009	87,107	-
47.074	NSF Environmental Biology	Univ of North Carolina	22000146	24,814	-
47.074	NSF Environmental Biology	Univ of California - Berkeley	22000294	9,195	-
47.074	NSF Biological Sciences	Univ of Florida	22000108	62,661	-
47.074	NSF Biological Sciences	Univ of Tennessee	22000010	13,084	-
47.074	NSF Integrative Organismal Biology	Univ of Michigan	22000005	104,273	-
47.074	NSF Integrative Organismal Biology	Carnegie Institution of Washington	22000354	55,590	-
47.074	NSF Biological Infrastructure	Northern Arizona Univ	22000117	18,366	-
47.075	Nat Science Foundation	Univ of Colorado	22000039	7,812	-
47.075	NSF Social & Economic Sciences	Pennsylvania State Univ	22000030	26,912	-
47.075	NSF Social & Economic Sciences	Arizona State Univ	22000109	23,765	-
47.075	NSF Social & Economic Sciences	Univ of North Carolina	22000146	15,751	-
47.075	NSF Social, Behavioral & Economic Res	Univ of California - Merced	22000385	4,893	-
47.075	NSF Social, Behavioral & Economic Sci	Univ of Utah	22000145	8,363	-
47.076	Nat Science Foundation	Georgia Inst of Tech	22000189	8,576	-



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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
47.076	NSF Div Human Resource Development	American Physical Society	20021996	25,087	-
47.076	NSF Div Human Resource Development	North Dakota State Univ	22000263	4,701	-
47.076	NSF Div of Research on Learning	Univ of Cincinnati	22000074	87,368	-
47.076	NSF Div of Research on Learning	Center of Science and Industry	20021167	36,589	-
47.076	NSF Div of Research on Learning	Am Educ Res Assn	20021421	5,112	5,112
47.076	NSF Div of Research on Learning	Museum of Science, Boston	20022362	1,200	-
47.076	NSF Div Undergraduate Education	Univ of Cincinnati	22000074	94,025	-
47.076	NSF Div Undergraduate Education	Bowling Green State University	22000221	68,053	-
47.076	NSF Education & Human Resources	National Federation of the Blind	20022130	22,411	-
47.079	NSF Ofc of International Science & Eng	Civilian Res & Dev Fdn	20012104	1,800	-
47.080	NSF Office of Cyberinfrastructure	Univ of Akron	22000066	2,500	-
47.080	NSF Office of Cyberinfrastructure	Univ of Texas at Austin	22000270	98,685	-
47.080	NSF Office of Integrative Activities	Univ of Akron	22000066	5,615	-
47.RD	NSF Div Human Resource Development	American Physical Society	20021996	1,500	-
<b>Total National Science Foundation Pass-Through Awards</b>				<b>2,679,808</b>	<b>5,112</b>
<b>Department of Veterans Affairs</b>					
64.302	Veterans Affairs	Univ of Pittsburgh	22000036	52,160	-
<b>Total Department of Veterans Affairs Pass-Through Awards</b>				<b>52,160</b>	<b>-</b>
<b>Environmental Protection Agency</b>					
66.001	Environmental Protection Agency	OH Environ Protection Agency	26340000	18,628	-
66.320	Environmental Protection Agency	Res Triangle Inst	20020058	93,688	-
66.320	Environmental Protection Agency	Battelle Memorial Inst	20020012	159,172	-
66.436	Environmental Protection Agency	Univ of Wisconsin	22000006	20,056	-
66.469	Environmental Protection Agency	Univ of Minnesota	22000067	7,574	-
66.469	Environmental Protection Agency	Univ of Michigan	22000005	20,674	-
66.469	Environmental Protection Agency	OH Environ Protection Agency	26340000	156,110	100,000
66.509	Environmental Protection Agency	Univ of Colorado	22000039	54,419	-
<b>Total Environmental Protection Agency Pass-Through Awards</b>				<b>530,321</b>	<b>100,000</b>
<b>Department of Nuclear Regulatory Commission</b>					
77.RD	Nuclear Regulatory Commission	Purdue Univ	22000002	260,653	-
77.RD	Nuclear Regulatory Commission	Edison Welding Inst Inc	10011218	20,330	-
<b>Total Nuclear Regulatory Commission Pass-Through Awards</b>				<b>280,983</b>	<b>-</b>
<b>Department of Energy</b>					
81.000	US Department of Energy	Lawrence Berkeley National Laboratory	55080000	313,446	195,439

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Research and Development Cluster —					
Pass-through from other sources:					
81.049	US Department of Energy	Michigan State Univ	22000044	985	-
81.049	US Department of Energy	Cornell University	22000081	6,643	-
81.049	US Department of Energy	Univ of Florida	22000108	39,376	-
81.049	US Department of Energy	Univ of Michigan	22000005	154,611	-
81.049	US Department of Energy	Hyper Tech Res Inc	10020102	132,716	-
81.049	US Department of Energy	RNET Technologies	10012505	26,129	-
81.049	US Department of Energy	MetroLaser Inc	10012538	280,057	-
81.049	US Department of Energy	Tech4Imaging LLC	10020227	199,090	-
81.049	US Department of Energy	Lambda Instruments, Inc.	10013169	(11,717)	-
81.049	US Department of Energy	Engineering Mechanics Corp Of Columbus	10020135	8,607	-
81.049	US Department of Energy	Louisiana State University	22000091	171,148	-
81.049	US Department of Energy	Techverse, Inc	10013544	55,474	-
81.049	US Department of Energy	Global Res & Dev Inc	10020103	130,669	-
81.049	US Department of Energy	ITN Energy Systems, Inc	10012614	75,258	-
81.049	US Department of Energy	Univ of Arizona	22000116	229,146	-
81.086	US Department of Energy	North Carolina State Univ	22000136	169,255	-
81.086	US Department of Energy	GE Global Res	10011744	16,349	-
81.086	US Department of Energy	US Automotive Material Partnership	10012073	134,428	-
81.086	US Department of Energy	Intermolecular	10013655	99,375	-
81.086	US Department of Energy	Cummins, Inc	10012608	124,145	-
81.086	US Department of Energy	Alcoa Research Laboratories	10011406	11,572	-
81.086	US Department of Energy	Florida Intl Univ	22000090	1,231	-
81.087	US Department of Energy	Univ of Michigan	22000005	32,673	-
81.087	US Department of Energy	Univ of Illinois	22000009	67,972	-
81.087	US Department of Energy	PPG Industries	10011723	65,128	-
81.089	Nat Energy Tech Lab	Univ of Texas at Austin	22000270	215,032	-
81.089	Nat Energy Tech Lab	West Virginia Univ	22000032	196,109	-
81.089	US Department of Energy	Univ of Texas at Austin	22000270	103,029	-
81.089	US Department of Energy	GE Global Res	10011744	36,775	-
81.089	US Department of Energy	Babcock & Wilcox	10010026	(123)	-
81.089	US Department of Energy	Gas Tech Inst	20021447	13,725	-
81.121	US Department of Energy	Univ of Wisconsin	22000006	128,763	-
81.121	US Department of Energy	Pennsylvania State Univ	22000030	31,117	-
81.121	US Department of Energy	Univ of Tennessee	22000010	83,143	-
81.121	US Department of Energy	Georgia Inst of Tech	22000189	159,380	-
81.121	US Department of Energy	Univ of Utah	22000145	29,924	-
81.121	US Department of Energy	Arizona State Univ	22000109	96,967	-
81.121	US Department of Energy	Massachusetts Inst Tech	22000001	32,334	-
81.124	US Department of Energy	Univ of Illinois	22000009	237,871	-
81.RD	US Department of Energy	Hyper Tech Res Inc	10020102	(617)	-
81.RD	US Department of Energy	Lawrence Berkeley National Laboratory	55080000	499,495	-
81.RD	US Department of Energy	Global Res & Dev Inc	10020103	25,438	-

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
81.RD	US Department of Energy	Universities Res Assn Inc	20021485	79,547	-
81.RD	US Department of Energy	Univ of Idaho	22000016	(28,077)	-
81.RD	US Department of Energy	Battelle Energy Alliance, LLC	20021641	568,467	-
81.RD	US Department of Energy	UT-Battelle LLC	20021486	110,353	-
81.RD	US Department of Energy	Brookhaven Sci Assoc, LLC	20021624	159,638	-
81.RD	US Department of Energy	Oak Ridge Nat Lab	55110000	71,498	-
81.RD	US Department of Energy	Los Alamos Nat Lab	55050000	73,977	-
81.RD	US Department of Energy	Lawrence Livermore National Laboratory	55100000	63,817	-
81.RD	US Department of Energy	UChicago Argonne, LLC	20021718	84,575	-
81.RD	US Department of Energy	Alliance for Sustainable Energy, LLC	20021831	32,065	-
81.RD	US Department of Energy	Pacific Northwest National Laboratory	20021070	133,158	-
81.RD	US Department of Energy	Sandia Corp	10011170	118,022	-
81.RD	US Department of Energy	Nat Renewable Energy Lab	20020800	67,710	-
81.RD	Nat Nuclear Security Admin	Lawrence Livermore National Laboratory	55100000	-	-
<b>Total Department of Energy Pass-Through Awards</b>				<b>5,956,878</b>	<b>195,439</b>
<b>Department of Education</b>					
84.002	US Department of Education	OH Dept of Higher Education	26060000	764,476	-
84.004	US Department of Education	Indiana Univ	22000012	22,777	-
84.048	US Department of Education	OH Dept of Educ	26080000	121,399	-
84.048	US Department of Education	Minnesota State Coll and Univs	22000407	3,419	-
84.116	US Department of Education	Georgia State University	22000379	193,523	-
84.126	Rehabilitation Services Admin	Opp for Ohioans with Disabilities	26120000	51,361	-
84.126	Rehabilitation Services Admin	American Institutes for Research	20021736	242,671	-
84.323	US Department of Education	OH Dept of Educ	26080000	145,161	-
84.324	US Department of Education	Univ of Kansas	22000219	22,049	-
84.325	US Department of Education	Salus University	22000322	122,096	-
84.366	US Department of Education	OH Dept of Educ	26080000	2,876,713	343,690
84.367	US Department of Education	OH Dept of Higher Education	26060000	273,887	-
84.367	US Department of Education	Nat Writing Project Corp	20021378	3,143	-
84.RD	US Department of Education	OH Dept of Educ	26080000	(188,928)	(170,868)
84.412	US Department of Education	OH Dept of Educ	26080000	56,812	13,398
84.RD	Institute of Education Sciences	Virtual Learning Technologies	10013543	26,006	-
84.367	US Department of Education	OH Dept of Educ	26080000	125,751	73,892
<b>Total Department of Education Pass-Through Awards</b>				<b>4,862,316</b>	<b>260,112</b>
<b>Department of Health and Human Services</b>					
93.077	National Cancer Institute	Univ of Minnesota	22000067	484,077	-
93.077	National Cancer Institute	Univ of North Carolina	22000146	13,303	-
93.080	Centers for Disease Control & Prevention	Hemophilia Fdn of Michigan	20021026	30,520	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
93.103	Food and Drug Administration	Univ of Florida	22000108	68,875	-
93.104	Substance Abuse & Mental Health Servs Admin	OH Dept of Mental Hlth & Addiction Svcs	26420000	76,036	-
93.110	Health Resources & Services Admin	Research Institute at Nationwide Childrn	20010182	10,980	-
93.110	Health Resources & Services Admin	Massachusetts General Hospital	20021587	111,197	-
93.110	Maternal & Child Health Bureau	Hemophilia Fdn of Michigan	20021026	31,826	-
93.113	Nat Inst of Environ Health Scis	Tulane University	22000372	47,896	-
93.113	Nat Inst of Environ Health Scis	Univ of Louisville	22000299	7,404	-
93.113	Nat Inst of Environ Health Scis	Univ of Kentucky	22000143	44,642	-
93.117	Health Resources & Services Admin	Acad Consort Integrative Med & Health	20022292	14,357	-
93.121	Nat Inst of Dental & Craniofacial Res	Univ of Florida	22000108	11,876	-
93.121	Nat Inst of Dental & Craniofacial Res	Johns Hopkins Univ	22000133	1,963	-
93.121	Nat Inst of Dental & Craniofacial Res	Univ of California - Los Angeles	22000269	92,324	-
93.121	Nat Inst of Dental & Craniofacial Res	New York University	22000254	58,797	-
93.121	Nat Inst of Dental & Craniofacial Res	UT-Battelle LLC	20021486	330,683	-
93.121	Nat Inst of Dental & Craniofacial Res	LSU Health Sciences Center	22000381	254,730	-
93.121	Nat Inst of Dental & Craniofacial Res	Univ of Alabama at Birmingham	22000207	158,706	-
93.136	Centers for Disease Control & Prevention	Research Institute at Nationwide Childrn	20010182	36,748	-
93.136	Centers for Disease Control & Prevention	OH Dept of Health	26090000	19,390	-
93.145	Health Resources & Services Admin	Univ of Illinois	22000009	186,396	-
93.172	National Human Genome Research Institute	Univ of Michigan	22000005	109,090	-
93.172	National Human Genome Research Institute	Univ of North Carolina	22000146	63,003	-
93.172	National Human Genome Research Institute	Fred Hutchinson Cancer Research Center	20021734	17,630	-
93.173	Nat In Deafness&Other Commnctn Disorders	Univ of Wisconsin	22000006	(165)	-
93.173	Nat In Deafness&Other Commnctn Disorders	Univ of California - Davis	22000013	14,329	-
93.173	Nat In Deafness&Other Commnctn Disorders	Research Institute at Nationwide Childrn	20010182	104,261	7,440
93.173	Nat In Deafness&Other Commnctn Disorders	Florida State Univ	22000070	169,919	-
93.173	Nat In Deafness&Other Commnctn Disorders	Univ of Pittsburgh	22000036	227,972	-
93.173	Nat In Deafness&Other Commnctn Disorders	Oregon Health and Science University	22000252	103,092	-
93.213	Nat Ctr Complementary & Integrative Hlth	Research Institute at Nationwide Childrn	20010182	22,708	-
93.226	Agency for Healthcare Res & Quality	Washington Univ	22000209	1,834	-
93.226	Agency for Healthcare Res & Quality	Case Western Reserve Univ	22000238	11,653	-
93.226	Agency for Healthcare Res & Quality	AcademyHealth	20022065	8,577	-
93.226	Agency for Healthcare Res & Quality	Univ of California - San Francisco	22000317	11,777	-
93.242	National Institute of Mental Health	Univ of South Carolina	22000241	19,014	-
93.242	National Institute of Mental Health	Univ of Washington	22000212	9,795	-
93.242	National Institute of Mental Health	Univ of North Carolina	22000146	66,951	-
93.242	National Institute of Mental Health	Emory Univ	22000295	115,042	-
93.242	National Institute of Mental Health	Kitware, Inc	10012569	17,706	-
93.242	National Institute of Mental Health	Univ of Massachusetts - Worcester	22000318	55,931	-
93.242	National Institute of Mental Health	McMaster University	22010057	12,173	-
93.242	National Institute of Mental Health	Univ of Oregon	22000308	100,567	-
93.242	National Institute of Mental Health	Univ of Pennsylvania	22000195	71,782	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
93.243	Substance Abuse & Mental Health Servs Admin	OH Dept of Mental Hlth & Addiction Svcs	26420000	60,499	-
93.243	Substance Abuse & Mental Health Servs Admin	Hoh Indian Tribe	24000612	92,193	-
93.243	Substance Abuse & Mental Health Servs Admin	Miami Univ	22000049	17,731	-
93.262	Centers for Disease Control & Prevention	Univ of Wisconsin	22000006	58,937	-
93.262	Nat Inst Occupational Safety & Health	Univ of Michigan	22000005	2,579	-
93.262	Nat Inst Occupational Safety & Health	Univ of Louisville	22000299	80,988	-
93.262	Nat Inst Occupational Safety & Health	Univ of Kentucky	22000143	(187)	-
93.273	Nat Inst on Alcohol Abuse & Alcoholism	Pennsylvania State Univ	22000030	24,222	-
93.273	Nat Inst on Alcohol Abuse & Alcoholism	Pacific Inst for Research and Evaluation	20021888	50,259	-
93.279	National Institute on Drug Abuse	Pacific Inst for Research and Evaluation	20021888	84,738	-
93.279	National Institute on Drug Abuse	Dartmouth College	22000234	97,907	-
93.279	National Institute on Drug Abuse	Univ of Memphis	22000325	7,022	-
93.283	Centers for Disease Control & Prevention	Ohio University	22000130	3,543	-
93.286	Nat In Biomedical Imaging & Bioengineering	Univ of Memphis	22000325	175,636	-
93.286	Nat In Biomedical Imaging & Bioengineering	Wayne State Univ	22000034	43,796	-
93.286	Nat In Biomedical Imaging & Bioengineering	Cold Spring Harbor Laboratory	20022320	106,331	-
93.307	Nat In Minority Hlth & Hlth Disparities	Case Western Reserve Univ	22000238	46,980	-
93.307	Nat In Minority Hlth & Hlth Disparities	Rice University	22000231	52,069	-
93.310	Nat Ctr for Advancing Translational Scis	Univ of Florida	22000108	335,447	-
93.310	Nat Ctr for Advancing Translational Scis	Univ of Louisville	22000299	165,211	-
93.310	Nat Inst of Health, Ofc of the Director	New York University	22000254	20,635	-
93.310	Nat In Diabetes & Digestive & Kidney Diseases	Univ of Florida	22000108	77,435	-
93.325	Centers for Disease Control & Prevention	Univ of Louisville	22000299	59,763	-
93.35	Nat Ctr for Advancing Translational Scis	EXCMR, Ltd.	10020229	13,142	-
93.35	Nat Ctr for Advancing Translational Scis	Vanderbilt Univ	22000296	10,691	-
93.35	National Institutes of Health	Wake Forest Univ	22000286	10,050	-
93.361	National Institute of Nursing Research	Vidatak, LLC	10013342	188,677	-
93.361	National Institute of Nursing Research	MetalloPharm, LLC	10020354	102,108	-
93.393	National Cancer Institute	Univ of Arkansas	22000239	13,726	-
93.393	National Cancer Institute	Univ of Michigan	22000005	958	-
93.393	National Cancer Institute	Roswell Park Cancer Institute	20021570	32,241	-
93.393	National Cancer Institute	Univ of Utah	22000145	6,652	-
93.393	National Cancer Institute	Univ of Washington	22000212	56,173	-
93.393	National Cancer Institute	Washington Univ	22000209	5,043	-
93.393	National Cancer Institute	Fred Hutchinson Cancer Research Center	20021734	400,763	-
93.393	National Cancer Institute	Univ of Pennsylvania	22000195	(3)	-
93.393	National Cancer Institute	Rice University	22000231	1,373	-
93.393	National Cancer Institute	Icahn School of Medicine at Mount Sinai	22010031	(56)	-
93.393	National Cancer Institute	Georgetown Univ	22000339	(503)	-
93.393	National Cancer Institute	Thomas Jefferson Univ	22010026	(795)	-
93.393	National Cancer Institute	Univ of Miami	22000255	(1,561)	-
93.393	National Cancer Institute	Kaiser Permanente	20021732	435	-

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Research and Development Cluster —					
Pass-through from other sources:					
93.393	National Cancer Institute	Nat Opinion Res Ctr	20020932	29,379	-
93.394	National Cancer Institute	Univ of Louisville	22000299	3,656	-
93.394	National Cancer Institute	Hyper Tech Res Inc	10020102	146,691	-
93.394	National Cancer Institute	Columbia University	22000135	29,142	-
93.394	National Cancer Institute	Washington Univ	22000209	1,155,089	-
93.394	National Cancer Institute	West Virginia Univ	22000032	28,216	-
93.394	National Cancer Institute	Case Western Reserve Univ	22000238	159,183	-
93.394	National Cancer Institute	Luna Innovations Inc	10012514	49,971	-
93.394	National Cancer Institute	Univ of Texas M D Anderson Cancer Center	22010039	155,278	-
93.394	National Cancer Institute	ImCare BioTech	10013526	4,038	-
93.394	National Cancer Institute	City of Hope	20021701	49,581	-
93.395	National Cancer Institute	Michigan State Univ	22000044	11,217	-
93.395	National Cancer Institute	Univ of Minnesota	22000067	(40,919)	-
93.395	National Cancer Institute	Univ of Maryland	22000120	6,764	-
93.395	National Cancer Institute	Univ of Michigan	22000005	(275)	-
93.395	National Cancer Institute	Univ of California - Los Angeles	22000269	91,549	-
93.395	National Cancer Institute	Univ of California - San Diego	22000288	776,575	-
93.395	National Cancer Institute	Univ of Akron	22000066	12,626	-
93.395	National Cancer Institute	Univ of North Carolina	22000146	53,486	-
93.395	National Cancer Institute	North Dakota State Univ	22000263	33,456	-
93.395	National Cancer Institute	West Virginia Univ	22000032	16,436	-
93.395	National Cancer Institute	Univ of Kentucky	22000143	47,130	-
93.395	National Cancer Institute	Fred Hutchinson Cancer Research Center	20021734	9,007	-
93.395	National Cancer Institute	Oregon Health and Science University	22000252	11,988	-
93.395	National Cancer Institute	Case Western Reserve Univ	22000238	5,478	-
93.395	National Cancer Institute	Emory Univ	22000295	119,008	-
93.395	National Cancer Institute	Icahn School of Medicine at Mount Sinai	22010031	24,191	-
93.395	National Cancer Institute	Georgetown Univ	22000339	4,120	-
93.395	National Cancer Institute	City of Hope	20021701	401,432	-
93.395	National Cancer Institute	John Wayne Cancer Inst	20021377	2,483	-
93.395	National Cancer Institute	Brigham & Women's Hosp Inc	20021152	58,536	-
93.395	National Cancer Institute	Am Coll of Radiology	20020917	1,268,911	-
93.395	National Cancer Institute	Stanford Univ	22000142	291,469	-
93.395	National Cancer Institute	Mayo Fdn for Medical Educ & Res	20010289	287,120	-
93.395	National Cancer Institute	The EMMES Corp	10012757	(1,673)	-
93.395	National Cancer Institute	NRG Oncology	20022229	78,132	-
93.395	National Cancer Institute	Dana-Farber Cancer Inst	20021438	75,100	-
93.395	National Cancer Institute	Univ of Texas Hlth Sci Ctr - San Antonio	22000330	657,077	175,588
93.395	National Cancer Institute	The Children's Hospital of Philadelphia	20020015	92,794	-
93.395	National Cancer Institute	Corvida Medical	10013472	3,036	-
93.395	National Cancer Institute	Harvard Univ	22000169	12,651	-
93.396	National Cancer Institute	Univ of Arizona	22000116	167,318	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
93.396	National Cancer Institute	Univ of Kentucky	22000143	87,644	-
93.396	National Cancer Institute	Stanford Univ	22000142	187,383	-
93.396	National Cancer Institute	Tufts Medical Ctr	20021543	236,930	-
93.397	National Cancer Institute	Columbia University	22000135	1,226	-
93.397	National Cancer Institute	Univ of Kentucky	22000143	140,507	-
93.397	National Cancer Institute	Univ of Texas Southwestern Med Ctr	22000316	15,045	-
93.397	National Cancer Institute	SARC	20022185	332,416	-
93.397	National Institutes of Health	Wake Forest Univ	22000286	2,000	-
93.398	National Cancer Institute	OhioHealth Research and Innovation Inst	20022301	2,431	-
93.424	Centers for Disease Control & Prevention	OH Dept of Health	26090000	89,561	-
93.424	Centers for Disease Control & Prevention	OH Dept of Aging	26280000	8,129	-
93.424	Centers for Disease Control & Prevention	Assn State and Territorial Hlth Ofcls	20021937	5,226	-
93.433	Administration for Community Living	Univ of Minnesota	22000067	17,148	-
93.506	Ctrs for Medicare & Medicaid Services	OH Dept of Medicaid	26680000	15,461	-
93.516	Health Resources & Services Admin	Univ of Illinois	22000009	83,041	-
93.516	Health Resources & Services Admin	Columbia University	22000135	1,490	-
93.524	Centers for Disease Control & Prevention	OH Dept of Aging	26280000	14,977	-
93.524	Centers for Disease Control & Prevention	Nat Assn of Chronic Disease Directors	20021838	18,213	-
93.590	Administration for Children and Families	OH Children's Trust Fund	26230100	117,759	-
93.600	Administration for Children and Families	OH Dept of Educ	26080000	24,997	-
93.600	US Department of Health & Human Services	OH Dept of Health	26090000	(5,831)	-
93.600	Public Health Service	Nat Marrow Donor Prog	20021576	4,228	-
93.600	Agency for Healthcare Res & Quality	Truven Health Analytics	10030250	71,059	-
93.601	Administration for Community Living	Lewin Group (The)	10013752	59,608	43,520
93.601	Biomed Advanced Res & Dev Authority	AtoxBio	10030325	3,960	-
93.624	Ctrs for Medicare & Medicaid Services	OH Dept of Medicaid	26680000	108,978	-
93.630	Administration for Children and Families	Wright State Univ	22000087	6,471	-
93.630	US Department of Health & Human Services	OH Developmental Disabilities Plng Cncl	26430100	31,145	-
93.630	US Department of Health & Human Services	Central State University	22000111	12,118	-
93.640	National Institutes of Health	Univ of Florida	22000108	95,086	-
93.640	National Institutes of Health	MetalloPharm, LLC	10020354	(1,758)	-
93.640	National Institutes of Health	Univ of Texas Hlth Sci Ctr - San Antonio	22000330	13,000	-
93.640	National Institutes of Health	Alliance for Clinical Trials in Oncology	20022076	(2,285)	-
93.640	National Institutes of Health	Viocare, Inc.	10013075	49,864	-
93.640	National Institutes of Health	Ball State Univ	22000218	4,578	-
93.640	National Cancer Institute	Univ of Houston	22000092	85,213	-
93.640	National Cancer Institute	Leidos, Inc	10013531	276,100	90,870
93.640	National Cancer Institute	City of Hope	20021701	26,214	-
93.640	National Cancer Institute	Brigham & Women's Hosp Inc	20021152	169,250	-
93.640	National Cancer Institute	Eastern Cooperative Oncology Group	20021810	(4,891)	-
93.640	National Cancer Institute	The Univ of Oklahoma Health Scis Ctr	22000349	(3,080)	-
93.640	National Cancer Institute	ECOG-ACRIN Cancer Research Group	20022288	18,205	-

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Research and Development Cluster —					
Pass-through from other sources:					
93.640	National Cancer Institute	Westat Inc	10012409	53,102	-
93.640	National Heart, Lung, and Blood Inst	Case Western Reserve Univ	22000238	71,072	-
93.640	National Heart, Lung, and Blood Inst	Cleveland Clinic	20021182	37,659	-
93.640	Nat Inst of Allergy & Infectious Diseases	St. Jude Children's Research Hospital	20022231	719,242	-
93.647	Administration for Children and Families	Univ of Denver	22000118	4,710	-
93.652	Administration for Children and Families	Franklin Co Children Services	24000056	262,203	-
93.RD	Centers for Disease Control & Prevention	National Ground Water Association Inc	20022161	5,417	-
93.669	Administration for Children and Families	OH Dept of Job & Family Services	26630000	717,048	-
93.767	Ctrs for Medicare & Medicaid Services	OH Dept of Medicaid	26680000	104,578	95,080
93.791	Ctrs for Medicare & Medicaid Services	OH Dept of Medicaid	26680000	(17,237)	-
93.837	National Heart, Lung, and Blood Inst	Univ of Wisconsin	22000006	3,449	-
93.837	National Heart, Lung, and Blood Inst	Univ of Houston	22000092	8,288	-
93.837	National Heart, Lung, and Blood Inst	Univ of Michigan	22000005	66,713	-
93.837	National Heart, Lung, and Blood Inst	Research Institute at Nationwide Childrn	20010182	313,385	-
93.837	National Heart, Lung, and Blood Inst	Wake Forest Univ	22000286	53,767	-
93.837	National Heart, Lung, and Blood Inst	Univ of Illinois	22000009	31,350	-
93.837	National Heart, Lung, and Blood Inst	Massachusetts General Hospital	20021587	39,584	-
93.837	National Heart, Lung, and Blood Inst	Univ of Kentucky	22000143	(4,759)	-
93.837	National Heart, Lung, and Blood Inst	Univ of Alabama at Birmingham	22000207	154	-
93.837	National Heart, Lung, and Blood Inst	Oregon Health and Science University	22000252	(21,081)	-
93.837	National Heart, Lung, and Blood Inst	Rice University	22000231	103,001	-
93.837	National Heart, Lung, and Blood Inst	Icahn School of Medicine at Mount Sinai	22010031	31,631	-
93.837	National Heart, Lung, and Blood Inst	Cleveland Clinic	20021182	27,970	-
93.837	National Heart, Lung, and Blood Inst	Northeast Ohio Medical University	22000350	6,196	-
93.837	National Heart, Lung, and Blood Inst	New England Research Institutes	10012918	9,510	-
93.837	National Heart, Lung, and Blood Inst	Weill Cornell Medical College	20021833	(1,267)	-
93.837	National Heart, Lung, and Blood Inst	Memorial Hospital of Rhode Island	20022394	10,803	-
93.837	National Heart, Lung, and Blood Inst	Cleveland Clinic Lerner College of Med	22010063	18,105	-
93.838	National Heart, Lung, and Blood Inst	Univ of Pittsburgh	22000036	35,232	-
93.838	National Heart, Lung, and Blood Inst	West Virginia Univ	22000032	27,000	-
93.838	National Heart, Lung, and Blood Inst	Fred Hutchinson Cancer Research Center	20021734	22,921	-
93.838	National Heart, Lung, and Blood Inst	Univ of California - San Francisco	22000317	98,249	-
93.838	National Heart, Lung, and Blood Inst	Vanderbilt Univ	22000296	157	-
93.838	National Heart, Lung, and Blood Inst	Cleveland Clinic	20021182	43,862	-
93.838	National Heart, Lung, and Blood Inst	Cleveland Clinic Lerner College of Med	22010063	127,800	-
93.838	National Heart, Lung, and Blood Inst	George Washington Univ	22000025	21,173	-
93.839	National Heart, Lung, and Blood Inst	Nat Marrow Donor Prog	20021576	273,182	-
93.839	National Institutes of Health	TRIM-medicine, Inc.	10013362	4,431	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Univ of Arizona	22000116	171,463	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Univ of Alabama at Birmingham	22000207	15,886	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Icahn School of Medicine at Mount Sinai	22010031	25,599	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Res	Mayo Fdn for Medical Educ & Res	20010289	148,157	-

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Research and Development Cluster —					
Pass-through from other sources:					
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Children's Mercy Hospitals and Clinics	20021968	(3,475)	(2,758)
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Northwestern University	22000041	138,436	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Cleveland Clinic Fdn	20010421	4,450	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Cincinnati Children's Hos Med Ctr	20021628	15	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Research Institute at Nationwide Childrn	20010182	66,418	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Univ of Louisville	22000299	1,690	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Columbia University	22000135	70,344	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Case Western Reserve Univ	22000238	9,949	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Univ of Texas Southwestern Med Ctr	22000316	124,434	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Minneapolis Medical Research Foundation	20012090	49,648	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Medical College of Wisconsin	22010058	5,390	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Baylor College of Medicine	22000361	25,814	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Univ of South Florida	22000123	83	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Augusta Univ	22000402	64,182	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Univ of Virginia	22000203	16,619	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of Minnesota	22000067	290	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of Michigan	22000005	213,500	4,700
93.853	Nat Inst Neurological Disorders & Stroke	Research Institute at Nationwide Childrn	20010182	82	-
93.853	Nat Inst Neurological Disorders & Stroke	Indiana Univ	22000012	135,651	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of California - San Diego	22000288	132,249	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of Cincinnati	22000074	33,751	-
93.853	Nat Inst Neurological Disorders & Stroke	Columbia University	22000135	28,690	-
93.853	Nat Inst Neurological Disorders & Stroke	Massachusetts General Hospital	20021587	247,995	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of California - San Francisco	22000317	14,488	-
93.853	Nat Inst Neurological Disorders & Stroke	Mayo Fdn for Medical Educ & Res	20010289	4,576	-
93.853	Nat Inst Neurological Disorders & Stroke	Northwestern University	22000041	20,251	-
93.853	Nat Inst Neurological Disorders & Stroke	Baylor College of Medicine	22000361	81,457	-
93.853	Nat Inst Neurological Disorders & Stroke	Beth Israel Deaconess Medical Center	10011582	5,924	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of Rochester	22000193	35,416	-
93.853	Nat Inst Neurological Disorders & Stroke	Radikal Therapeutics	10013565	(8,803)	-
93.853	Nat Inst Neurological Disorders & Stroke	Marquette Univ	22000403	25,286	-
93.855	Nat Inst of Allergy & Infectious Diseases	Kansas State Univ	22000062	171,965	-
93.855	Nat Inst of Allergy & Infectious Diseases	Univ of Michigan	22000005	12,644	-
93.855	Nat Inst of Allergy & Infectious Diseases	Duke Univ	22000094	14,657	-
93.855	Nat Inst of Allergy & Infectious Diseases	Research Institute at Nationwide Childrn	20010182	896,708	-
93.855	Nat Inst of Allergy & Infectious Diseases	Univ of Louisville	22000299	29,298	-
93.855	Nat Inst of Allergy & Infectious Diseases	Indiana Univ	22000012	17,075	-
93.855	Nat Inst of Allergy & Infectious Diseases	Univ of Washington	22000212	180,689	-
93.855	Nat Inst of Allergy & Infectious Diseases	Columbia University	22000135	226,883	-
93.855	Nat Inst of Allergy & Infectious Diseases	Univ of North Carolina	22000146	199,104	-
93.855	Nat Inst of Allergy & Infectious Diseases	Univ of Pittsburgh	22000036	931,342	-
93.855	Nat Inst of Allergy & Infectious Diseases	Univ of California - San Francisco	22000317	7,325	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
93.855	Nat Inst of Allergy & Infectious Diseases	Univ of Massachusetts - Worcester	22000318	24,256	-
93.855	Nat Inst of Allergy & Infectious Diseases	Icahn School of Medicine at Mount Sinai	22010031	92,217	-
93.855	Nat Inst of Allergy & Infectious Diseases	Brigham & Women's Hosp Inc	20021152	699,411	-
93.855	Nat Inst of Allergy & Infectious Diseases	Inst for Clinical Research Inc	20022020	10,083	-
93.855	Nat Inst of Allergy & Infectious Diseases	Albert Einstein College of Medicine Inc	20022344	58,021	-
93.855	Nat Inst of Allergy & Infectious Diseases	Forsyth Institute	20022165	956	-
93.855	Nat Inst of Allergy & Infectious Diseases	Sorrento Therapeutics	10013453	58,154	-
93.855	Nat Inst of Allergy & Infectious Diseases	ChromoLogic LLC	10013482	379	-
93.855	Nat Inst of Allergy & Infectious Diseases	Yeshiva Univ	22000331	(48)	-
93.855	Nat Inst of Allergy & Infectious Diseases	Benaroya Research Institute	20022216	33,812	-
93.855	Nat Inst of Allergy & Infectious Diseases	Stellenbosch Univ	22010115	7,305	-
93.855	Nat Inst of Allergy & Infectious Diseases	Hospital for Sick Children	20022313	67,498	-
93.855	Nat Inst of Allergy & Infectious Diseases	Tufts University	22000343	10,349	-
93.855	Nat Inst of Allergy & Infectious Diseases	Family Health Intl	20022342	68,054	-
93.855	Nat Inst of Allergy & Infectious Diseases	Meharry Medical College	22000213	48,136	-
93.855	Nat Inst of Health, Ofc of the Director	Albert Einstein College of Medicine Inc	20022344	16,803	-
93.855	National Cancer Institute	Fred Hutchinson Cancer Research Center	20021734	(19,504)	-
93.856	Nat Inst of Allergy & Infectious Diseases	North Carolina State Univ	22000136	45,546	-
93.856	Nat Inst of Allergy & Infectious Diseases	Univ of North Carolina	22000146	10,478	-
93.859	Nat Inst Gen Medical Scis	Iowa State Univ	22000047	13,333	-
93.859	Nat Inst Gen Medical Scis	Rutgers Univ	22000003	61,121	-
93.859	Nat Inst Gen Medical Scis	Univ of California - Davis	22000013	9,651	-
93.859	Nat Inst Gen Medical Scis	Florida State Univ	22000070	10,518	-
93.859	Nat Inst Gen Medical Scis	New York University	22000254	244,604	-
93.859	Nat Inst Gen Medical Scis	Univ of Pittsburgh	22000036	59,596	-
93.859	Nat Inst Gen Medical Scis	Oregon Health and Science University	22000252	27,693	-
93.859	Nat Inst Gen Medical Scis	Univ of Texas Hlth Sci Ctr - San Antonio	22000330	65,237	-
93.859	Nat Inst Gen Medical Scis	Cleveland Clinic	20021182	35,827	-
93.859	Nat Inst Gen Medical Scis	The Scripps Research Institute	20021352	192,412	-
93.859	Nat Inst Gen Medical Scis	NeuroWave Systems Inc.	10020303	56,428	-
93.859	Nat Inst Gen Medical Scis	Northeastern Univ	22000329	56,788	-
93.865	Nat Inst Child Health & HumanDevelopment	Pennsylvania State Univ	22000030	53,650	-
93.865	Nat Inst Child Health & HumanDevelopment	Virginia Polytechnic Inst	22000023	242,585	24,790
93.865	Nat Inst Child Health & HumanDevelopment	Research Institute at Nationwide Childrn	20010182	344,070	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of Utah	22000145	7,517	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of Connecticut	22000076	66,959	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of Colorado	22000039	12,921	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of North Carolina	22000146	123,566	-
93.865	Nat Inst Child Health & HumanDevelopment	Bowling Green State University	22000221	66,013	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of Texas at Austin	22000270	236,191	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of Pittsburgh	22000036	7,661	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of Kansas	22000219	95,481	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
93.865	Nat Inst Child Health & HumanDevelopment	Emory Univ	22000295	65,443	-
93.865	Nat Inst Child Health & HumanDevelopment	George Washington Univ	22000025	(329,318)	57,338
93.865	Nat Inst Child Health & HumanDevelopment	Northwestern University	22000041	140,030	-
93.865	Nat Inst Child Health & HumanDevelopment	Cincinnati Children's Hos Med Ctr	20021628	59,117	-
93.865	Nat Inst Child Health & HumanDevelopment	Clemson University	22000222	7,950	-
93.866	National Institute on Aging	Johns Hopkins Univ	22000133	8,395	-
93.866	National Institute on Aging	Univ of California - Los Angeles	22000269	127,511	-
93.866	National Institute on Aging	Univ of California - San Diego	22000288	(37,832)	-
93.866	National Institute on Aging	Univ of Pittsburgh	22000036	14,441	-
93.866	National Institute on Aging	Vanderbilt Univ	22000296	38,072	-
93.866	National Institute on Aging	Northwestern University	22000041	24,938	-
93.866	National Institute on Aging	Nat Bur Econ Res	20020748	143,940	-
93.866	National Institute on Aging	Vanderbilt University Medical Center	20022356	52,246	-
93.866	National Institute on Aging	Gradient Biomodeling, LLC	10013642	74,770	-
93.866	National Institute on Aging	Univ of Southern California	22000206	252	-
93.867	National Eye Institute	Univ of Houston	22000092	7,676	-
93.867	National Eye Institute	Univ of Notre Dame	22000140	73,392	-
93.867	National Eye Institute	Univ of Louisville	22000299	233,624	-
93.867	National Eye Institute	Univ of Cincinnati	22000074	48,534	-
93.867	National Eye Institute	Washington Univ	22000209	17,467	-
93.867	National Eye Institute	Salus University	22000322	23,490	-
93.867	National Eye Institute	Jaeb Ctr for Health Res	20021387	37,241	-
93.867	National Eye Institute	Univ of California - Irvine	22010062	110,924	-
93.867	National Eye Institute	RashmiVu, LLC	10020335	3,648	-
93.867	National Eye Institute	Precision Vision	10013290	51,108	2,775
93.879	National Library of Medicine	Rutgers Univ	22000003	12,935	-
93.879	National Library of Medicine	Brigham & Women's Hosp Inc	20021152	746	-
93.945	Maternal & Child Health Bureau	OH Dept of Health	26090000	35,622	-
93.946	Centers for Disease Control & Prevention	Cincinnati Children's Hos Med Ctr	20021628	8,093	-
93.994	Maternal & Child Health Bureau	OH Dept of Health	26090000	142,489	-
<b>Total Department of Health and Human Services Pass-Through Awards</b>				<b>27,156,345</b>	<b>499,343</b>
<b>Department of Homeland Security</b>					
97.061	US Department of Homeland Security	Northeastern Univ	22000329	8,372	-
97.061	US Department of Homeland Security	Univ of Southern California	22000206	120,303	-
97.RD	US Department of Homeland Security	Univ of Delaware	22000138	8,909	-
<b>Total Department of Homeland Security Pass-through Awards</b>				<b>137,584</b>	<b>-</b>
<b>Agency for International Development</b>					
98.001	Agency for Intl Dev	Michigan State Univ	22000044	28,720	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster — Pass-through from other sources:					
98.001	Agency for Intl Dev	Purdue Univ	22000002	15,686	1,825
98.001	Agency for Intl Dev	Univ of California - Davis	22000013	239,793	92,081
98.001	Agency for Intl Dev	Virginia Polytechnic Inst	22000023	369,949	238,673
98.001	Agency for Intl Dev	Research Institute at Nationwide Childrn	20010182	18,411	-
98.001	Agency for Intl Dev	National Academy of Sciences	31020000	35,838	-
98.011	Agency for Intl Dev	Purdue Univ	22000002	31,144	-
<b>Total Agency for International Development Pass-Through Awards</b>				<b>739,541</b>	<b>332,579</b>
Subtotal pass-through from other sources				\$ 63,478,147	\$ 1,609,007
Total Research and Development Cluster				\$ 356,322,588	\$ 42,229,131

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CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Student Financial Aid Cluster –			
Funds received directly from the following federal agencies:			
<b>Department of Education</b>			
84.007	Supplemental Education Opportunity Grant	\$ 1,199,192	\$ -
84.033	Federal Workstudy Program	2,958,522	-
84.038	Perkins Loans outstanding balance at 7/1/2016	34,012,317	-
84.038	Perkins Loans advances during fiscal year	6,647,276	-
84.038	Perkins administrative cost allowance and collection costs	316,600	-
84.063	Pell Grant Program	50,657,693	-
84.268	Direct Lending subsidized student advances during fiscal year 2017	68,661,907	-
84.268	Direct Lending unsubsidized student advances during fiscal year 2017	192,159,820	-
84.268	Direct Lending parent (undergraduate) advances during fiscal year 2017	52,100,662	-
84.268	Direct Lending parent (graduate) advances during fiscal year 2017	34,890,908	-
84.379	Teacher Ed Assistance for College and Higher Ed Grants	67,088	-
<b>Total Department of Education Direct Awards</b>		<b>443,671,985</b>	<b>-</b>
<b>Department of Health and Human Services</b>			
93.264	Nursing Faculty Loans outstanding balance at 7/1/2016	541,183	-
93.264	Nursing Faculty Loans advances during fiscal year	191,048	-
93.342	Health Professions Student Loans outstanding balance at 7/1/2016	15,859,429	-
93.342	Health Professions Student Loans advances during fiscal year	2,481,947	-
93.342	Primary Care Loans, outstanding balance at 7/1/2016	1,196,937	-
93.342	Disadvantaged Student Loans outstanding balance at 7/1/2016	254,430	-
93.364	Nursing Student Loans outstanding balance at 7/1/2016	1,345,300	-
93.364	Nursing Student Loans advances during fiscal year	103,354	-
93.408	ARRA Nursing Faculty Loan outstanding balance at 7/1/2016	16,914	-
<b>Total Department of Health and Human Services Direct Awards</b>		<b>21,990,542</b>	<b>-</b>
Subtotal Student Financial Aid Cluster		<b>\$ 465,662,527</b>	<b>\$ -</b>
Economic Development Cluster –			
Funds received directly from the following federal agencies:			
<b>Department of Commerce</b>			
11.307	Econ Dev Admin	\$ 2,429,975	\$ 15,887
<b>Total Department of Commerce Direct Awards</b>		<b>2,429,975</b>	<b>15,887</b>
Subtotal Economic Development Cluster		<b>\$ 2,429,975</b>	<b>\$ 15,887</b>

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CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Trio Cluster –			
Funds received directly from the following federal agencies:			
<b>Department of Education</b>			
84.042	US Department of Education	\$ 295,772	\$ -
84.047	US Department of Education	484,444	-
<b>Total Department of Education Direct Awards</b>		<b>780,216</b>	<b>-</b>
Subtotal Trio Cluster		<u>\$ 780,216</u>	<u>\$ -</u>
CCDF Cluster -			
Funds received directly from the following federal agencies:			
<b>Department of Health and Human Services</b>			
93.575	Administration for Children and Families	\$ 79,416	\$ -
<b>Total Department of Health and Human Services</b>		<b>79,416</b>	<b>-</b>
Subtotal CCDF Cluster		<u>\$ 79,416</u>	<u>\$ -</u>

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Supplemental Nutrition Assistance Program (SNAP) Cluster – Pass throughs from other sources:					
<b>Department of Agriculture</b>					
10.561	USDA Food and Nutrition Service	OH Dept of Job & Family Services	26630000	\$ 8,532,317	\$ 465,010
<b>Total Department of Agriculture Pass-Through Awards</b>				<b>8,532,317</b>	<b>465,010</b>
Subtotal Supplemental Nutrition Assistance Program (SNAP) Cluster				\$ 8,532,317	\$ 465,010
Community Development Block Grant (CDBG) Entitlements Grants Cluster – Pass throughs from other sources:					
<b>Department of Housing and Urban Development</b>					
14.218	Department of Housing & Urban Dev	City of Columbus	24000306	\$ 4,809	\$ -
14.218	Department of Housing & Urban Dev	Cleveland Dept of Community Development	24000528	27,230	-
14.218	Department of Housing & Urban Dev	City of Dayton	24000572	27,653	-
14.218	Department of Housing & Urban Dev	Franklin Co Board of Commissioners	24000576	22,604	-
<b>Total Department of Housing and Urban Development Pass-Through Awards</b>				<b>82,296</b>	<b>-</b>
Subtotal Community Development Block Grant (CDBG) Entitlements Grants Cluster				\$ 82,296	\$ -
Fish and Wildlife Cluster – Pass throughs from other sources:					
<b>Department of the Interior</b>					
15.605	US Fish and Wildlife Service	OH Division of Wildlife	26110100	\$ 1,509,365	\$ 47,381
15.611	US Fish and Wildlife Service	OH Division of Wildlife	26110100	345,961	-
15.611	US Department of the Interior	OH Division of Wildlife	26110100	540,509	-
<b>Total Department of the Interior Pass-Through Awards</b>				<b>886,470</b>	<b>-</b>
Subtotal Fish and Wildlife Cluster				\$ 2,395,835	\$ 47,381
Workforce Innovation and Opportunities Act (WIOA) Cluster – Pass throughs from other sources:					
<b>Department of Labor</b>					
17.258	US Department of Labor	Central Ohio Workforce Investment Corp	20021603	\$ 2,835	\$ -
17.258	US Department of Labor	OH Dept of Job & Family Services	26630000	48,285	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
17.259	US Department of Labor	OH Dept of Job & Family Services	26630000	69,667	-
17.278	US Department of Labor	OH Dept of Job & Family Services	26630000	59,047	-
<b>Total Department of Labor Pass-Through Awards</b>				<b>179,834</b>	<b>-</b>
Subtotal Workforce Innovation and Opportunities Act (WIOA) Cluster				\$ 179,834	\$ -
Highway Planning and Construction Cluster – Pass throughs from other sources:					
<b>Department of Transportation</b>					
20.205	Federal Highway Administration	OH Dept of Transportation	26010000	\$ 453,090	\$ 104,291
<b>Total Department of Transportation Pass-Through Awards</b>				<b>453,090</b>	<b>104,291</b>
Subtotal Highway Planning and Construction Cluster				\$ 453,090	\$ 104,291
Federal Transit Cluster – Pass throughs from other sources:					
<b>Department of Transportation</b>					
20.500	Federal Transit Administration	Ctr Transportation and the Environment	20022049	\$ 80,125	\$ -
<b>Total Department of Transportation Pass-Through Awards</b>				<b>80,125</b>	<b>-</b>
Subtotal Federal Transit Cluster				\$ 80,125	\$ -
Special Education (IDEA) Cluster – Pass throughs from other sources:					
<b>Department of Education</b>					
84.027	US Department of Education	Univ of Dayton	22000008	\$ 161,012	\$ -
84.027	US Department of Education	Utah State Office of Education	24000579	8,628	-
84.027	US Department of Education	OH Dept of Educ	26080000	367,462	-
<b>Total Department of Education Pass-Through Awards</b>				<b>537,102</b>	<b>-</b>
Subtotal Special Education (IDEA) Cluster				\$ 537,102	\$ -



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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Temporary Assistance for Needy Families (TANF) Cluster – Pass throughs from other sources:					
<b>Department of Health and Human Services</b>					
93.558	Administration for Children and Families	After-School All-Stars Ohio	20022119	\$ 10,598	-
93.558	Administration for Children and Families	Butler County Board of Commissioners	24000522	241,622	-
93.558	Administration for Children and Families	OH Gov Ofc Faith-Based & Comm Initiative	26000003	254,698	-
<b>Total Department of Health and Human Services Pass-Through Awards</b>				<b>506,918</b>	<b>-</b>
Subtotal Temporary Assistance for Need Families (TANF) Grants Cluster				<b>\$ 506,918</b>	<b>\$ -</b>
Medicaid Cluster - Pass throughs from other sources:					
<b>Department of Health and Human Services</b>					
93.778	Ctrs for Medicare & Medicaid	Cincinnati Children's Hos Med Ctr	20021628	\$ 164,212	\$ -
93.778	Ctrs for Medicare & Medicaid	OH Dept of Medicaid	26680000	20,226,254	12,974,652
<b>Total Department of Health and Human Services Pass-Through Awards</b>				<b>20,390,466</b>	<b>12,974,652</b>
Subtotal Medicaid Cluster				<b>\$ 20,390,466</b>	<b>\$ 12,974,652</b>

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CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Funds received directly from the following federal agencies			
Other Programs:			
<b>Department of Agriculture</b>			
10.025	Animal & Plant Health Inspection Service	\$ 13,694	\$ -
10.226	National Institute of Food & Agriculture	37	-
10.310	National Institute of Food & Agriculture	11,153	-
10.500	National Institute of Food & Agriculture	552,211	174,880
10.500	Cooperative Extension Service	12,793,476	-
		<u>13,345,687</u>	<u>174,880</u>
	<b>Total Department of Agriculture Direct Awards</b>	<b>13,370,571</b>	<b>174,880</b>
<b>Department of State</b>			
19.009	Bureau of Educ & Cultural Affairs	10,000	10,000
19.040	US Department of State	196,206	76,932
	<b>Total Department of State Direct Awards</b>	<b>206,206</b>	<b>86,932</b>
<b>Department of Transportation</b>			
20.106	Airport Improvement Program	38,965	-
	<b>Total Department of Transportation Direct Awards</b>	<b>38,965</b>	<b>-</b>
<b>Department of National Aeronautics and Space Administration</b>			
43.008	Nat Aeronautics & Space Admin	7,550	-
	<b>Total Department of National Aeronautics and Space Administration Direct Awards</b>	<b>7,550</b>	<b>-</b>
<b>Department of National Endowment for the Humanities</b>			
45.160	Faculty Research Abroad	23,264	-
45.163	National Endowment For The Humanities	145,352	-
45.301	Museums for America	15,193	-
	<b>Total Department of National Endowment for the Humanities Direct Awards</b>	<b>183,809</b>	<b>-</b>
<b>Department of Veterans Affairs</b>			
64.011	Veterans Outpatient Care	58,601	-
64.125	Voc and Educ Counseling for Veterans	280	-
	<b>Total Department of Veterans Affairs Direct Awards</b>	<b>58,881</b>	<b>-</b>
<b>Department of Education</b>			
84.015	US Department of Education	465,635	2,842

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CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Funds received directly from the following federal agencies			
Other Programs:			
84.022	Student Research Abroad	70,660	-
84.325	US Department of Education	236,752	-
84.327	US Department of Education	282,826	88,761
<b>Total Department of Education Direct Awards</b>		<b>1,055,873</b>	<b>91,603</b>
<b>Department of Health and Human Services</b>			
93.600	Administration for Children and Families	3,212,479	100,550
93.667	Social Services Block Grant	181,870	-
<b>Total Department of Health and Human Services Direct Awards</b>		<b>3,394,349</b>	<b>100,550</b>
<b>Department of Homeland Security</b>			
97.U01	Department of Homeland Security	25,597	-
<b>Total Department of Homeland Security Direct Awards</b>		<b>25,597</b>	<b>-</b>
Subtotal funds received directly from federal agencies		<b>\$ 18,341,801</b>	<b>\$ 453,965</b>

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Pass-through from other sources:					
Other Programs:					
<b>Department of Agriculture</b>					
10.170	Agricultural Marketing Service	Ohio Department Of Agriculture	26390000	\$ 21,776	\$ -
10.215	National Institute of Food & Agriculture	Univ of Minnesota	22000067	62,736	-
10.303	National Institute of Food & Agriculture	Univ of Illinois	22000009	(100)	-
10.310	National Institute of Food & Agriculture	Univ of Wisconsin	22000006	6,773	-
10.319	National Institute of Food & Agriculture	Cornell University	22000081	70,793	-
10.329	National Institute of Food & Agriculture	Univ of Minnesota	22000067	1,020	-
10.329	National Institute of Food & Agriculture	Univ of Illinois	22000009	9,319	-
				<u>10,339</u>	-
10.331	National Institute of Food & Agriculture	Wholesome Wave	20022283	53,427	-
10.500	National Institute of Food & Agriculture	Univ of Nebraska	22000085	38,963	33,855
10.500	National Institute of Food & Agriculture	Kansas State Univ	22000062	25,382	-
10.500	National Institute of Food & Agriculture	Michigan State Univ	22000044	25,712	-
				<u>90,057</u>	<u>33,855</u>
10.558	US Department of Agriculture	OH Dept of Educ	26080000	61,923	-
10.558	Child and Adult Care Food Program	OH Dept of Educ		109,295	-
				<u>171,218</u>	-
10.574	US Department of Agriculture	OH Dept of Educ	26080000	(50)	-
10.575	US Department of Agriculture	Cuyahoga County Board of Health	24000524	7,478	-
10.664	USDA Forest Service	OH Dept of Natural Resources	26110000	28,873	-
10.680	USDA Forest Service	Purdue Univ	22000002	5,996	-
10.902	Natural Resources Conservation Service	The Nature Conservancy	20020999	25,900	-
10.912	Natural Resources Conservation Service	Nat Fish & Wildlife Fdn	20021134	141,947	32,321
				<u>697,163</u>	<u>66,176</u>
<b>Total Department of Agriculture Pass-Through Awards</b>					
<b>Department of Defense</b>					
12.330	Office of Naval Res	Am Lightweight Materials Innovation Inst	20022269	37,468	-
12.500	Army	OH Nat Guard	26330100	18,106	-
12.611	Office of Economic Adjustment	Univ of Michigan	22000005	106,083	-
				<u>161,657</u>	-
<b>Total Department of Defense Pass-Through Awards</b>					
<b>Department of Housing and Urban Development</b>					
14.700	Dept of Housing & Urban Dev	Cleveland Dept of Community Development	24000528	58,378	-
				<u>58,378</u>	-
<b>Total Department of Housing and Urban Development Pass-Through Awards</b>					
<b>Department of Fish and Wildlife Service</b>					
15.720	US Fish and Wildlife Service	OH Dept of Natural Resources	26110000	52,210	-

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Pass-through from other sources:					
Other Programs:					
<b>Total Department of Fish and Wildlife Service Pass-Through Awards</b>				<b>52,210</b>	<b>-</b>
<b>Department of Justice</b>					
16.575	US Department of Justice	Ohio Office of Attorney General	26310000	453,381	-
16.726	US Department of Justice	National 4-H Council	20021037	243,018	-
16.738	US Department of Justice	Board of Commissioners of Franklin County, OH		2,322	-
16.740	US Department of Justice	Univ of South Florida	22000123	9,666	-
<b>Total Department of Justice Pass-Through Awards</b>				<b>708,387</b>	<b>-</b>
<b>Department of State</b>					
19.009	Bureau of Educ & Cultural Affairs	Intl Res and Exchanges Board	20021194	151,512	-
<b>Total Department of State Pass-through Awards</b>				<b>151,512</b>	<b>-</b>
<b>National Endowment for the Humanities</b>					
45.024	Grants to Organizations and Individuals	Wexner Center Foundation		90,000	-
45.129	National Endowment For The Humanities	OH Humanities Council	26290000	1,978	-
45.310	Institute Of Museum And Library Services	State Library Board	26040000	1,599,860	-
<b>Total National Endowment for the Humanities Pass-Through Awards</b>				<b>1,691,838</b>	<b>-</b>
<b>Department of Small Business Administration</b>					
59.037	Small Business Administration	OH Development Services Agency	26140000	202,460	10,000
<b>Total Department of Commerce Pass-Through Awards</b>				<b>202,460</b>	<b>10,000</b>
<b>Department of Energy</b>					
81.550	US Department of Energy	Pacific Northwest National Laboratory	20021070	7,188	-
<b>Total Department of Energy Pass-Through Awards</b>				<b>7,188</b>	<b>-</b>
<b>Department of Education</b>					
84.367	US Department of Education	OH Dept of Higher Education	26060000	113,447	-
84.367	US Department of Education	Nat Writing Project Corp	20021378	5,841	-
<b>Total Department of Education Pass-Through Awards</b>				<b>119,288</b>	<b>-</b>
<b>Department of Health and Human Services</b>					
93.086	Admin Children, Youth, & Families	OH Dept of Job & Family Services	26630000	34,177	-
93.135	Centers for Disease Control & Prevention	Case Western Reserve Univ	22000238	12,762	-

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Pass-through from other sources:					
Other Programs:					
93.243	Substance Abuse & Mental Health Servs Admin	OH Dept of Mental Hlth & Addiction Svcs	26420000	(35)	-
93.566	Refugee and Entrant Assistance	OH Dept of Job & Family Services		1,750,104	-
93.738	Centers for Disease Control & Prevention	Cuyahoga County Board of Health	24000524	5,277	-
93.757	Centers for Disease Control & Prevention	OH Dept of Health	26090000	17,388	-
93.817	Hospital Preparedness Program Ebola Preparedness and Resp	Univ of Iowa		100,000	-
93.879	National Library of Medicine	Univ of Iowa	22000137	3,749	-
93.912	Health Resources & Services Admin	Trinity Hospital Twin City	20021726	(31)	-
93.958	Substance Abuse & Mental Health Servs Admin	New Horizons Mental Health Services	20022382	85,606	-
<b>Total Department of Health and Human Services Pass-Through Awards</b>				<b>2,008,996</b>	<b>-</b>
<b>Agency for International Development</b>					
98.001	Agency for Intl Dev	Michigan State Univ	22000044	29,454	-
<b>Total Agency for International Development Pass-Through Awards</b>				<b>29,454</b>	<b>-</b>
Subtotal pass-through from other sources				5,888,532	76,176
Total Federal Expenditures				<b>\$ 882,663,037</b>	<b>\$ 56,366,493</b>

# THE OHIO STATE UNIVERSITY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

### 1. Summary of Significant Accounting Policies

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards (“the schedule”) includes the federal grant activity for the year ended June 30, 2017 for the following entities, which constitute the primary institution for financial reporting purposes:

- The Ohio State University and its hospitals and clinics
- Ohio Agricultural Research and Development Center
- The Ohio Technology Consortium (OH-TECH)

In addition, the following university blended component units are included in the university’s financial statements and schedule of expenditures of federal awards:

- The Ohio State University Foundation
- OSU Health Plan, Inc.
- Oval Limited

In addition to the blended component units above, the university’s financial statements and schedule of expenditures of federal awards include the following discretely presented component units:

- The Ohio State University Physicians, Inc.
- Campus Partners for Community Urban Redevelopment, Inc.
- Transportation Research Center of Ohio, Inc.
- Dental Faculty Practice Association, Inc.

The schedule has been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America for state-assisted colleges and universities. Negative amounts represent current year adjustments of amounts reported in prior years. CFDA and pass-through entity numbers are included when available. The information in the schedule is presented in accordance with the requirements of Title 2 of the U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the university, it is not intended to and does not present the financial position, changes in net position, or cash flows of the university.

### 2. Reimbursement of Facilities and Administrative Costs and Uniform Guidance

On June 15, 2017, the U. S. Department of Health & Human Services (DHHS) approved a previously established provisional rate for the year ended June 30, 2017 and established predetermined facilities and administrative cost recovery rates through June 30, 2020. The facilities and administrative cost rate structure, including the rates submitted within the certificate, is as follows:

**THE OHIO STATE UNIVERSITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Rate Type	Negotiated Rate			
	FY17	FY18	FY19	FY20
Organized Research				
On campus	54.0%	55.0%	56.0%	56.0%
Off campus	26.0%	26.0%	26.0%	26.0%
Instruction				
On campus	52.0%	52.0%	52.0%	52.0%
Off campus	26.0%	26.0%	26.0%	26.0%
Other Sponsored Activities				
On campus	30.5%	30.5%	30.5%	30.5%
Off campus	26.0%	26.0%	26.0%	26.0%

The university applies its predetermined approved facilities and administrative cost recovery rate when charging indirect costs to federal awards rather than the 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

**3. Federal Direct Loan Program**

Under the William D. Ford Federal Direct Loan Program, students and parents borrow funds directly from the federal government; the university is responsible for verifying student eligibility, electronically transmitting the loan records to the federal processor and distributing the loan funds directly to the student account or parent borrower. The amount of new loans to the university's students and parents during the fiscal year ended June 30, 2017 is shown in the schedule.

The university is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program and, accordingly, these loans are not included in the university's basic financial statements. It is not practical to determine the balance of loans outstanding under these programs at June 30, 2017.

**4. University-Administered Loan Programs with Continuing Compliance Requirements**

The federal loan programs listed below are administered directly by the university, and balances and transactions related to these programs are included in the university's financial statements. The amount of loans outstanding at the beginning of the fiscal year and loans made during the year are included in the federal expenditures presented in the schedule. The balances of loans outstanding as of June 30, 2017 are as follows:



**THE OHIO STATE UNIVERSITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	CFDA Number	Outstanding balance at June 30, 2017
Department of Education		
Federal Perkins Program	84.038	\$ 36,094,017
		<u>36,094,017</u>
Department of Health and Human Services		
Health Professions Student Loan Program	93.342	
Dentistry		7,256,695
Optometry		1,892,038
Medicine		96,738
Pharmacy		915,305
Veterinary		5,041,557
Primary Care Loan Program	93.342	
Medicine		797,326
Loans to Disadvantaged Student Program	93.342	
Dentistry		97,637
Optometry		24,683
Medicine		72,724
Veterinary		4,693
		<u>16,199,396</u>
Nursing Student Loan Program	93.364	<u>1,137,901</u>
ARRA - Nursing Faculty Loan Program	93.408	<u>14,822</u>
Nursing Faculty Loan Program	93.264	<u>681,355</u>
Total Federal Loans Outstanding		<u>\$ 54,127,491</u>

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**Report of Independent Auditors 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***

To the Board of Trustees of  
The Ohio State University  
Columbus, Ohio:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the primary institution and of the aggregate discretely presented component units, which collectively comprise The Ohio State University (the "University"), as of and for the year ended June 30, 2017, appearing on pages 20 to 23, which consist of the statement of net position, the related statements of revenues, expenses and other changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 6, 2017. The University is a component unit of the State of Ohio.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs and management's views and corrective action plan as item 2017-001, that we consider to be a significant deficiency.



***The University's Response to Finding***

The University's response to the finding identified in our audit is described in the accompanying management's corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the University's basic 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 University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PricewaterhouseCoopers LLP*

November 6, 2017



**Report of Independent Auditors on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on Internal  
Control Over Compliance in Accordance with the Uniform Guidance**

To Board of Trustees of  
The Ohio State University  
Columbus, Ohio:

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

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



### ***Opinion on Each Major Federal Program***

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

### **Report on Internal Control Over Compliance**

Management of The Ohio State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing 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's internal control over compliance.

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

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

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

*PricewaterhouseCoopers LLP*

December 15, 2017

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

**Section I – Summary of Auditor’s Results**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	None identified
<b>(d)(1)(v)</b>	<b>Type of Major Programs’ Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Refer to the listing below
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 3,000,000 Type B: > \$ 750,000
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	Yes

**Major programs (list):**

#	CFDA Number(s)	Name of Federal Program or Cluster
1	Various	Research and Development Cluster
2	Various	Student Financial Assistance Cluster
3	10.500	Cooperative Extension Service
4	93.600	Administration for Children and Families
5	45.310	Institute of Museum and Library Services

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

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**Section II – Financial Statement Findings**

<b>Finding Number</b>	2017-001 – Oversight and Monitoring of Key System Implementation for Consolidated Affiliate
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**Criteria** – Management is ultimately responsible for the preparation and fair presentation of the statements of net position, the related statements of revenue, expenses and other changes in net position and of cash flows, and the related notes to the financial statements in accordance with generally accepted accounting principles, including the appropriate selection and application of accounting policies.

**Condition** – Transportation Research Center of Ohio, Inc., (TRC), a component unit of the University, experienced a number of significant changes over the course of the past year throughout many facets of the organization. Namely, TRC implemented a new Enterprise Resource Planning (ERP) system in the last quarter of fiscal 2017; experienced significant management turnover at both the executive level and within its accounting/finance function; and embarked on significant strategic initiatives, including new business opportunities and sizable contract negotiations, which have required the time and attention of executive management.

**Context** – In performing our audit of TRC, we noted that there were several general ledger accounts within PwC’s original scope of work that were either not reconciled or reviewed timely as part of the month-end general ledger ‘close’ process. Further challenges included timely generation of accurate invoices and difficulty extracting data from the system to generate supporting schedules used to substantiate the account balances and prepare financial statements and disclosures. Audit procedures including review of management-prepared revenue and expense analytics were performed to provide for adequate comfort over the relevant financial statement assertions, specifically in reference to the overall materiality of TRC in relation to the discretely presented component units in aggregate as reflected within the University’s financial statements. While the results of these procedures did not result in material adjustments to the University’s financial statements at June 30, 2017 there were a significant number of adjustments or reclassifications between accounts identified and reflected within the stand-alone TRC financial statements.

**Cause** – The challenges management faced with its ERP system conversion coupled with the nearly simultaneous turnover of most of its accounting/finance group.

**Effect** – The preparation and fair presentations of the basic financial statements is dependent upon the completeness and accuracy of data within the ERP system, as well as an accounting/finance team who can perform timely account reconciliations and rigorous analysis and review of period end financial results. Based on the challenges noted, a number of accounting adjustments were required and the preparation of the financial statements was delayed. Further, TRC’s business operations and relationships with customers could be negatively impacted by an inability to timely generate accurate invoices.

**Recommendation** – In the near-term we recommend management focus on implementing controls to ensure the completeness and accuracy of financial data coming from the ERP system. In addition, management should proactively look to fill the Controller and other accounting/finance positions currently open within TRC. Going forward, TRC should adhere to the University’s project management framework, or similarly robust standards, when implementing new systems.



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

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**Section III – Federal Award Findings and Questioned Costs**

There are no findings and/or questioned costs related to federal awards to be reported.

**THE OHIO STATE UNIVERSITY  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

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There were no findings and/or questioned costs related to federal awards reported in the prior year.

December 12, 2017

Re: Corrective Action Plan

**1. Name of the contact person responsible for corrective actions planned:**

Thomas F. Ewing  
Director of Financial Reporting  
The Ohio State University  
2020 Blankenship Hall  
901 Woody Hayes Drive  
Columbus, OH 43210  
Phone: 614-688-3113  
E-mail: ewing.6@osu.edu

**2. Corrective actions planned:**

**Finding Number 2017-001 - Oversight and Monitoring of Key System Implementation for Consolidated Affiliate**

Views of responsible officials and planned corrective actions - We agree with the recommendation.

TRC is working with a third-party consultant to analyze the current state of the system and implement the needed functionality. The University's Office of Business and Finance will monitor the effectiveness of the system implementation corrections and internal control implementation to ensure the completeness and accuracy of financial data. TRC's senior leadership team, in coordination with TRC's Board of Directors, is evaluating the finance department. In addition, TRC's board of directors is managing the executive search for a permanent Chief Financial Officer, who will in turn hire a Controller.

**3. Anticipated completion date:**

The first phase of remediation will include manual analysis and posting of monthly revenue recognition entries, to ensure complete and accurate financial statements for FY2018. Anticipated completion date for this phase is June 30, 2018. The second phase of remediation will include a reimplementation of the ERP system, to begin in July 2018. Anticipated completion date for this phase is December 31, 2018.

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# **The Ohio State University Health Plan, Inc.**

**Financial Statements  
As of and for the Year Ended  
June 30, 2017**

**The Ohio State University  
Health Plan, Inc.  
Index  
June 30, 2017**

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## **Review Report of Independent Accountants**

To the Management of  
The Ohio State University Health Plan, Inc.

We have reviewed the accompanying financial statements of The Ohio State University Health Plan, Inc., a component unit of The Ohio State University, which comprise the balance sheet as of June 30, 2017, and the related statements of comprehensive income, of cash flows, and of equity for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

### ***Accountants' Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountants' Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP*

November 29, 2017

**The Ohio State University  
Health Plan, Inc.  
Balance Sheet  
June 30, 2017**

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	<u>2017</u>
<b><u>Assets</u></b>	
Current assets:	
Cash	\$ 5,654,093
Investments	640,447
Accounts receivable	297,815
Prepaid expenses	130,113
Deferred tax asset	<u>245,803</u>
Total current assets	6,968,271
Property and equipment:	
Furniture and equipment	621,989
Capitalized software	235,249
Less: accumulated depreciation	<u>(688,812)</u>
Net property and equipment	168,426
 Total Assets	 <u><u>\$ 7,136,697</u></u>
<b><u>Liabilities and Equity</u></b>	
Current liabilities:	
Amounts due to OSU	\$ 1,488,808
Accrued salaries, wages, and related liabilities	746,571
Other accruals	<u>817,815</u>
Total current liabilities	3,053,194
 Non-Current Deferred Tax Liability	 <u>22,477</u>
Total Liabilities	3,075,671
Equity:	
Paid-in capital	3,834,613
Accumulated other comprehensive (loss) income	(5,608)
Accumulated earnings	<u>232,021</u>
Total Equity	<u>4,061,026</u>
 Total Liabilities and Equity	 <u><u>\$ 7,136,697</u></u>

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



**The Ohio State University  
Health Plan, Inc.  
Statement of Comprehensive Income  
For the Year Ended June 30, 2017**

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	<u>2017</u>
<b><u>REVENUES</u></b>	
Health plan revenue	\$ 10,722,847
Pharmacy services revenue	1,148,104
Wellness services revenue	146,806
Total revenues	<u>12,017,757</u>
<b><u>EXPENSES</u></b>	
Salaries	6,327,978
Employee benefits	2,061,654
Purchased services	2,194,300
Office rental & maintenance	474,901
Equipment rental, repair and services	180,670
Depreciation and amortization	70,066
Other expenses	624,213
Total expenses	<u>11,933,782</u>
Operating income	83,975
Interest and dividend income	18,959
Income from operations before taxes	102,934
Provision for income tax expense	29,222
Net income	<u>\$ 73,712</u>
Other Comprehensive Loss:	
Unrealized loss on investments	<u>(24,472)</u>
Total comprehensive income	<u>\$ 49,240</u>

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

**The Ohio State University  
Health Plan, Inc.  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

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	<u>2017</u>
<b>OPERATING ACTIVITIES:</b>	
Net income	\$ 73,712
Adjustments to reconcile net income to cash provided (used) by operating activities:	
Depreciation and amortization	70,066
Deferred income taxes	(54,321)
Changes in assets and liabilities:	
Accounts receivable	153,467
Prepaid expenses	13,774
Amounts due OSU	(592,572)
Accrued salaries, wages, and related liabilities	214,074
Other accruals	(200,811)
Net cash used in operating activities	<u>(322,611)</u>
<b>INVESTING ACTIVITIES:</b>	
Dividend investment	(17,118)
Net cash used in investing activities	<u>(17,118)</u>
<b>NET CHANGE IN CASH</b>	<b>(339,729)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<u>5,993,822</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 5,654,093</u></u>

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

**The Ohio State University  
Health Plan, Inc.  
Statement of Equity  
June 30, 2017**

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	Paid-in capital	Accumulated other comprehensive income (loss)	Accumulated earnings	Total
<b>Balance at June 30, 2016</b>	\$ 3,834,613	\$ 18,864	\$ 158,309	\$ 4,011,786
Net income	-	-	73,712	73,712
Unrealized loss on investments	-	(24,472)	-	(24,472)
<b>Balance at June 30, 2017</b>	<u>\$ 3,834,613</u>	<u>\$ (5,608)</u>	<u>\$ 232,021</u>	<u>\$ 4,061,026</u>

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

**The Ohio State University  
Health Plan, Inc.  
Notes to the Financial Statements  
June 30, 2017**

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**1. Summary of Significant Accounting Policies**

The significant accounting policies followed by The Ohio State University Health Plan, Inc. (the "Health Plan" or "Company") are summarized below.

**Organization**

The Health Plan was organized in December 1991 and began full operations on July 1, 1992. On July 27, 2009, the name of the corporation was changed to The Ohio State University Health Plan, Inc. (formerly The Ohio State University Managed Health Care Systems). The Health Plan was organized to promote and carry out educational, charitable, and scientific purposes by conducting and supporting activities that are for the benefit, perform the functions, and carry out the purposes of The Ohio State University (the "University") and supporting the strategic goals of the University's Wexner Medical Center. The Health Plan's primary activities are the performance of managed care, pharmacy services, and wellness services to the University and other employers and groups within Ohio.

Should the Health Plan cease to exist, any net assets remaining after payment of all liabilities would revert to either a selected successor organization established for substantially the same purpose, or absent such a selection, to the University.

**Basis of Presentation**

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the financial position resulting from all health care activities managed by the Health Plan including the Pharmacy Benefits Administration through the Rx Ohio Collaborative (RxOC) for which the Health Plan provides oversight.

**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. Actual results could differ from those estimates.

**Cash**

The Health Plan maintains cash accounts with a local financial institution. As of June 30, 2017, \$5,654,093, of the cash holdings of the Health Plan were cash holdings held in bank accounts. Of this cash balance, \$250,000 was subject to federal deposit insurance ("FDIC"). The uninsured balance is collateralized by pools of securities pledged by the depository bank and is held in the name of the respective bank.

**Fair Value of Financial Instruments**

The Health Plan estimates fair values of its financial instruments using available quoted market information in accordance with FASB ASC 820 *Fair Value Measurements* ("ASC 820"). Accordingly, the estimates presented are not necessarily indicative of the amounts that the Health Plan could realize in a current market exchange. Different market assumptions might have a material effect on the estimated fair value amounts. The carrying amounts of accounts receivable, accounts payable, and other current liabilities approximate fair value because of the relatively short

**The Ohio State University  
Health Plan, Inc.  
Notes to the Financial Statements  
June 30, 2017**

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maturities of these financial instruments. Investments are comprised of publicly-traded mutual funds and are carried at fair value at June 30, 2017. See Note 3, *Investments*, for further detail.

**Net Property and Equipment**

Net Property and equipment is stated on the basis of cost less accumulated depreciation. Depreciation of furniture and equipment is computed using the straight-line method over estimated useful lives ranging from 5 to 7 years. Depreciation expense recorded was \$23,017 for the year ended June 30, 2017. Capitalized software at June 30, 2017 related to utilization management software capitalized and put in service December 2015. Amortization expense recorded was \$47,050 for the year ended June 30, 2017. Following University policy, equipment costing less than \$5,000 in the aggregate is not capitalized but expensed directly.

**Income Taxes**

The Health Plan is a taxable entity for federal tax purposes. The Health Plan provides deferred federal income taxes for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for federal income tax purposes.

The Health Plan recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of the assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Health Plan is a non-charitable, non-profit organization for state tax purposes.

**Revenue Recognition**

The Health Plan earns revenue for services on a predetermined contractual basis, on a fixed fee per covered participant basis, or on a fixed fee per claim basis as specified in the participant contracts.

**Accounting Pronouncements (FASB) Policy**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606). This standard provides a single comprehensive framework for entities to use in accounting for revenue from transactions involving contracts with customers across all industries. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606). The amendment in this ASU defers the effective date of ASU 2014-09. The guidance is effective for the Company for the year ending June 30, 2020. The standard permits the use of either the full retrospective or modified retrospective transition method. The Company is currently evaluating the effect of the adoption of the new standard, including possible transition alternatives, on our financial statements.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. This standard requires that deferred tax liabilities and assets be classified as noncurrent on the balance sheet. The guidance is effective for the Company for the year ending June 30, 2019, and early adoption is permitted. The guidance may be applied either prospectively or retrospectively. The Company does not expect to early adopt and is currently evaluating the effect of the adoption of the new standard on our financial statements.

**The Ohio State University  
Health Plan, Inc.  
Notes to the Financial Statements  
June 30, 2017**

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In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This standard requires that lessees recognize all leases, other than leases with a term of twelve months or less, on the balance sheet as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. This update will require a modified retrospective application which includes a number of optional practical expedients related to the identification and classification of leases commenced before the effective date. The standard is effective for the Company for the year ending June 30, 2021 and early adoption is permitted. The Company is currently evaluating the effect of the adoption of the new standard on our financial statements.

**2. Transactions with the University**

The Health Plan is associated with the University through both a participant contract for services and an administrative service agreement. Under the terms of the participant contract, the Health Plan receives fees for services provided to the University faculty and staff which are recorded in health plan revenue in the statement of comprehensive income. The revenue received from the University was \$9,804,999 for the year ended June 30, 2017.

Under the terms of the administrative agreement, the Health Plan receives administrative services from the University, principally the University processes salaries, fringe benefits (including employee participation in the University pension plan) and other operating items, and the Health Plan reimburses the University for these expenses. The amounts due to the University of \$1,488,808 as of June 30, 2017, was primarily due for reimbursement of these expenses processed and paid by the University.

**3. Investments**

The fair value of investments, which includes publicly-traded bond mutual funds, is \$640,447 as of June 30, 2017.

As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the Health Plan's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 establishes a fair value hierarchy which requires an entity to maximize the use of observable and unobservable inputs when measuring the fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

As of June 30, 2017, the Health Plan's bond mutual funds are measured at fair value, which approximates amortized cost, based on level 1 inputs. There were no transfers between levels of

**The Ohio State University  
Health Plan, Inc.  
Notes to the Financial Statements  
June 30, 2017**

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the fair value hierarchy. The Company's policy is to recognize transfers between levels at amortized cost as of the date of the transfer.

**4. Accounts Receivable**

As of June 30, 2017, accounts receivable primarily represents amounts due from external Health Plan customers and groups. All amounts were deemed fully collectible.

**5. Income Taxes**

The Health Plan has a net deferred tax asset as of June 30, 2017 as follows:

	<u>2017</u>
Gross Deferred Tax Asset:	
Current	245,803
Non-Current	-
Total	<u>245,803</u>
Gross Deferred Tax Liability:	
Current	-
Non-Current	<u>(22,477)</u>
Total	<u>(22,477)</u>
Net Deferred Tax Asset (Liability)	
Current	245,803
Non-Current	<u>(22,477)</u>
Net Deferred Tax Asset	<u>223,326</u>

The deferred tax asset reflects timing differences between book and tax reporting. As of June 30, 2017 the deferred tax asset is attributable to timing differences for tax deductions, primarily related to vacation, sick leave and incentive pay. Management's assessment is that its deferred tax assets were "more likely than not" realizable and accordingly no valuation allowance was recorded.

The provision for income taxes was different from the amount computed using the federal statutory rate for the year ended June 30, 2017 due primarily to local tax and the dividends received deduction.

**6. Pharmacy Ohio Collaborative Program**

The Health Plan joined the Pharmacy Ohio Collaborative ("RxOC") in coordination with four State of Ohio Retirement programs in January 2009. Initially this program provided group purchasing of pharmaceuticals for the beneficiaries of the health plan for these partners. The Health Plan assumed management responsibility for the RxOC and leads the marketing efforts of the RxOC program in conjunction with Express Scripts Inc. ("ESI"), the current pharmacy benefits provider. The Health Plan provides leadership and management of the RxOC program throughout the State of Ohio. ESI provides funding to support the RxOC program. This program is also marketed to

**The Ohio State University  
Health Plan, Inc.  
Notes to the Financial Statements  
June 30, 2017**

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other universities, school systems, governmental entities, and employers. A management fee is paid to the RxOC program by these entities for access and the services being provided. The Health Plan has copyrighted the RxOC name.

**7. Leases**

The Health Plan leases its corporate facilities under certain operating leases which expired December 2016. The lease included a month to month lease provision which went into effect January 1, 2017. Effective March 30, 2017 the building was purchased by the University, and accordingly the lease was assigned to the purchaser. The Health Plan intends to enter into a long-term lease with the University for its corporate facilities upon the completion of a building renovation plan. Total operating lease expense for fiscal year 2017 was \$495,698.

**8. Retirement Plans**

Health Plan employees, as part of the University, are covered by one of three retirement systems. The university faculty is covered by the State Teachers Retirement System of Ohio ("STRS Ohio"). Substantially all other employees are covered by the Public Employees Retirement System of Ohio ("OPERS"). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan ("ARP") if they meet certain eligibility requirements.

The Health Plan has no assets or liabilities of STRS Ohio, OPERS, or ARP included in its financial statements. Employer contributions to the plans by the Health Plan for its employees are included as employee benefits expense in the statements of comprehensive income. STRS Ohio and OPERS each offer three separate plans: 1) a defined benefit plan, 2) a defined contribution plan and 3) a combined plan. Each of these three options is discussed in greater detail in the following sections.

**Defined Benefit Plans**

STRS Ohio and OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

STRS Ohio  
275 East Broad Street  
Columbus, OH 43215-3371  
(614) 227-4090  
(888) 227-7877  
[www.strsoh.org](http://www.strsoh.org)

OPERS, Attn: Finance Director  
277 East Town Street  
Columbus, OH 43215-4642  
(614) 222-5601  
(800) 222-7377  
[www.opers.org](http://www.opers.org)

In addition to the retirement benefits described above, STRS Ohio and OPERS provide post-employment health care benefits.



**The Ohio State University  
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OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (“ORC”), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2016, OPERS allocated 2.0% of the employer contribution rate to fund the health care program for retirees.

STRS Ohio currently provides access to health care coverage to retirees who participated in the defined benefit or combined plans and their dependents. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS Ohio are included in the employer contribution rate. For the fiscal year ended June 30, 2016, STRS Ohio made no allocation of employer contributions for post-employment health care.

Post-employment health care benefits are not guaranteed by ORC to be covered under either OPERS or STRS Ohio defined benefit plans.

**Defined Contribution Plans**

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant’s choice of investment options.

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

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

**Combined Plans**

STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits.

**The Ohio State University  
Health Plan, Inc.  
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June 30, 2017**

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OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits. OPERS provides retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

**Funding Policy**

ORC provides STRS Ohio and OPERS statutory authority to set employee and employer contributions. Contributions equal to those required by STRS Ohio and OPERS are required for ARP. For employees enrolling in ARP, ORC requires a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution be contributed to STRS Ohio and OPERS to enhance the stability of these plans. The required contribution rates (as a percentage of covered payroll) for plan members and the University are as follows:

	STRS Ohio	OPERS	ARP
Faculty:			
Plan member (entire year)	14.00%		14.00%
University (entire year)	14.00%		14.00%*
Staff:			
Plan member (entire year)		10.00%	10.00%
University (entire year)		14.00%	14.00%**
Law Enforcement:			
Plan member		13.00%	13.00%
University (entire year)		18.10%	18.10%**

\* Employer contributions include 4.5% paid to STRS Ohio.

\*\* Employer contributions include 0.77% paid to OPERS.

The remaining amount is credited to employee's ARP account.

The Health Plan's contributions, which represent 100% of required employer contributions, for the year ending June 30, 2017 are as follows:

Year Ended June 30,	STRS Ohio Annual Required Contribution	OPERS Annual Required Contribution	ARP Annual Required Contribution
2017	\$ 0	\$ 610,007	\$ 195,586

**The Ohio State University  
Health Plan, Inc.  
Notes to the Financial Statements  
June 30, 2017**

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**9. Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2017 to determine the need for any adjustments to and/or disclosures within the accompanying financial statements for the year ended June 30, 2017. Management has performed this analysis through the date of the report, November 29, 2017, noting no activities or transactions requiring adjustments or disclosure.

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# **The Ohio State University Wexner Center for the Arts**

**Financial Statements as of and for the  
Years ended June 30, 2017 and 2016**

**The Ohio State University Wexner Center for the Arts**  
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**June 30, 2017 and 2016**

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## **Review Report of Independent Accountants**

To the Management of  
The Ohio State University Wexner Center for the Arts

We have reviewed the accompanying financial statements of the business-type activities of the Wexner Center for the Arts ("WCA"), a component of The Ohio State University, appearing on pages 9 to 24, which comprise the statements of net position as of June 30, 2017 and 2016, and the related statements of revenues, expenses, and other changes in net position and of cash flows and the related notes to the financial statements for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



**Other Matter**

The accompanying management's discussion and analysis on pages 3 through 8 and the required supplementary information on GASB 68 pension liabilities on page 25 are required by accounting principles generally accepted in the United States of America 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 and for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied limited procedures to the required supplementary information in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA, which consisted of inquiries with 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 reviews of the basic financial statements. We do not express a conclusion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express a conclusion or provide any assurance.

Our review was conducted for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information on the (1) schedules of net position with elimination of the effect of building contributed capital investment and pension liability on pages 26 and 28, (2) the schedules of revenues, expenses and other changes in net position with elimination of the effect of building contributed capital investment and pension liability on pages 27 and 29, (3) the Ohio Arts Council Form M on page 30 and (4) the Reconciliation of Ohio Arts Council Form M to Statement of Revenues, Expense and Other Changes in Net Position on page 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and accordingly, we do not express a conclusion or provide any assurance on it.

*PricewaterhouseCoopers LLP*

October 31, 2017



# The Ohio State University Wexner Center for the Arts Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

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The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of the Wexner Center for the Arts for the year ended June 30, 2017 and 2016. We encourage you to read this MD&A section in conjunction with the financial statements and footnotes appearing in this report.

## About the Wexner Center

The Wexner Center for the Arts (WCA), which opened in November 1989 and celebrated its 25<sup>th</sup> anniversary in 2014, is a multi-disciplinary arts center located on the Columbus campus of The Ohio State University (the university). Conceived as a research laboratory for all the arts, it has emphasized commissions for new work and artist residencies since its inception. Its multidisciplinary programs encompass performing arts, exhibitions, and media arts (film/video) and have focused on cutting-edge culture from around the globe. The WCA building is named in honor of Harry L. Wexner, the father of Leslie H. Wexner, chairman and founder of Limited Brands and a major donor to the center.

The WCA receives significant financial support from the Wexner Center Foundation. The Foundation is a private, nonprofit partner of The Ohio State University Board of Trustees established for the overall purpose of advancing the interests of the WCA. Its primary role is to provide trustee guidance and sustained support for WCA programming.

## About the Financial Statements

The WCA presents its financial reports in a "business type activity" format, in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial report includes a Statement of Net Position, a Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements.

## Financial Highlights

The WCA's financial position decreased \$1,332,844 in fiscal year 2017. Restricted-nonexpendable net position related to endowment funds increased \$2,448,873 to \$21,927,256. Expendable net position, which includes unrestricted and restricted-expendable net position, decreased \$1,510,946, to \$1,050,940. This is the collective result of an decrease in restricted-expendable net position of \$619,386 and a decrease in unrestricted net position of \$891,560.

In 2015, the university adopted a new pension accounting standard, GASB Statement No. 68. This standard requires governmental employers participating in defined-benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio. Under GASB Statement No. 68, the university is required to record a liability for its proportionate share of the net pension liabilities of the retirement systems. WCA's share of these **net pension liabilities** was \$5,389,518 and \$4,238,710 at June 30, 2017 and 2016. The increase in net pension liability in 2017 is primarily due to a reduction in the discount rate used in the OPERS liability calculation (from 8% to 7.5%).

Although most year-to-year changes in net pension liabilities are charged directly to pension expense, certain types of changes are deferred and recognized as pension expense in future periods. Pension-related deferred outflows at June 30, 2017 and 2016 totaled \$1,925,045 and \$1,501,800, respectively. Pension-related deferred inflows at June 30, 2017 and 2016 totaled \$42,870 and \$90,701, respectively. WCA

**The Ohio State University Wexner Center for the Arts  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2017**

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recognized total pension expense of \$1,178,359 in 2017. Total pension expense includes \$498,628 of employer contributions and \$679,731 in GASB 68 accruals.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on WCA for pension funding. Although the liabilities recognized under GASB Statement No. 68 meet the GASB's definition of a "liability" in its conceptual framework for accounting standards, they do not represent legal claims on WCA's resources, and there are no cash flows associated with the recognition of net pension liabilities, deferrals and expense.

Gift revenues totaled \$4,163,728 and \$3,880,591 for fiscal years 2017 and 2016, respectively. These gift figures include \$2,638,109 and \$2,628,638, respectively, in direct support from the Wexner Center Foundation.

The following sections provide additional details on the WCA's 2017 financial results and a look ahead at significant economic conditions that are expected to affect WCA in the future.

**The Ohio State University Wexner Center for the Arts  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2017**

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**Statements of Net Position**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>			
Current assets			
Cash	\$ 864,512	2,893,208	\$ 2,551,509
Accounts receivable	72,579	93,353	15,574
Contributions receivable	1,376,009	1,667,523	2,243,374
Inventories and prepaid expenses	615,696	610,738	606,221
Total current assets	2,928,796	5,264,822	5,416,678
Noncurrent assets			
Endowments in OSU long-term investment pool	24,342,883	20,312,406	21,717,746
Property, plant & equipment, net	27,350,097	29,620,868	31,588,795
Total non-current assets	51,692,980	49,933,274	53,306,541
Deferred outflows			
Pension	1,925,045	1,501,800	400,218
Total deferred outflows	1,925,045	1,501,800	400,218
<b>Total assets and deferred outflows</b>	<b>\$ 56,546,821</b>	<b>56,699,896</b>	<b>\$ 59,123,437</b>
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities			
Accounts payable	\$ 284,126	241,245	\$ 336,313
Accrued salary and wages	25,487	9,434	6,630
Advance payments for goods and services - current	28,409	33,123	62,085
Accrued vacation and sick leave - current	37,752	51,331	54,981
Total current liabilities	375,774	335,133	460,009
Noncurrent liabilities			
Net pension liability	5,389,518	4,238,710	2,983,498
Accrued vacation and sick leave - long term	410,366	374,215	398,045
Total non-current liabilities	5,799,884	4,612,925	3,381,543
Total liabilities	6,175,658	4,948,058	3,841,552
Deferred outflows			
Pension	42,870	90,701	57,760
Total deferred inflows	42,870	90,701	57,760
Net position			
Net investment in capital assets	27,350,097	29,620,868	31,588,795
Restricted:			
Nonexpendable	21,927,256	19,478,383	19,527,521
Expendable	4,263,774	4,883,160	6,994,317
Unrestricted	(3,212,834)	(2,321,274)	(2,886,508)
Total net position	50,328,293	51,661,137	55,224,125
<b>Total Liabilities, Deferred inflows and Net Position</b>	<b>\$ 56,546,821</b>	<b>56,699,896</b>	<b>\$ 59,123,437</b>

Total **current assets** decreased \$2,336,026, to \$2,928,796 at June 30, 2017, primarily due to a \$2 million board directed contribution to the endowment from the FY15 surplus. The Statement of Cash Flows, which is discussed in more detail below, provides additional details on sources and uses of WCA cash.

**Endowment investments** in the university's long-term investment pool increased \$4,030,477, to \$24,342,883 at June 30, 2017 primarily due to the \$2 million contribution, in addition to an increase in fair values relative to the prior year. The long-term investment pool is invested in a diversified portfolio of equities, fixed income, real estate, hedge funds, private equity, venture capital and natural resources that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

**The Ohio State University Wexner Center for the Arts  
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The WCA's **property, plant and equipment**, net of accumulated depreciation, decreased \$2,270,771, to \$27,350,097, primarily due to building depreciation. University facilities assigned to the WCA include the WCA building and the adjacent Mershon Auditorium.

**Current liabilities** of the WCA increased \$40,641, to \$375,774 at June 30, 2017, primarily due to an increase in accounts payable.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES:</b>			
Sales and services	\$ 901,768	814,601	\$ 1,082,306
Grants and contracts	522,746	505,372	375,081
	<u>1,424,514</u>	<u>1,319,973</u>	<u>1,457,387</u>
<b>OPERATING EXPENSES:</b>			
Salaries	5,069,288	4,817,462	4,938,405
Employee benefits	2,637,006	1,825,254	1,579,646
Fees paid to performers and artists	332,048	338,690	389,943
Supplies and services	3,210,197	3,059,176	4,576,464
University overhead charges	31,568	32,242	41,601
Depreciation	2,405,488	2,407,294	2,527,092
	<u>13,685,595</u>	<u>12,480,118</u>	<u>14,053,151</u>
<b>NET OPERATING LOSS</b>	<u>(12,261,081)</u>	<u>(11,160,145)</u>	<u>(12,595,764)</u>
<b>NON-OPERATING REVENUES AND EXPENSES:</b>			
University appropriations	3,911,418	4,067,964	4,538,132
Gifts	4,163,728	3,880,591	7,833,215
Endowment income distributions	973,440	835,167	858,389
Investment income	1,863,714	(1,601,482)	(376,436)
Transfers from University for capital projects	15,937	414,917	(24,450)
	<u>10,934,237</u>	<u>6,597,159</u>	<u>12,803,050</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>(1,332,844)</u>	<u>(3,562,988)</u>	<u>233,086</u>
<b>NET POSITION -- Beginning of Year</b>			
Beginning of year, as previously reported	51,661,137	55,224,125	57,686,009
Cumulative effect of accounting changes	-	-	(2,694,970)
	<u>51,661,137</u>	<u>55,224,125</u>	<u>55,000,000</u>
<b>NET POSITION -- End of Year</b>	<u>\$ 50,328,293</u>	<u>\$ 51,661,137</u>	<u>\$ 55,224,125</u>

**Total net position** (equity) of the WCA decreased \$1,332,844, to \$50,328,293 at June 30, 2017. The decrease is comprised of \$8,075,146 in gifts and appropriations, \$2,837,154 of increased investment income and endowment income, which is offset by \$12,261,081 in normal operating and non-operating activities. It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss", primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all WCA expenses. Operating revenues, however, *exclude* certain significant revenue streams that the Center relies upon to fund current operations, including direct support from the University, current-use gifts and investment income.

**The Ohio State University Wexner Center for the Arts  
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**Statements of Cash Flows**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Cash Provided by (Used in):</b>			
Operating activities	\$ (9,083,253)	(8,797,282)	\$ (10,014,798)
Noncapital financing activities	8,247,880	8,499,956	11,254,558
Capital and related financing activities	-	-	(131,871)
Investing activities	<u>(1,193,323)</u>	<u>639,025</u>	<u>368,891</u>
<b>Net (Decrease) Increase in Cash</b>	(2,028,696)	341,699	1,476,780
Cash - Beginning of Year	<u>2,893,208</u>	<u>2,551,509</u>	<u>1,074,729</u>
Cash - End of Year	\$ <u>864,512</u>	<u>2,893,208</u>	\$ <u>2,551,509</u>

Total WCA **cash and cash equivalents** decreased \$2,028,696, to \$864,512 at June 30, 2017. Operating activities include cash flows associated with sales and services, grants and contracts, and operating expenses. Non-capital financing activities include direct operating support from the University and gifts. Capital and related financing activities include payments for purchase or construction of capital assets and transfers for capital projects from the University. Net cash provided by investing activities consists primarily of endowment income distributions.

**Economic Factors That Will Affect the Future**

Ohio and the metropolitan Columbus area continues to grow solidly since the end of the "Great Recession." Central Ohio is still among the best economies in the Midwest; however, economists are expecting growth to slow down. As a result, a climate of restraint continues for all nonprofits, especially cultural organizations, which are still rebuilding from the economic setbacks of the recession.

The WCA has been fortunate over the years to have not only established but sustained a diversified financial base of private and public funding sources, which has contributed to its sound fiscal health relative to local and national peers. Each year, the WCA strives to secure private contributions from local, national, and international corporations and foundations as well as from individuals residing in central Ohio and beyond. These private funds, along with earned and investment income streams, are augmented with consistent public support from The Ohio State University and government funding agencies. The combination of these diverse income streams has ensured that the WCA remains financially stable across time. This fiscal year, WCA balanced its \$10+ million budget, before counting depreciation expenses, investment gains and pension expense and realized healthy cash reserves.

The WCA is ever mindful of the need to further strengthen its financial foundation to mitigate the risk it may face from future economic fluctuations, the ebb and flow of annual gifts, and potential reduction of historically major funding sources. In order to anticipate and counteract these fiscal challenges, the WCA is always pursuing new avenues of support, including national funders of the arts such as the National Endowment for the Arts, the Mellon Foundation, the Warhol Foundation, the Institute of Museum and Library Services, and others.

After a multi-year advocacy campaign, the Ohio Arts Council formally voted in favor of revised guidelines to acknowledge WCA in the "over-\$1.75 million" sustainability level, which resulted in over \$160,000 in 2017 for annual operating support and will continue in the future.

The WCA remains focused on its foremost priority to "preserve the core," which simply means securing and sustaining the quality and range of its programming as well as its present stature in the cultural

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field. The WCA is launching strategic initiatives and pursuing selective investments designed to advance institutional capacity; increase the number of program “investors” and “ambassadors”; and enhance reputational standing among national and international peers.

In support of those priorities, the Wexner Center Foundation Board has concluded its capital campaign, raising \$59 million (an 11% increase above its \$53 million goal) to support new and direct investment in capital infrastructure; enhanced investment in programs and community engagement and national/international partnerships; and a significant increase in sustaining endowments. In addition, the board and senior leadership will continue the financial practices and protocols that have built and maintained its solid financial position through the years, including careful budget planning and regular fiscal reviews throughout the year.

**The Ohio State University Wexner Center for the Arts**  
**Statements of Net Position**  
**June 30, 2017 and June 30, 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 864,512	\$ 2,893,208
Accounts receivable	72,579	93,353
Contributions receivable	1,376,009	1,667,523
Inventories and prepaid expenses	<u>615,696</u>	<u>610,738</u>
Total current assets	2,928,796	5,264,822
NON-CURRENT ASSETS:		
Endowments in OSU long-term investment pool	24,342,883	20,312,406
Property, plant & equipment, net	<u>27,350,097</u>	<u>29,620,868</u>
Total non-current assets	51,692,980	49,933,274
Total assets	<u>54,621,776</u>	<u>55,198,096</u>
DEFERRED OUTFLOWS:		
Pension	<u>1,925,045</u>	<u>1,501,800</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ <u>56,546,821</u></b>	<b>\$ <u>56,699,896</u></b>
<b>LIABILITIES AND NET POSITION</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 284,126	\$ 241,245
Accrued salary and wages	25,487	9,434
Advance payments for goods and services - current	28,409	33,123
Accrued vacation and sick leave - current	<u>37,752</u>	<u>51,331</u>
Total current liabilities	375,774	335,133
NON-CURRENT LIABILITIES:		
Net pension liability	5,389,518	4,238,710
Accrued vacation and sick leave - long term	<u>410,366</u>	<u>374,215</u>
Total non-current liabilities	<u>5,799,884</u>	<u>4,612,925</u>
Total liabilities	<u>6,175,658</u>	<u>4,948,058</u>
DEFERRED INFLOWS:		
Pension	<u>42,870</u>	<u>90,701</u>
Total deferred inflows	42,870	90,701
NET POSITION:		
Net investment in capital assets	27,350,097	29,620,868
Restricted:		
Nonexpendable	21,927,256	19,478,383
Expendable	4,263,774	4,883,160
Unrestricted	<u>(3,212,834)</u>	<u>(2,321,274)</u>
<b>TOTAL NET POSITION</b>	<b><u>50,328,293</u></b>	<b><u>51,661,137</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ <u>56,546,821</u></b>	<b>\$ <u>56,699,896</u></b>

The accompanying notes are an integral part of these financial statements

**The Ohio State University Wexner Center for the Arts**  
**Statements of Revenues, Expenses and Other Changes in Net**  
**Position for the Years Ended June 30, 2017 and June 30, 2016**

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	<b>2017</b>	<b>2016</b>
<b>OPERATING REVENUES:</b>		
Sales and services	\$ 901,768	\$ 814,601
Grants and contracts	522,746	505,372
Total operating revenues	1,424,514	1,319,973
<b>OPERATING EXPENSES:</b>		
Salaries	5,069,288	4,817,462
Employee benefits	2,637,006	1,825,254
Fees paid to performers and artists	332,048	338,690
Supplies and services	3,210,197	3,059,176
University overhead charges	31,568	32,242
Depreciation	2,405,488	2,407,294
Total operating expenses	13,685,595	12,480,118
<b>NET OPERATING LOSS</b>	(12,261,081)	(11,160,145)
<b>NON-OPERATING REVENUES AND EXPENSES:</b>		
University appropriations	3,911,418	4,067,964
Gifts	4,163,728	3,880,591
Endowment income distributions	973,440	835,167
Net investment income/(loss)	1,863,714	(1,601,482)
Total non-operating revenue	10,912,301	7,182,240
<b>NET LOSS BEFORE OTHER CHANGES IN NET POSITION</b>	(1,348,781)	(3,977,905)
<b>OTHER TRANSFERS AND CHANGES</b>		
Transfers from (to) University	15,937	414,917
<b>DECREASE IN NET POSITION</b>	<b>(1,332,844)</b>	<b>(3,562,988)</b>
<b>NET POSITION -- Beginning of Period</b>	51,661,137	55,224,125
<b>NET POSITION -- End of Period</b>	\$ <b>50,328,293</b>	\$ <b>51,661,137</b>

The accompanying notes are an integral part of these financial statements



**The Ohio State University Wexner Center for the Arts**  
**Statements of Cash Flows**  
**June 30, 2017 and June 30, 2016**

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	2017	2016
<b>Cash Flows from Operating Activities:</b>		
Grant and contract receipts	\$ 522,746	\$ 505,372
Receipts for sales and services	917,829	707,860
Payments to or on behalf of employees	(5,053,235)	(4,814,658)
University employee benefit payments	(1,934,703)	(1,666,163)
Payments to artists and performers	(332,048)	(338,690)
Payments to vendors for supplies and services	(3,203,842)	(3,191,003)
	(9,083,253)	(8,797,282)
<b>Cash Flows from Noncapital Financing Activities:</b>		
University appropriations	3,911,418	4,067,964
Gifts	4,455,242	4,456,442
Transfers to the University	(118,780)	(24,450)
	8,247,880	8,499,956
<b>Cash Flows from Capital Financing Activities:</b>		
Net cash provided (used) by capital financing activities	-	-
<b>Cash Flows from Investing Activities:</b>		
Investment purchases	(2,196,500)	(197,636)
Income and dividends received	1,003,177	836,661
	(1,193,323)	639,025
<b>Net (Decrease) Increase in Cash</b>	(2,028,696)	341,699
Cash - Beginning of Period	2,893,208	2,551,509
Cash - End of Period	\$ 864,512	\$ 2,893,208
<b>Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:</b>		
Net operating loss	\$ (12,261,081)	\$ (11,160,145)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	2,405,488	2,407,294
Changes in assets and liabilities:		
Accounts receivable, net	20,775	(77,780)
Inventories and prepaid expenses	(4,958)	(4,517)
Accounts payable and accrued expenses	42,881	(95,068)
Accrued salary and wages	16,053	2,804
Advance payments for goods and services	(4,714)	(28,961)
Compensated absences	22,572	(27,480)
Net pension liability	1,150,808	1,255,212
Deferred outflows - pensions	(423,245)	(1,101,582)
Deferred inflows - pensions	(47,831)	32,941
	\$ (9,083,253)	\$ (8,797,282)
<b>Non-cash capital financing activities</b>		
Gifts of capital assets from the university	134,717	439,367

The accompanying notes are an integral part of these financial statements

# The Ohio State University Wexner Center for the Arts

## Notes to Financial Statements

### June 30, 2017 and June 30, 2016

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

##### **Entity**

Wexner Center for the Arts (“WCA” or the “Center”) is a part of The Ohio State University (the “university”) financial reporting entity. The financial statements of the university contain more extensive disclosure of the significant accounting policies of the university as a whole.

##### **Basis of Presentation**

WCA complies with generally accepted accounting principles (“GAAP”). GAAP includes all relevant Governmental Accounting Standards Board (“GASB”) pronouncements. WCA reports as a special purpose government engaged solely in “business type activities” under GASB Statement No. 34.

GASB Statement No. 34 requires that resources be classified for accounting and reporting purposes into the following net position 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 of those assets.

##### Restricted:

*Nonexpendable* – Amounts subject to externally imposed stipulations that they be maintained permanently by WCA and invested for the purpose of generating present and future income, which may either be expended or added to the principal.

*Expendable* – Amounts whose use by WCA is subject to externally imposed stipulations that can be fulfilled by actions of WCA pursuant to those stipulations or that expire by the passage of time.

Unrestricted: Amounts whose use by WCA is not subject to externally imposed stipulations. Unrestricted amounts may be designated for specific purposes by action of management of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

It is WCA’s policy to apply restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

##### **Basis of Accounting**

The financial statements of WCA have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they are considered to be a legal or contractual obligation to pay.

##### **Cash**

Cash of WCA is maintained by the university which commingles the funds with other university- related organizations.

##### **Investments**

All investments consist of amounts invested in The Ohio State University Long Term Investment Pool and are recorded at fair value. The university’s Office of Financial Services commingles the funds with other university-related organizations. Earned investment income by a fund is based on the moving average of its monthly market value percentage to the overall pool.

# The Ohio State University Wexner Center for the Arts

## Notes to Financial Statements

### June 30, 2017 and June 30, 2016

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Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The net change in the value of investments during the years ended June 30, 2017 and 2016 is an increase (decrease) of \$4,030,477 and (\$1,405,340), respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during each respective year.

The calculation of realized gain or loss is independent of the calculation of the net increase in fair value of investments. As of June 30, 2017, there is a cumulative net unrealized gain on investments of \$2,213,824. As of June 30, 2016, there was a cumulative net unrealized gain on investments of \$379,847.

#### **Contributions Receivable**

Contributions receivable of \$1,376,009 and \$1,667,523, as of June 30, 2017 and 2016, respectively, consist mostly of contributions received by the university's Advancement Office but not transferred to the operating accounts of WCA. Amounts are deemed fully collectible.

#### **Inventory**

Inventories consist primarily of textbooks, educational materials and merchandise sold by WCA bookstore and are stated at cost on the first-in-first-out (FIFO) basis.

#### **Capital Assets**

Capital assets are long-life assets in the service of WCA and include buildings, furniture and equipment. Capital assets are stated at cost or acquisition value at date of the gift. Depreciation is computed using the straight-line method over the estimated useful life of the asset. WCA does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements.

#### **Revenue Recognition**

All revenues from programmatic sources are considered to be operating revenues. Included in operating revenues are sales and service revenues generated from artist performance shows, exhibitions and merchandise sales. Included in non-operating revenues are university support, investment income, and gifts. Gift revenues are recorded upon receipt from donors. Grant funds are recorded as revenues when the grant's contractual requirements have been met. The principal expendable restricted resources of WCA are current-use gifts and investment income.

#### **Support from the Wexner Center Foundation**

The Wexner Center Foundation is a private, nonprofit partner of The Ohio State University Board of Trustees established for the overall purpose of advancing the interests of WCA. Its primary role is to provide trustee guidance and sustained support for WCA programming. The Foundation provided \$3,254,859 and \$3,485,388 of direct support to WCA for the years ended June 30, 2017 and 2016, respectively. This support is included in gift revenues on the Statement of Revenues, Expenses and Changes in Net Position.

#### **Management Estimates**

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates, primarily related to compensated absences and the collectability of receivables. Actual results could differ from those estimates.

#### **Newly Issued Accounting Pronouncements**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for*

# The Ohio State University Wexner Center for the Arts

## Notes to Financial Statements

### June 30, 2017 and June 30, 2016

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*Postemployment Benefits Other Than Pensions.* This standard, which is the companion to Statement 74, establishes new reporting requirements for employers participating in OPEB plans. Similar to Statement 68, it will require employers in cost-sharing, multi-employer plans to record a liability (and related deferrals) for the employer's pro-rata share of net OPEB liabilities. It also expands disclosure and supplementary reporting requirements for employers participating in OPEB plans. The standard is effective for periods beginning after June 15, 2017 (FY2018).

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This standard establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The deferred outflow is recognized as expense over the life of the related asset. The determination of when the liability is incurred is based on the existence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Internal obligating events include the occurrence of contamination, placing into use a tangible capital asset that is required to be retired, abandoning a tangible capital asset before use begins, or acquiring a tangible capital asset that has an existing asset retirement obligation. This standard is effective for periods beginning after June 15, 2018 (FY2019).

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This standard establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria are required to present these activities in a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to this requirement is provided for a business-type activity that expects to hold assets in a custodial fund for three months or less. This standard is effective for periods beginning after December 15, 2018 (FY2020).

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This standard addresses a variety of practice issues identified during implementation and application of certain GASB statements. It provides guidance on blending of component units (confirming limited applicability of blended presentation for BTAs), accounting for goodwill acquired prior to the issuance of GASB 69, accounting for real estate held for investment by insurance entities, clarification of circumstances in which money-market investments may be valued at amortized cost, and various technical corrections related to the implementation of the new OPEB standards. This standard is effective for periods beginning after June 15, 2017 (FY2018).

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees will record an intangible right-of-use asset and corresponding lease liability. Lessors will record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less. This standard is effective for periods beginning after December 15, 2019 (FY2021).

WCA management is currently assessing the impact that implementation of GASB Statements 75, 83, 84, 85 and 87 will have on WCA's financial statements.

#### **Subsequent Events**

The Wexner Center for the Arts evaluated subsequent events through October 31, 2017, the date the financial statements were issued. All material matters are disclosed in the footnotes to the financial statements.

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**June 30, 2017 and June 30, 2016**

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**NOTE 2 – CASH AND INVESTMENTS**

WCA's investments are maintained in the university's investment pool. The pool consists of 5,275 Board authorized funds and 330 pending funds. Each named fund is assigned a number of shares, based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities and fixed income securities, as well as a number of alternative investment funds, such as real estate limited partnerships, hedge funds, private equity funds, venture capital funds and natural resources funds. The pool is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support WCA's mission.

Annual distributions to named funds in the university investment pool are computed using the share method of accounting for pooled investments. For the year ended June 30, 2017, the annual distribution per share was 4.5% of the average fair value per share of the university Long-Term Investment Pool over the most recent seven-year period. For the year ended June 30, 2016, the annual distribution per share was 4.25% of the average fair value per share of the university Long-Term Investment Pool over the most recent seven-year period.

The fair values of WCA's investments held in the university's investment pool were \$24,342,883 and \$20,312,406 at June 30, 2017 and 2016, respectively. The university holds certain types of alternative investments funds, which are carried at the net assets value provided by the management of these funds, which represents the estimated fair value. The purpose of this alternative investment fund class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes.

Management of the alternative investment funds, namely the general partner, use methods, such as discounted cash flows, recent transactions and other model-based calculations, to estimate the fair value of the investments held by the fund.

The following summarizes pooled shares and related values as of June 30, 2017:

<b>Name of Fund</b>	<b>Number of Shares</b>	<b>Cost</b>	<b>Market Value</b>
Haas, Carl Fund	34.49	\$ 155,130	\$ 212,939
Long, Ethel Manley	9.67	35,000	59,677
McKittrick Family Fund	1.09	5,393	6,713
Tappen Endowed Fund	2.62	15,000	16,182
Wexner Center Programs	5.33	25,000	32,937
Arnold SA Maint WCA	7.08	45,000	43,732
Braver L&D Fund	5.31	29,424	32,789
Fnd-Duke Performing Arts	385.02	2,539,756	2,377,088
Glimcher D&H Program Fd	34.56	200,000	213,345
Goldberg RiteRug WCA Prog	34.74	197,310	214,477
Lambert Family Lecture	104.97	673,334	648,082
Jean E Parish Endowment	36.23	207,330	223,678
Shumate Family Endowment	9.28	50,020	57,323
Wexner Center Program Endowment	3,112.64	17,000,000	19,217,085
Director's Dialogue	7.37	50,000	45,518
Geldin S Innovation FD	93.01	551,659	574,234
Fung Family Wexner Ctr	43.91	250,000	271,121
Fnd-Tuckerman Child	2.74	25,030	79,066
Mervis L&J Wexner Ctr	12.81	74,675	16,897
<b>Total</b>		<b>\$ 22,129,059</b>	<b>\$ 24,342,883</b>

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**June 30, 2017 and June 30, 2016**

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The following summarizes pooled shares and related values as of June 30, 2016:

<b>Name of Fund</b>	<b>Number of Shares</b>	<b>Cost</b>	<b>Market Value</b>
Haas, Carl Fund	34.49	\$ 155,130	\$ 197,029
Long, Ethel Manley	9.67	35,000	55,219
McKittrick Family Fund	1.09	5,393	6,212
Tappen Endowed Fund	2.62	15,000	14,973
Wexner Center Programs	5.33	25,000	30,476
Arnold SA Maint WCA	6.74	43,000	38,480
Fnd-Duke Performing Arts	385.02	2,539,756	2,199,483
Glimcher D&H Program Fd	31.28	180,000	178,673
Goldberg RiteRug WCA Prog	31.33	177,270	178,951
Lambert Family Lecture	100.92	648,334	576,524
Jean E Parish Endowment	36.23	207,330	206,966
Shumate Family Endowment	9.28	50,020	53,040
Wexner Center Program Endowment	2,758.82	15,000,000	15,760,044
Director's Dialogue	7.37	50,000	42,117
Geldin S Innovation FD	76.07	451,623	434,561
Fung Family Wexner Ctr	43.91	250,000	250,865
Fnd-Tuckerman Child	2.74	25,030	73,159
Mervis L&J Wexner Ctr	12.81	74,675	15,635
<b>Total</b>		<b>\$ 19,932,559</b>	<b>\$ 20,312,406</b>

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 is summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Non-depreciable assets:</b>				
Construction in progress	\$ -	\$ 89,264	\$ (89,264)	\$ -
<b>Depreciable assets:</b>				
Buildings	75,945,757	89,264	-	76,035,021
Furniture and Equipment	1,341,963	45,453	(6,040)	1,381,376
Total cost of depreciable assets	<u>77,287,720</u>	<u>134,717</u>	<u>(6,040)</u>	<u>77,416,396</u>
Total cost of capital assets	<u>77,287,720</u>	<u>223,981</u>	<u>(95,304)</u>	<u>77,416,396</u>
Less accumulated depreciation	<u>47,666,852</u>	<u>2,405,488</u>	<u>(6,040)</u>	<u>50,066,300</u>
Net capital assets	<u>\$ 29,620,868</u>	<u>\$ (2,181,507)</u>	<u>\$ (89,264)</u>	<u>\$ 27,350,097</u>

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**June 30, 2017 and June 30, 2016**

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Capital asset activity for the year ended June 30, 2016 is summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Non-depreciable assets:</b>				
Construction in progress	\$ 189,049	\$ 439,367	\$ (628,416)	\$ -
<b>Depreciable assets:</b>				
Buildings	75,317,341	628,416	-	75,945,757
Furniture and Equipment	1,365,169	-	(23,206)	1,341,963
Total cost of depreciable assets	<u>76,682,510</u>	<u>628,416</u>	<u>(23,206)</u>	<u>77,287,720</u>
Total cost of capital assets	76,871,559	1,067,783	(651,622)	77,287,720
Less accumulated depreciation	<u>45,282,764</u>	<u>2,407,294</u>	<u>(23,206)</u>	<u>47,666,852</u>
Net capital assets	<u>\$ 31,588,795</u>	<u>\$ (1,339,511)</u>	<u>\$ (628,416)</u>	<u>\$ 29,620,868</u>

The following estimated useful lives are used to compute depreciation:

<b>Type of Asset</b>	<b>Estimated Useful Life</b>
Buildings	20 to 40 years
Equipment and furniture	5 to 15 years

**NOTE 4 – RETIREMENT PLAN**

All WCA employees are employees of the university and are covered by either the Ohio Public Employees Retirement System (OPERS) or the Alternative Retirement Plan (ARP). Employees may opt out of OPERS and participate in the ARP if they meet certain eligibility requirements.

OPERS offers three separate plans: 1) a defined benefit plan, 2) a defined contribution plan and 3) a combined plan. Each of these three options is discussed in greater detail in the following sections.

**Defined Benefit Plans**

OPERS offers statewide cost-sharing multiple-employer defined benefit pension plans. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to eligible plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. OPERS issues separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting OPERS.

OPERS, Attn: Finance Director  
277 East Town Street  
Columbus, OH 43215-4642  
(614) 222-5601  
(800) 222-7377  
[www.opers.org/investments/cafr.shtml](http://www.opers.org/investments/cafr.shtml)

**The Ohio State University Wexner Center for the Arts**  
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In accordance with GASB Statement No. 68, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension liabilities of the plans. Although changes in the net pension liability generally are recognized as pension expense in the current period, GASB Statement No. 68 requires certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The collective net pension liabilities of the retirement system and the WCA's proportionate share of these net pension liabilities as of June 30, 2017 is as follows:

	<u>OPERS</u>
Net pension liability - all employers	\$ 22,652,226,030
Proportion of the net pension liability - WCA	0.024%
Proportionate share of net pension liability	\$ 5,389,518

The collective net pension liabilities of the retirement system and the WCA's proportionate share of these net pension liabilities as of June 30, 2016 is as follows:

	<u>OPERS</u>
Net pension liability - all employers	\$ 17,272,216,381
Proportion of the net pension liability - WCA	0.025%
Proportionate share of net pension liability	\$ 4,238,710

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2017:



**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**June 30, 2017 and June 30, 2016**

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	<u>OPERS</u>
<b>Deferred Outflows of Resources:</b>	
Differences between expected and actual experience	\$ 8,648
Changes in assumptions	863,137
Net difference between projected and actual earnings on pension plan investments	803,622
Changes in proportion of university contributions	3,050
Employer contributions subsequent to the measurement date	246,588
<b>Total</b>	<b><u>\$ 1,925,045</u></b>
<b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	\$ 42,706
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion of university contributions	164
<b>Total</b>	<b><u>\$ 42,870</u></b>

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2016:

	<u>OPERS</u>
<b>Deferred Outflows of Resources:</b>	
Differences between expected and actual experience	\$ 862
Net difference between projected and actual earnings on pension plan investments	1,257,423
Changes in proportion of university contributions	3,659
Employer contributions subsequent to the measurement date	239,855
<b>Total</b>	<b><u>\$ 1,501,800</u></b>
<b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	\$ 90,593
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion of university contributions	108
<b>Total</b>	<b><u>\$ 90,701</u></b>

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**June 30, 2017 and June 30, 2016**

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	<u>OPERS</u>
2018	923,415
2019	699,323
2020	285,639
2021	(24,534)
2022	(727)
2023 and Thereafter	(941)
<b>Total</b>	<b><u>\$ 1,882,175</u></b>

The following table provides additional details on the pension benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension liabilities for the retirement system.

	<b>OPERS</b>
<b>Statutory Authority</b>	Ohio Revised Code Chapter 145
<b>Benefit Formula</b>	Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.
<b>Cost-of-Living Adjustments</b>	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit.
<b>Contribution Rates</b>	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2016, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
<b>Measurement Date</b>	December 31, 2016

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**June 30, 2017 and June 30, 2016**

	<b>OPERS</b>																								
<b>Actuarial Assumptions</b>	<p><b>Valuation Date:</b> December 31, 2016  <b>Actuarial Cost Method:</b> Individual entry age  <b>Investment Rate of Return:</b> 7.5%  <b>Inflation:</b> 3.25%  <b>Projected Salary Increases:</b> 3.25% - 10.75%  <b>Cost-of-Living Adjustments:</b> 3.00% Simple – for those retiring after January 7, 2013, 3.00% Simple through 2018, then 2.15% Simple.</p>																								
<b>Mortality Rates</b>	<p>RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.</p>																								
<b>Date of Last Experience Study</b>	December 31, 2015																								
<b>Investment Return Assumptions</b>	<p>The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><b>Asset Class</b></th> <th style="text-align: center;"><b>Target Allocation</b></th> <th style="text-align: center;"><b>Long Term Expected Return*</b></th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td style="text-align: center;">23.0%</td> <td style="text-align: center;">2.75%</td> </tr> <tr> <td>Domestic Equity</td> <td style="text-align: center;">20.7%</td> <td style="text-align: center;">6.34%</td> </tr> <tr> <td>Real Estate</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td>Private Equity</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">8.97%</td> </tr> <tr> <td>International Equity</td> <td style="text-align: center;">18.3%</td> <td style="text-align: center;">7.95%</td> </tr> <tr> <td>Other Investments</td> <td style="text-align: center;">18.0%</td> <td style="text-align: center;">4.92%</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><u>100.0%</u></td> <td></td> </tr> </tbody> </table> <p>* Returns presented as arithmetic means</p>	<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Return*</b>	Fixed Income	23.0%	2.75%	Domestic Equity	20.7%	6.34%	Real Estate	10.0%	4.75%	Private Equity	10.0%	8.97%	International Equity	18.3%	7.95%	Other Investments	18.0%	4.92%	<b>Total</b>	<u>100.0%</u>	
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Return*</b>																							
Fixed Income	23.0%	2.75%																							
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International Equity	18.3%	7.95%																							
Other Investments	18.0%	4.92%																							
<b>Total</b>	<u>100.0%</u>																								
<b>Discount Rate</b>	<p>The discount rate used to measure the total pension liability was 7.5% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.</p>																								

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**June 30, 2017 and June 30, 2016**

Sensitivity of Net Pension Liability to Changes in Discount Rate	OPERS		
	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
	\$ 8,255,346	\$ 5,389,518	\$ 3,002,398

**Defined Contribution Plans**

ARP is a defined contribution pension plan. Full-time administrative and professional staff may choose enrollment in ARP in lieu of OPERS. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries.

Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

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

**Combined Plans**

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement health care benefits. OPERS provides retirement, disability, survivor and postretirement health benefits to qualifying members of the combined plan.

**Summary of Employer Pension Expense**

Total pension expense for the year ended June 30, 2017, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below.

	OPERS	ARP	Total
Employer Contributions	\$ 498,628	\$ 157,220	\$ 655,848
GASB 68 Accruals	679,731	0	679,731
Total Pension Expense	<b>\$ 1,178,360</b>	<b>\$ 157,220</b>	<b>\$ 1,335,580</b>

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**June 30, 2017 and June 30, 2016**

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Total pension expense for the year ended June 30, 2016, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below.

	<b>OPERS</b>	<b>ARP</b>	<b>Total</b>
Employer Contributions	\$ 487,624	\$ 136,452	\$ 624,076
GASB 68 Accruals	186,571	-	186,571
Total Pension Expense	<b>\$ 674,195</b>	<b>\$ 136,452</b>	<b>\$ 810,647</b>

**NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS**

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar years 2016 and 2017, OPERS allocated 2.0% and 1.0%, respectively, of the employer contribution rate to fund the health care program for retirees.

OPEB are not available to retirees enrolled in the OPERS member-directed plan or the ARP.

**NOTE 6 – ACCRUED COMPENSATION AND COMPENSATED ABSENCES**

WCA employees earn vacation and sick leave on a monthly basis. Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination. Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of state service. The amount of sick leave benefit payable at retirement is one fourth of the accrued but unused sick leave up to a maximum of 240 hours.

WCA follows the university's policy for accruing sick leave liability. WCA accrues a sick leave liability for those employees who are currently eligible to receive termination payments along with other employees who are expected to become eligible to receive such payments. This liability is calculated using the "termination payment method" which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*.

Under the termination method, WCA utilizes the university's calculated rate, Sick Leave Termination Cost Per Year Worked, that is based on the university's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied by WCA to the total year-of-service for WCA current employees.

Accrued salaries were \$25,487 and \$9,434 as of June 30, 2017 and 2016, respectively. Accrued vacation and sick leave liabilities were \$410,366 and \$425,546 as of June 30, 2017 and 2016, respectively.

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**June 30, 2017 and June 30, 2016**

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Long term liability related to accrued compensation as of June 30, 2017 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Compensated absences	\$ 425,546	\$ 60,324	\$ 37,752	\$ 448,118
Less: current portion	<u>51,331</u>			<u>37,752</u>
<b>Long term liability</b>	<b><u>\$ 374,215</u></b>			<b><u>\$ 410,366</u></b>

Long term liability related to accrued compensation as of June 30, 2016 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Compensated absences	\$ 453,026	\$ 23,851	\$ 51,331	\$ 425,546
Less: current portion	<u>54,981</u>			<u>51,331</u>
<b>Long term liability</b>	<b><u>\$ 398,045</u></b>			<b><u>\$ 374,215</u></b>

**NOTE 7 –UNIVERSITY SUPPORT**

The operations of WCA are supported in part by the general revenues of the university. The university provides for the general operating costs of WCA operations. The university's direct support amounted to \$3,927,355 and \$4,067,964 for the years ended June 30, 2017 and 2016, respectively.

**NOTE 8 – OPERATING LEASES**

WCA leased office space under an agreement with a five year occupancy term covering the period March 1, 2014 through February 28, 2016. Rental expense charged to operations was \$123,433 for the year ended June 30, 2016. The lease was not renewed.

WCA leases apartment space for visiting artists under an agreement with a one year occupancy term covering the period July 29, 2017 through July 30, 2018.

Future minimum rental payments for this lease as of June 30, 2017 are as follows:

Year Ending June 30, 2018	<u>\$12,301</u>
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Rental expense charged to operations was \$12,275 and \$11,581 for the years ended June 30, 2017 and 2016, respectively.

WCA, as a lessor, leases space used as a café to a tenant under a licensing agreement. The monthly license fee owed to WCA is 2.8% of gross sales during year one and two. The current lease expired July 31, 2017. An amendment to the lease was agreed to in April 2017 and extended the period to June 30, 2019.

Rental income received to operations was \$26,320 and \$10,070 for the years ended June 30, 2017 and 2016, respectively and is included in sales and services on the Statement of Revenues, Expenses and Other Changes in Net Position.

# Required Supplementary Information

**The Ohio State University Wexner Center for the Arts  
Required Supplementary Information on GASB 68 Pension  
Liabilities for the Year Ended June 30, 2017**

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The schedules of the WCA's proportionate shares of OPERS net pension liabilities and WCA retirement contributions are presented below:

	OPERS		
	2017	2016	2015
<b>Schedule of Proportionate Share of the Net Pension Liability</b>			
WCA proportion of the collective net pension liability	0.024%	0.025%	0.025%
WCA proportionate share of the net pension liability	\$ 5,389,518	\$ 4,238,710	\$ 2,983,498
WCA covered payroll	\$ 3,386,360	\$ 3,373,240	\$ 3,352,002
WCA proportionate share of the net pension liability as a percentage of its covered payroll	159%	126%	89%
Plan fiduciary net position as a percentage of the total pension	77.4%	81.1%	86.5%
<b>Schedule of University Contributions</b>			
Contractually required contribution	\$ 498,628	\$ 487,624	\$ 482,872
Contributions in relation to the contractually required	\$ 498,628	\$ 487,624	\$ 482,872
Contribution deficiency (excess)	\$ -	\$ -	\$ -
WCA covered payroll	\$ 3,496,272	\$ 3,426,305	\$ 3,383,541
Contributions as a percentage of covered payroll	14.3%	14.2%	14.3%



# Supplementary Information

**The Ohio State University Wexner Center for the Arts**  
**Supplementary Information on Net Position with Elimination of the Effect of**  
**Building Contributed Capital Investment and Pension Liability**  
**June 30, 2017**

	<b>Reviewed Balances 2017</b>	<b>Elimination of Building Contributed Capital Investment</b>	<b>Elimination of GASB 68 (Pension Liability)</b>	<b>Adjusted Balances 2017</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash	\$ 864,512	\$ -	\$ -	\$ 864,512
Accounts receivable	72,579	-	-	72,579
Contributions receivable	1,376,009	-	-	1,376,009
Inventories and prepaid expenses	615,696	-	-	615,696
Total current assets	2,928,796	-	-	2,928,796
<b>NON-CURRENT ASSETS:</b>				
Endowments in OSU long-term investment pool	24,342,883	-	-	24,342,883
Property, plant & equipment, net	27,350,097	(27,350,097)	-	-
Total non-current assets	51,692,980	(27,350,097)	-	24,342,883
Deferred outflows - pensions	1,925,045	-	(1,925,045)	-
<b>TOTAL ASSETS</b>	<b>\$ 56,546,821</b>	<b>\$ (27,350,097)</b>	<b>\$ (1,925,045)</b>	<b>\$ 27,271,679</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 284,126	\$ -	\$ -	\$ 284,126
Accrued salary and wages	25,487	-	-	25,487
Advance payments for goods and services - current	28,409	-	-	28,409
Accrued vacation and sick leave - current	37,752	-	-	37,752
Total current liabilities	375,774	-	-	375,774
<b>NON-CURRENT LIABILITIES:</b>				
Net pension liability	5,389,518	-	(5,389,518)	-
Accrued vacation and sick leave - long term	410,366	-	-	410,366
Total non-current liabilities	5,799,884	-	(5,389,518)	410,366
<b>TOTAL LIABILITIES</b>	<b>6,175,658</b>	<b>-</b>	<b>(5,389,518)</b>	<b>786,140</b>
Deferred inflows - pensions	42,870	-	(42,870)	-
<b>NET POSITION:</b>				
Net investment in capital assets	27,350,097	(27,350,097)	-	-
Restricted:				
Nonexpendable	21,927,256	-	-	21,927,256
Expendable	4,263,774	-	-	4,263,774
Unrestricted	(3,212,834)	-	3,507,343	294,509
<b>TOTAL NET POSITION</b>	<b>50,328,293</b>	<b>(27,350,097)</b>	<b>3,507,343</b>	<b>26,485,539</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 56,546,821</b>	<b>\$ (27,350,097)</b>	<b>\$ (1,925,045)</b>	<b>\$ 27,271,679</b>

**The Ohio State University Wexner Center for the Arts**  
**Supplementary Information on Statements of Revenues, Expenses and Other**  
**Changes in Net Position with Elimination of the Effect of Building Contributed**  
**Capital Investment and Pension Liability**  
**For the Year Ended June 30, 2017**

	<b>Reviewed Balances 2017</b>	<b>Elimination of Building Contributed Capital Investment</b>	<b>Elimination of GASB 68 (Pension Liability)</b>	<b>Adjusted Balances 2017</b>
<b>OPERATING REVENUES:</b>				
Sales and services	\$ 901,768	\$ -	\$ -	\$ 901,768
Grants and contracts	<u>522,746</u>	<u>-</u>	<u>-</u>	<u>522,746</u>
Total operating revenues	1,424,514	-	-	1,424,514
<b>OPERATING EXPENSES:</b>				
Salaries	5,069,288	-	-	5,069,288
Employee Benefits	2,637,006	-	(679,731)	1,957,275
Fees paid to performers and artists	332,048	-	-	332,048
Supplies and services	3,210,197	-	-	3,210,197
University overhead charges	31,568	-	-	31,568
Depreciation	<u>2,405,488</u>	<u>(2,405,488)</u>	<u>-</u>	<u>-</u>
Total operating expenses	13,685,595	(2,405,488)	(679,731)	10,600,376
NET OPERATING LOSS	(12,261,081)	(2,405,488)	(679,731)	(9,175,862)
<b>NON-OPERATING REVENUES AND EXPENSES:</b>				
University appropriations	3,911,418	-	-	3,911,418
Gifts	4,163,728	-	-	4,163,728
Endowment income distributions	973,440	-	-	973,440
Investment income	1,863,714	-	-	1,863,714
Transfers from (to) University for capital projects	<u>15,937</u>	<u>(134,717)</u>	<u>-</u>	<u>(118,780)</u>
INCREASE (DECREASE) IN NET POSITION	(1,332,844)	2,270,771	679,731	1,617,658
NET POSITION -- Beginning of Period	<u>\$ 51,661,137</u>	<u>\$ (29,620,868)</u>	<u>\$ 2,827,611</u>	<u>\$ 24,867,880</u>
NET POSITION -- End of Period	<u>\$ 50,328,293</u>	<u>\$ (27,350,097)</u>	<u>\$ 3,507,342</u>	<u>\$ 26,485,538</u>

**The Ohio State University Wexner Center for the Arts**  
**Supplementary Information on Net Position with Elimination of the Effect of**  
**Building Contributed Capital Investment and Pension Liability**  
**June 30, 2016**

	<b>Reviewed Balances 2016</b>	<b>Elimination of Building Contributed Capital Investment</b>	<b>Elimination of GASB 68 (Pension Liability)</b>	<b>Adjusted Balances 2016</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash	\$ 2,893,208	\$ -	\$ -	\$ 2,893,208
Accounts receivable	93,353	-	-	93,353
Contributions receivable	1,667,523	-	-	1,667,523
Inventories and prepaid expenses	<u>610,738</u>	<u>-</u>	<u>-</u>	<u>610,738</u>
Total current assets	5,264,822	-	-	5,264,822
<b>NON-CURRENT ASSETS:</b>				
Endowments in OSU long-term investment pool	20,312,406	-	-	20,312,406
Property, plant & equipment, net	<u>29,620,868</u>	<u>(29,620,868)</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>49,933,274</u>	<u>(29,620,868)</u>	<u>-</u>	<u>20,312,406</u>
Deferred outflows - pensions	<u>1,501,800</u>	<u>-</u>	<u>(1,501,800)</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 56,699,896</u></u>	<u><u>\$ (29,620,868)</u></u>	<u><u>\$ (1,501,800)</u></u>	<u><u>\$ 25,577,228</u></u>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 241,245	\$ -	\$ -	\$ 241,245
Accrued salary and wages	9,434	-	-	9,434
Advance payments for goods and services - current	33,123	-	-	33,123
Accrued vacation and sick leave - current	<u>51,331</u>	<u>-</u>	<u>-</u>	<u>51,331</u>
Total current liabilities	335,133	-	-	335,133
<b>NON-CURRENT LIABILITIES:</b>				
Net pension liability	4,238,710	-	(4,238,710)	-
Accrued vacation and sick leave - long term	<u>374,215</u>	<u>-</u>	<u>-</u>	<u>374,215</u>
Total non-current liabilities	<u>4,612,925</u>	<u>-</u>	<u>(4,238,710)</u>	<u>374,215</u>
<b>TOTAL LIABILITIES</b>	4,948,058	-	(4,238,710)	709,348
Deferred inflows - pensions	90,701	-	(90,701)	-
<b>NET POSITION:</b>				
Net investment in capital assets	29,620,868	(29,620,868)	-	-
Restricted:				
Nonexpendable	19,478,383	-	-	19,478,383
Expendable	4,883,160	-	-	4,883,160
Unrestricted	<u>(2,321,274)</u>	<u>-</u>	<u>2,827,611</u>	<u>506,337</u>
<b>TOTAL NET POSITION</b>	<u>51,661,137</u>	<u>(29,620,868)</u>	<u>2,827,611</u>	<u>24,867,880</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u><u>\$ 56,699,896</u></u>	<u><u>\$ (29,620,868)</u></u>	<u><u>\$ (1,501,800)</u></u>	<u><u>\$ 25,577,228</u></u>

**The Ohio State University Wexner Center for the Arts  
Supplementary Information on Statements of Revenues, Expenses and Other  
Changes in Net Position with Elimination of the Effect of Building Contributed  
Capital Investment and Pension Liability  
For the Year Ended June 30, 2016**

	Reviewed Balances 2016	Elimination of Building Contributed Capital Investment	Elimination of GASB 68 (Pension Liability)	Adjusted Balances 2016
<b>OPERATING REVENUES:</b>				
Sales and services	\$ 814,601	\$ -	\$ -	\$ 814,601
Grants and contracts	505,372	-	-	505,372
Total operating revenues	1,319,973	-	-	1,319,973
<b>OPERATING EXPENSES:</b>				
Salaries	4,817,462	-	-	4,817,462
Employee Benefits	1,825,254	-	(186,571)	1,638,683
Fees paid to performers and artists	338,690	-	-	338,690
Supplies and services	3,059,176	-	-	3,059,176
University overhead charges	32,242	-	-	32,242
Depreciation	2,407,294	(2,407,294)	-	-
Total operating expenses	12,480,118	(2,407,294)	(186,571)	9,886,253
NET OPERATING LOSS	(11,160,145)	(2,407,294)	(186,571)	(8,566,280)
<b>NON-OPERATING REVENUES AND EXPENSES:</b>				
University appropriations	4,067,964	-	-	4,067,964
Gifts	3,880,591	-	-	3,880,591
Endowment income distributions	835,167	-	-	835,167
Investment income	(1,601,482)	-	-	(1,601,482)
Transfers from University for capital projects	414,917	(439,367)	-	(24,450)
INCREASE (DECREASE) IN NET POSITION	(3,562,988)	1,967,927	186,571	(1,408,490)
NET POSITION -- Beginning of Period	55,224,125	(31,588,795)	2,641,040	26,276,370
NET POSITION -- End of Period	\$ 51,661,137	\$ (29,620,868)	\$ 2,827,611	\$ 24,867,880

**The Ohio State University Wexner Center for the Arts  
 Supplementary Information on Ohio Arts Council Form M  
 For the Year Ended June 30, 2017**

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	<u>Amount</u>	<b>Financial Statement Cross Reference</b>
<b>Revenues</b>		
1. Admissions	\$ 303,217	A
2. Memberships	625,858	D
3. Contracted Services Revenues (fees, tuition, etc.)	3,916	A
4. Other Revenues (itemize):		
a. Concessions, Sales, Rentals, etc. (gross)	575,455	A
b. Benefits (gross)	51,150	A, D
c. Income on Investments and Endowments (net)	<u>973,440</u>	E
<b>5. Total Revenues (add lines 1-4)</b>	<b>\$ 2,533,036</b>	
<b>Support</b>		
6. Corporate Support	\$ 2,732,304	D
7. Foundation Support	300,610	D
8. Other Private Support (itemize)		
a. Individual Contributions/Sponsors	291,861	D
b. United Arts Fund		
c. Mellon Foundation	-	B
9. Government Support		
a. Federal	90,193	B
b. Local Government		
i. City	262,500	
ii. County		B
c. State/Regional Funds		B
i. Ohio Arts Council (all grants)	170,053	
ii. Other State/Regional	-	C
10. Other Support (itemize)		
a. University Appropriations	<u>3,911,418</u>	
<b>11. Total Support (add lines 6-10)</b>	<b>\$ 7,758,939</b>	
<b>12. Total Revenues and Support (add lines 5 and 11)</b>	<b>\$ 10,291,975</b>	

**The Ohio State University Wexner Center for the Arts  
 Supplementary Information on Reconciliation of Ohio Arts Council Form M  
 To Statement of Revenues, Expenses and Other Changes in Net Position  
 For the Year Ended June 30, 2017**

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**A. Sales and Services Revenues:**

*Form M Line-Items:*

1. Admissions	\$ 303,217
3. Contracted Services Revenue	3,916
4a. Concessions, Sales, Rentals, etc. (gross)	575,455
4b. Benefits (gross) <sup>1</sup>	<u>19,180</u>

**Total Sales and Services per Income Statement** \$ 901,768

**B. Grant and Contract Revenues:**

*Form M Line-Items:*

8c. Other Private Support - Mellon Foundation	\$ -
9a. Government Support - Federal (NEA, IMLS)	90,193
9bi. Government Support - Local Government (GCAC)	262,500
9ci. Government Support - State/Regional Funds (OAC)	170,053
9cii. Government Support - Other State/Regional (Arts Midwest)	<u>-</u>

**Total Grants and Contracts per Income Statement** \$ 522,746

**C. University Appropriations:**

*Form M Line-Items:*

10a. Other Support - University Appropriations	<u>\$ 3,911,418</u>
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**D. Gifts:**

*Form M Line-Items:*

2. Memberships	\$ 625,858
6. Corporate Support	2,732,304
7. Foundation Support	300,610
8a. Other Private Support - Individual Contributions	291,861
4b. Benefits (gross) <sup>1</sup>	<u>31,970</u>
Subtotal - Gifts reported on Form M	3,982,603

Add: Endowment and Capital Gifts<sup>2</sup> 181,125

**Total Gifts per Income Statement** \$ 4,163,728

**E. Endowment Income Distributions:**

*Form M Line-Items:*

4c. Income on Investment and Endowments (net)	<u>\$ 973,440.00</u>
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**SUBTOTAL** **10,473,100**

Less: Endowment, Inkind and Capital Gifts<sup>2</sup> (181,125)

**TOTAL Revenues and Support - Form M** \$ 10,291,975

<sup>1</sup> The \$51,150 benefit income is duly comprised of ticket and gift income

<sup>2</sup> For purposes of Form M, contributions to endowment principal, inkind gifts and those designated for capital expenses are excluded

**The Ohio State University Wexner Center for the Arts  
Notes to Supplementary Information  
For the Year Ended June 30, 2017**

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**Basis of Presentation**

The accompanying supplementary information has been prepared to satisfy the requirements of the Ohio Arts Council disclosure requirements. The Supplemental Information on Net Position with Elimination of the Effect of Building Contributed Capital Investment and Pension Liability shows the effect of removing the Building Contributed Capital Investments and GASB 68 Pension Liability from the reviewed financial statements for the years ended June 30, 2017 and 2016. The Supplemental Information on Statements of Revenues, Expenses and Other Changes in Net Position shows the effect of removing the Building Contributed Capital Investment and Pension Liability from the reviewed financial statements for the years ended June 30, 2017 and 2016. The Supplementary Information on Ohio Arts Council Form M shows detail on Revenues and Support for the year ended June 30, 2017. The Supplementary Information on Reconciliation of Ohio Arts Council Form M to Statement of Revenues, Expenses, and other Changes in Net Position, reconciles the previous schedule to the Sales and Services Revenues, Grant and Contract Revenues, University Appropriations, Gift and Endowment Income Distributions that agree with the reviewed financial statements. These schedules are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America as a result of the exclusion of all required disclosures.





# Dave Yost • Auditor of State

THE OHIO STATE UNIVERSITY

FRANKLIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 28, 2017