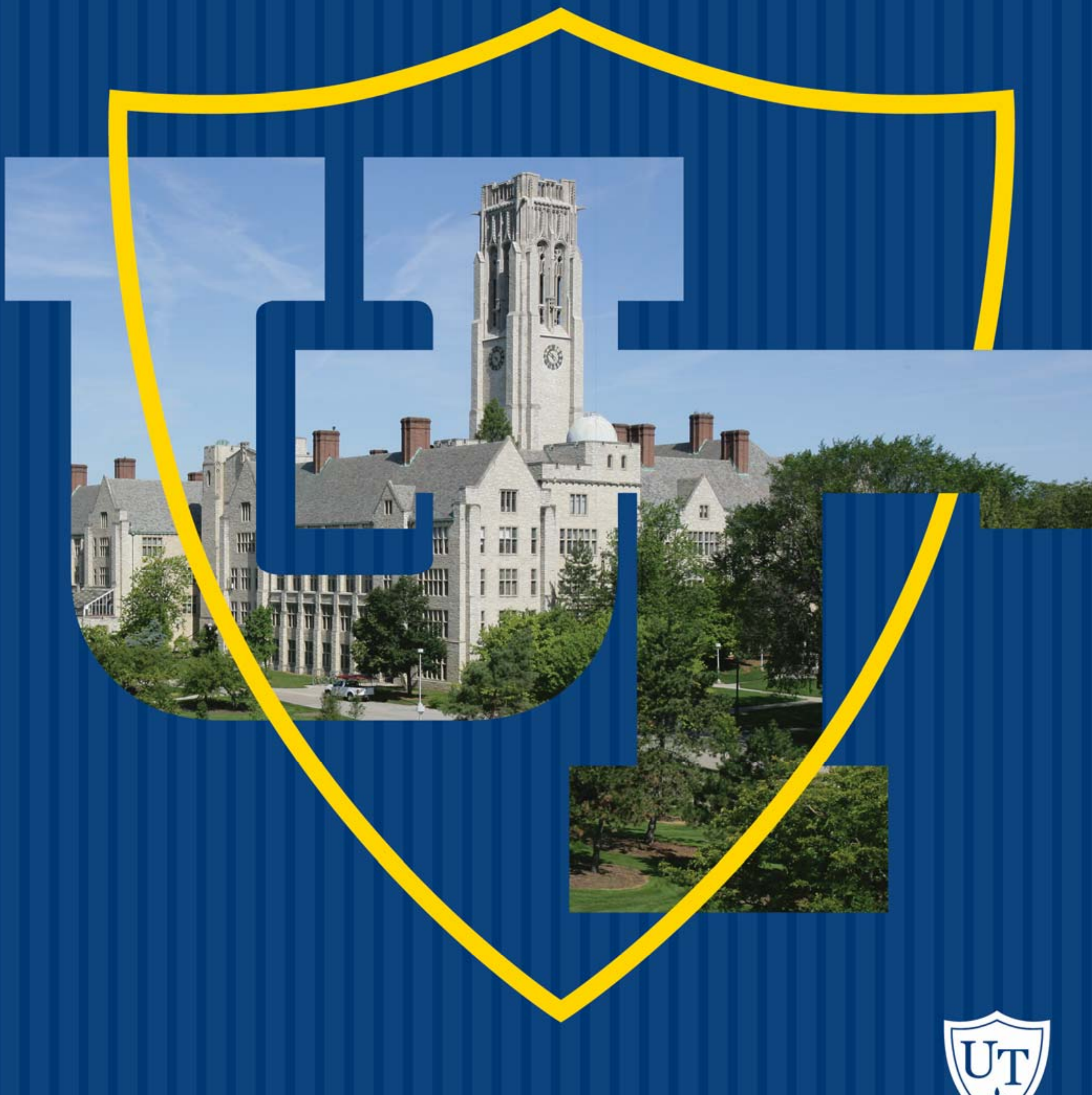
2018 ANNUAL FINANCIAL REPORT

The University of Toledo is a national, public research university where students obtain a world-class education and become part of a diverse community of leaders committed to improving the human condition in the region and the world.



THE UNIVERSITY OF
TOLEDO
1872

Board of Trustees
University of Toledo
2801 W. Bancroft Street
Toledo, Ohio 43606-3390

We have reviewed the *Independent Auditor's Report* of the University of Toledo, Lucas County, prepared by CliftonLarsonAllen LLP, for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

November 2, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The University of Toledo
Toledo, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of The University of Toledo (the University) and its discretely presented component unit, as of and for the year ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are reported as a component unit of the state of Ohio.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the June 30, 2017, financial statements of The University of Toledo Physicians, Clinical Faculty, Inc. (UTP-CF), a wholly owned subsidiary, whose statements reflect total assets of $73,318,000 as of June 30, 2017, and total revenues of $133,134,000 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for UTP-CF, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited under *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the University of Toledo and its discretely presented component unit as of June 30, 2018 and 2017, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the fiscal year ended June 30, 2018, the University adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions,* and restated its net position at July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14, schedule of pension funding progress, and schedule of pension contributions on page 76, and schedule of OPEB funding progress, and schedule of OPEB contributions on page 77, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, on our consideration of The University of Toledo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The University of Toledo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The University of Toledo's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Toledo, Ohio
October 15, 2018

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Toledo for the year ended June 30, 2018 with comparative information for the years ended June 30, 2017 and 2016. The MD&A complements the accompanying audited financial statements and footnotes.

ABOUT THE UNIVERSITY OF TOLEDO

The University is a leading research institution in the state of Ohio with over 20,000 students, 1,500 instructional faculty, and 4,000 staff members. The University is comprised of thirteen colleges: Arts and Letters; Business and Innovation; Education; Engineering; Graduate Studies; Health and Human Services; Honors; Law; Medicine and Life Sciences; Natural Sciences and Mathematics; Nursing; Pharmacy and Pharmaceutical Sciences; and University College. The University offers more than 300 undergraduate, graduate, and professional programs leading to degrees in over 60 instructional departments. The University operates the University of Toledo Medical Center (UTMC) which includes 319 registered beds and provides services to over 11,000 admitted patients, 235,000 outpatient clinic patients and 37,000 emergency visit patients. UTMC specializes in kidney transplantation, cardiology, trauma care, orthopedic surgery, and cancer treatment.

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

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

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

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

ABOUT THE FINANCIAL STATEMENTS

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

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

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

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

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

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

- Operating activities
- Noncapital financing activities
- Capital and related 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*** follow the financial statements of the University. The Notes provide additional information and details to supplement the financial statements.

Impact of GASB Statements No. 68 and No. 75

As more fully described in Notes 1 and 10 to the financial statements, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Similar to GASB 68 for pensions, GASB 75 requires the University to recognize its proportionate share of the unfunded liability associated with other postemployment benefits (OPEB) provided through the state retirement systems. As a result of implementing GASB 75, the University has reported a Net OPEB Liability of $178.6 million as a change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2017.

In addition to the recent adoption of GASB 75, GASB 68 continues to negatively impact the net position of the University. As of June 30, 2018, the net position associated with GASB 68 is negative $409.2 million and the net position associated with GASB 75 is negative $175.9 million. Total unrestricted net position as of June 30, 2018 is negative $389.6 million.

The University has a restricted expendable net position of $111.1 million and a restricted nonexpendable net position of $13.1 million as of June 30, 2018. Net investment in capital is $296.8 million. The following sections provide additional details on the University's 2018 financial position and results and a look ahead at significant economic conditions expected to affect the University in the future.

FINANCIAL HIGHLIGHTS AND KEY TRENDS

STATEMENTS OF NET POSITION

Impact of GASB 68 and 75 – Significant net pension/OPEB liability and negative unrestricted net position

University maintains prudent levels of debt and sufficient liquidity

	2018	2017	2016
Assets			
Cash and cash equivalents	$ 40,815	$ 43,105	$ 54,905
Receivables, inventories, and other current assets	136,835	115,146	130,840
Total current assets	177,650	158,251	185,745
Restricted cash	986	2,620	2,529
Endowment and loan investments	62,309	60,395	55,316
Long-term investments	181,135	170,984	152,022
Capital assets, net of accumulated depreciation	572,529	596,844	621,056
Net pension asset	2,319	960	868
Other non-current assets	48,887	77,981	51,837
Total non-current assets	868,165	909,784	883,628
Total assets	$ 1,045,815	$ 1,068,035	$ 1,069,373
Deferred outflows			
Deferred outflows of resources - pension and OPEB	$ 119,684	$ 164,327	$ 115,847
Deferred outflows of resources - other	17,651	21,447	30,180
Total deferred outflows	$ 137,335	$ 185,774	$ 146,027
Liabilities			
Accounts payable and accrued expenses	$ 78,530	$ 75,258	$ 81,608
Other current liabilities	72,965	74,509	77,763
Total current liabilities	151,495	149,767	159,371
Bonds, notes, and leases	288,939	298,423	283,431
Net OPEB liability	175,944	-	-
Net pension liability	409,277	603,168	491,984
Other long-term liabilities	36,221	35,984	40,648
Total non-current liabilities	910,381	937,575	816,063
Total liabilities	$ 1,061,876	$ 1,087,342	$ 975,434
Deferred inflows			
Deferred inflows of resources - pension and OPEB	$ 89,420	$ 12,122	$ 23,159
Deferred inflows of resources - other	343	-	-
Total deferred inflows	$ 89,763	$ 12,122	$ 23,159
Net position			
Net investment in capital assets	$ 296,834	$ 324,703	$ 335,512
Restricted – non-expendable	13,137	13,236	13,086
Restricted – expendable	111,103	96,211	108,992
Unrestricted	(389,563)	(279,805)	(240,783)
Total net position	$ 31,511	$ 154,345	$ 216,807

Current Assets

Current assets ($177.7 million) increased $19.4 million (12.3%) in 2018 driven by an increase in accounts receivable and the reclassification of investments held by bond trustee to current assets based on the liquidity of the holdings. The remaining bond proceeds are expected to be consumed within the next year to complete the associated projects. Cash and cash equivalents ($40.8 million) decreased $2.3 million due to an increased allocation of assets to longer-term investments to gain higher yields. Receivables, inventories, and other current assets increased by $21.7 million, due to increases in hospital patient accounts receivable and the reclassification of bond proceeds from long-term, offset by a slight reduction in student accounts receivable. The University's liquidity continues to provide a sufficient level of working capital. The statements of cash flows, discussed later in more detail, will provide additional information regarding the sources and uses of cash.

Noncurrent Assets

University endowments and long-term investments are pooled with assets of the University of Toledo Foundation and Alumni Association. University endowments ($62.3 million) increased by $1.9 million, or 3.2%, due to favorable investment returns offset by expenditures in support of the University. University long-term investments ($181.1 million) increased by $10.2 million, or 5.9%, also due to favorable investment performance. Other noncurrent assets ($48.9 million) decreased by $29.1 million due to utilization of the bond proceeds and a reclassification of the investments remaining in the bond proceeds account to current assets based on their liquidity. Capital assets, ($572.5 million) including University land, buildings, infrastructure, improvements, and equipment decreased by $24.3 million during 2018 as depreciation expense outpaced capital investment spending. Capital spending was focused on residence life renovations, deferred maintenance, and infrastructure projects funded primarily by bond proceeds and state appropriations.

Deferred Outflows

Deferred outflows of resources ($137.3 million) decreased $48.4 million driven primarily by the University's share of actuarial activity in the state retirement systems. Deferred outflows related to pensions ($107.3 million) decreased $56.9 million while the newly-adopted GASB 75 produced a $12.3 million deferred outflow for OPEB. Deferred outflows on debt refunding ($15.2 million) increased by $0.6 million with the three new bond issuances while the mark-to-market valuation for the derivative interest rate swap instruments ($2.5 million) decreased by $4.4 million.

Current Liabilities

Current liabilities ($151.5 million) increased $1.7 million in 2018 due to higher accounts payable to vendors and higher unearned revenue partially offset by a reduction in the current portion of long-term debt.

Noncurrent Liabilities

Total noncurrent liabilities ($910.4 million) continue to be significantly impacted by the University's share of unfunded liabilities in the state retirement systems. The University's share of the net pension liability ($409.3 million) decreased $193.9 million while its share of the net OPEB liability ($175.9 million) decreased slightly from the balance originally recognized as of the beginning of the year in accordance with the adoption of GASB 75. The University is only obligated to pay contributions to the retirement systems and not the actual benefits themselves. Bonds, notes, and leases ($288.9 million) decreased $9.5 million which included three new bond issuances totaling $73.2 million to extinguish three previously existing bond obligations totaling $75.1 million (see Note 7 for additional details). Scheduled principal payments totaled $10.2 million for the year while the refunding essentially pushed some of the debt service to future periods.

Deferred Inflows

Deferred inflows of resources ($89.8 million) increased by $77.6 million due mainly to the University's share of actuarial activity in the state retirement plans. Deferred inflows related to pensions increased $62.5 million while the newly-adopted GASB 75 produced a $14.8 million deferred inflow for OPEB.

Prior Years Highlights

In 2017 the University had total assets of approximately $1.068 billion, a reduction of $1.3 million from the previous year with decreases in cash and cash equivalents ($11.8 million), other current assets ($15.7 million) and capital assets ($24.2 million) offset by increases in long-term investments ($19.0 million) and other noncurrent assets ($26.1 million) which include investments held by bond trustee. Deferred outflows of $185.8 million increased by $39.7 million due to pension and derivative activities.

Total liabilities were $1.087 billion, an increase of $111.9 million, impacted primarily by the net pension liability adjustment of $111.2 million. Bonds, notes, and leases increased $15.0 million with new debt from Series 2017A general receipts bonds offset by scheduled debt payments. Deferred inflows were $12.1 million, a decrease of $11.0 million due to pension activities. Net position was $154.3 million reflecting a decrease of $62.5 million.

In 2016, the University had total assets of approximately $1.069 billion, a reduction of $33.9 million driven by decreases in long-term investments ($12.3 million) and capital assets ($19.8 million). Deferred outflows of $146.0 million increased by $97.3 million due to pension and derivative activities. Total liabilities were $975.4 million, an increase of $107.4 million, impacted primarily by the net pension liability adjustment of $113.1 million. Bonds, notes, and leases decreased $16.2 million based on scheduled payments and amortization. Deferred inflows were $23.2 million, a decrease of $9.5 million. Net position was $216.8 million reflecting a decrease of $34.6 million.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Lower hospital and tuition revenue

Expense reductions

GASB 68 adjustment reduces pension expense by $75.7 million

Summary of Revenues, Expenses, and Changes in Net Position

(in thousands)	2018	2017	2016
Operating revenues:			
Hospital, net	$ 295,583	$ 307,844	$ 295,408
Tuition and fees, net	196,576	199,998	197,760
Grants and contracts	47,812	51,285	51,268
Auxiliary	59,431	52,638	55,586
Other patient services revenue	70,730	74,314	74,723
Other	46,639	42,031	66,189
Total operating revenue	716,771	728,110	740,934
Operating expenses:			
Salaries, wages, and benefits	496,924	630,447	576,329
Supplies	102,971	105,997	108,074
Outside purchased services	73,645	80,366	80,799
Depreciation	56,807	57,987	58,231
Other	96,966	92,830	86,922
Total operating expenses	827,313	967,627	910,355
Operating Loss	(110,542)	(239,517)	(169,421)
Non-operating revenues (expenses):			
State share of instruction and grants & contracts	148,534	148,661	147,153
Investment income	15,869	25,149	(12,113)
Interest on debt	(12,747)	(12,755)	(13,160)
Asset disposal	(946)	(201)	(338)
Other	304	706	1,094
Total non-operating revenues	151,014	161,560	122,636
Other changes			
Capital appropriations	14,610	12,285	12,362
Other	659	3,210	(128)
Total other changes	15,269	15,495	12,234
Increase/(decrease) in net position	55,741	(62,462)	(34,551)
Net position - beginning of the year	154,345	216,807	251,358
Change in accounting principle	(178,575)	-	
Net position - end of the year	$ 31,511	$ 154,345	$ 216,807

Operating Revenues

Operating revenues ($716.8 million) decreased by $11.3 million with reductions in patient revenue, grants, and tuition slightly offset by increases in Auxiliary. Hospital revenue ($295.6 million) decreased $12.3 million (4.0%). Tuition and fees ($196.6 million) decreased $3.4 million (1.7%) with lower enrollment. Auxiliary revenue ($59.4 million) increased $6.8 million (12.9%) driven primarily by food service ($3.0 million increase) and residence life ($3.3 million increase) with both areas impacted by the two-year on-campus residency requirement. A significant component of other revenue was $20 million for the College of Medicine and Life Sciences in connection with the affiliation agreement ($7.5 million increase as scheduled in the agreement).

Operating Expenses

Total operating expenses ($827.3 million) decreased $140.3 million (14.4%). Salaries, wages and benefits ($496.9 million) decreased $133.5 million (21.0%) with $127.5 million directly attributable to the GASB 68 pension adjustment, and the remaining $6.0 million attributable to last year's voluntary separation plan and a reduction in health care claims.

Nonoperating Revenue and Expense

Total nonoperating revenues ($151.0 million) decreased by $10.5 million driven mainly by investment earnings. The University's long-term investments and endowment investment portfolios are pooled with assets from the University of Toledo Foundation and Alumni Association. State Share of Instruction (SSI) and grants and contracts remained flat, with decreases in SSI offset by comparable increases in grants and contracts.

Other Changes

Total other changes ($15.3 million) were flat with an increase in state capital appropriations offset by a reduction in capital grants, gifts, and contracts.

Prior Year's Highlights

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

In 2016, the University experienced a decrease in net position of $34.6 million. Operating revenues ($740.9 million) increased $47.4 million, due mainly to affiliation payments as previously discussed. Hospital revenue increased $11.5 million driven by an increase in outpatient and emergency visits, while tuition revenue dropped $5.2 million due to lower enrollment and higher discounts.Operating expenses were $910.4 million, an increase of $38.2 million. Salaries, wages, and benefits increased $34.6 million due to net pension liability adjustments, rising health care costs, and hospital volume increases. Supplies increased by $3.2 million while outside purchased services declined by $0.9 million. Total nonoperating revenue decreased $12.6 million due to lower investment returns offset by an increase in SSI. Other changes of $12.2 million reflected an increase of $1.1 million.

STATEMENTS OF CASH FLOWS

Summary of Cash Flows (in thousands)

	2018	2017	2016
Net cash flows from operating activities	$ (129,221)	$ (112,345)	$ (98,319)
Net cash flows from non-capital financing activities	149,332	149,494	148,913
Net cash flows from capital and related financing activities	(44,339)	(10,443)	(56,073)
Net cash flows from investing activities	20,304	(32,743)	10,489
Net increase/(decrease) in cash	$ (3,924)	$ (6,037)	$ 5,010

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

Prior Year's Highlights

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

In 2016, cash and cash equivalents increased by $5.0 million. The University had net cash used in operating activities of $98.3 million, a lower net use of cash compared to prior year. The lower net use of cash was due to cash received for the academic affiliation with ProMedica. The University had net cash provided by noncapital financing of $148.9 million, which is higher than last year due to the increase in SSI and net direct lending activity. Net cash used in capital and related financing activities was $56.1 million including capital asset purchases of $38.8 million and debt service of $29.7 million. Net cash provided from investing activities was $10.5 million.

Higher Education and the University

The United States Higher Education sector continues to be stable as demand remains strong and enrollment is steady. The long-term outlook for higher education is favorable as the number of careers requiring degrees and advanced degrees continues to grow. The sector expects strong growth in associate and master's degrees. The lifetime earnings disparity between degreed and nondegreed individuals continues to support the value of higher education. Despite the strong demand, the sector continues to face a multi-faceted set of challenges. There are continuous pressures on institutions regarding affordability and accountability. Also, there is uncertainty surrounding the federal policy for higher education and concern regarding the continued growth in unfunded pension liabilities.

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

The state of Ohio implemented a performance-based funding model for State Share of Instruction (SSI) in fiscal year 2014. The revised methodology includes performance-based metrics such as course completion and degrees awarded, while also including consideration for at-risk students. The University did not receive an SSI increase this year, despite receiving moderate increases in the previous several years. The state of Ohio passed its biennium budget that both froze the SSI funding for the University this year, and continued the tuition freeze for 2019 that has been in place since 2016. The limited prospect of revenue growth requires Ohio public universities to continue efforts to identify efficiency and cost reduction opportunities.

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

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

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

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

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

Healthcare and the University

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

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

UTMC maintains over 300 beds and is one of Northwest Ohio's primary academic medical centers. It is a Level One Trauma Center, offering emergency health and trauma services 24 hours a day. UTMC's six Signature Programs have earned many accolades in the community and include Cardiology, Orthopedics, Cancer, Surgery, and Kidney Transplantation. It delivers excellent patient care, quality outcomes, and patient safety and has been recognized by U.S. News and World Report for high performance in 2017-18. This is the seventh consecutive year UTMC has been included in the U.S. News and World Report rankings. In addition, UTMC was recognized by Consumer Reports as one of the highest scoring U.S. teaching hospitals as preventing central-line infections. Furthermore, UTMC was named a "Leader in LGBTQ Healthcare Equality" by the Human Rights Campaign Foundation for its commitment to the equal treatment of all lesbian, gay, bisexual, transgender, and questioning patients.

During fiscal year 2018, UTMC continued to support the mission of the University "to improve the human condition" by providing patient-centered, university quality care. Seeing an overwhelming need in the Toledo community, UTMC answered the call and opened a 10-bed Adult Detoxification Inpatient Unit in March 2017, and recently expanded the unit to 18 beds. The unit has a dedicated team of nurses, social workers and other staff with training and experience in detox and behavioral health.

While UTMC is well positioned to sustain a strong financial position in the coming years, ongoing constraints on revenue are expected due to fiscal pressures from healthcare reform. The impact of insurance exchanges, managed care rates, and Medicaid expansion continues to cause uncertainty in the environment for hospitals nationwide. Management believes that much of the payment pressure facing UTMC can be offset by continuing to position itself to thrive in the changing market.

UTMC is placing considerable focus on productivity and cost reduction and will effectively manage expenses as reimbursements come under pressure. An essential part of reducing unnecessary treatment and costs is length of stay reductions. UTMC administration and the Hospitalists who manage a large part of the inpatient population have teamed up to manage inpatient stays; promoting the optimal utilization of resources and pursuing quality outcomes. In addition, other cost cutting initiatives have been implemented during 2018 to allow UTMC to be successful. Specifically, UTMC continues to meet the 340B Program requirements as administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (OP/HRSA), a part of the U.S. Department of Health and Human Services (HHS). Cost savings under the program can amount to 25% of an organization's annual outpatient pharmaceutical cost in the initial year of participation, with savings being in perpetuity as long as the provider stays qualified for the program.

While facing the challenges of the ever-changing healthcare environment, UTMC will continue to play a key role in supporting the University.

Contacting Financial Management

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

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

THE UNIVERSITY OF TOLEDO
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	University		UT Foundation	
	2018	2017	2018	2017
ASSETS				
Current assets:				
Cash and cash equivalents	$ 40,815	$ 43,105	$ 1,179	$ 1,492
Investments held by bond trustee	12,359	-	-	-
Accounts receivable, net	107,106	96,673	852	1,403
Contributions receivable, net	-	-	31,123	4,164
Inventories	8,669	9,175	-	-
Notes receivable, net	2,701	2,661	-	-
Other	6,000	6,637	225	219
Total current assets	177,650	158,251	33,379	7,278
Noncurrent assets:				
Restricted cash	986	2,620	-	-
Endowment and loan investments	62,309	60,395	-	-
Notes receivable, net	9,991	11,085	-	-
Long-term investments	181,135	170,984	277,814	252,866
Investments held by insurance captive	34,098	34,412	-	-
Contributions receivable, net	-	-	11,749	15,485
Investments held by bond trustee	-	25,958	-	-
Capital assets, net	572,529	596,844	19,101	19,457
Rocket Innovations	3,394	3,614	-	-
Charitable remainder trusts and annuity contracts	-	-	4,190	4,891
Cash surrender value of life insurance policies	-	-	1,391	1,443
Net pension asset	2,319	960	-	-
Other	1,404	2,912	-	497
Total noncurrent assets	868,165	909,784	314,245	294,639
Total assets	$ 1,045,815	$ 1,068,035	$ 347,624	$ 301,917
Deferred outflows of resources:				
Deferred outflow of resources - derivatives	$ 2,495	$ 6,855	$ -	$ -
Deferred outflow of resources - OPEB	12,427	-	-	-
Deferred outflow of resources - pension	107,257	164,327	-	-
Deferred outflow of resources - refunding	15,156	14,592	-	-
Total deferred outflows of resources	$ 137,335	$ 185,774	$ -	$ -

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	University		UT Foundation	
	2018	2017	2018	2017
LIABILITIES				
Current liabilities:				
Accounts payable	$ 31,962	$ 25,360	$ 989	$ 843
Accrued liabilities	46,568	49,898	270	222
Unearned revenue	34,989	32,048	82	91
Deposits	2,468	2,158	-	-
Compensated absences - current portion	24,071	24,141	-	-
Long-term liabilities - current portion	11,437	16,162	290	276
Total current liabilities	151,495	149,767	1,631	1,432
Noncurrent liabilities:				
Compensated absences	8,422	8,746	-	-
Insurance captive reserve for losses	9,681	8,468	-	-
Fair value of derivative investment	2,495	6,855	-	-
Other	15,623	11,915	-	-
Net OPEB liability	175,944	-	-	-
Net pension liability	409,277	603,168	-	-
Long-term liabilities	286,050	295,256	15,971	13,967
Funds held for affiliates	-	-	1,250	1,241
Note payable to UT Foundation	2,889	3,167	-	-
Total noncurrent liabilities	910,381	937,575	17,221	15,208
Total liabilities	$ 1,061,876	$ 1,087,342	$ 18,852	$ 16,640
Deferred inflows of resources:				
Deferred inflow of resources - OPEB	$ 14,760	$ -	$ -	$ -
Deferred inflow of resources - pension	74,660	12,122	-	-
Deferred inflow of resources - refunding	343	-	-	-
Total deferred inflows of resources	$ 89,763	$ 12,122	$ -	$ -
NET POSITION				
Net investment in capital assets	$ 296,834	$ 324,703	$ 5,310	$ 5,721
Restricted for:				
Nonexpendable	13,137	13,236	123,757	121,372
Expendable	111,103	96,211	146,235	139,960
Unrestricted	(389,563)	(279,805)	53,470	18,224
Total net position	$ 31,511	$ 154,345	$ 328,772	$ 285,277

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	University		UT Foundation	
	2018	**2017**	**2018**	**2017**
REVENUES				
Operating revenues:				
Hospital patient service revenue, net of bad debt of $7,580 and $12,721 respectively	$ 295,583	$ 307,844	$ -	$ -
Student tuition and fees, net of student aid of $81,680 and $79,069 respectively	196,576	199,998	-	-
Federal grants and contracts	32,240	33,124	-	-
State grants and contracts	2,519	5,469	-	-
Local grants and contracts	676	518	-	-
Private grants and contracts	12,377	12,174	-	-
Sales and services	2,365	5,657	-	-
Auxiliary Enterprises, net of student aid of $2,654 and $2,593, respectively	59,431	52,638	-	-
Other patient services revenue	70,730	74,314	-	-
Contributions and support	-	-	41,029	12,708
Residency reimbursement	14,116	10,585	-	-
Academic Affiliation Investment	20,000	12,500	-	-
Other	10,158	13,289	8,327	8,535
Total operating revenues	716,771	728,110	49,356	21,243
EXPENSES				
Operating expenses:				
Salaries and wages	431,845	435,603	-	-
Benefits	65,079	194,844	-	-
Supplies	102,971	105,997	-	-
Travel and entertainment	13,874	14,473	-	-
Information and communication	14,997	15,616	-	-
Occupancy	26,558	24,314	-	-
Scholarship	28,798	28,816	-	-
Outside purchased services	73,645	80,366	-	-
Provision for doubtful accounts	2,195	2,513	-	-
Support to University	-	-	15,580	14,095
Fundraising and development	-	-	2,748	2,689
Management	-	-	3,784	4,144
Depreciation	56,807	57,987	450	450
Other	10,544	7,098	4,788	5,271
Total operating expenses	827,313	967,627	27,350	26,649
Operating income (loss)	$ (110,542)	$ (239,517)	$ 22,006	$ (5,406)

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	University		UT Foundation	
	2018	2017	2018	2017
Operating income (loss)	$ (110,542)	$ (239,517)	$ 22,006	$ (5,406)
NONOPERATING REVENUES (EXPENSES)				
State share of instruction	109,232	112,102	-	-
Loss after state share of instruction	(1,310)	(127,415)	22,006	(5,406)
Federal grants and contracts	23,279	21,497	-	-
State grants and contracts	11,369	10,548	-	-
Gifts	4,654	4,514	-	-
Investment income	15,869	25,149	19,037	29,889
Interest on debt	(12,747)	(12,755)	-	-
Asset disposal	(946)	(201)	-	(657)
Other	304	706	2,452	2,274
Total nonoperating revenues	41,782	49,458	21,489	31,506
Income (loss) before other changes	40,472	(77,957)	43,495	26,100
Other changes				
Capital appropriations	14,610	12,285	-	-
Capital grants, gifts, and contracts	1,172	2,956	-	-
Capital transfer	(515)	253	-	(253)
Addition to permanent endowment	2	1	-	-
Total other changes	15,269	15,495	-	(253)
Increase in net position	55,741	(62,462)	43,495	25,847
NET POSITION				
Net position at beginning of year	154,345	216,807	285,277	259,430
Change in accounting principle (see Note 1)	(178,575)		-	-
Net position at end of year, as restated	$ 31,511	$ 154,345	$ 328,772	$ 285,277

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	2018	2017
Cash flows from operating activities		
Tuition and fees	$ 200,741	$ 193,748
Grants and contracts	49,397	50,119
Patient revenues	368,618	397,332
Sales and services of educational activities	879	6,420
Payments to suppliers and outside purchased services	(293,719)	(313,572)
Payments to employees	(575,502)	(574,085)
Loans issued to students	(1,644)	(1,673)
Collection of loans from students	2,700	2,677
Auxiliary Enterprise charges	59,269	56,121
Other	60,040	70,568
Net cash used in operating activities	(129,221)	(112,345)
Cash flows from non-capital financing activities		
State share of instruction	109,232	112,102
Student direct lending receipts	129,771	131,272
Student direct lending disbursements	(129,286)	(130,807)
Gifts, grants, and contracts	39,304	36,559
Agency transactions	311	368
Net cash provided by non-capital financing activities	149,332	149,494
Cash flows from capital and related financing activities		
Purchases of capital assets	(33,339)	(34,015)
Principal paid on capital debt	(87,668)	(64,014)
Capital appropriations	14,610	12,285
Proceeds from debt issuance	73,150	84,658
Capital grants and gifts	1,172	2,996
Interest paid on capital debt	(12,264)	(12,353)
Net cash used In capital and related financing activities	(44,339)	(10,443)
Cash flows from investing activities		
Proceeds from sales of investments	181,531	121,278
Purchases of investments	(161,950)	(162,703)
Investment income	723	182
Withdrawals from investment pool	-	8,500
Net cash provided (used) in investing activities	$ 20,304	$ (32,743)

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	2018	2017
Net increase (decrease) in cash	$ (3,924)	$ (6,037)
Cash and cash equivalents - beginning of year	45,725	51,762
Cash and cash equivalents - end of year	$ 41,801	$ 45,725

	2018	2017
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (110,542)	$ (239,517)
Adjustments to reconcile operating loss to		
Net cash used in operating activities:		
Depreciation	56,807	57,987
Provision for patient bad debt	2,195	2,513
(Increase) decrease in assets:		
Accounts receivable, net	(12,612)	13,173
Inventories	534	1,752
Other current assets	282	(3,593)
Notes receivable, net	1,056	1,004
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	6,503	5,948
Deferred revenue	2,546	(3,031)
Compensated absences	(394)	(155)
Net pension liability and pension deferrals	(75,596)	51,574
Net cash used in operating activities	$ (129,221)	$ (112,345)

See accompanying Notes to Financial Statements.

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

The University of Toledo (the University) is a leading research institution in the state of Ohio with over 20,000 students, 1,500 instructional faculty, and 4,000 staff members. The University is comprised of 13 Colleges: Arts and Letters; Business and Innovation; Education; Engineering; Graduate Studies; Health and Human Services; Honors; Law; Medicine and Life Sciences; Natural Sciences and Mathematics; Nursing; Pharmacy and Pharmaceutical Sciences; and University University. The University offers more than 300 undergraduate, graduate, and professional programs leading to degrees in over 60 instructional departments. The University operates The University of Toledo Medical Center (UTMC) which includes 319 registered patient beds and provides services to more than 11,000 admitted inpatients, 235,000 outpatient clinic patients, and 37,000 emergency visit patients. UTMC specializes in kidney transplantation, cardiology, trauma care, orthopedic surgery, and cancer treatment.

Organization

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

The University is governed by a board of trustees which is responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The trustees are appointed by the Governor with the advice and consent of the state Senate for staggered nine-year terms. The board includes two nonvoting student members who are appointed for two-year terms.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

Component Units of the Organization

The University of Toledo Foundation

The University of Toledo Foundation is a legally separate, tax-exempt entity that acts primarily as a fundraising organization to supplement the resources available to the University in support of its programs. The Foundation transferred approximately $15,580 and $14,095 during fiscal years 2018 and 2017, respectively, to the University for both restricted and unrestricted purposes in support of its programs. Certain marketable investments of the University are pooled with marketable investments of the Foundation. The Foundation manages these funds and charges the University a management fee equal to 1.25% of the fair market value of the University's share of the pooled investments.

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

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

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

Component Units of the Organization (Continued)

The University of Toledo Physicians, Clinical Faculty, Inc.

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

UTP-CF is a multi-specialty corporation which employs 246 physicians in Northwest Ohio and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization provides physician services at the University of Toledo Medical Center and other local facilities in the following areas: Anesthesia, Medicine, Neurology, Obstetrics, Orthopedics, Pathology, Pediatrics, Psychiatry, Radiology, Radiation Oncology, Rehabilitation, Surgery, Urology, Family Medicine, and Emergency Medicine. UTP-CF also provides administrative support, billing and collection services for physician services at UTMC. Total Operating Revenues for UTP- CF, net of provision for doubtful accounts, were $97,881 and $103,138 for the fiscal years ending June 30, 2018 and 2017, respectively.

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

The financial statements include the accounts of UTPCF and its wholly owned subsidiaries; University of Toledo Physicians, LLC (UTP), UTP Pathology Services, LLC (PATH), and The University of Toledo Medical Assurance Company, LLC (UTMAC), which is discretely presented.

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

(DOLLARS IN THOUSANDS)

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

Component Units of the Organization (Continued)

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

Condensed Statements of Net Position

	2018	2017
ASSETS		
Current assets	$ 29,803	$ 28,333
Due from University of Toledo	2,760	3,456
Capital assets	1,250	1,080
Investments held by insurance captive	39,887	40,459
Total assets	73,700	73,328
LIABILITIES		
Current liabilities	20,581	19,589
Due to University of Toledo	3,202	1,014
Insurance captive reserve for losses	-	-
Total liabilities	23,783	20,603
NET POSITION		
Invested in Capital Assets	1,250	1,080
Unrestricted	48,667	51,635
Total net position	$ 49,917	$ 52,715

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2018	2017
OPERATING REVENUES		
Net patient service revenue	$ 85,650	$ 80,960
Contribution from the University of Toledo	12,059	22,178
Total operating revenue	97,709	103,138
OPERATING EXPENSES		
Salaries, wages, and benefits	85,263	79,001
Depreciation	447	229
Other	16,296	22,476
Total operating expenses	102,006	101,706
Operating income	(4,297)	1,432
Total non-operating revenues	1,499	27,852
Increase in net position	(2,798)	29,284
Net position - beginning of the year	52,715	23,431
Net position - end of the year	$ 49,917	$ 52,715

Condensed Statements of Cash Flows

	2018	2017
Net cash flows from operating activities	$ (1,549)	$ 7,184
Net cash flows from financing activities	(1,868)	25,828
Net cash flows from investing activities	2,737	(35,780)
Net increase in cash	(680)	(2,768)
Cash and cash equivalents - beginning of year	15,959	18,727
Cash and cash equivalents - end of year	$ 15,279	$ 15,959

(DOLLARS IN THOUSANDS)

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

Component Units of the Organization (Continued)

Rocket Innovations

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

The Corporation consists of equity investments (common stock, preferred stock, warrant options, and promissory notes) valued at approximately $3,394 and $3,614 as of June 30, 2018 and 2017, respectively. Total cash available to help fund future investments for the years ended June 30, 2018 and 2017 was approximately $511 and $325, respectively. In accordance with GASB Statement No. 61, the Corporation's financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format as of and for the year ended June 30 of each respective year.

Rocket Innovations

Condensed Statements of Net Position

	2018	2017
ASSETS		
Current assets	$ 1,401	$ 1,073
Other assets	3,394	3,614
Total assets	4,795	4,687
LIABILITIES		
Current liabilities	113	113
Total liabilities	113	113
NET POSITION		
Unrestricted	4,682	4,574
Total net position	$ 4,682	$ 4,574

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

	2018	2017
Total operating revenue	$ 994	$ 1,763
Total operating expenses	836	1,466
Operating loss	158	297
Investment income/(loss)	(50)	(8)
Increase/(decrease) in net position	108	289
Net position - beginning of the year	4,574	4,285
Net position - end of the year	$ 4,682	$ 4,574

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

Component Units of the Organization (Continued)

Rocket Innovations (Continued)

Condensed Statements of Cash Flows

	2018	2017
Net cash flows from operating activities	$ 360	$ 328
Cash and cash equivalents - beginning of year	1,063	735
Cash and cash equivalents - end of year	$ 1,423	$ 1,063

Significant Accounting Policies

Cash and Cash Equivalents

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

Inventories

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

Patient Revenue and Accounts Receivable

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

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

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

(DOLLARS IN THOUSANDS)

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

Significant Accounting Policies (Continued)

Patient Revenue and Accounts Receivable (Continued)

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

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

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

	Year Ended 6/30/2018	Year Ended 6/30/2017
Traditional charity care	$ (1,639)	$ 723
Unpaid costs of traditional Medicaid programs	6,964	5,473
Unpaid costs of other welfare programs	18,877	16,060
Total charity and uncompensated care	$ 24,202	$ 22,256

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

Significant Accounting Policies (Continued)

Capital Assets

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

Deferred Outflows of Resources

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

Pensions and OPEB

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

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

Unearned Revenue

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

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

Significant Accounting Policies (Continued)

Insurance Captive Reserve for Losses

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

Note Payable to Foundation

As described in Note 12, the University borrowed $5,798 from the pooled investment portfolio during the year ended June 30, 2017 to fund various capital projects. The balance outstanding as of June 30, 2018 was $5,212, of which $2,323 represents the University's share and has therefore been eliminated in the financial statements. The remaining $2,889 represents the portion of the loan effectively owed to the Foundation. The balance outstanding as of June 30, 2017 was $5,798, with $2,631 eliminated as the University's share and $3,167 effectively owed to the Foundation.

Deferred Inflows of Resources

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

Net Position

Net position is classified into the three following categories:

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

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

(DOLLARS IN THOUSANDS)

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

Significant Accounting Policies (Continued)

Net Position (Continued)

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

Non-expendable restricted net position	2018	2017
Scholarships and fellowships	$ 10,972	$ 10,972
University purposes	2,165	2,264
Total	$ 13,137	$ 13,236

Expendable restricted net position is categorized as shown below.

Expendable restricted net position	2018	2017
Capital projects	$ 21,961	$ 6,854
Debt service	17,782	17,557
Research	940	1,121
Scholarships and fellowships	47,369	45,537
University purposes	23,051	25,142
Total	$ 111,103	$ 96,211

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

Compensatory Time

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

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

Significant Accounting Policies (Continued)

Compensated Absences

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

Grants and Contracts

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

Operating and Nonoperating Revenue

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

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

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

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

Significant Accounting Policies (Continued)

Scholarship Discounts and Allowances

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

State Subsidies

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

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

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

Capitalized Interest

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

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

Significant Accounting Policies (Continued)

Endowments

For donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted by Ohio, permits the University and the Foundation to distribute an amount of realized and unrealized endowment appreciation as the Board of Trustees determines to be prudent. The University's and the Foundation's Board of Trustees established an investment policy for the endowments and quasi endowments with the objectives of protecting principal and maximizing total investment return without assuming extraordinary risks. It is the goal of the University to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently 4.0% of the three-year market average, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. As of June 30, 2018 and 2017, net appreciation of $47,369 and $45,537 was available to be spent, of which $37,972 and $36,286 was restricted to specific purposes.

Interest Rate Swap Agreements

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

Investments Held By Bond Trustee

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

Use of Estimates

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

(DOLLARS IN THOUSANDS)

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

Significant Accounting Policies (Continued)

Reclassifications

Certain items in the June 30, 2017 comparative information have been reclassified to correspond to the June 30, 2018 financial statement presentation.

New Accounting Principles and Restatement of Net Position

In fiscal year 2018, the University adopted the following accounting principles issued by the Governmental Accounting Standards Board:

Effective with the fiscal year beginning July 1, 2017, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement establishes standards of accounting and financial reporting for defined benefit other postemployment benefits and defined contribution other postemployment benefits that are provided to the employees of state and local governmental employers through other postemployment benefit plans that are administered through trusts or equivalent arrangements that meet certain criteria. July 1, 2016 amounts have not been restated to reflect the impact of GASB 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ended June 30, 2016.

For purposes of measuring the net pension/OPEB liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS) pension/OPEB plans and additions to/deductions from STRS' and OPERS' fiduciary net position have been determined on the same basis as they are reported by STRS and OPERS. STRS and OPERS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as an expense when due and payable in accordance with the benefit terms. Investments are reported at fair value. The implementation of this pronouncement had the following effect on net position as reported July 1, 2017:

Net Position – July 1, 2017	$	154,345
Adjustments:		
Net OPEB Liability		(178,575)
Restated Net Position – July 1, 2017	$	(24,230)

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

Significant Accounting Policies (Continued)

New Accounting Principles (Continued)

In March 2016, the GASB issued Statement 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement 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. Furthermore, this Statement 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. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement was adopted for the University's fiscal year ended June 30, 2018 with no material impact on the University.

In March 2017, the GASB issued Statement 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. This Statement was adopted for the University's fiscal year ended June 30, 2018 with no material impact on the University.

In May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for insubstance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement was adopted for the University's fiscal year ended June 30, 2018 with no material impact on the University.

NOTE 2 CASH AND CASH EQUIVALENTS

The carrying amount of the University's cash and cash equivalents for all funds was $51,454 and $57,434 as of June 30, 2018 and 2017, respectively, as compared to bank balances of $58,285 and $67,976, respectively. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. The University had cash deposits with a single financial institution totaling $36,041 and $35,428 as of June 30, 2017 and 2016. $250 of the cash deposits is insured by the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2018 and 2017. The remaining amounts are collateralized with single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the University, per the Ohio Revised Code 135.181B which requires that the total market value of the securities so pledged is at least equal to 105% of the total amount of all public deposits.

UTP-CF maintains the majority of its operating cash balances in three financial institutions. The balances at each institution are insured by the FDIC up to certain limits. At June 30, 2018 and 2017, the Organization had approximately $5,629 and $9,523 in excess of FDIC insured limits, respectively. Management reviews the financial institutions periodically to assess any custodial credit risk.

NOTE 3 INVESTMENTS

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

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

(DOLLARS IN THOUSANDS)

NOTE 3 INVESTMENTS (CONTINUED)

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

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

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

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

The carrying values of investments as of June 30, 2017, exclusive of accrued interest, consisted of the following:

	Endowment and Loan Investments	Long-Term Investments	Investments Held by Insurance Captive	Investments Held by Bond Trustee	Total
Certificates of deposit	$ -	$ 5,729	$ -	$ -	$ 5,729
Corporate bonds and notes	-	10,456	6,245	10,969	27,670
Corporate stock	-	-	14,280	-	14,280
Equity in internal investment pool	57,703	147,284	-	-	204,987
Money market	104	-	-	97	201
Mutual funds - equity	2,223	-	-	-	2,223
Mutual funds - fixed income	365	-	-	-	365
U.S. government and agencies	-	7,515	13,887	14,892	36,294
Total investments	$ 60,395	$ 170,984	$ 34,412	$ 25,958	$ 291,749

(DOLLARS IN THOUSANDS)

NOTE 3 INVESTMENTS (CONTINUED)

The carrying values of investments as of June 30, 2017, exclusive of accrued interest, consisted of the following:

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires certain additional disclosures related to the interest rate, credit, foreign currency and custodial risks associated with interest-bearing investments as of June 30, 2018. At the present time, the University does not have formal policies addressing these types of risk.

Interest Rate Risk

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

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

		Investment Maturity (in Years)			
Investment Type	**Fair Value**	**< 1**	**1 - 5**	**6 - 10**	**> 10**
U.S. government and agencies	$ 19,423	$ 181	$ 9,614	$ 3,660	$ 5,968
Corporate bonds and notes	17,263	1,870	6,973	7,807	613
Mutual funds - fixed income	831	534	89	198	10
Total	$ 37,517	$ 2,585	$ 16,676	$ 11,665	$ 6,591

As of June 30, 2017, the University had the following interest-bearing investments and maturities:

		Investment Maturity (in Years)			
Investment Type	**Fair Value**	**< 1**	**1 - 5**	**6 - 10**	**> 10**
U.S. government and agencies	$ 36,294	$ 14,748	$ 8,336	$ 8,638	$ 4,572
Corporate bonds and notes	27,670	12,865	2,880	11,901	24
Mutual funds - fixed income	365	-	48	317	-
Total	$ 64,329	$ 27,613	$ 11,264	$ 20,856	$ 4,596

Credit Risk

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

(DOLLARS IN THOUSANDS)

NOTE 3 INVESTMENTS (CONTINUED)

Credit Risk (Continued)

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

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

The credit ratings of the University's interest-bearing investments as of June 30, 2017 are as follows:

			Credit Rating (Moody's)			
Investment Type		Fair Value	Aaa	Aa	A	Baa and less
U.S. government and agencies	$	36,294	$ 35,894	$ -	$ 400	$ -
Corporate bonds and notes		27,670	654	990	20,924	5,102
Mutual funds - fixed income		365	16	349	-	-
Total	$	64,329	$ 36,564	$ 1,339	$ 21,324	$ 5,102

Concentration Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's investment policy requires investment pool direct placements to be sufficiently diversified and provides that no more than 7% of its equity holdings and 5% of its fixed income holdings can be invested in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled five percent or more in 2018 or 2017.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Investments held by insurance captive included $2,017 and $1,893 of international equities as of June 30, 2018 and 2017, representing 5.7% and 5.5% of the captive investment portfolio.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University had no exposure to custodial credit risk for the years ended June 30, 2018 and 2017.

(DOLLARS IN THOUSANDS)

NOTE 3 INVESTMENTS (CONTINUED)

The University of Toledo Foundation and Subsidiaries Investments

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

	2018		2017	
	Market	Cost	Market	Cost
Mutual funds, index funds and ETF's - equities	$ 197,011	$ 153,215	$ 182,055	$ 139,733
Mutual funds and ETF's - fixed income	54,002	55,774	54,074	54,733
Common stocks	79,900	69,364	70,320	60,889
Hedge funds	73,686	69,740	71,906	70,822
Partnerships	67,233	58,773	56,291	52,675
U.S. government and agency issues	14,276	14,406	12,205	12,141
Corporate bonds	1,491	1,502	1,849	1,773
Cash equivalents	1,308	1,308	4,637	4,637
Total pooled investments	$ 488,907	$ 424,082	$ 453,337	$ 397,403

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

	2018	2017
Unrealized gains:		
Ending balance	$ 29,132	$ 24,535
Beginning balance	24,535	6,876
Unrealized appreciation/(depreciation)	4,597	17,659
Realized appreciation/(depreciation)	10,282	7,989
Total realized and unrealized appreciation/(depreciation)	$ 14,879	$ 25,648

NOTE 4 FAIR VALUE MEASUREMENTS

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

(DOLLARS IN THOUSANDS)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

The University has the following recurring fair value measurements as of June 30, 2018 and 2017:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

(DOLLARS IN THOUSANDS)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2017	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Certificates of deposit	$ 5,729	$ -	$ 5,729	$ -
Corporate bonds and notes	27,670	-	27,670	-
Corporate stock	14,280	14,280	-	-
Mutual funds - equity	2,223	2,223	-	-
Mutual funds - fixed income	365	365	-	-
U.S. Government and agencies	36,294	-	36,294	-
Total investments by fair value level	$ 86,561	$ 16,868	$ 69,693	$ -
Investments measured at the net asset value (NAV):				
Equity in internal investment pool	$ 204,987			
Total investments measured at the NAV	$ 204,987			
Total investments measured at fair value	$ 291,548			
Derivative instruments by fair value level:				
Interest rate swap liability	$ 6,855	$ -	$ 6,855	$ -
Total derivative instruments by fair value level	$ 6,855	$ -	$ 6,855	$ -

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

(DOLLARS IN THOUSANDS)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments in Entities that Calculate Net Asset Value per Share

The University holds an equity interest in the investment pool of the Foundation. Fair value is measured on a recurring basis using the net asset value per share as a practical expedient. The fair value of the University's equity interest in the investment pool was $216,386 and $204,987 as of June 30, 2018 and 2017 respectively. There were no unfunded commitments and there is no redemption notice period or restriction on redemption frequency.

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

NOTE 5 ACCOUNTS AND NOTES RECEIVABLE

The accounts and notes receivable, shown net of allowances for uncollectible accounts at June 30, 2018 and 2017, respectively, are summarized as follows:

	2018	2017
Accounts receivable:		
Tuition and fees	$ 9,466	$ 12,883
Patient services	66,249	53,528
Sales and services	9,017	7,201
Auxiliary services	1,270	980
Grants and contracts	21,104	22,081
Total accounts receivable - net of allowances	107,106	96,673
Notes receivable:		
Current	2,701	2,661
Non-current	9,991	11,085
Total notes receivable - net of allowances	12,692	13,746
Total accounts and notes receivable - net of allowances	$ 119,798	$ 110,419

Accounts receivable are for transactions relating to tuition and fees, patient services, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts totaling $15,582 and $17,071 for fiscal years 2018 and 2017, respectively. Student notes receivable are recorded net of allowance for uncollectible accounts of $760 and $760 as of June 30, 2018 and 2017, respectively.

(DOLLARS IN THOUSANDS)

NOTE 5 ACCOUNTS AND NOTED RECEIVABLE (CONTINUED)

The University of Toledo Foundation – Contributions Receivable

As of June 30, 2018 and 2017, donors to the Foundation have made unconditional promises to give that are measured at fair value. A risk premium has been estimated by management based on uncertainty factors to determine expected future cash flows from unconditional promises to give that are discounted to a net present value based on a risk-free interest rate. Write-offs of uncollectible pledges for the years ended June 30, 2018 and 2017 amounted to $1,923 and $1,050, respectively.

Contributions receivable as of June 30 are as follows:

	2018	2017
Within one year	$ 34,916	$ 4,166
Over one to five years	12,590	18,447
More than five years	1,201	29
Total	48,707	22,642
Risk premium	(4,595)	(1,940)
Present value discount	(1,240)	(1,053)
Net contributions receivable	$ 42,872	$ 19,649
Net due in one year	$ 31,123	$ 4,164
Net due in excess of one year	11,749	15,485
Total contributions receivable	$ 42,872	$ 19,649

In September 2017, the Foundation received a letter of intent for a gift of real property at an estimated value of $30.3 million, which is reflected above as contributions receivable due in one year. The transfer of the property is expected to occur in the fall of 2018. In May 2006, the Foundation received a pledge of $15 million to establish three endowed funds to support the University. The timing and amounts of the payments and the amounts allocated to the funds shall be determined by the donors. However, the donors agree to complete the pledge within 15 years. The Foundation has received payments of $9.8 million on the aforementioned pledge, leaving a remaining balance of $5.2 million as of June 30, 2018. The pledge balance due is recorded at fair value as a long-term contribution receivable with a net present value of $4.6 million and $7.2 million as of June 30, 2018 and 2017, respectively.

(DOLLARS IN THOUSANDS)

NOTE 6 CAPITAL ASSETS

Capital assets are recorded at cost or if acquired by gift at the fair market value as of the date of donation. Capital assets consist of the following as of June 30, 2018:

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

Capital assets consist of the following as of June 30, 2017:

	Balance 6/30/2016	Additions	Reallocation/ Reductions	Balance 6/30/2017
Capital assets, not being depreciated:				
Land and land improvements	$ 22,363	$ 253	$ -	$ 22,616
Construction in progress	22,449	20,042	(21,333)	21,158
Total capital assets, not being depreciated	44,812	20,295	(21,333)	43,774
Capital assets, being depreciated:				
Land improvements	16,612	-	-	16,612
Infrastructure	166,253	626	2,446	169,325
Buildings	1,039,123	-	21,333	1,060,456
Equipment	220,168	13,107	(12,998)	220,277
Total capital assets, being depreciated	1,442,156	13,733	10,781	1,466,670
Less accumulated depreciation:	865,912	57,987	(10,299)	913,600
Total capital assets, being depreciated, net	576,244	(44,254)	21,080	553,070
Capital assets, net	$ 621,056	$ (23,959)	$ (253)	$ 596,844

(DOLLARS IN THOUSANDS)

NOTE 6 CAPITAL ASSETS (CONTINUED)

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

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

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

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

NOTE 7 DEBT

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

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

NOTE 7 DEBT (CONTINUED)

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

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

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

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

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

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

NOTE 7 DEBT (CONTINUED)

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

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

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

The University defeased the outstanding Series 2010 bonds through an advance refunding during the year ended June 30, 2018, and accordingly, they are not reflected in the accompanying financial statements as of June 30, 2018. The amount of bonds that have been defeased and are outstanding as of June 30, 2018 is $22,515.

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

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

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

NOTE 7 DEBT (CONTINUED)

On January 23, 2007, the University issued $46,595 in General Receipts Bonds, Series 2007A, with an average interest rate of 4.43%, to advance refund the General Receipts Bonds Series 2001, and current refund the General Receipt Bond Anticipation Notes Series 2006. Series 2007A were refunded by the issuance of the Series 2017A Bonds.

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

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

The University has master lease obligations with financial institutions and other lease obligations relating to athletic, hospital and other equipment with a capital cost of $1,864 and rates ranging from 1.7% to 7.06%. The balance of capital lease obligations was $802 and $1,277 for the years ended June 30, 2018 and 2017, respectively.

Interest expense, net of interest income, related to the borrowing is capitalized as part of the cost of construction. Interest expense on indebtedness was $12,747 and $12,755 for the years ended June 30, 2018 and 2017, respectively.

(DOLLARS IN THOUSANDS)

NOTE 7 DEBT (CONTINUED)

Long-term liabilities consist of the following as of June 30, 2018:

	Due Dates	Interest Rate	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Current
General Receipts Series 2007B, term bonds: Renovations for athletic, classrooms, and library	2031-2036	Variable	$ 1,325	$ -	$ -	$ 1,325	$ -
General Receipts Series 2008A, term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2027	3.0% to 5.0%	11,255	-	11,255	-	-
General Receipts series 2009A, serial and term bonds: Refund Series 1998, Hospital renovations and digital records	2010-2020	3.0% to 4.375%	5,215	-	2,980	2,235	1,540
General Receipts Series 2010, serial bonds: Refund of Series 2005 General Receipts Bonds	2013-2021	4.0% to 5.0%	26,660	-	26,660	-	-
General Receipts Series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	4.5% to 5.0%	44,055	-	39,700	4,355	1,380
General Receipts Series 2013A, private placement bonds Refund Series 2004	2014-2025	1.99%	7,010	-	820	6,190	835
General Receipts Series 2013B, private placement bonds Refund Series 2011A	2015-2032	Variable	76,885	-	3,900	72,985	1,890
General Receipts Series 2013C, serial bonds Refund Series 2009B	2019-2031	5.0%	34,180	-	-	34,180	1,335
General Receipts Series 2013D, private placement bonds Refund partial Series 2007B and all of Series 2005	2031-2036	Variable	15,610	-	-	15,610	-
General Receipts Series 2017A, serial bonds Refund partial Series 2008A and all of Series 2007A	2019-2047	3.625% to 5.0%	72,820	-	-	72,820	2,350
General Receipts Series 2017B, serial bonds Refund Series 2011B maturities 2022-2031	2022-2031	5.0%	-	35,655	-	35,655	-
General Receipts Series 2018A, serial bonds Refund remaining Series 2008A	2019-2027	5.0%	-	9,175	-	9,175	595
General Receipts Series 2018B, serial bonds Refund partial Series 2008A and all of Series 2007A	2033-2044	4.258%	-	28,320	-	28,320	-
Interest Rate Swap Contract (see Note 8)			15,126	-	1,291	13,835	1,148
Capital lease obligation	2016-2021	Various	1,277	-	475	802	364
Compensated absences			32,887	16,312	16,706	32,493	24,071
			$ 344,305	$ 89,462	$ 103,787	$ 329,980	$ 35,508
Less current portion long-term liabilities						35,508	
Long-term liabilities						$ 294,472	

(DOLLARS IN THOUSANDS)

NOTE 7 DEBT (CONTINUED)

Long-term liabilities consist of the following as of June 30, 2017:

	Due Dates	Interest Rate	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Current
General Receipts Series 2007A, serial and term bonds Refund Series 2001 and Current refund Series 2006	2008-2036	4.0% to 5.0%	$ 35,190	$ -	$ 35,190	$ -	$ -
General Receipts Series 2007B, term bonds: Renovations for athletic, classrooms, and library	2031-2036	Variable	1,325	-	-	1,325	-
General Receipts Series 2008A, term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2027	3.0% to 5.0%	24,590	-	13,335	11,255	1,220
General Receipts series 2009A, serial and term bonds: Refund Series 1998, Hospital renovations and digital records	2010-2020	3.0% to 4.375%	8,090	-	2,875	5,215	2,980
General Receipts Series 2010, serial bonds: Refund of Series 2005 General Receipts Bonds	2013-2021	4.0% to 5.0%	30,370	-	3,710	26,660	4,145
General Receipts Series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	4.5% to 5.0%	45,305	-	1,250	44,055	1,315
General Receipts Series 2013A, private placement bonds Refund Series 2004	2014-2025	1.99%	7,810	-	800	7,010	820
General Receipts Series 2013B, private placement bonds Refund Series 2011A	2015-2032	Variable	80,590	-	3,705	76,885	3,900
General Receipts Series 2013C, serial bonds Refund Series 2009B	2019-2031	5.00%	34,180	-	-	34,180	-
General Receipts Series 2013D, private placement bonds Refund partial Series 2007B and all of Series 2005	2031-2036	Variable	15,610	-	-	15,610	-
General Receipts Series 2017A, serial bonds Refund partial Series 2008A and all of Series 2007A	2019-2047	3.625% to 5.0%	-	72,820	-	72,820	-
Interest Rate Swap Contract (see Note 8)			16,573	-	1,447	15,126	1,313
Capital lease obligation	2002-2009	Various	853	921	497	1,277	469
Compensated absences			33,042	16,756	16,911	32,887	24,141
			$ 333,528	$ 90,497	$ 79,720	$ 344,305	$ 40,303
Less current portion long-term liabilities						40,303	
Long-term liabilities						$ 304,002	

(DOLLARS IN THOUSANDS)

NOTE 7 DEBT (CONTINUED)

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

	Principal	Interest	Swap Interest	Net Interest	Net P&I
2019	$ 9,925	$ 13,241	$ (76)	$ 13,165	$ 23,090
2020	10,210	12,812	(110)	12,702	22,912
2021	8,785	12,456	(216)	12,240	21,025
2022	10,690	11,961	(135)	11,826	22,516
2023	12,555	11,532	(214)	11,318	23,873
2024-2028	67,405	47,840	(754)	47,086	114,491
2029-2033	102,120	29,147	(428)	28,719	130,839
2034-2047	61,160	16,489	(15)	16,474	77,634
TOTALS	$ 282,850	$ 155,478	$ (1,948)	$ 153,530	$ 436,380

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

	Principal	Interest	Total
2019	$ 364	$ 21	$ 385
2020	328	11	339
2021	105	2	107
2022	5	-	5
Total	$ 802	$ 34	$ 836

Contracts have been entered into for capital construction projects amounting to approximately $66,234. The estimated cost to complete construction in progress at June 30, 2018 is $13,353.

The University leases certain facilities and data processing, patient care, and other equipment under various noncancelable operating lease agreements. Total operating lease expense was $1,495 and $1,065 in 2018 and 2017, respectively. At June 30, 2018, the University is committed to future minimum operating lease payments of $856 in 2019; $770 in 2020; $758 in 2021; $394 in 2022; and $192 in 2023.

NOTE 8 INTEREST RATE SWAPS

In order to hedge against interest rate fluctuations on the Series 2002 variable rate bonds, the University entered into three interest rate derivative (Swap) agreements in November 2002. The current notional value of the three Swap agreements is $55,930. The three Swaps remain in effect and are now associated with the Series 2013B Bonds. The counterparty for these swaps is JP Morgan Chase. One Swap with a notional value of $3,805 expires on June 1, 2020, and the University pays a fixed rate of 5.000% to the counterparty and receives a variable rate of interest of 67% of one-month LIBOR from the counterparty. The other two Swaps with a combined notional value of $52,125 expire on June 1, 2032. The University pays a fixed rate of 3.888% to the counterparty and receives a variable rate of interest of 71% of one-month LIBOR from the counterparty on these two Swaps. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement’s fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the three Swap agreements as of June 30, 2018 is a liability of $1,756 compared to a liability of $4,541 on June 30, 2017.

In April 2007, the University entered into a Swap agreement with JP Morgan Chase that expires on June 31, 2036, in the notional amount of $33,250, to hedge a portion of the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2007B. $17,640 of the notional amount is now associated with the Series 2013B and the remaining $15,610 notional value is associated with the Series 2013D. Based on the Swap agreement, the University owes interest calculated at a fixed rate of 3.666% to the swap counterparty. In return, the counterparty owes the University interest at a variable rate based on 68% of one-month LIBOR. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement’s fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the Swap agreement as of June 30, 2018 is a liability $739 compared to a liability of $2,314 on June 30, 2017.

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

(DOLLARS IN THOUSANDS)

NOTE 8 INTEREST RATE SWAPS (CONTINUED)

Effective Date	Type	Objective	Notional Amount	Pays	Receives	Maturity Date	Counter Party Credit Rating	MTM @ 06/30/18	MTM @ 06/30/17
11/16/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 24,690	3.888%	71% Libor	6/1/32	Aa3/A+	$ (847)	$ (2,154)
11/19/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 27,435	3.888%	71% Libor	6/1/32	Aa3/A+	$ (942)	$ (2,395)
4/26/07	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 33,250	3.660%	68% Libor	6/1/36	Aa3/A+	$ (739)	$ (2,314)
12/1/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	$ 3,805	5.000%	67% Libor	6/1/20	Aa3/A+	$ 33	$ 8
			$ 89,180					$ (2,495)	$ (6,855)

Interest rate swaps are classified as hedging derivative instruments, if the hedging instruments meet the criteria outlined in GASB 53, paragraph 27a and b, or as investment derivative instruments if they do not meet the criteria. All four of the swap agreements have been determined to be effective hedging derivative instruments as of both June 30, 2018 and June 30, 2017.

All of the University's hedging relationships in fiscal year 2012 were terminated in fiscal year 2013 and designated into new hedging relationships. In accordance to GASB 53 these swaps are considered hybrid instruments consisting of a financing element and an embedded derivative. The at-market amount of the swaps at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of ($2,495). The above-market amounts which equal $13,835 are considered borrowings and are included in long term debt which will be paid down by a portion of the swaps' periodic fixed payments.

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

	Change in Fair Value		Fair Value at June 30, 2018		Fair Value at June 30, 2017	
			Classification		Classification	
	2018	2017	Amount	Notional	Amount	Notional
Business-type activities						
Cash flow hedges:						
Pay-fixed interest rate swaps			Deferred charge		Deferred charge	
(receive-variable)	$ 4,360	$ 8,126	$ (2,495)	$ 89,180	$ (6,855)	$ 93,040

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

(DOLLARS IN THOUSANDS)

NOTE 8 INTEREST RATE SWAPS (CONTINUED)

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

As of June 30, 2018, the University's net liability position is $16,330 exclusive of accrued interest in the amount of $170 compared to a net liability position of $21,981 in 2017. The University has not been required to post collateral with any counterparty as of June 30, 2018.

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

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

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

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

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

NOTE 8 INTEREST RATE SWAPS (CONTINUED)

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

NOTE 9 RETIREMENT BENEFITS

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

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

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

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

STRS – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the plan fiscal year ended June 30, 2017, both the employer and member rate was 14% of covered payroll. The statutory employer rate for fiscal year 2018 and subsequent years is 14%. The statutory member contribution rate increased to 14% on July 1, 2016.

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

OPERS – The ORC provides statutory authority for member and employer contributions. Member contribution rates for the plan years ended December 31, 2017 and 2016 were 10% for the state and local division, 12% for the public safety division and 13% for the law enforcement division. Employer contribution rates for plan years 2017 and 2016 were 14% of covered payroll for the state and local division, and 18.1% of covered payroll for the law enforcement and public safety divisions. For the Traditional and Combined Plans, 2% of each employer's contribution was allocated to health care coverage for 2016 and 1% was allocated for 2017. For 2018 and subsequent years the allocation to health care is expected to be 0%.

ARP – The ORC provides statutory authority for member and employer contributions. Member contribution rates are the same as those required by the respective state retirement systems. For STRS-eligible employees who elect an ARP, the University contributes 9.5% of covered payroll to the selected investment provider and 4.5% to STRS. For OPERS-eligible employees who elect an ARP, the University contributes 13.23% of covered payroll to the selected investment provider and 0.77% to OPERS.

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

Plan	2018	2017
STRS	$ 13,178	$ 13,431
OPERS	26,804	26,899
ARP	7,435	7,630
Total	$ 47,417	$ 47,960

Benefits

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

The Defined Benefit (DB) Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective Aug. 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 and five years of service on Aug. 1, 2026.

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

Benefits (Continued)

The Defined Contribution (DC) Plan allows members to place all their member contributions and the 9.5% portion of the 14% employer contribution into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% portion of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

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

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

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

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

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

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

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

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

Members in the Traditional Pension Plan and Combined Plan are eligible for Disability, Survivor and Death benefits based on age and/or service criteria. Members of the Member-Directed Plan do not qualify for these ancillary benefits. A 3% cost-of-living adjustment is provided for retirement benefits under the Traditional Plan and the defined benefit portion of the Combined Plan.

Net Pension Liability, Deferrals, and Pension Expense – At June 30, 2018 and 2017, the University reported a liability for its proportionate share of the net pension liability of STRS and the OPERS traditional plan, as well as an asset for its proportionate share of the net pension asset of the OPERS combined plan and member-directed plan. The net pension liability and asset were measured as of July 1, 2017 and July 1, 2016 respectively for STRS and December 31, 2017 and December 31, 2016 respectively for the OPERS plans. The total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability or asset was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability/(Asset) 2018	Net Pension Liability/(Asset) 2017	Proportionate Share 2018	Proportionate Share 2017	Change
STRS	July 1	$ 206,268	$ 297,264	0.87%	0.89%	0.02%
OPERS Traditional	December 31	203,009	305,904	1.29%	1.35%	0.06%
OPERS Combined and Member-Directed	December 31	(2,319)	(960)	1.52%	1.60%	0.08%

For the year ended June 30, 2018 and 2017, the University recognized pension income of $27,949 and pension expense $100,225, respectively.

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

At June 30, 2018 and 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	$ 8,283	$ 6,388	$ 12,494	$ 2,377
Changes of assumptions	70,579	-	48,760	-
Difference between projected and actual investment earnings	-	48,731	71,783	-
Changes in proportion and differences between University contributions and proportionate share of contributions	2,072	19,541	4,746	9,745
Contributions after the measurement date	26,323	-	26,544	-
Total	$ 107,257	$ 74,660	$ 164,327	$ 12,122

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

Year Ending June 30	Amount
2019	$ 23,637
2020	6,130
2021	(7,799)
2022	(15,571)
2023	(65)
Thereafter	(58)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2019).

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

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

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

	STRS - as of 6/30/16	OPERS - as of 12/31/16
Valuation date	July 1, 2016	December 31, 2016
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	2.0 percent	Pre 1/7/2013 retirees 3.0 percent, post 1/7/2013 retirees 3.0 percent through 2018 then 2.15 percent
Salary increases	2.75 percent - 12.25 percent including inflation	4.25 percent - 10.05 percent including inflation
Price inflation	2.75 percent	2.5 percent
Investment rate of return	7.75 percent, net of investment expense	7.5 percent, net of investment expense
Experience study rate	Period of 5 years ended July 1, 2012	Period of 5 years ended December 31, 2015
Mortality basis	RP-2000 Combined Mortality Table (Projection 2022-Scale AA)	RP-2014 Health Annuitant Mortality Table

Discount Rate – The discount rate used to measure the total pension liability was 7.45% for STRS and 7.5% for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

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

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

STRS as of 6/30/2016			OPERS as of 12/31/2016		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	31.00%	5.50%	Fixed Income	23.00%	2.75%
International Equity	26.00%	5.35%	Domestic Equity	20.70%	6.34%
Alternatives	14.00%	5.50%	Real Estate	10.00%	4.75%
Fixed Income	18.00%	1.25%	Private Equity	10.00%	8.97%
Real Estate	10.00%	4.25%	International Equity	18.30%	7.95%
Liquidity Reserves	1.00%	0.50%	Other Investments	18.00%	4.92%
Total	100.00%		Total	100.00%	

(DOLLARS IN THOUSANDS)

NOTE 9 RETIREMENT BENEFITS (CONTINUED)

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

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

Plan	1.00 percent decrease		Current discount rate		1.00 percent increase	
STRS 6/30/2016	6.75%	$ 395,039	7.75%	$ 297,264	8.75%	$ 214,784
OPERS 12/31/2016	6.50%	467,420	7.50%	304,944	8.50%	169,615
Total		$ 862,459		$ 602,208		$ 384,399

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

Payable to the Pension Plan – The University reported a payable of $4,253 and $2,221 to OPERS at June 30, 2018 and 2017 respectively for the outstanding amount of contributions required for the years then ended.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

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

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

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions

STRS

STRS administers a cost-sharing health plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

ORC Chapter 3307 authorizes STRS to offer the plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2017, STRS did not allocate any employer contributions to post-employment health care.

OPERS

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

Prior to January 1, 2015, the System provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2017 CAFR.

(DOLLARS IN THOUSANDS)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

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

Plan	Measurement Date	Net OPEB Liability 2018	Proportionate Share 2018
STRS	July 1	$ 33,878	0.87%
OPERS	December 31	142,066	1.31%

For the year ended June 30, 2018, the University recognized OPEB expense of $280.

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

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

(DOLLARS IN THOUSANDS)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Year Ending June 30	STRS	OPERS
2019	$ (491)	$ 2,353
2020	(491)	2,353
2021	(491)	(2,188)
2022	(491)	(2,646)
2023	(258)	-
Thereafter	-	-

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the next year (2019).

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

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

STRS

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members. Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

OPERS

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006.

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017.

Discount Rate

STRS

The discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037.

Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58% as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13%, which represents the long-term expected rate of return of 7.45% for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58% for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26% which represents the long term expected rate of return of 7.75% for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85% for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

(DOLLARS IN THOUSANDS)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPERS

A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034.

As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

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

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

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

(DOLLARS IN THOUSANDS)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan	1.00 percent decrease		Current discount rate		1.00 percent increase	
STRS 6/30/2017	3.13%	$ 45,481	4.13%	$ 33,878	5.13%	$ 24,708
OPERS 12/31/2017	2.85%	188,741	3.85%	142,066	4.85%	104,307
Total		$ 234,222		$ 175,944		$ 129,015

Plan	1.00 percent decrease	Current health care trend rate	1.00 percent increase
STRS 6/30/2017	$ 23,537	$ 33,878	$ 47,488
OPERS 12/31/2017	135,927	142,066	148,408
Total	$ 159,464	$ 175,944	$ 195,896

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

Payable to the OPEB Plan – The University did not have a payable to the OPEB plans as of June 30, 2018 and 2017.

Assumption Changes Since the Prior Measurement Date

STRS

Since the prior measurement date, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Benefit Term Changes Since the Prior Measurement Date

STRS

Since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

NOTE 11 CONTINGENCIES AND COMMITMENTS

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

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

Through the IUC-IC group, the University maintains property insurance with a $100 deductible and a pre-funded group pool deductible of $350 per occurrence; with an annual group aggregate stop-loss of $700. Total insurable value for the University of Toledo is approximately $3,173,000.

The casualty portion of the IUC-IC program provides educator's legal liability, general liability and other miscellaneous coverage, and includes a $100 deductible. There is also a casualty group pool fund with dedicated limits for each member totaling $10,000 which consists of $1,000 by the members and $9,000 from reinsurance. Finally, there are general liability shared excess limits totaling $40,000. The educator's legal liability coverage has shared excess limits totaling $15,000 in excess of the pool. The University's contributions to IUC for property and casualty coverage totaled $1,088 and $1,121 for 2018 and 2017, respectively.

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

The University is also self-insured for unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University for outstanding claims and claims incurred but not reported under self-insurance programs have been based on the University's experience and actuarial valuation. The estimated value of these claims was $5,711 and $5,951 as of June 30, 2018 and 2017, respectively. Settlements have not exceeded insurance coverage in each of the past three years.

NOTE 11 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Academic Affiliation Agreement

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

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

NOTE 12 RELATED PARTY TRANSACTIONS

During fiscal year 2018, the University transferred an endowment fund, as requested by the fund originators, to the Foundation in the amount of $515.

During fiscal year 2017, the Foundation transferred land to the University in the amount of $253.

At its March 2016 meeting, the Foundation board of trustees approved funding by the pooled investment portfolio of up to $6 million for University capital projects. This 10-year loan was approved by the University in July 2016 with the first draw in August 2016. The balance owed to the pool was $5,212 and $5,798 as of June 30, 2018 and 2017.

On March 30, 2016, the University of Toledo entered into a Grantor Trust Agreement with the Foundation to allow the Foundation to hold title to 8,554.8 shares of VHA-VHC Alliance Newco, Inc. (now known as Vizient, Inc.). The purpose for this trust rests in the fact that Vizient, Inc. is a for-profit entity and Ohio law does not permit state entities to hold title or ownership interests in for-profit entities. The initial gift was recorded based on a valuation analysis of the common stock at $2,000 as of June 30, 2016, and a corresponding receivable was recorded by the University. The value at June 30, 2018 and 2017 is $2,013.

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

(DOLLARS IN THOUSANDS)

NOTE 12 RELATED PARTY TRANSACTIONS (CONTINUED)

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

During the years ending June 30, 2018 and 2017, the University paid $25,231 and $19,589, respectively, to UTP-CF primarily for wage expense where the University utilized UTP-CF's employees.

During the years ending June 30, 2018 and 2017, the University received $1,659 and $2,081, respectively, from UTP-CF for the hospital facility fee charged to patients in connection with professional services rendered in hospital-based clinics. The University also received $6,178 and $6,679 from UTP-CF for the years ended June 30, 2018 and 2017, respectively, as reimbursement for expenses paid on behalf of UTP-CF.

Accounts receivable from UTP-CF were $3,202 and $1,014 as of June 30, 2018 and 2017. Accounts payable to UTP-CF were $2,760 and $3,456 as of June 30, 2018 and 2017.

During the years ending June 30, 2018 and 2017, UTP-CF paid $710 and $2,157, respectively, to UTMAC SP and UTMAC LLC for professional liability insurance.

NOTE 13 FUNCTIONAL CLASSIFICATION OF EXPENSES

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

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

(DOLLARS IN THOUSANDS)

NOTE 13 FUNCTIONAL CLASSIFICATION OF EXPENSES (CONTINUED)

Operating expenses by functional classification for the year ended June 30, 2017 are summarized as follows:

	Payroll	Supplies	Services	Other	Total
Patient Services	$ 237,273	$ 86,018	$ 18,702	$ 16,067	$ 358,060
Instruction	192,475	4,758	2,304	6,496	206,033
Research	18,993	6,186	4,297	7,926	37,402
Public Service	4,767	197	3,383	1,065	9,412
Academic Support	18,305	2,549	16,114	4,365	41,333
Student Services	18,217	542	809	3,852	23,420
Institutional Support	101,602	(86)	14,112	(3,145)	112,483
Operation and Maintenance of Plant	14,294	2,295	1,211	18,937	36,737
Auxiliary Enterprises	20,119	3,538	19,434	16,591	59,682
	$ 626,045	$ 105,997	$ 80,366	$ 72,154	884,562
Student Aid					22,565
Depreciation					57,987
Provision for Bad Debts					2,513
Total Operating Expenses					$ 967,627

NOTE 14 UPCOMING PRONOUNCEMENTS

GASB Statement No. 83 – The GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for fiscal years beginning after June 15, 2018. Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for legally enforceable liabilities associated with the retirement of tangible capital assets. Examples of asset retirements covered under this standard are the decommissioning of a nuclear reactor or the dismantling and removal of sewage treatment plants as required by law. The University has not yet determined the effect that the adoption of GASB Statement No. 83 may have on its financial statements.

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

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

NOTE 14 UPCOMING PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 88 – The GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* which is effective for fiscal years beginning after June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The University has not yet determined the effect that the adoption of GASB Statement No. 88 may have on its financial statements.

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

NOTE 14 UPCOMING PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 90 - The GASB issued Statement 90, *Majority Equity Interest,* which is effective for fiscal years beginning after December 31, 2018. The objectives of this Statement is to define a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. Statement 90 establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit..

THE UNIVERSITY OF TOLEDO
REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

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

	2018		2017		2016		2015	
Schedule of Pension Contributions	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS
Statutorily required contribution	$ 13,178	$ 26,804	$ 13,431	$ 26,899	$ 13,162	$ 26,666	$ 13,840	$ 26,262
Contributions in relation to the actuarially determined contractually required contribution	$ 13,178	$ 26,804	$ 13,431	$ 26,899	$ 13,162	$ 26,666	$ 13,840	$ 26,262
Covered payroll	$ 82,939	$ 184,427	$ 85,062	$ 190,184	$ 83,566	$ 188,684	$ 85,403	$ 185,126
Contributions as a percentage of covered payroll	15.89%	14.53%	15.79%	14.14%	15.75%	14.13%	16.21%	14.19%

THE UNIVERSITY OF TOLEDO
REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	2018	
Schedule of OPEB Funding Progress	**STRS**	**OPERS**
Plan year end	Jun 30, 2017	Dec 31, 2017
University's proportion of the collective net OPEB liability:		
Percentage	0.87%	1.31%
Amount	$ 33,878	$ 142,066
University's covered payroll	$ 85,069	$ 184,052
University's proportionate share of the collective net OPEB liability as a percentage of covered payroll	39.82%	77.19%
Plan fiduciary net position as a percentage of the total OPEB liability	47.11%	54.14%

	2018	
Schedule of OPEB Contributions	**STRS**	**OPERS**
Statutorily required contribution	$ -	$ 293
Contributions in relation to the actuarially determined contractually required contribution	$ -	$ 293
Covered payroll	$ 82,939	$ 184,427
Contributions as a percentage of covered payroll	0.00%	0.16%

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
The University of Toledo
Toledo, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Toledo and the discretely presented component unit of The University of Toledo, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise The University of Toledo's basic financial statements, and have issued our report thereon dated October 15, 2018. The University is a component unit of the state of Ohio. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Board of Trustees
The University of Toledo

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Toledo, Ohio
October 15, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
The University of Toledo
Toledo, Ohio

Report on Compliance for Each Major Federal Program

We have audited The University of Toledo's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The University of Toledo's major federal programs for the year ended June 30, 2018. The University of Toledo's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, The University of Toledo complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Board of Trustees
The University of Toledo

Report on Internal Control Over Compliance

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Toledo, Ohio
October 15, 2018

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER				
FSEOG	84.007			591,403
Pell	84.033			23,254,689
Federal Workstudy	84.033			887,183
TEACH	84.379			179,067
Federal Direct Loans advances during fiscal year	84.268			129,285,802
Federal Perkins Loans outstanding balance at 07/01/2017	84.038			13,779,208
Federal Perkins Loans advances during fiscal year	84.038			1,552,724
				169,530,076
U.S. Department of Health and Human Services				
Disadvantaged Student Loans outstanding balance at 07/01/2017	93.342			197,511
Primary Care Loans outstanding balance at 07/01/2017	93.342			560,157
Primary Care Loans advances during the fiscal year	93.342			-
Nurse Faculty Loans outstanding balance at 07/01/2017	93.264	2 - E01HP12956		274,663
Nurse Faculty Loans advances during fiscal year	93.264	2 - E01HP12956		37,185
				1,069,516
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				170,599,592
RESEARCH AND DEVELOPMENT CLUSTER				
U.S. Department of Agriculture				
Biomonitoring of Nutritional and Environmental Stress in Plants	10.001	58-3607-4-026		44,854
Research Support Agreement-Acquisition of Goods and Services	10.001	58-5082-5-014		1,305
Analysis of mechanisms involved in induction of abiotic and biotic stress tolerance through nutrition and termperature	10.001	58-5082-6-012		152,283
Immune Evasion in Aquatic Rhabdoviral Pathogens	10.001	58-5090-6-057	33,297	126,439
Immune Evasion in Aquatic Rhabdoviral Pathogens	10.001	58-5090-6-057	32,936	63,279
Research Support Agreement-Acquisition of Goods and Services	10.001	58-5082-7-013		13,453
Industry Clusters and Location of Agriculture: Establishing a Theoretical Base for Economic Development Practice Pass Through From Rutgers University	10.310			7,583
Anti-Inflammatory and Anti-Oxidant Effects of Potato Anthocyanins -- Role of Gut Bacteria Pass Through From Pennsylvania State University	10.310	5831-UT-USDA-4512		8,158
Total U.S. Department of Agriculture				417,354
Economic Development Administration				
The University of Toledo Rocket Fuel Fund	11.020	ED17HDQ0200013		163,322
Total Economic Development Administration				163,322
National Oceanic and Atmospheric Administration				
Trace Element Uptake in Grass Carp Otoliths Pass Through From Ohio State University	11.417			24,753
Determining the Role of Urban Runoff in Harmful Algal Bloom Formation in the Western Lake Erie Basin Pass Through From Ohio State University	11.417	NA14OAR4170067		4,930
Development of Persistent, High-Resolution Remote Sensing of Cyanobacterial Distributions Pass Through From Ohio State University	11.417			10,000
Building Resilient Shorelines: Phase 2 Pass Through From Ohio Department of Natural Resources	11.419	NA14NOS490072	1,548	1,393
Building Resilient Shorelines: Phase 3 Pass Through From Ohio Department of Natural Resources	11.419		5,932	87,040
Building Resilient Shorelines: Phase 3 - Research and Development Collection Pass Through From Ohio Department of Natural Resources	11.419			12,795
Establishing Ecological Criteria and Thresholds for Monitoring Hydrologic Impacts on Old Woman Creek Wetland Funds Pass Through From Ohio Department of Natural Resources	11.419			39,061
Quantifying Nutrient Retention By Coastal Wetlands for Guiding Restoration and Management Pass Through From Ohio Department of Natural Resources	11.419			314
Linking process models and field experiments to forecast algal bloom toxicity in Lake Erie Pass Through From Ohio State University	11.478			18,689
Total National Oceanic and Atmospheric Administration				198,975
U.S. Department of Defense				
IDADSS II: Intelligent and Directed Antibiotic Decision Support System Pass Through From Aptima, Inc	12.000	#W81XWH-16-C-003		124,903
ACLAMATE II Automated Cognitive Load Assessment for Medical Staff Training and Evaluation Pass Through From Aptima, Inc	12.000	J-1856 1214-1856		34,940
Rapidly Deployable Solar Electricity and Fuel Sources	12.000			-
Fabrication of VO2 Thin Films on 6" Wafers at UT Pass Through From DRS Technologies	12.000			89,872

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YEAR ENDED JUNE 30, 2018

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
MPS Aerodynamic Configuration Refinements and Interaction Characteristics Tasks Pass Through From AVX Aircraft Company	12.000	W911W6-13-2-0004		30,401
Fatigue Properties of Aerospace Materials (Multiaxial Fatigue) Pass Through From Technical Data Analysis	12.000			20,062
Principled Design of an Augmented Reality Trainer for Medics Pass Through From Aptima, Inc	12.000	P-9997-517		44,749
New experiments towards understanding shock sensitivity of energetic materials	12.300	N00014-16-1-2058		148,980
Hybrid Solid and Gas Phase Deposition of Hydrogenated Silicon for Photovoltaics	12.300	N00014-15-1-0066	50,000	122,226
In Situ Investigations and Strategies for Addressing Extrinsic and Intrinsic Degradation Mechanisms in Perovskite Solar Cell Materials and Devices	12.300	N00014-17-1-2223		111,531
Development of Next Generation Physics and Circuit Simulation Gallium Nitride Power Transistor Models with Added Gate Reliability Analysis for Improved Normally Off Operation	12.300	N00014-16-1-3104		81,893
Shear Fatigue Properties for Aerospace Materials Pass Through From Technical Data Analysis	12.300	N68335-11-G-0033		62,611
Development of a Wearable Biomarker Sensing Platform Pass Through From Office of Naval Research	12.300	FA8650-15-2-6623		55,264
A Novel Nuclear Interaction between Androgen Receptor and TM4SF3	12.420	W81XWH-17-1-0263		272,491
Early Intervention to Reduce Alcohol Misuse and Abuse in the Ohio Army National Guard Pass Through From University Hospitals of Cleveland	12.420	RES509314		137,380
Pre-, Peri-, and Post-deployment Trajectories and Mechanisms of Psychopathology, Psychological Health and Resilience over 9 Years of Prospective Follow-up in the Reserves Pass Through From University Hospitals of Cleveland	12.420	W81XWH-15-1-0080		41,625
Scalable, Single Step Melt Processing of Anion Exchange Membranes	12.431	W911NF-17-1-0362		60,000
TRACR-T: Tool for Rapid Assessment of Cognitive Readiness in Teams Pass Through From Aptima, Inc	12.800	1151-1996		70,919
Multifunctional Oxide Heterostructures for RF and Memory Devices Pass Through From Dayton Area Graduate Studies Institute	12.800	RX3-UT-15-5		60,031
Lightweight Flexible Solar Cells	12.800	FA9453-11-C-0253	(9,230)	595,544
Episodic Memory Reconstruction for UAV Behavior Explanation Pass Through From Soar Technology	12.800			141,492
TRACR-T: Tool for Rapid Assessment of Cognitive Readiness in Teams Pass Through From Aptima, Inc	12.800	1151-1996		172,358
Total U.S. Department of Defense				2,479,272
U.S. Department of the Interior				
BLM Contract Solicitation L17PS00986: Production of PZP-22 Contraceptive Vaccine	15.229	L17PS00986		156,228
Electrospun Delivery to Enhance the Effectiveness of Immunocontraception Strategies in Equids Pass Through From Ohio State University	15.229	L15AC00146		22,430
Nature Conservancy Bird Surveys Pass Through From Nature Conservancy	15.611			21,012
Distribution, Density, and Demography of Spotted Turtles, Eastern box Turtles, and Red-Headed Woodpeckers in Oak Openings of Ohio and Michigan Pass Through From Ohio Department of Natural Resources	15.634			49,201
Distribution, Density, and Demography of Spotted Turtles, Eastern box Turtles, and Red-Headed Woodpeckers in Oak Openings of Ohio and Michigan Pass Through From Michigan Department of Natural Resources	15.634			34,728
Enhancement of Turtle Recruitment in the Kalamazoo River Pass Through From U.S. Fish and Wildlife Service	15.658			78,284
Determining the contribution of Maumee River fisheries production to western Lake Erie stocks	15.808	G14AC00030		151,374
Food-web linkages between nearshore and offshore Lake Michigan (CSMI 2015)	15.808	G15AC00010		1,471
Assessment of Riverine Habitat Restoration in the St. Clair-Detroit Rivers System	15.808	G15AC000420		3,091
Vegetation Surveying in Support of Grass Carp Spawning Potential in the Sandusky River Basin	15.808	G15AC00310		16,276
Examination of Factors Influencing Lake Whitefish Recruitment in the Detroit River and Western Lake Erie	15.808	GI6AC00345		58,806
Linking Fish to Lower Trophic Level Variability in Lake Huron (CSMI 2017)	15.808			60,047
Vegetation Surveying in Support of Grass Carp Spawning Potential in the Sandusky River Basin	15.808			58,495
Modeling the Response of Fish and Benthic Invertebrate Responses to Changes in Stream Flow and Land Use in the Cape Fear And Yadkin/Pee Dee River Basins	15.808	G17AC00271		15,741
Ichthyoplankton Community Ecology and Distribution in Lake St. Claire	15.808			47,340
Mapping the Burnside, MI 7.5' Quadrangle	15.810	G17AC00132		16,167
Total U.S. Department of the Interior				790,691

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YEAR ENDED JUNE 30, 2018

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
U.S. Department of Justice				
Center for Student Advocacy & Wellness Pass Through From Ohio Attorney General	16.575	2018-VOCA-109310273		118,624
Center for Student Advocacy & Wellness Pass Through From Ohio Attorney General	16.575	2017-VOCA-43555956		83,338
Center for Student Advocacy & Wellness Pass Through From Ohio Attorney General	16.575	2016-VOCA-22895871		(2,928)
Total U.S. Department of Justice				199,034
National Aeronautic Space Administration				
A Snapshot WFC3 IR Survey of Spitzer/Hershel-Identified Protostars in Nearby Molecular Clouds	43.000			22,246
W014- TBD Pass Through From Vantage Partners, LLC	43.000	W014 VPL-15-018		66,218
Additive Manufacturing of NiTiHf High Temperature Shape Memory Alloys	43.000	NNC16VA75P		38,357
WFC3 Spectroscopy of Faint Young Companions to Orion Young Stellar Objects	43.001	HST-GO-13763.001-A		3,729
Contract NAS2-97001 Cycle Four General Investigator (GI) Research Proposal for the Stratospheric Observatory for Infrared Astronomy (SOFIA) Project Pass Through From Universities Space Research Association	43.001	NAS2-97001		33,941
The Next Generation of Numerical Modeling in Mergers-Constraining the Star Formation Law Pass Through From Space Telescope Science Institute	43.001	HST-AR-12120.005-A		11,653
Are Runaway O-Star Bow Shocks Able to Accelerate Cosmic Rays? Pass Through From Smithsonian Astrophysical Observatory	43.001	NAS8-03060		3,675
iSHELL DRP Completion Pass Through From University of Hawaii	43.001	Z10154230		22,315
Observing the Formation of Disks: ALMA and HST observations of Edge-On Protostars	43.001	NNX14AD23G		22,282
Legacy HETG Spectrum of a Massive Star: Zeta Pup Pass Through From Smithsonian Astrophysical Observatory	43.001			1,769
Mission Earth: Fusing GLOBE with NASA Assets to Build Systemic Innovation in STEM Education	43.001		702,333	1,167,035
Mission Earth: Fusing GLOBE with NASA Assets to Build Systemic Innovation in STEM Education	43.001			21,909
Meeting: Support of Student Participation in the 2017 International Congress on Membranes and Membrane Processes, July 29-August4, 2017, San Francisco, CA	43.001	1745768		10,000
Analysis and Testing of Advanced Materials and Structures (85T.08) Pass Through From Universities Space Research Association	43.001	NNC13BA10B		55,991
H-alpha LEGUS: Unveiling the Interplay Between Stars, Star Clusters, and Ionized Gas	43.001	HST-GO-13773.001-A		4,195
Planet Occurrence around Mid-M Dwarfs in the Kepler Field	43.001	RSA 1580638		589
The Nature of the Current Outburst of the Be Star HD 6226	43.001			26,887
Constructing a Phase Diagram for the Interstellar Medium through the Analysis of O I Fine-Structure Excitations Pass Through From Space Telescope Science Institute	43.001			6,233
Infrared Abundances and the Chemical Enrichment of the Universe	43.001			873
Taming the Tepid Three	43.002			11,591
Planet Occurance Rate around Mid-M Dwarfs in the Kepler Field	43.002			8,680
Advanced Aerospace Seals Research Pass Through From Universities Space Research Association	43.002	NNC13BA10B_13TA85T.0		51,063
Microstructural Analysis and Structure Property Relationships in Advanced Metallic Materials Pass Through From Universities Space Research Association	43.002	NNC13BA10B 04555.13T		71,619
Analysis and Testing of Advanced Materials and Structures (85T.08) Pass Through From Universities Space Research Association	43.002	NNC13BA10B_04555.13T		62,667
Aeroelastic Analysis for Boundary Layer Ingesting Inlet-Fan Pass Through From Universities Space Research Association	43.002	04555.13TA85T.06.00.		52,268
Analysis for Future Aircraft Propulsion Systems Pass Through From Universities Space Research Association	43.002	NNC13BA10B 04555.13T		50,020
Extended Durability of Materials in Aerospace Propulsion and Power Systems Pass Through From Universities Space Research Association	43.002	04555.13TA85T.05.00.		57,325
High Temperature Materials and Coatings for Extreme Environments - OY3 Pass Through From Universities Space Research Association	43.002	04555.13TA85T.18.00.		44,498
Development of Computed Tomography and Digital Radiography for Aerospace Materials and Facilities Operations Pass Through From Universities Space Research Association	43.002	NNC13BA10B		39,116
Advanced Aerospace Seals Research for Reimbursements Interagency Agreement With DARPA-OYr4 Pass Through From Universities Space Research Association	43.002	04555.13TA91T28.00.C		16,764
Advanced Aerospace Seals Research for Reimbursable task Plan with Sierra Nevada Pass Through From Universities Space Research Association	43.002	04555.13TA91T.31		17,278

THE UNIVERSITY OF TOLEDO
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YEAR ENDED JUNE 30, 2018

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
Ohio Space Grant Consortium (OSGC) Scholarships and Fellowships for Fellowships for 2006-2007 to University of Toledo	43.002			16,850
Herschel OT2 Combined: After the Fall: Probing Dust and Gas...; The Mass and Structure of Molecular Gas in the Small Megellanic Cloud...	43.002	1454672		(66)
Brown Dwarf and Exoplanet Weather Forecasts: Are Y Dwarfs Partly Cloudy? Pass Through From Jet Propulsion Laboratory	43.002	1472480		34,108
Completing the Census of Ultracool Brown Dwarfs in the Solar Neighborhood using HST/WFC3	43.002	HST-G0-12970.02-A		11,729
Origin of massive outer gas reservoirs in early-type galaxies	43.002	1476005		(226)
Towards a Resolution of Uncertainties in Calibrating Nebular Abundances	43.002	1489001		(458)
Broad (OI) in Outflows: The GREAT Observations of Orion Protostars Pass Through From Universities Space Research Association	43.002	NAS2-97001		1,148
Plant Occurence around Mid-M Dwarfs in the Kepler Field	43.002	RSA 1532435 - 15B-0280/85, RSA 153		(1,655)
Planet Occurrence around Mid-M Dwarfs in the Kepler Field	43.002	RSA 1546069		10,802
Planet Occurrence around Mid-M Dwarfs in the Kepler Field	43.002	RSA 1559606		14,707
HST/WFC3 Spectroscopy of < 400 AU Companions to Orion Young Stellar Objects	43.002	HST-GO-14709.003-A		42,283
WFC3 Imaging of 24 micron Dopout Protostars in Orion	43.002	HST-GO-14695.001-A		16,819
Exploring Far-IR Abundance Diagnostics in Nearby Galaxies Pass Through From Universities Space Research Association	43.002			8,594
A Hard Look at the Colliding Winds in the gamma Velorum system	43.002	78249		21,382
Hyperspectral Imager Atmospheric Correction	43.002	NNC15MF73P		17,364
Development of Advanced Computational Tools for the Simulation of Multistage Turbomachinery in Support of Aeropropulsion Pass Through From Vantage Partners, LLC	43.002	NNC12BA01B		432,678
Turbomachinery Computational Aero-Acoustics (CAA) Pass Through From Vantage Partners, LLC	43.002	NNC12BA01B VPL-12-05		78,442
Turbomachinery Computational Aero-Acoustics (CAA) Pass Through From Vantage Partners, LLC	43.002	NNC12BA01B VPL-12-05		60,031
Development of Ceramic Processing Methods for Aerospace Applications Pass Through From Universities Space Research Association	43.002			168
Advanced Aerospace Seals Research Pass Through From Universities Space Research Association	43.002	NNC13BA10B		43,904
Analysis for Future Aircraft Propulsion Systems Pass Through From Universities Space Research Association	43.002	NNC13BA10B 04555.13T		48,634
Microstructural Analysis and Structure-Property Relationships in Advanced Metallic Materials Pass Through From Universities Space Research Association	43.002	NNC13BA10B 04555.13T		70,717
Extended Durability of Materials in Aerospace Propulsion and Power Systems Pass Through From Universities Space Research Association	43.002	NNC13BA10B		61,419
Development of Computer Tomography and Digital Radiography for Aerospace Materials and Facilities Operations Pass Through From Universities Space Research Association	43.002	NNC13BA10B		38,432
Aeroelastic Analysis for Boundary Layer Ingesting Inlet-Fan Pass Through From Universities Space Research Association	43.002	NNC13BA10B		51,352
Development of Ceramic Processing Methods for Aerospace Applications Pass Through From Universities Space Research Association	43.002			43,175
Advanced Aerospace Seals Research for Reimbursements Interagency Agreement With DARPA-OYr3	43.002			41,348
Advanced Aerospace Seals Research Pass Through From Universities Space Research Association	43.002	Task 85T.01		107,597
Analysis for Future Aircraft Propulsion Systems Pass Through From Universities Space Research Association	43.002	85T.07		60,817
Advanced Aerospace Seals Research for Reimbursements Interagency Agreement With DARPA-OYr3 Pass Through From Universities Space Research Association	43.002	04555.13TA91T.28.00C10		68,127
Microstructural Analysis and Structure Property Relationships in Advanced Metallic Materials Pass Through From Universities Space Research Association	43.002			142,200
Extended Durability of Materials in Aerospace Propulsion and Power Systems Pass Through From Universities Space Research Association	43.002			116,985
Analysis and Testing of Advanced Materials and Structures (85T.08) Pass Through From Universities Space Research Association	43.002			124,736
Development of Computed Tomography and Digital Radiography for Aerospace Materials and Facilities Operations Pass Through From Universities Space Research Association	43.002	85T.23		78,279
Aeroelastic Analysis for Boundary Layer Ingesting Inlet-Fan Pass Through From Universities Space Research Association	43.002	85T.06		148,752

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
High Temperature Materials and Coatings for Extreme Environments - OY3 Pass Through From Universities Space Research Association	43.002	04555.13TA85T.18.00.		89,050
Modeling the dust formation and detecting PAHs around carbon-rich WR binaries	43.002			2,965
A Spitzer/HST Case Study of Weather on a Y Dwarf	43.003	HST-GO-14052.001-A		174
A Multiwavelength Study of the Nature of Diffuse Atomic and Molecular Gas Pass Through From Space Telescope Science Institute	43.003	HST-GO-14173.001-A		3,044
Microgravity Crystal Growth for Improvement in Neutron Diffraction and the Analysis of Protein Complexes Pass Through From Center for the Advancement of Science in Space	43.007	GA-2017-251		132,933
Total National Aeronautic Space Administration				4,242,126
National Science Foundation				
DMREF: Collaborative Research: Hard Coating Synthesis	47.041	1629239		41,929
EAGER: TDM Solar Cells: Exploration of high open-circuit voltage and stable wide-bandgap Cu2BaSnS4 top cell for monolithic tandem cell applications	47.041	1665028		116,215
EAGER TDM Solar Cells: Towards Low Cost Manufacturing of 30% Monolithic Perovskite/CuInSe2 Tandems with Solution Processing and Novel Carbon Nanotube Tunnel Junctions	47.041	1665172		145,832
Role of Small Angle Grain Boundaries in CdTe Solar Cell Performance	47.041	NSF 1711534		68,916
APS Conference for Undergraduate Women in Physics II Pass Through From American Physical Society	47.041			16,516
I-Corps: Beneficial reuse of water treatment spent lime	47.041	IIP1663255		6
I-Corps: 3-Dimensional Data Output from Remote Sensing Derived Algorithms	47.041	1741462		30,164
CAREER: Photodirected Assembly of Custom-Designed Polyelectrolyte Complexes	47.041	CBET-1150908		42,174
Simultaneous Isomerization and Reactive Extraction of Biomass Sugars for High Yield Production of Ketone Sugars	47.041	CBET-1236708		64,518
Simultaneous Isomerization and Reactive Extraction of Biomass Sugars for High Yield Production of Ketone Sugars	47.041	CBET-1236708		2,120
PFI:AIR - TT: Low Cost Method for Harvesting Algal Biomass from Dilute Cultures	47.041	1500256		55,939
PFI:AIR - TT: High Yield Production of Furans from Biomass Hydrolysates using a Hybrid Enzyme- and Chemo-catalytic Technology	47.041	1500273		68,787
PFI:AIR - TT: High Yield Production of Furans from Biomass Hydrolysates using a Hybrid Enzyme- and Chemo-catalytic Technology	47.041	1500273		6,395
Multifunctional Underwater Sealant with Long-Term Sustained Release Functionality	47.041	1701104		29,480
Understanding the Role of Biofilm on Disinfection By-Product Formation and Fate in the Water Distribution System	47.041	CBET - 1236433		12,459
Collaborative Research: Analysis of Decentralized Harvested Rainwater Systems using the Urban Water Infrastructure Sustainability Evaluation (uWISE) Framework	47.041	CBET-1236660		5,342
GOALI/Collaborative: Engineering Biofilm Dynamics for Cyanotoxins in Biological Water Treatment	47.041	CBET1605185		50,443
I Corps Phase State Water Sensor	47.041	1738721		18,258
CM/Collaborative Research: Cloud MEMS: Cybermanufacturing of Micro-Electro-Mechanical Systems	47.041	CMMI 1643941		78,606
I-CORPS: Bio-Inspired Predictive Engineering Analysis Tool	47.041	1737815		16,675
PFI: AIR Technology Translation - A Microwave Assisted Biomimetic Coating Technology for Polymer Implants	47.041	IIP-1312211		688
I-Corps: Addressing Pulmonary Embolism with QuickFlow PE	47.041	1612607		14,878
Collaborative Research: Research Initiation: Factors Affecting Underrepresented Minority Student Success and Pathways to Engineering Careers at Majority and Minority Institutions.	47.041	1640553		47,151
Next Generation Ca-P Cements for Treating Vertebral-Body Fractures	47.041			115,869
I-CORPS: Diagnostic Tool and Mechanism for Evaluating Performance and Productivity	47.041	1719463		13,142
I-Corps Teams: Novel Smart Meters with Built-in Self-Test and Hardware Security	47.041	IIP1646723		11,448
I:/URC: Technolgy Innovation for Novel Cost-reducing and Qualitiy Enhancing Musculskeletal Therapies	47.041	IIP-1361977		61,544
I:/URC: Technolgy Innovation for Novel Cost-reducing and Qualitiy Enhancing Musculskeletal Therapies	47.041	IIP-1361977		5,573
I-Corps: Decision Support System For Risk Reduction in Health Care Facilities	47.041	1735683		2,487
I-Corp Node: Activating the Midwest I-Corps Network Pass Through From University of Michigan	47.041	3004362736		53,201

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Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
I-Corps: Computational Systems to Deliver Proper Injectable Treatments	47.041	1749053		47,065
NSF I-Corps: New Catalysts for Chemicals Production	47.041	IIP 1654932		19,870
NSF/DOE Solar Hydrogen Fuel: New metal oxides for efficient hydrogen production via solar water splitting	47.041	CBET-1433401		173,472
Understanding the Role of Biofilm on Disinfection By-Product Formation and Fate in the Water Distribution System	47.041	CBET - 1236433		2,910
GOALI/Collaborative: Engineering Biofilm Dynamics for Cyanotoxins in Biological Water Treatment	47.041	CBET1605185		2,667
University of Toledo - Proposal for NSF I Corps Site at The Bancroft Innovators Center	47.070	CNS-1322026		6,069
The UT3 Noyce Scholarship Program	47.076	DUE-0733767		(17,285)
Collaborative Research: Training Next Generation Faculty and Students to Address the Infrastructure Crisis	47.076	1323341		6
EXperiences in STEM and Computational Thinking: Improving Teaching and lEarning (EXCITE)	47.076	1741784		24,987
Networking Urban Resources with Teachers and University to enRich Early Childhood Science	47.048	DUE-1102808		65,922
Collaborative Research: Variable Circumstellar Disks: Prevalence, Timescales, and Physical Mechanisms	47.049	AST-1412135		70,961
The Birth and Death of Stellar Clusters: Uncloaking the Roles of Stars, Gas, and Physical Environment in Nearby Galaxies	47.049	1517819		118,918
NRAO Student Observing Support Award for Nicole Karnath Pass Through From National Radio Astronomy Observatory	47.049	AST-0836064		5,602
Stereoselective Construction of Difficult Glycosidic Linkages	47.049	1464787	24,795	101,015
SEP: Earth-abundant solar cells as a sustainable solar energy pathway	47.049	CHE-1230246	19,084	74,194
REU Site: Research Experiences for Undergraduates in Physics and Astronomy at The University of Toledo	47.049	PHY-1262810		11,753
Quantum theories of fundamental atomic and molecular processes and their applications	47.049	PHY-1306407		1,776
Simulating Non-equilibrium Processes over Extended Time- and Length-Scales using Parallel Accelerated Dynamics	47.049	R-121522-04-A2		35,995
DMREF: SusChEM: Collaborative Research: Rapid Design of Earth Abundant Inorganic Materials for Future PV's	47.049	1534686		47,192
Quantum Theories of Fundamental Atomic and Molecular Interactions and their applications	47.049	PHY 1607256		27,974
SEP Collaborative: Alkaliphilic microalgae-based sustainable & scalable processes for renewable fuels and products	47.049	CHE-1230609		225,002
Collaborative Research: Winter snow depth as a driver of microbial activity, nutrient cycling, tree growth and treeline advance in the Arctic	47.050	1503939		75,080
Collaborative Research: Winter snow depth as a driver of microbial activity, nutrient cycling, tree growth and treeline advance in the Arctic	47.050	1503939		46,798
Collaborative Research: Gene Diversity of the VHS Fish Virus: Evolution of Cellular Immune Response and Pathogenesis	47.074	IOS-1354806	47,555	99,751
I-Corps: Wormbusters: Improving Agricultural Yields	47.074	1640102		(591)
Topic II: NSF I-Corps Site at The University of Toledo	47.041	1644631		35,114
RESEARCH - PGR: Elucidating Maize Gene Regulatory Networks to Accelerate Translational Genomics Pass Through From Michigan State University	47.074			36,218
REU Site: Undergraduate Research and Mentoring-Using the Lake Erie Sensor Network to Study Land-Lake Ecological Linkages	47.074	1461124		1,704
REU Site: Undergraduate Research and Mentoring-Using the Lake Erie Sensor Network to Study Land-Lake Ecological Linkages	47.074	1461124		39,623
08152017Molecular basis of plant parasitism by a galling insect	47.074			161,507
Plant perception of insect herbivoreres includes leaf vibrations caused by chewing. Pass Through From University of Missouri-Columbia	47.074			14,611
Developing problem solving skills using student-generated problems that reverse engineer YouTube videos	47.076	1712186		68,153
NURTURES Phase II: Expansion and Evaluation	47.076	1721059	28,411	554,902
EXperiences in STEM and Computational Thinking: Improving Teaching and lEarning (EXCITE)	47.076	1741784	30,000	352,663
UT3 Noyce Scholarship Plus	47.076	DUE-1339954		5,278
The Northern Ohio Alliance for Advancing Graduate Education in the Professoriate	47.076	1432878		33,701
The Northern Ohio Alliance for Advancing Graduate Education in the Professoriate	47.076	1432878		29,581
NURTURES Phase II: Expansion and Evaluation	47.076	1721059		46,580
Collaborative Research: IRES: Life Cycle Management and Ecosystem Services Applied to Urban Agriculture	47.079	OISE 1559394		7,691
Collaborative Research: IRES: Life Cycle Management and Ecosystem Services Applied to Urban Agriculture	47.079	OISE 1559394	2,400	36,060
Total National Science Foundation				3,887,244

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
U.S. Environmental Protection Agency				
Indoor Radon Pass Through From Ohio Department of Health	66.032			12,827
Radon Web Site Pass Through From Ohio Department of Health	66.032	04840022IR1017		14,450
Stormwater Management at Multi-Family Housing Sites in Urban Toledo	66.440	UW00E01997-0	5,000	25,837
Maumee AOC, Wolf Creek: Passive Treatment Wetland to Improve Nearshore Health and Reduce Nonpoint Source Pollutants	66.469	GL-00E00823-0		(81)
Invasive Invertebrate Species Prevention, Detection, and Control: A New Next Generation Sequencing Assay	66.469	GL-00E01289-0	102,250	164,477
Invasive Species Prevention from Retailers via Metagenetics, Supply Chains, and Public/Stakeholder Engagement	66.469	GL 00E01898	32,711	112,552
Lake Erie Bathing Beach Monitoring Pass Through From Ohio Department of Health	66.472	CU-00E52606		10,074
Lake Erie Bathing Beach Monitoring Pass Through From Ohio Department of Health	66.472			4,436
The University of Toledo Pollution Prevention Grant Proposal	66.708	NP00E02052	33,285	93,047
Total U.S. Environmental Protection Agency				437,619
U.S. Department of Energy				
Neutron Diffraction Studies of PLP Dependent Enzymes Pass Through From Battelle	81.000	DE-AC05-00OR22725		42,496
Ultra high-efficiency and low-cost halide perovskite-based thin-film solar cells Pass Through From Alliance for Sustainable Energy LLC	81.000	DE-AC36-08GO28308		125,484
Optical Evaluation of Photovoltaic Module Materials for Thermal Management Pass Through From Alliance for Sustainable Energy LLC	81.000	DE-AC36-08GO28308		56,269
Northern Ohio Building-to-Grid Integration Demonstration Project Pass Through From Pacific Northwest National Laboratory	81.000	323688		357,066
Integrating and Optimizing Red Rock Biofuels' Feedstock Handling & Feed Systems Using State-of-the-Art Computational Tools Pass Through From Alliance for Sustainable Energy LLC	81.000	NGZ-8-82127-01		6,773
Experimental Electron Density Distribution in Actinide Compounds - an Experimental Atoms in Molecules Approach	81.049	DE-SC0012403		128,870
High-Performance Perovskite-Based Solar Cells Pass Through From Duke University	81.087	DE-EE0006712		137,943
Crosscutting Recombination Metrology for Expediting VOC Engineering Pass Through From Texas State University	81.087	17003-82647-1		64,826
Monolithically Integrated Thin-Film/Silicon Tandem Photoelectrodes for High Efficiency and Stable Photoelectrochemical Water Splitting. Pass Through From University of Michigan	81.087			18,176
Integration of Nutrient and Water Recycling for Sustainable Algal Biorefineries	81.087	DE-EE0005993	79,136	128,542
High Sensibility Mapping of Stress via Anistropic Optics for Improved PV Manufacturing Pass Through From Stanford University	81.087	DE-EE0004946		(177)
Growth, heat treatment, and theory of CdTe thin films Pass Through From Battelle	81.089	DE-AC05-00OR22725		(2,696)
Total U.S. Department of Energy				1,063,572
U.S. Department of Education				
GeoGebra and Differentiated Instruction to Enhance Teaching and Learning of Mathematics Pass Through From Ohio Department of Higher Education	84.367	S367B160030-16A		66,394
Making Connections: Preparing Teachers to Integrate STEM Pass Through From Ohio Department of Higher Education	84.367	15-44		5,400
Making Connections: Preparing Teachers to Integrate STEM Pass Through From Ohio Department of Higher Education	84.367	16-35		(8,956)
Making Connections: Preparing Teachers to Integrate STEM Pass Through From Ohio Department of Higher Education	84.367	16-35		5,517
Total U.S. Department of Education				68,355
U.S. Department of Health and Human Services				
National Institutes of Health				
Parent Site: Case Comprehensive Cancer Center Pass Through From Case Western Reserve University/Case Medical Center	93.395			975
Identification of novel inhibitors of a Vibrio cholerae stress response pathway	93.000	R01 - HD - 075928		382
Genetic Elements Controlling Blood Pressure Pass Through From National Institutes of Health	93.000	5 - R01 - HL - 020176		324,490
Catheter Ablation Versus Antiarrhythmic Drug Therapy for Atrial Fibrillation Trial (CABANA Trial) Pass Through From Duke University	93.000			2,309
Task Order #4 Colistin DMIM 10-0082 PK (CRM)	93.000	HHSN272200800026C		24,389

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
Work Order 2 DMID STD STI Pass Through From Clinical Research Management, Inc	93.000	HHSN2722013000131		24,589
Phase 1 Open Label Trial of the Safety, Tolerability, and Genitourinary and Pharyngeal Pharmacokinetics of Solithramycin Pass Through From Clinical Research Management, Inc.	93.000	Task Order 008-13-00		148,241
Task Order 007 - Cefixime NIAID - DMID 12-0025	93.000	HHSN272200800026C		218,850
Computational Models for Fracture Prediction in Growing Rods Implanted in Pediatric Scoliotic Spines	93.103	HHSF223201610591P		71,726
Novel Role for B-defensin 3 in the Regulation of Innate Lymphocytes and Oral Mucosal Immune Responses	93.121	R15DE026898		113,689
Multifunctional bone putty for craniomaxillofacial bone repair	93.121	R01 - DE - 023356		313,268
Multifunctional bone putty for craniomaxillofacial bone repair	93.121	R01 - DE - 023356		10,462
NIDCD-R03 Pass Through From National Institutes of Health	93.173	R03 - DC - 013396		(225)
Cellular Mechanisms of Age Related Hearing Loss Pass Through From National Institutes of Health	93.173	4 - R01 - DC - 016037		193,238
2702Evaluation of a Standard Acquisition Charge Model for Kidney Paired Donation Pass Through From National Institutes of Health	93.226	R18 - HS - 020610	126,871	122,830
Neurobehavioral Moderators of Post-traumatic Disease Trajectories: Prospective MRI Study of Recent Trauma Survivors Pass Through From New York University	93.242	13-A-00-001751-01		6,480
Study of early brain alterations that predict development of chronic PTSD Pass Through From National Institutes of Health	93.242	R01 - MH - 110483	27,294	506,190
CO2 Inhalation enhances the lability of fear memory	93.242	1 - R01 - MH - 113986		75,429
UAV use in Reducing Hazards for Firefighters During Emergency Response Pass Through From University of Cincinnati	93.262			(3,627)
Industrial hygiene air sampling/analysis of microcystin in Lake Erie region Pass Through From University of Cincinnati	93.262			(81)
Well-being of youth caregivers and its effect on pursuing a career in geriatrics Pass Through From University of Cincinnati	93.262			7,600
In Vivo Photoaffinity Labeling Using Casper Zebrafish for Target Identification Pass Through From National Institutes of Health	93.279	1 - R03 - DA - 045833		30,546
Tool Building to Inform Structure-Functions Relationships in the Autonomic Nervous System	93.310	5 - U18 - EB - 021790		(2,362)
Anatomical-Functional Mapping of Enteric Neural Circuits	93.310	3 - OT2 - OD - 023859	983,977	1,793,109
Anatomical-Functional Mapping of Enteric Neural Circuits	93.310	3 - OT2 - OD - 023859	383,819	822,792
Development of novel approaches for steroelective construction of glycosidic linkages Pass Through From University of California - Santa Barbara	93.310	KK1807-1U01GM125289-		303,560
Improved Methods for Synthesis of Biomedically Relevant Carbohydrates Pass Through From Wayne State University	93.310	WSU17107/1U01GM12527		201,458
Resource for Rat Genetic Models of Aerobic Capacity	93.351	7 - P40 - OD - 021331		237,724
Interplay between Dietary Fiber and Gut Microbiota in Hepatocellular Carcinoma	93.393	7 - R01 - CA - 219144		161,172
TRIP13 AAA-ATPase overexpression in chromosomal instability and breast cancer Pass Through From National Institutes of Health	93.393	3 - R01 - CA - 169500		334,672
TRIP13 AAA-ATPase overexpression in chromosomal instability and breast cancer Pass Through From National Institutes of Health	93.393	3 - R01 - CA - 169500		92,131
Validation of LCRT Biomarker in Prospective Cohort Study by PRoBE Design-EDRN Pass Through From Fred Hutchinson Cancer Research Center	93.394	: 0000921356		40,501
Development of Novel Inducers of Non-Apoptotic Cell Death to Target Glioblastoma Pass Through From National Institutes of Health	93.395	R01 - CA - 115495		5,125
MicroRNAs Modulate Therapy Resistance in Prostate Cancer Pass Through From National Institutes of Health	93.395	7 - R21 - CA - 202404		38,489
Novel Ferroptotic Compounds to Target Mesenchymal Breast Cancer and Cancer Stem Cells Pass Through From National Institutes of Health	93.395	1 - R15 - CA - 213185		39,865
Mechanisms Driving Cortical Cytoskeleton Dynamics in Cancer Cell Invasion	93.396	R01 - CA - 151632		(2,656)
RhoG Signaling in Invadopodia Pass Through From National Institutes of Health	93.396	1 - R21 - CA - 194776	17,106	158,617
Regulation of Invadopodia Formation by RhoG Specific GEFs and GAPs Pass Through From National Institutes of Health	93.396	1 - R15 - Ca - 199101	6,860	197,328
A Novel RhoG Protein Interaction Network in Invadopodia Pass Through From National Institutes of Health	93.396	R03 - 5R03CA197227-02	8,130	37,416
Regulation of MLK3 by Oxidative stress in colon cancer cells Pass Through From National Institutes of Health	93.396	1 - R15 - CA - 199164		112,645
An epigenetic link from CXCL12-CXCR4 axis through nuclear LASP-1 in breast cancer Pass Through From National Institutes of Health	93.396	R21 - CA - 202176	2,200	50,988
Potential Role of the Novel Angiopoietin-like Protein RIFL/Angptl8 in Hepatocellular Carcinoma Pass Through From National Institutes of Health	93.396	1 - R03 - CA - 216153		40,961
MEDTAPP Healthcare Access (HCA) Initiative Community Health Worker Program	93.778	OMD201609	15,000	21,596
Innovative Models for Mechanistic Studies of Novel Hypertension Genes	93.837	R01 - HL - 112641		(7,524)
CEACAM1: A link between metabolic and cardiovascular diseases	93.837	R01 - HL - 112248		(25,894)
PROspective Multicenter Imaging Study for Evaluation of Chest Pain (PROMISE Trial) Pass Through From Duke University	93.837	R01 - HL - 098237		2,232
Na/K-ATPase reduction in renal disease-related caridac dysfunction	93.837	R01 - HL - 105649		53,631

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
Antioxidant-PPARalpha interaction reduces adiposity	93.837	5 - K01 - HL - 125445		180,728
Non-coding Variants of Angiotensinogen Gene and Hypertension	93.837	1 - R01 - HL - 130344		(25,917)
Novel Roles of the TRPC3 Channel in Macrophage Functions: Implications in Atherosclerosis Pass Through From National Institutes of Health	93.837	1 - R56 - HL - 125619		233,986
Non-coding Variants of Angiotensinogen Gene and Hypertension Subcontract from New York Medical College (Dr. Kumar) Pass Through From New York Medical College	93.837	Sub122781		32,978
Counter Regulatory Mechanisms of Cardiotonic Steroids in Cardio-Renal Syndrome Pass Through From National Institutes of Health	93.837	1 - R01 - HL - 137004		438,818
Primary cilia dysfunction and cardiovascular complications in Polycystic Kidney Disease	93.837	1 - R15 - HL - 140523		82,391
ELANE and CSF3R Mutations in Severe Congenital Neutropenia	93.839	1 - R15 - HL - 112183		(4,146)
In vivo role of platelets in bacterial blood infection	93.839	R01 - HL - 122401		304,696
Gfi1-mediated inhibition of the cytostatic effect of TGPb in the hematopoietic system Pass Through From National Institutes of Health	93.839	R15HL135695		37,219
Role of complement regulator properdin in the interaction between platelets and leukocytes Pass Through From National Institutes of Health	93.839	R01 - HL - 112937	10,810	349,669
Myocardial Ischemia and Transfusion (MINT) Pass Through From Rutgers University	93.839	MINT		22,170
B. burgdorferi motility and chemotaxis in the development of Lyme disease Pass Through From East Carolina University	93.846	A12-0090-001		(9,501)
ICAM-1 in Augmenting Skeletal Muscle Growth Pass Through From National Institutes of Health	93.846	1 - R15 - AR - 064858		71,575
Multi-faceted Approach to Modeling ACL Injury Mechanisms Pass Through From Mayo Clinic	93.846			119,314
Role of JAK2-PAK1 Interaction in Prolactin-Dependent Signaling	93.847	R01 - DK - 088127		63,263
Chemotaxis to islets based on cellular insulin receptor expression	93.847	R15 - DK - 103196		73
Evaluating the role of Exogenous administration of micro RNA 29b to prevent Chronic Kidney Disease induced cardiac Fibrosis Pass Through From National Institutes of Health	93.847	F32 - DK - 104615		(1,711)
Molecular characterization of novel insulin sensitizers Pass Through From Scripps Research Institute	93.847	R01 - DK - 105825		210
Molecular characterization of novel insulin sensitizers Pass Through From Scripps Research Institute	93.847	R01 - DK - 105825		(30,632)
Molecular characterization of novel insulin sensitizers Pass Through From Scripps Research Institute	93.847	R01 - DK - 105825		224,618
The Melanocortinergic Pathway in Glomerular Disease Pass Through From Rhode Island Hospital	93.847			5,090
Nuclear Receptor Chaperones in Signaling and Metabolism	93.847	1 - R56 - DK - 111826		51,662
Optimization and Simulation of Kidney Paired Donation Programs Pass Through From University of Michigan	93.847	R01 - DK - 093513		43,361
The Melanocortinergic pathway in glomerular disease	93.847	5 - R01 - DK - 114006		142,288
Platelet-Oriented Inhibition in New TIA Pass Through From Emmes Corporation	93.853	U01 - NS - 06285		975
A Multi-Center, Double-Blind, Randomized Study Comparing the Combined Use of Interferon Beta-1a and Glatiramer Acetate to Either Agent Alone in Patients with Relapsing Remitting Multiple Sclerosis (CombiRx-Phase III) Pass Through From Mount Sinai School o	93.853	1 - U01 - NS - 045719		28,391
Paralysis of Nematode Parasites Pass Through From National Institutes of Health	93.855	R15 - R15AI109573		92,152
Novel role of RNA signaling in cross-talk between autophagy and apoptosis Pass Through From National Institutes of Health	93.855	1 - R15 - AI - 119980		36,181
Intravital assessment of B. burgdorferi immune clearance in skin Pass Through From National Institutes of Health	93.855	R01 - AI - 121970	26,914	474,636
Understanding trehalose synthesis and utilization in mycobacteria	93.855	R01 - AI - 105084		46,489
Understanding trehalose synthesis and utilization in mycobacteria	93.855	R01 - AI - 105084		82,546
The Mechanism of Pericentriolar Material Assembly During Centrosome Biogenesis	93.859	R01 - GM - 098394		19,727
Regulation of the Mitotic Checkpoint by Gsk3 Pass Through From National Institutes of Health	93.859	R15GM120712		60,949
Synthesis of Glycopeptide-based Cancer Antigen Vaccines Pass Through From National Institutes of Health	93.859	R15 - GM - 094734		87,481
Physiological effects of FKBP51 and FKBP52 variants Pass Through From Health Research, Inc.	93.859	R01 - GM - 119152		53,222
Biochemical and Crystallographic Characterization of Nocturnin Pass Through From National Institutes of Health	93.859	1 - R15 - GM - 110679		81,479
Synthesis of Glycopeptide-based Cancer Antigen Vaccines Pass Through From National Institutes of Health	93.859	R15 - GM - 094734		24,670
Modulation of Microtubule Dynamics in Axon Guidance Pass Through From National Institutes of Health	93.865	1 - R15 - HD - 080512		77,121
A Genome-wide Drosophila RNAi Screen for Regulators of Centrosome Reduction	93.865	R01 - 03 - HD087429		88,218
Developing an animal model to identify the role of the sperm centriole in fertility	93.865	1 - R21 - HD - 092700		103,899

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
Defective melanocortin signaling underlying T2D-associated erectile dysfunction Pass Through From National Institutes of Health	93.865	R01 - HD - 081792		292,084
A BBB-Permeable Neurotrophic Polysaccharide, Midi-GAGR	93.866	R21 - AG - 053590	12,277	182,693
Signal shaping via multiple allosteric sites on oligomeric muscarinic receptors Pass Through From Pennsylvania State University	93.886	R56 - AG - 005214		25,034
Development of Attenuated Furoxans as Novel Therapies for Alzheimer's Disease Pass Through From National Institutes of Health	93.866	1 - R01 - AG - 057598		54,676
Healthy Start Initiative: Eliminating Racial/Ethnic Disparities Pass Through From Lucas County Regional Health District	93.926	H49MC27825		67,915
Healthy Relationships through Existing Support Groups Pass Through From Lucas County Regional Health District	93.940	48-1-001-2-HP-06-13		26
Total U.S. Department of Health and Human Services				11,212,092
National Institutes of Health				
U.S. Department of Homeland Security				
Deposition of SdTe Thin Films Pass Through From Lithium Innovations Company, LLC	97.000			16,559
Total U.S. Department of Homeland Security				16,559
U.S. Agency for International Development				
Randomized, Multicenter, Controlled Trial to Compare Best Endovascular versus Best Surgical Therapy in Patients with Critical Limb Ischemia	98.837			390
Total U.S. Agency for International Development				390
National Science Foundation				
Advancing Geospatial Thinking and Technologies in Grades 9-12: Citizen Mapping, Community Engagement, and Career Preparation in STEM	47.076	DRL-1433574		93,509
Total National Science Foundation				93,509
TOTAL RESEARCH AND DEVELOPMENT CLUSTER				**25,270,114**
TRIO CLUSTER				
U.S. Department of Education				
UT Student Support Services	84.042	P042A151332-17		221,402
Upward Bound Program	84.047	P047A171403-17A		186,458
Upward Bound Program	84.047	P047A171403-17A		26,857
Upward Bound Math & Science Program	84.047	P04M170558		14,501
Upward Bound Math & Science Program	84.047	P04M170558		145,487
Upward Bound Program	84.047	P047A120141-16		62,136
Upward Bound Program	84.047	P047A120141-16		57,374
Total U.S. Department of Education				714,215
TOTAL TRIO CLUSTER				**714,215**
MEDICAID CLUSTER				
U.S. Department of Health and Human Services				
UT Interprofessional Healthcare Provider Development	93.778	OMD201409		(2,480)
UT Interprofessional Healthcare Provider Development	93.778	OMD201409	21,228	109,112
Total U.S. Department of Health and Human Services				106,632
TOTAL MEDICAID CLUSTER				**106,632**
Fish and Wildlife Cluster				
Department of the Interior				
Hydroacoustic Determination of Distribution and Abundance of Lake Erie Walleye Pass Through From Ohio State University	15.605	F-69-P		3,718
Total Department of the Interior				3,718
Total Fish and Wildlife Cluster				3,718

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YEAR ENDED JUNE 30, 2018

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
U.S. Department of Transportation Cluser				
Development of Transportation Asset Management Decision Support Tools	20.205			14,549
Development of Transportation Asset Management Decision Support Tools	20.205			74,149
Task 1 - Assessment of the Load Rating of Bridges with RF > 1.35 to Meet Special Hauling Vehicle Requirements Pass Through From Ohio University	20.205			27,045
Evaluation of Reserve Shear Capacity of Bridge Pier Caps Using The Deep Beam Theory Pass Through From Ohio Department of Transportation	20.205	30269		20,175
Total U.S. Department of Transportation Cluster				135,918
OTHER AWARDS				
Department of Defense				
ASEE Smart Program Team	12.631			8,766
Assessment of Team Dynamics Using Adaptive Modeling of Biometric Data Pass Through From Dayton Area Graduate Studies Institute	12.800			55,177
STARTALK-CHELER Chinese Heritage Language Learning and Teaching	12.900	H98230-17-1-0143		53,982
STARTALK CHELER Program for Chinese Heritage School Teachers and Administrators	12.900	H98230-18-1-0039		5,698
STARTALK CHELER Program for Chinese Heritage School Teachers and Administrators	12.900	H98230-17-1-0054		49,214
				108,894
Total Department of Defense				172,837
U.S. DEPARTMENT OF VETERAN AFFAIRS				
Air Force Institute of Technology (AFIT)	64.120			156,884
Air Force R.O.T.C.	64.120			10,813
Army Medical - H.P.S.P.	64.120			269,587
Army R.O.T.C.	64.120			124,270
Navy Medicine (NAVMED MPT & E)	64.120			(14,234)
V.A. Chapter 31 / Veteran Vocational Rehab	64.120			380,317
Total U.S. DEPARTMENT OF VETERAN AFFAIRS				927,637
U.S. Department of state Bureau of Educational and Cultural Affairs				
Institue of International Eduaction (Fulbright Programs)	19.401			34,893
Total U.S. Department of state Bureau of Educational and Cultural Affairs				34,893
U. S. DEPARTMENT OF EDUCATION				
DCTAG Award	84.000			121,724
Engineering for Migrant Students and Teachers -2016 Pass Through From Ohio Department of Education	84.011	063099 USAS505		4,478
CTE Teacher Preparation and Retention Pass Through From Ohio Department of Education	84.048	VEPD-TPR-12-063099		713
CTE Teacher Preparation and Retention Pass Through From Ohio Department of Education	84.048	VEPD-TPR-12-063099		63,705
Carl D. Perkins Grant FY 14 Pass Through From Ohio Department of Education	84.048	063099		130
Carl D. Perkins Grant Pass Through From Ohio Department of Education	84.048	063099	50,136	72,398
Career-Technical and Adult Education	84.048			772
				137,718
BVR - Bureau of Vocational Rehabilitation	84.126			31,233
The PARTNER Project	84.325	H325N110014A	(9)	17,536
Project LEA: Leading Educators in Advancing Inclusive Early Education	84.325	H325D130075-17		74,246
Project LEA: Leading Educators in Advancing Inclusive Early Education	84.325	H325D130075-17		131,205
Graduate Studies Consortium for Listening and Spoken Language (GSCLSL) Pass Through From University of Akron	84.325	H325K12356-16		16,281
Graduate Studies Consortium for Listening and Spoken Language (GSCLSL) Pass Through From University of Akron	84.325	H325K12356-16		9,287
				248,555
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Pass Through From Ohio Department of Education	84.334			42,550
Total U. S. DEPARTMENT OF EDUCATION				586,258

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Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
HRSA National Health Services	93.162			99,355
Project Open House-Better Child Care for the Student with Developmental Disabilities Pass Through From Ohio Developmental Disabilities Planning Council	93.630			28,878
Project Open House-Better Child Care for the Student with Developmental Disabilities Pass Through From Ohio Developmental Disabilities Planning Council	93.630	#17CH01SC18		22,824
				51,702
Child Welfare Workforce Professional Education Program Pass Through From Ohio Department of Jobs and Family Services	93.645	1501OHFOST		64,776
Child Welfare Workforce Professional Education Program Pass Through From Ohio Department of Jobs and Family Services	93.658	1501OHFOST		41,560
Child and Adolescent Psychiatry Residency and Training Program	93.000	402-12-100-14-013		23,736
AHEC Point of Service Maintenance and Enhancement Pass Through From National Institutes of Health	93.107	U77 - HP - 23072	318,436	330,916
AHEC Point of Service Maintenance and Enhancement	93.107	6 - U77 - HP - 23072	424,538	551,011
				881,927
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY) Pass Through From National Institutes of Health	93.153	2 - H12 - HA - 24838		421,482
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.153	H76 - HA - 00732		96,765
				518,247
Increasing Access of Trauma-Informed Care by CPS-Involved Youth and Families Pass Through From ProMedica Health System	93.243	1U97SM063115-01		54,500
NIOSH Training Grant Project: Industrial Hygiene-UniversityToledo Pass Through From National Institutes of Health	93.262	T01 - OH - 008605		64,028
Regional Comprehensive Genetic Services Pass Through From Ohio Department of Health - Federal Pass-Through Funds	93.558	04840011GS1118	76,936	79,197
Regional Comprehensive Genetic Services Pass Through From Ohio Department of Health - Federal Pass-Through Funds	93.558	04840011GS1118	18,742	32,204
				111,401
Program Income Account for Ryan White Part D Pass Through From University of Toledo Physicians	93.918			4,082
Program Income Account for Ryan White Part C Pass Through From University of Toledo Physicians	93.918			4,082
Ryan White 340b Pharmacy Revenue Program	93.918	340B		-
Ryan White 340b Pharmacy Revenue Program UTMC	93.918			1,492,134
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program Pass Through From National Institutes of Health	93.918	H76 - HA - 00732		348,252
				1,848,550
Healthy Relationships through Existing Support Groups Pass Through From Lucas County Regional Health District	93.940	48-1-001-2-HP-06-13		(8)
Healthy Relationships through Existing Support Groups Pass Through From Lucas County Regional Health District	93.940	48-1-001-2-HP-06-13		4,495
Social Marketing Advertising CTR Pass Through From Lucas County Regional Health District	93.940			24,645
				29,132
Preventing Alcohol and Prescription Drug Interactions Pass Through From Ohio Department of Alcohol and Drug Addiction Services	93.959	99-8203-HEDUC-P-16-9		4,256
National Institutes of Health				
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY)	93.153	H12 - HA - 24838		67,305
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				3,860,475
Corpation for National and Community Service				
Government Training (Americorp)	94.006			44,756
Total Corpation for National and Community Service				44,756
Other				

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Agency	CFDA #	Agency Number	Passed-Through to Subrecipients	Expenditures
Other				
Military Service Center Student Support	12.000			1,616
The University of Toledo Program to Address Sexual Assault and Violence on Campus: UT Awareness & Prevention Project	16.525	2016-WA-AX-0005		19,546
SBA Accelerator Challenge	59.065			23,738
Total Other				44,900
Total Other Awards				5,743,840
TOTAL FEDERAL EXPENDITURES			3,752,709	202,501,945

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The University of Toledo under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The University of Toledo, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of The University of Toledo.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3 ADJUSTMENTS AND TRANSFERS

During the year ended June 30, 2018, there were the following transfers of grant overpayments:

Transferred from	Amount	Transferred to
Federal Work Study	$ 89,146	FSEOG

NOTE 4 LOAN BALANCES

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule of federal expenditures. The balance of loans outstanding at June 30, 2018 consists of the following:

Cluster/Program Title	CFDA Number	Loan Balance
Federal Perkins Loans	84.038	$ 12,789,330
Nurse Faculty Loan Program	93.264	183,082
Disadvantaged Student Loans	93.342	192,110
Primary Care Loans	93.342	554,173
Total Loans Outstanding		$ 13,718,695

THE UNIVERSITY OF TOLEDO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENEDED JUNE 30, 2018

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.268, 84.379, 93.264, 93.342	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 957,070

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

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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

2017-001 Financial Reporting Matters

During our audit of the financial statements as of June 30, 2017, we identified a combination of deficiencies in internal control related to presentation of component units, which, when assessed in the aggregate, amount to a significant deficiency.

Status:

During this years review of the presentation of component units, we determined that corrective actions were implemented. No similar findings were noted for the 2018 audit.

2017-002 Federal Award Program Audits

During our testing of the Federal Student Financial Aid cluster, we noted the University is employing students under the federal work study program with off-campus employers but they were not able to provide written agreements in accordance with federal regulations with these employers.

Status:

During this years testing of students under the federal work study program, we determined that corrective actions were implemented. No similar findings were noted for the 2018 audit.

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UNIVERSITY OF TOLEDO

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 15, 2018