

Bowling Green State University
(a component unit of the State of Ohio)

Financial Report
with Supplemental Information
June 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Bowling Green State University
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We have reviewed the *Independent Auditor's Report* of the Bowling Green State University, Wood County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2019

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Independent Auditor's Report

To the Board of Trustees
Bowling Green State University

Report on the Financial Statements

We have audited the accompanying financial statements of Bowling Green State University (the "University"), a component unit of the State of Ohio, and its discretely presented component units as of and for the years ended June 30, 2019 and 2018 and the related notes to the financial statements, which collectively comprise Bowling Green State University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Bowling Green State University Foundation, Inc. and Subsidiary, which represents 93 percent, 98 percent, and 100 percent of the assets, net position, and revenue, respectively, of the discretely presented component units. Those financial 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 Bowling Green State University, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Trustees
Bowling Green State University

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Bowling Green State University as of June 30, 2019 and 2018 and the changes in its financial position and, where applicable, cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension and OPEB funding progress, and schedules of contributions 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, which 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 supplemental 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 an opinion on the financial statements that collectively comprise Bowling Green State University and its discretely presented component units' basic financial statements. The other supplemental information, 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, *Audits of States, Local Governments, and Non-profit Organizations*, and is not a required part of the basic financial statements.

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

To the Board of Trustees
Bowling Green State University

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2019 on our consideration of Bowling Green State University'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bowling Green State University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 2, 2019

Bowling Green State University

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

This section of Bowling Green State University's (the "University") annual financial report presents management's discussion and analysis of the financial performance of the University during the fiscal years ended June 30, 2019, 2018 and 2017. This discussion provides an overview of the University's financial activities and should be read in conjunction with the accompanying financial statements and footnotes.

Using the Annual Financial Statements

This annual report consists of financial statements prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. The financial statements prescribed by GASB Statement No. 63 (the statement of net position, statement of revenues, expenses and changes in net position, and the statement of cash flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Under the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Bowling Green State University Foundation, Inc. (the "Foundation") and Centennial Falcon Properties, Inc. and Subsidiaries (the "Corporation") have been determined to be component units of the University. Accordingly, the Foundation and the Corporation are discretely presented in the University's financial statements. The Foundation and the Corporation are excluded from management's discussion and analysis. Complete financial statements for the Foundation can be obtained from the vice president for university advancement at Mileti Alumni Center, Bowling Green, Ohio 43403. Complete financial statements for the Corporation can be obtained from the vice president, 230 McFall Center, Bowling Green, Ohio 43403.

Noteworthy Financial Activity

The University's financial position remained strong at June 30, 2019, with total assets of \$886.9 million, net deferred outflows of \$40.6 million, and total liabilities of \$617.7 million, for a total net position of \$309.9 million. Net position declined from \$312.9 million at June 30, 2018, reflecting a decrease of \$3.0 million.

Bowling Green State University

Management's Discussion and Analysis (continued)

In October 2011, the University's Board of Trustees approved the planning, programming and schematic design work supporting a \$200 million reinvestment in core academic buildings on the Bowling Green campus. The scope of the capital project renewal included renovations in four of the campus' oldest, historical buildings.

Initial funding for this major capital project renewal was approved by the Board of Trustees in February 2013. On May 7, 2014, the University issued \$40,000,000 General Receipts, Series 2014, tax exempt, variable interest rate bonds.

Additional funding for this major project was approved by the Board of Trustees in September, 2015. On February 11, 2016, the University issued \$70,000,000 General Receipts, Series 2016A, tax exempt, variable interest rate bonds.

In December 2016, the Board of Trustees approved additional funding for the project. On June 29, 2017, the University issued \$35,000,000 General Receipts, Series 2017A, tax exempt, fixed rate bonds.

In February 2017, the Board of Trustees approved funding that was used to acquire two student housing facilities from the Corporation. On August 10, 2017, the University issued \$73,560,000 General Receipts, Series 2017B, tax exempt, fixed rate bonds.

In June 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). Throughout the following discussion, the impact of GASB Statement No. 68 is highlighted.

In June 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires governments providing postemployment benefits other than pensions (e.g. healthcare) to recognize their unfunded benefit obligation as a liability, and to more comprehensively and comparably measure the annual costs of these other postemployment benefits ("OPEB"). The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the Statement, the University reported a net OPEB liability of \$68.2 million as a change in accounting principle adjustment to unrestricted net position as of July 1, 2017. Throughout the following discussion, the impact of GASB Statement No. 75 is highlighted for the initial year of adoption, 2018.

Bowling Green State University

Management's Discussion and Analysis (continued)

Statement of Net Position

The Statement of Net Position includes all assets and liabilities. Over time, an increase or decrease in net position (the difference between assets and liabilities) is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

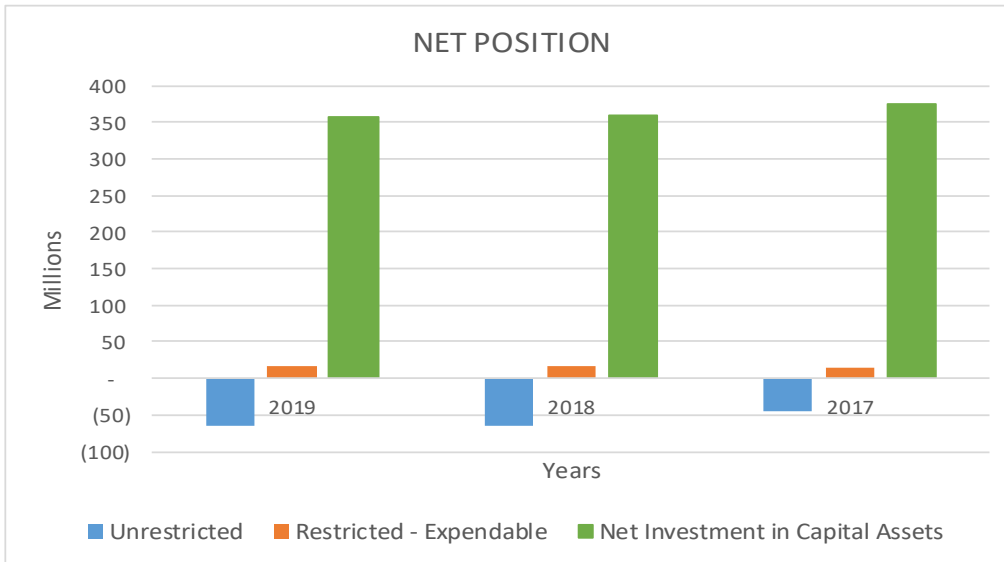
Bowling Green State University Condensed Statement of Net Position as of June 30, 2019, 2018 and 2017 (in thousands)

	2019	2018	2017
Assets			
Current assets	\$ 254,000	\$ 245,346	\$ 222,332
Non-current assets:			
Capital assets	600,383	601,008	559,591
Other	32,540	43,204	55,034
Total non-current assets	632,923	644,212	614,625
Total assets	886,923	889,558	836,957
Deferred outflows	66,508	55,991	64,799
Liabilities			
Current liabilities	64,545	48,930	49,680
Non-current liabilities	553,143	552,546	502,615
Total liabilities	617,688	601,476	552,295
Deferred inflows	25,892	31,204	4,420
Net position			
Net investment in capital assets	357,096	359,364	375,303
Restricted, expendable	17,123	17,680	15,045
Unrestricted	(64,368)	(64,175)	(45,307)
Total net position	\$ 309,851	\$ 312,869	\$ 345,041

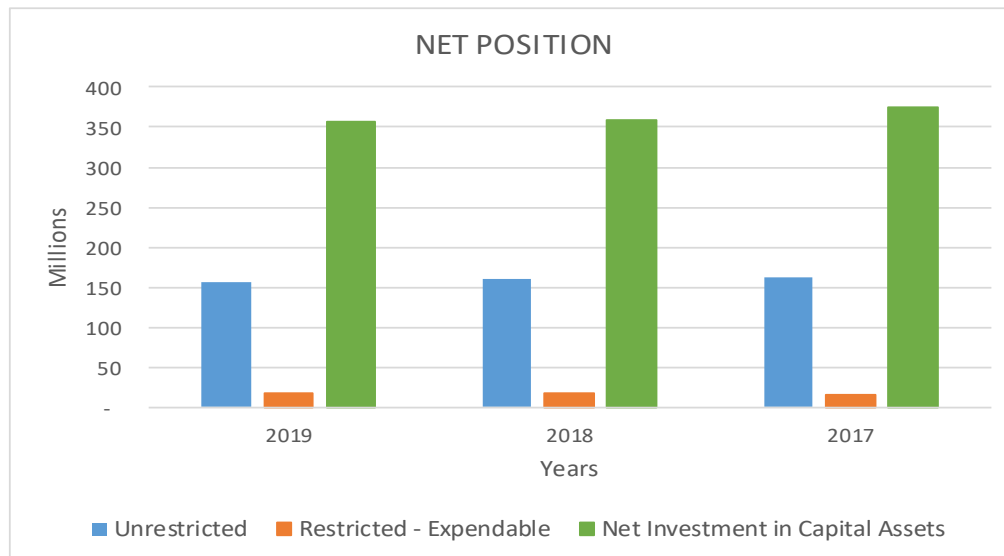
Bowling Green State University

Management's Discussion and Analysis (continued)

The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2019, 2018 and 2017 – *with* the impact of GASB Statement No. 68 and GASB Statement No. 75 adoption:



The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2019, 2018 and 2017 – *without* the impact of GASB Statement No. 68 and GASB Statement No. 75 adoption:



Bowling Green State University

Management's Discussion and Analysis (continued)

2019 Versus 2018

University assets totaled \$886.9 million at June 30, 2019, compared to \$889.6 million at June 30, 2018, reflecting a decrease of \$2.7 million.

- In fiscal year 2019, the University's current assets of \$254.0 million were sufficient to cover current liabilities of \$64.5 million (current ratio of 3.9).
- Accounts receivable, net of allowance for doubtful accounts were \$9.0 million at June 30, 2019, reflecting an overall decrease of \$0.8 million from the prior year.
- University investments were \$230.3 million, or 26.0 percent of total assets at June 30, 2019, and increased by \$9.0 million over 2018. Net investment income of \$12.4 million was recorded during the year.
- Cash and cash equivalents were \$8.6 million at June 30, 2019, and increased \$0.5 million over 2018 primarily due to the timing of transfers between the investment pool and the operating cash account at the fiscal year end.
- Restricted assets are funds held by trustees from long-term debt issues. At June 30, 2019, restricted investments were \$20.5 million and decreased by \$10.1 million over 2018, related to bond proceeds spent during the year.
- Capital assets (net of depreciation) were \$600.4 million (67.7percent of total assets) at June 30, 2019 compared to \$601.0 million (67.6 percent of total assets) at June 30, 2018, reflecting a decrease of \$0.6 million. The decrease reflects the slowing of construction as the University nears completion of its 2011 master plan.
- The University reported net deferred outflows of \$40.6 million at June 30, 2019 related to GASB Statement No. 68 and GASB Statement No. 75. Certain amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and post-retirement benefits are subject to amortization and will be expensed through recognition of annual amortization amounts in subsequent years' pension and OPEB expense. Employer contributions subsequent to the measurement date are recognized as a reduction in the net pension and OPEB liability balances in the following year.

Bowling Green State University

Management's Discussion and Analysis (continued)

University liabilities totaled \$617.7 million at June 30, 2019 compared to \$601.5 million at June 30, 2018.

- Total current liabilities at June 30, 2019 of \$64.5 million reflect an increase over June 30, 2018 current liabilities of \$48.9 million primarily due to a large bond (balloon) payment due in 2020.
- Long-term debt and other obligations decreased in 2019 overall by \$19.1 million due to annual principal payments on outstanding debt.
- Pension and OPEB obligations at June 30, 2019 were \$269.1 million compared to \$249.4 million at June 30, 2018. The increase of \$19.7 million is the result of the change in the net pension and OPEB liabilities directly related to GASB Statement No. 68 and GASB Statement No. 75.

The University's total net position at June 30, 2019 is \$309.9 million, compared to the prior year of \$312.9 million, a decrease of \$3.0 million. This decrease is attributable to a number of factors including:

- The change in net position for 2019 included expense of \$3.9 million related to the current year change in net pension and OPEB liabilities related to GASB Statement No. 68 and GASB Statement No. 75.
- An overall decrease in operating revenues including a \$2.0 million decrease in auxiliary enterprise net revenue, a \$1.5 million decrease in nongovernmental grants, and a \$1.8 million decrease in other revenues, offset by an increase of approximately \$2.2 million in tuition and fees.
- Operating expenses increased by \$54.0 million in 2019 compared to 2018. Approximately \$56.2 million of this increase is directly related to GASB Statement No. 68 and GASB Statement No. 75 pension and OPEB expense (2018 results include a reduction in expense of \$52.3 million related to GASB 68/75 while 2019 includes additional expense of \$3.9 million). Other expenses decreased by \$7.3 million in 2019 related to the defeasance of debt associated with two student housing facilities the University acquired from the Corporation in 2018.
- An increase in state appropriations of approximately \$1.3 million.
- A \$0.6 million increase in net investment earnings due to market performance in 2019.

Bowling Green State University

Management's Discussion and Analysis (continued)

Of the total net position, \$374.2 million is invested in capital assets or is restricted. The remaining (\$64.4) million in unrestricted net assets has been designated or allocated for specific academic, research and support purposes, reserves, and quasi-endowments.

2018 Versus 2017

University assets totaled \$889.6 million at June 30, 2018, compared to \$837.0 million at June 30, 2017, reflecting an increase of \$52.6 million.

- In fiscal year 2018, the University's current assets of \$245.3 million were sufficient to cover current liabilities of \$48.9 million (current ratio of 5.0).
- Accounts receivable, net of allowance for doubtful accounts were \$9.8 million at June 30, 2018, reflecting an overall decrease of \$2.2 million from the prior year.
- University investments were \$221.2 million, or 24.9 percent of total assets at June 30, 2018, and increased by \$24.3 million over 2017. Net investment income of \$11.7 million was recorded during the year.
- Cash and cash equivalents were \$8.1 million at June 30, 2018, and decreased \$0.3 million over 2017 primarily due to the timing of transfers between the investment pool and the operating cash account at the fiscal year end.
- Restricted assets are funds held by trustees from long-term debt issues. At June 30, 2018, restricted investments were \$30.4 million and decreased by \$11.7 million over 2017, related to bond draws made during the year.
- Capital assets (net of depreciation) were \$601.0 million (67.6 percent of total assets) at June 30, 2018 compared to \$559.6 million (66.9 percent of total assets) at June 30, 2017, reflecting an increase of \$41.4 million. The annual increase reflects the University's continued strategic focus on capital improvements, related infrastructures, and capital renewals.
- The University reported net deferred outflows of \$24.8 million at June 30, 2018 related to GASB Statement No. 68 and GASB Statement No. 75. Certain amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and post-retirement benefits are subject to amortization and will be expensed through recognition of annual amortization amounts in subsequent years' pension and OPEB expense. Employer contributions subsequent to the measurement date are recognized as a reduction in the net pension and OPEB liability balances in the following year.

Bowling Green State University

Management's Discussion and Analysis (continued)

University liabilities totaled \$601.5 million at June 30, 2018 compared to \$552.3 million at June 30, 2017.

- Total current liabilities at June 30, 2018 of \$48.9 million reflect a decrease over June 30, 2017 current liabilities of \$49.7 million primarily due to a reduction in accounts payable and accrued expenses.
- Long-term debt and other obligations increased in 2018 overall by \$69.6 million. Additions of \$73.6 million in debt principal were offset by \$9.5 million in annual principal payments on outstanding debt.
- Pension obligations at June 30, 2018 were \$185.3 million compared to \$269.1 million at June 30, 2017. The decrease of \$83.8 million is the result of the change in the net pension liability directly related to GASB Statement No. 68.
- At June 30, 2018, the University reported a liability for the first time of \$64.1 million for its proportionate share of the net other postemployment benefits (OPEB) liability of OPERS and STRS due to the adoption of GASB Statement No. 75, as discussed in Note 1 and Note 8.

The University's total net position at June 30, 2018 is \$312.9 million, compared to the prior year of \$345.0 million, for a decrease of \$32.1 million. This decrease is attributable to a number of factors including:

- The change in net position for 2018 included income of \$52.3 million related to the 2018 fiscal year change in net pension and OPEB liabilities related to GASB Statement No. 68 and GASB Statement No. 75. This was offset by a beginning of year adjustment for change in accounting principal of \$68.2 million.
- A decrease in operating revenue directly related to enrollment decreases in 2018 of approximately \$2.9 million, offset by an increase of approximately \$5.2 million in auxiliary enterprises net revenue.
- A \$38.6 million decrease in operating expenses in 2018 compared to 2017. Approximately \$52.3 million of this decrease is directly related to GASB Statement No. 68 and GASB Statement No. 75 pension and OPEB expense. An additional decrease in operating expense of approximately \$5.1 million was related to enrollment decreases in 2018. Depreciation and amortization expense increased approximately \$6.5 million related to the significant ongoing construction initiatives. The transfer to CFP I LLC of \$14.5 million is related to the defeasance of debt associate with two student housing facilities the University acquired from the Corporation in fiscal year 2018.

Bowling Green State University

Management's Discussion and Analysis (continued)

- An increase in state appropriations of approximately \$1.3 million.
- A \$2.3 million decrease in net investment earnings due to poor market conditions in 2018.

Of the total net assets, \$377.0 million is invested in capital assets or is restricted. The remaining (\$64.2) million in unrestricted net assets has been designated or allocated for specific for specific academic, research and support purposes, reserves, and quasi-endowments.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. A public university's dependency on state aid and gifts typically results in operating deficits because the financial reporting model classifies state appropriations and gifts as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Bowling Green State University

Management's Discussion and Analysis (continued)

Bowling Green State University Condensed Statement of Revenues, Expenses and Changes in Net Position For years ended June 30, 2019, 2018 and 2017 (in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues:			
Student tuition and fees	\$ 157,388	\$ 155,225	\$ 158,146
Auxiliary enterprises	78,043	80,059	74,832
Grants and contracts	14,962	17,426	16,319
Sales and service	3,693	3,721	3,202
Other operating revenues	7,072	8,830	8,314
Total operating revenues	<u>261,158</u>	<u>265,261</u>	<u>260,813</u>
Operating expenses:			
Educational and general	237,982	182,301	235,532
Scholarships and fellowships	16,931	17,439	17,065
Auxiliary enterprises	69,196	68,021	72,808
Operations of maintenance of plant	21,580	17,692	20,555
Depreciation and amortization	37,744	36,731	30,225
Other expenses	2,077	9,372	8,394
Total operating expenses	<u>385,510</u>	<u>331,556</u>	<u>384,579</u>
Operating loss	<u>(124,352)</u>	<u>(66,295)</u>	<u>(123,766)</u>
Non-operating revenues (expenses):			
State appropriations	78,539	77,246	75,950
Other non-operating revenues and expenses	30,891	17,092	35,918
Total non-operating revenues	<u>109,430</u>	<u>94,338</u>	<u>111,868</u>
(Loss) Income before other changes	(14,922)	28,043	(11,898)
Capital appropriations, grants and gifts	<u>11,904</u>	<u>7,976</u>	<u>24,336</u>
Change in net position	(3,018)	36,019	12,438
Net position			
Net position at the beginning of the year	312,869	345,041	332,603
Adjustment for change in accounting principle - GASB 75	-	(68,191)	-
Net position at the end of year	<u>\$ 309,851</u>	<u>\$ 312,869</u>	<u>\$ 345,041</u>

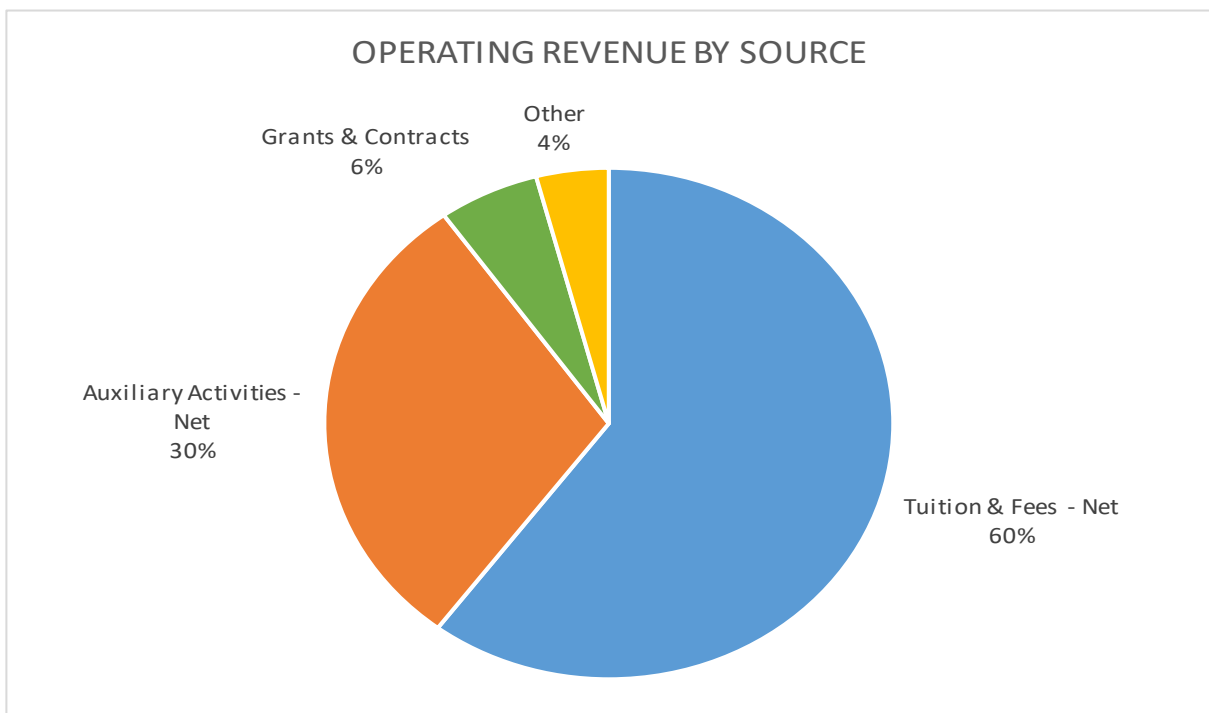
Bowling Green State University

Management's Discussion and Analysis (continued)

Operating Revenues

Operating revenues include all transactions that result from the sales and/or receipts of goods and services such as tuition and fees, student housing, and other auxiliary units. In addition, certain federal, state and private grants are considered operating if they are a contract for services and not for capital purposes.

Following is a graphic illustration of operating revenue by source at June 30, 2019:



2019 versus 2018

The most significant sources of operating revenues for the University are tuition and fees of \$157.4 million, an increase of \$2.2 million, or 1.4 percent over 2018. Increases in student tuition and fees are due to the addition of a Winter Session and implementation of the Falcon Tuition Guarantee (a four year program which provides a guaranteed rate of tuition and general fees), which provided for a one-time increase in tuition for the University's 2018-2019 freshman cohort (all other tuition rates and fees remained flat for fiscal year 2019). The addition of the Winter Session and implementation of the Falcon Tuition Guarantee resulted in an increase of \$6.0 million in student tuition and fees. These increases were offset by a \$3.8 million decrease in summer tuition fees, due to lower enrollment.

Bowling Green State University

Management's Discussion and Analysis (continued)

Auxiliary enterprises, another significant source of University revenues, decreased from \$80.1 million in 2018 to \$78.0 million in 2019. The decline in auxiliary revenue was primarily due to a decrease in on-campus freshmen and sophomore enrollment which reduced residence hall and dining hall revenues.

Grants and contracts revenue of \$15.0 million for the year ending June 30, 2019 reflect a decrease of \$2.5 million over 2018 and is primarily due to timing fluctuations of grant expenditures year over year, and the timing of grant end dates and the beginning dates of renewals/new grants.

2018 versus 2017

The most significant sources of operating revenues for the University are tuition and fees of \$155.2 million, a decrease of \$2.9 million, or 1.8 percent over 2017. BGSU experienced an overall enrollment headcount increase (start of fall semester 2018 +0.7 percent vs. fall 2017) due to increases in distance, eCampus and college credit plus students. However, the decreases in face to face undergraduate (start of fall semester 2018 -0.7 percent vs. fall of 2017) and face to face graduate (start of fall semester 2018 -8.0 percent vs fall 2017) was the primary cause of the tuition and fee revenue decline. Undergraduate tuition rates and fees remained unchanged for fiscal year 2018 as required by Ohio law.

Auxiliary enterprises, another significant source of University revenues, increased from \$74.8 million in 2017 to \$80.1 million in 2018. Despite decreases in enrollment, the University experienced revenue increases in certain auxiliary units such as residence life, primarily as a result of adding two additional student housing facilities in fiscal year 2018, which were acquired from the Corporation in August 2017.

Grants and contracts revenue of \$17.4 million for the year ending June 30, 2018 reflect an increase of \$1.1 million over 2017 and is primarily due to timing fluctuations of grant expenditures year over year, and the timing of grant end dates and the beginning dates of renewals/new grants.

Bowling Green State University

Management's Discussion and Analysis (continued)

Operating Expenses

Operating expenses are all costs necessary to perform and conduct the programs and primary purposes of the University.

2019 versus 2018

Total operating expenditures of \$385.5 million at June 30, 2019 increased overall by \$54.0 million, or 16.3 percent over 2018.

- Educational and general expenditures consist of instruction, research, public services, academic support, student services and institutional support and total \$238.0 million at June 30, 2019 compared to \$182.3 million at June 30, 2018, reflecting an overall increase of \$55.7 million, of which \$49.1 million is related to pension and OPEB expense due to GASB Statement No. 68 and GASB Statement No. 75.
- In other operating expense categories, depreciation and amortization expense increased approximately \$1.0 million directly related to ongoing construction initiatives and the acquisition of student housing facilities from the Corporation.

2018 versus 2017

Total operating expenditures of \$331.6 million at June 30, 2018 decreased overall by \$53.0 million, or 13.7 percent over 2017.

- Educational and general expenditures consist of instruction, research, public services, academic support, student services and institutional support and total \$182.3 million at June 30, 2018 compared to \$235.5 million at June 30, 2017, reflecting an overall decrease of \$53.2 million, of which \$48.1 million is related to pension and OPEB expense due to GASB Statement No. 68 and GASB Statement No. 75. An increase in expense of \$4.0 million is attributable to salary adjustments required by the faculty collective bargaining agreement.
- In other operating expense categories, depreciation and amortization expense decreased approximately \$6.5 million directly related to the significant ongoing construction initiatives.

Bowling Green State University

Management's Discussion and Analysis (continued)

Non-operating Revenues

Non-operating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, Pell grant reimbursements, and investment income (including realized and unrealized gains and losses).

Non-operating revenue was impacted by the following factors:

- State appropriations, the most significant source of non-operating revenue, totaled \$78.5 million in the current year, reflecting an increase of \$1.3 million, or 1.7 percent over 2018.
- Non-exchange grants and contracts had an overall decrease of \$0.8 million in 2019. Pell Grant Funds experienced a decrease of \$392 thousand in 2019, and Ohio Opportunity Grants decreased by \$498 thousand.
- Net investment income of \$12.4 million reflects an increase of \$0.6 million over prior year income of \$11.7 million due to steady market performance during fiscal year 2019.
- In 2018, a transfer of approximately \$14.5 million to CFP I LLC included in non-operating expenses was recognized and is primarily related to the defeasance of debt associated with two student housing facilities the University acquired from the Corporation in that fiscal year.

Capital Assets and Debt Administration

At June 30, 2019, the University had \$600.4 million of capital assets (net of accumulated depreciation), compared to \$601.0 million of net capital assets for the prior fiscal year. The current year investment in capital assets represents a net decrease of \$0.6 million or 0.1 percent over last year. This decrease reflects a slowing of construction, as the University nears completion of its 2011 master plan. The charges for depreciation and amortization included in the statement of revenues, expenses, and changes in net position were \$37.7 million for 2019 and \$36.7 million for 2018. Detailed information about the University's capital assets is presented in Note 5 to the financial statements.

On June 29, 2017, the University issued \$35,000,000 of fixed rate General Receipts Bonds, Series 2017A, with a fixed interest rate of 1.6 percent, and a maturity in year 2049. The proceeds will be used to finance the cost of various improvements to the University's campus including (i) improvements to fully or partially renovate five academic classroom and instruction laboratory buildings and the supporting campus infrastructure, and also including improved replacement parking; (ii) partial renovation of the campus recreation and wellness facility; (iii) demolition, utility relocation and other site preparation work associated with one or more existing academic

Bowling Green State University

Management's Discussion and Analysis (continued)

and residential buildings in preparation for future site-specific capital projects; and (iv) acquisition and installation of all related fixtures, furnishings and equipment.

On August 10, 2017, the University issued \$73,560,000 of fixed rate General Receipts Bonds, Series 2017B, with interest rates ranging from 3.0 percent to 5.0 percent and maturities ranging from 2018 to 2045. The proceeds were used to finance the acquisition of two student housing facilities from the Corporation.

More detailed information about the University's long-term debt is presented in Note 7 to the financial statements.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing activities, capital financing activities and investing activities, and helps measure the ability to meet financial obligations as they mature.

Bowling Green State University Condensed Statement of Cash Flows For years ended June 30, 2019, 2018 and 2017 (in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash provided (used) by:			
Operating activities	\$ (73,463)	\$ (76,881)	\$ (76,524)
Non-capital financing activities	105,325	90,457	102,409
Capital financing activities	(44,019)	(12,946)	(25,956)
Investing activities	12,678	(988)	(2,554)
Net increase (decrease) in cash	<u>521</u>	<u>(358)</u>	<u>(2,625)</u>
Cash and cash equivalents, beginning of year	8,110	8,468	11,093
Cash and cash equivalents, end of year	<u>\$ 8,631</u>	<u>\$ 8,110</u>	<u>\$ 8,468</u>

For the year ended June 30, 2019:

- Major sources of cash provided by operating activities included student tuition and fees of \$159.3 million, auxiliary enterprises of \$78.7 million, and research grants and contracts of \$14.8 million. Major uses of cash in operations included payments to employees and benefits of \$221.1 million, payments to vendors for supplies and services of \$100.6 million, and payments for scholarships and fellowships of \$16.9 million.

Bowling Green State University

Management's Discussion and Analysis (continued)

- Non-capital financing activities included cash provided from state appropriations of \$78.5 million and grants received for other than capital purposes (primarily from the Federal Pell Grant Program) of \$27.5 million.
- Primary sources of cash from capital financing activities were state capital appropriations of \$4.4 million and capital grants received of \$7.5 million. Cash used to purchase capital assets was \$36.2 million, principal paid on long-term debt was \$9.0 million, and interest paid on long-term debt was \$10.8 million.
- Investing activities included proceeds from sales and maturities of investments of \$121.4 million and investment income of \$6.4 million. Purchases of investments were \$115.1 million.

For the year ended June 30, 2018:

- Major sources of cash provided by operating activities included student tuition and fees of \$156.2 million, auxiliary enterprises of \$81.2 million, and research grants and contracts of \$17.6 million. Major uses of cash in operations included payments to employees and benefits of \$218.0 million, payments to vendors for supplies and services of \$107.5 million, and payments for scholarships and fellowships of \$17.4 million.
- Non-capital financing activities included cash provided from state appropriations of \$77.2 million and grants received for other than capital purposes (primarily from the Federal Pell Grant Program) of \$28.2 million.
- Primary sources of cash from capital financing activities were proceeds from capital debt issuance of \$81.9 million and state capital appropriations of \$7.1 million. Cash used to purchase capital assets was \$83.9 million, principal paid on long-term debt was \$9.5 million, and interest paid on long-term debt was \$9.4 million.
- Investing activities included proceeds from sales and maturities of investments of \$87.9 million and investment income of \$8.4 million. Purchases of investments were \$97.2 million.

Bowling Green State University

Management's Discussion and Analysis (continued)

Economic Factors That Will Affect the Future

The University's ability to successfully fulfill its mission and execute its strategic plan is directly influenced by enrollment, legislative restrictions on tuition, changes in state support, and the cost of employee compensation, health care, technology and utilities.

The economic position of the University is closely tied to the economic condition of the state, as all state universities in Ohio receive state financial support for both operations and capital improvements through appropriations by the legislature. These appropriations contribute substantially to the successful maintenance and operation of the University. The economic outlook for the state of Ohio has remained fairly steady over the course of the past twelve months. Ohio's unemployment rates have mostly gradually improved since January 2015, and the State experienced a 0.6 percent decrease in unemployment year over year as of July 2019.

The economic performance of the University is also impacted by population trends in Ohio and the Midwest and our ability to successfully attract, retain and timely graduate students. The University has launched several significant initiatives intended to improve freshmen to sophomore retention in recent years. Freshman to sophomore (fall to fall) retention has risen from slightly less than 70 percent in fall 2013 to 77-78 percent for fall 2019. The University has set a goal of achieving an 80 percent freshmen to sophomore retention rate by 2020. Additionally, the University continues to adjust our marketing, enrollment and recruitment strategies to reflect changing demographics and competition from other Ohio and Midwest, public universities.

In 2011, Bowling Green State University embarked upon a significant capital reinvestment effort. Since that time, numerous capital projects have been completed in core academic buildings on the Bowling Green campus. Funding has been and will continue to be provided from a combination of University-issued debt financing, private donor funds, and state capital appropriations. Since July 1, 2011, University capital assets have grown from \$703.6 million to \$1,077.1 million, an increase of \$373.5 million, reflecting the significant capital reinvestment progress that has occurred.

Over the past year, following the completed renovation of two of the University's original, historical academic buildings (Moseley Hall and University Hall), renovation work has progressed on Hanna Hall, now re-named Maurer Hall, to serve as the University's home for the College of Business. Re-opening is expected in late summer of 2020.

Fall 2019 headcount enrollment (15 day) has improved overall by 1.8 percent (341) over prior year. The University continues to pursue enrollment growth in non-traditional aged students, online/distance programs, and professional master's programs as the traditional 18-year old population continues to decline. The University has also focused on creating new, or redesigning existing, academic programs to better attract targeted student populations to degrees offered in industry-specific areas with a high need for well-prepared college graduates. For example, a new,

Bowling Green State University

Management's Discussion and Analysis (continued)

one-of-a kind, Bachelor's of Science degree in "Resort and Attraction Management" will open in the summer of 2020 in partnership with Cedar Fair LLC. The program will provide students with two co-op opportunities in one of Cedar Fair's thirteen parks throughout the United States and Canada.

Following a presidential transition effective December 31, 2017, the University's new president led the campus through a refresh and reaffirmation of the University's existing strategic plan. Significant numbers of faculty, staff and students participated. The Board of Trustees approved the revised Plan, and it was rolled out via a State of the University address from President Rogers in December 2018. While the Plan's primary objectives have not significantly changed, specific initiatives identified related to revised, comprehensive enrollment and scholarship strategies for traditional and post-traditional students will provide important guidance to ensure the University's long term health and vitality. Retention efforts should also continue to improve in more targeted ways with an initiative focused on expanding the use of data-driven tools to early-predict student success and the use of more active or intrusive interventions. An additional focus for fiscal year 2020 and beyond will include efforts utilizing industry benchmarking and analytics targeted on improving our effectiveness and gaining efficiencies through potential program elimination and alternate organizational structures.

Bowling Green State University

Statements of Net Position

	June 30	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,630,808	\$ 8,110,374
Investments	230,273,005	221,223,034
Accounts receivable, net	8,954,945	9,820,888
Inventories	783,783	1,549,074
Notes receivable	1,373,479	1,330,939
Prepaid and other assets	3,984,394	3,311,883
Total current assets	<u>254,000,414</u>	<u>245,346,192</u>
Noncurrent assets:		
Investments - non-restricted	5,995,200	5,433,100
Assets - restricted	20,464,093	30,417,412
Cash surrender value of life insurance and annuities	632,804	613,316
Notes receivable	5,447,882	6,739,745
Capital assets, net	600,383,158	601,008,443
Total noncurrent assets	<u>632,923,137</u>	<u>644,212,016</u>
Total assets	<u>886,923,551</u>	<u>889,558,208</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	61,174,051	51,590,294
Deferred outflows related to OPEB	5,334,267	4,400,433
Total deferred outflows of resources	<u>66,508,318</u>	<u>55,990,727</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	24,094,111	20,194,049
Unearned revenue	12,818,411	11,399,689
Deposits	2,004,078	984,612
Current portion of long-term debt and other obligations	25,628,249	16,351,428
Total current liabilities	<u>64,544,849</u>	<u>48,929,778</u>
Noncurrent liabilities:		
Long-term debt and other obligations	284,056,631	303,142,510
Net pension liability	224,881,979	185,296,746
Net OPEB liability	44,204,293	64,107,143
Total noncurrent liabilities	<u>553,142,903</u>	<u>552,546,399</u>
Total liabilities	<u>617,687,752</u>	<u>601,476,177</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	12,712,539	25,453,388
Deferred inflows related to OPEB	13,180,943	5,751,339
Total deferred inflows of resources	<u>25,893,482</u>	<u>31,204,727</u>
Net position		
Net investment in capital assets	357,096,036	359,363,695
Restricted for expendable:		
Loans	2,759,630	2,516,157
Capital projects	14,363,382	15,163,603
Unrestricted (deficit)	<u>(64,368,413)</u>	<u>(64,175,424)</u>
Total net position	<u>\$ 309,850,635</u>	<u>\$ 312,868,031</u>

See accompanying notes.

Bowling Green State University

Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2019	2018
Revenues		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$63,371,332 for 2019 and \$63,567,490 for 2018)	\$ 157,387,706	\$ 155,224,899
Federal grants and contracts	5,859,235	6,502,330
State grants and contracts	3,654,134	3,889,444
Local grants and contracts	–	51,577
Nongovernmental grants and contracts	5,448,324	6,982,450
Sales and services of educational departments	3,693,425	3,721,322
Auxiliary enterprises (net of scholarship allowances of \$2,848,051 for 2019 and \$2,889,268 for 2018)	78,043,374	80,059,093
Other operating revenues	7,071,834	8,830,240
Total operating revenues	261,158,032	265,261,355
Expenses		
Operating expenses:		
Educational and general:		
Instruction	140,206,636	108,144,204
Research	8,359,843	7,740,312
Public services	5,150,090	3,964,526
Academic support	29,262,234	22,832,422
Student services	17,204,284	13,345,724
Institutional support	37,798,497	26,276,241
Operations and maintenance of plant	21,580,110	17,691,818
Student aid	16,930,807	17,439,334
Auxiliary enterprises	69,196,349	68,021,301
Depreciation and amortization	37,744,247	36,730,732
Other expenses	2,076,951	9,371,923
Total operating expenses	385,510,048	331,558,537
Operating loss	(124,352,016)	(66,297,182)
Nonoperating revenues (expenses):		
State appropriations	78,539,449	77,245,740
Non-exchange grants and contracts	27,487,635	28,244,215
Investment income, net	12,351,399	11,721,071
Interest on capital asset-related debt	(8,350,853)	(7,821,733)
In-kind support – Centennial Falcon Properties, Inc.	(596,800)	(596,800)
Transfer to CFP I LLC	–	(14,454,425)
Net nonoperating revenues	109,430,830	94,338,068
(Loss) Gain before other changes	(14,921,186)	28,040,886
Other changes:		
Capital appropriations	4,396,614	7,126,392
Capital grants and gifts	7,507,176	849,879
Total other changes	11,903,790	7,976,271
Change in net position	(3,017,396)	36,017,157
Net position		
Net position at the beginning of year	312,868,031	345,042,098
Adjustment for change in accounting principle - GASB 75 (Note 8)	–	(68,191,224)
Net position at the beginning of year, as restated	–	276,850,874
Net position at the end of year	\$ 309,850,635	\$ 312,868,031

Bowling Green State University

Statements of Cash Flows

	Year Ended June 30	
	2019	2018
Operating activities		
Tuition and fees	\$ 159,275,025	\$ 156,219,880
Research grants and contracts	14,750,870	17,604,446
Payments to vendors for supplies and services	(100,610,475)	(107,484,486)
Payments to employees and benefits	(221,062,056)	(217,987,585)
Payments for scholarships and fellowships	(16,930,807)	(17,439,334)
Student loans granted, net of repayments	1,174,073	605,155
Agency payments to Centennial Falcon Properties, Inc	–	(737,723)
Auxiliary enterprises	78,672,987	81,164,546
Sales and services of educational departments	3,693,425	3,721,322
Other receipts	7,574,078	7,452,351
Net cash used in operating activities	(73,462,880)	(76,881,428)
Noncapital financing activities		
State appropriations	78,539,449	77,245,740
Direct lending receipts	126,882,097	130,728,065
Direct lending disbursements	(126,987,386)	(130,709,532)
Grants received for other than capital purposes	27,487,635	28,244,215
Transfer to CFP I LLC	–	(14,454,425)
In-kind support – Centennial Falcon Properties	(596,800)	(596,800)
Net cash provided by noncapital financing activities	105,324,995	90,457,263
Capital financing activities		
Proceeds from capital debt	–	81,939,642
Capital appropriations	4,396,614	7,126,392
Capital grants received	7,507,176	849,879
Purchases of capital assets	(36,182,038)	(83,939,307)
Principal paid on long-term debt	(8,970,000)	(9,475,000)
Interest paid on long-term debt	(10,770,595)	(9,447,028)
Net cash used in capital financing activities	(44,018,843)	(12,945,422)
Investing activities		
Proceeds from sales and maturities of investments	121,359,663	87,870,690
Investment income	6,393,057	8,384,995
Purchase of investments	(115,075,558)	(97,243,693)
Net cash provided by (used in) investing activities	12,677,162	(988,008)
Net increase (decrease) in cash and cash equivalents	520,434	(357,595)
Cash and cash equivalents at beginning of year	8,110,374	8,467,969
Cash and cash equivalents at end of year	\$ 8,630,808	\$ 8,110,374

See accompanying notes

Bowling Green State University

Statements of Cash Flows (continued)

	Year Ended June 30	
	2019	2018
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (124,352,016)	\$ (66,297,182)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	37,744,247	36,730,732
Pension and OPEB expense (recovery)	3,853,549	(52,267,452)
Disposal expense	-	6,672,497
Changes in assets and liabilities:		
Accounts receivable, net	862,138	2,138,729
Inventories	765,291	(63,437)
Other assets	(672,514)	(1,300,999)
Accounts payable and accrued liabilities	4,175,319	(2,868,291)
Unearned revenue	1,418,722	(663,328)
Deposits held for others	1,124,755	(66,890)
Compensated absences	368,306	443,084
Loans to students	1,249,323	661,109
Net cash used in operating activities	\$ (73,462,880)	\$ (76,881,428)

See accompanying notes.

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statements of Financial Position

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,414,399	\$ 1,423,501
Contributions receivable, net of allowance for uncollectible contributions of \$2,586,043 in 2019 and \$5,515,370 in 2018	<u>2,386,641</u>	<u>3,235,852</u>
Total current assets	3,801,040	4,659,353
Investments		
Fixed income funds	39,693,514	39,965,853
Mutual funds	82,264,960	79,785,986
Alternative investments	61,829,691	55,820,862
Corporate stocks	45,743	53,546
Money market funds	<u>7,346,892</u>	<u>2,291,227</u>
Total investments	191,180,800	177,917,474
Prepaid and other assets		
Long-term contributions receivable, net of allowance for uncollectible contributions of \$413,596 in 2019 and \$515,713 in 2018	29,489	106,416
Beneficial interest in trust held by others	7,173,339	9,121,137
Cash value of life insurance	135,455	144,022
	<u>1,836,020</u>	<u>1,622,114</u>
Total assets	<u>\$ 204,156,143</u>	<u>\$ 193,570,516</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 293,145	\$ 181,211
Total current liabilities	<u>293,145</u>	<u>181,211</u>
Annuities payable	<u>2,639,094</u>	<u>2,686,667</u>
Total liabilities	2,932,239	2,867,878
Net assets		
Without donor restrictions	15,266,096	13,033,941
With donor restrictions	<u>185,957,808</u>	<u>177,668,697</u>
Total net assets	<u>201,223,904</u>	<u>190,702,638</u>
Total liabilities and net assets	<u>\$ 204,156,143</u>	<u>\$ 193,570,516</u>

See accompanying notes.

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue, and gains			
Contributions and gifts	\$ 378,974	\$ 21,749,817	\$ 22,128,791
Provision for uncollectible contributions	-	(291,297)	(291,297)
University support	4,030,600	-	4,030,600
Interest and dividends	1,075,610	2,339,567	3,415,177
Net realized and unrealized gains (losses)	1,896,651	3,967,866	5,864,517
Other revenue	35,157	1,152,463	1,187,620
Transfers	726,036	(726,036)	-
Net assets released from restriction	19,830,839	(19,830,839)	-
Total support, revenue, and gains	<u>27,973,867</u>	<u>8,361,541</u>	<u>36,335,408</u>
Expenses			
Program services	20,564,656	-	20,564,656
Fund-raising	3,146,386	-	3,146,386
Operating	<u>2,030,670</u>	-	<u>2,030,670</u>
Total expenses	<u>25,741,712</u>	-	<u>25,741,712</u>
Change in net assets from operations	2,232,155	8,361,541	10,593,696
Change in split interest agreements	-	(72,430)	(72,430)
Change in net assets	2,232,155	8,289,111	10,521,266
Net assets at beginning of year	<u>13,033,941</u>	<u>177,668,697</u>	<u>190,702,638</u>
Net assets at end of year	<u>\$ 15,266,096</u>	<u>\$ 185,957,808</u>	<u>\$ 201,223,904</u>

See accompanying notes.

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue, and gains			
Contributions and gifts	\$ 466,004	\$ 16,793,062	\$ 17,259,066
Provision for uncollectible contributions	-	468,131	468,131
University support	3,689,751	-	3,689,751
Interest and dividends	874,320	1,857,291	2,731,611
Net realized and unrealized gains (losses)	2,760,213	5,515,106	8,275,319
Other revenue	7,609	1,117,575	1,125,184
Transfers	(4,866)	4,866	-
Net assets released from restriction	12,705,809	(12,705,809)	-
Total support, revenue, and gains	<u>20,498,840</u>	<u>13,050,222</u>	<u>33,549,062</u>
Expenses			
Program services	13,089,329	-	13,089,329
Fund-raising	2,949,828	-	2,949,828
Operating	1,508,043	-	1,508,043
Total expenses	<u>17,547,200</u>	<u>-</u>	<u>17,547,200</u>
Change in net assets from operations	2,951,640	13,050,222	16,001,862
Change in split interest agreements	<u>-</u>	<u>(435,321)</u>	<u>(435,321)</u>
Change in net assets	2,951,640	12,614,901	15,566,541
Net assets at beginning of year	<u>10,082,301</u>	<u>165,053,796</u>	<u>175,136,097</u>
Net assets at end of year	<u>\$ 13,033,941</u>	<u>\$ 177,668,697</u>	<u>\$ 190,702,638</u>

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	June 30	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,561,425	\$ 2,180,030
Funds held by Bowling Green State University	215,286	250,476
Prepaid expense	10,000	76,396
Total current assets	1,786,711	2,506,902
Other assets:		
Capital assets, net	14,476,438	14,477,746
Total other assets	14,476,438	14,477,746
Total assets	\$ 16,263,149	\$ 16,984,648
Liabilities and net assets		
Short-term liabilities:		
Accounts payable	\$ 2,044	\$ –
Construction funding payable – current portion	596,800	596,800
Total short-term liabilities	598,844	596,800
Long-term liabilities:		
Construction funding payable – net of current portion	11,151,018	11,747,818
Total long-term liabilities	11,151,018	11,747,818
Total liabilities	11,749,862	12,344,618
Net assets:		
Without donor restriction	4,513,287	4,640,030
Total liabilities and net assets	\$ 16,263,149	\$ 16,984,648

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets

	Year Ended June 30	
	2019	2018
Revenues:		
In-kind support from Bowling Green State University	\$ 11,126	\$ 23,000
Operating revenue	-	54,911
Total revenues	11,126	77,911
Expenses:		
Payroll, benefits, and taxes	-	96,220
Management fees	-	29,819
Utilities	-	24,727
Building maintenance	-	47,084
Operating and administrative	44,590	47,998
Insurance	-	6,157
Interior unit expenses	-	58,224
Common area expenses	-	6,790
Bad debt expense (recovery)	-	(7,150)
Ground expenses	-	1,576
Marketing and advertising	-	2,543
Depreciation	702,140	1,075,695
Total operating expenses	746,730	1,389,683
Operating loss	(735,604)	(1,311,772)
Nonoperating revenue (expense):		
Investment income, net	11,245	9,037
In-kind support from Bowling Green State University	596,800	596,800
Transfer of assets to Bowling Green State University	-	14,454,425
Gain (loss) on disposal of assets	816	(319)
Amortization of discount and issuance costs-related debt	-	(12,722)
Loss on extinguishment of debt	-	(11,721,120)
Interest on capital asset-related debt	-	(492,730)
Net nonoperating revenue (expense)	608,861	2,833,371
Change in net assets	(126,743)	1,521,599
Net assets:		
Net assets at the beginning of year - without donor restriction	4,640,030	3,118,431
Net assets at the end of year - without donor restriction	\$ 4,513,287	\$ 4,640,030

See accompanying notes.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Operations

Bowling Green State University is an instrumentality of the State of Ohio that serves the state, national, and international communities by providing its students with opportunities in learning, leadership, and research by providing expert faculty, premier facilities, and modern resources.

Reporting Entity

Bowling Green State University (the “University”), founded in 1910, is a component unit of the State of Ohio as established by the General Assembly of the State of Ohio under Chapter 3341 of the Revised Code of the State of Ohio. The University offers degrees at the undergraduate, masters, and doctoral levels.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include those activities and functions over which the University is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board and either (1) the University’s ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the University.

Financial Statement Presentation

The accompanying financial statements consist of the University, Bowling Green State University Foundation, Inc. and subsidiary (collectively, the “Foundation”) and Centennial Falcon Properties, Inc. and subsidiaries (collectively, the “Corporation”). GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, requires the University to reflect the Foundation and the Corporation as discretely presented component units in the financial statements based on the significance of their respective relationships with the University. The Foundation and the Corporation are private nonprofit organizations that report under Financial Accounting Standards Board (“FASB”) standards that have been codified in Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. 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 or Corporation’s financial information in the University’s financial reporting entity for these differences.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

The Foundation is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The 26-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing and amount of receipts from the Foundation, the majority of resources or income the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the years ended June 30, 2019 and 2018, the Foundation distributed \$11,723,857 and \$7,173,041, respectively, to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the controller, Huntington Building, Bowling Green, Ohio 43403.

The Corporation is a legally separate component unit of the University formed in 2010 as a nonprofit corporation under the laws of the State of Ohio and determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation is further classified as a public charity type II supporting organization under Section 509(a)(3) of the Internal Revenue Code. The Corporation was organized for the benefit of the University for various purposes, including acquiring, developing, and maintaining property to be used for University purposes. Complete financial statements for the Corporation can be obtained from the vice president, McFall Center, Bowling Green, Ohio 43403.

CFP I LLC ("CFP I") is a nonprofit single-member limited liability company formed in 2010 under the laws of the State of Ohio. The Corporation organized CFP I specifically to develop, own, and manage certain housing facilities for students of the University. The Corporation is the sole member of CFP I. On June 9, 2010, the City of Bowling Green, Ohio issued \$81,610,000 Student Housing Revenue Bonds ("Series 2010 Bonds") and loaned the proceeds of the Series 2010 Bonds to CFP I to finance the cost of acquiring, constructing, furnishing, and equipping a 1,318-bed, two-building student housing facility (the "Series 2010 Project"). Interest rates ranged from 3.0 percent to 6.0 percent over the scheduled redemption period of December 1, 2011 to June 1, 2045.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

On May 3, 2010, CFP I entered into a Development Agreement with Capstone Development Corporation (the “Developer”) for the design, construction, and equipping of the Series 2010 Project to serve as residential housing for students at the University. The Developer completed the Series 2010 Project for occupancy in August 2011. In addition, CFP I and the University entered into a Management Agreement with Capstone On-Campus Management, LLC to manage, operate, and maintain the Series 2010 Project. This Management Agreement was effective July 1, 2011.

The Series 2010 Project was completed and a permanent occupancy permit was granted on August 1, 2011. The two housing facilities, Falcon Heights and Centennial Hall, were opened on August 19, 2011.

On August 10, 2017, the University issued \$73,560,000 of General Receipts Bonds, Series 2017B. Proceeds from the bonds provided funds to advance refund the Series 2010 Bonds held by CFP I. As a result of this transaction, the University acquired two student housing facilities and their contents known as Falcon Heights and Centennial Hall from CFP I. The University recorded the net book value of the student housing facilities of approximately \$55 million and also approximately \$13 million of CFP I’s remaining assets.

The Corporation is also the sole member of CFP II LLC (“CFP II”). CFP II is a nonprofit single-member limited liability company formed in 2010 under the laws of the State of Ohio. On January 31, 2011, CFP II entered into a Project Agreement with Compass Group USA Inc., Chartwells Division (“Chartwells”). Chartwells was engaged to design, finance, construct, and equip a full-service dining facility on the main campus of the University, known as The Oaks. The Oaks replaced the existing McDonald Hall dining facility.

Pursuant to an Amended and Restated Food Service Agreement, dated June 25, 2010 (the “Management Agreement”), by and between Chartwells and the University, Chartwells has provided funds for The Oaks in the amount of \$10,350,000, which is recorded as capital assets of the Corporation to be paid back to Chartwells through the construction funding payable in Note 7. The loan does not have an interest component and matures on June 30, 2039. The Corporation has provided funds of approximately \$23,000 and CFP II has provided funds of approximately \$1,125,000.

The Corporation is also the sole member of CFP III LLC (“CFP III”). CFP III is a nonprofit single-member limited liability company formed in 2010 under the laws of the State of Ohio. On May 12, 2011, CFP III entered into a Development Agreement with Capstone Development for the design, construction, and equipping of a full-service dining facility on the main campus of the University, known as Carillon Place dining facility (“Carillon”). Carillon replaced the existing Commons dining facility.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

On March 31, 2011, CFP III entered into a funding agreement with the manager of The Oaks, Chartwells. Pursuant to an Amended and Restated Food Service Agreement dated June 25, 2010 (the “Management Agreement”), by and between Chartwells and the University, Chartwells has provided funds for the project in the amount of \$6,062,000, which are recorded as capital assets of the Corporation to be paid back to Chartwells through the construction funding payable in Note 7. The loan does not have an interest component and matures on June 30, 2039. The Corporation provided funds of approximately \$707,000, and CFP III has provided funds of approximately \$1,973,000.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government entity 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 inter-fund transactions have been eliminated.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System/State Teachers Retirement System of Ohio Pension Plan (“OPERS/STRS”) and additions to/deductions from OPERS/STRS fiduciary net position have been determined on the same basis as they are reported by OPERS/STRS. OPERS/STRS uses 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 expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

For purposes of measuring the net other postemployment benefits (“OPEB”) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of OPERS/STRS and additions to/deductions from OPERS/STRS fiduciary net position have been determined on the same basis as they are reported by OPERS/STRS. OPERS/STRS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS/STRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Upcoming Pronouncements

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The University is currently evaluating the impact of this standard, specifically related to holding assets for other organizations and alumni/student club accounts. The provisions of this statement are effective for the University's financial statements for fiscal year 2020.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, which increases the usefulness of government entities' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is not expected to have a significant effect on the University's financial statements. The provisions of this statement are effective for the University's financial statements for fiscal year 2021.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement will be adopted one year early, for the University's financial statements for fiscal year 2020.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Cash and Cash Equivalents

The University considers funds immediately available to be cash and cash equivalents. All investments with maturities less than 90 days are considered cash equivalents. Cash and cash equivalents totaled \$8,630,808 and \$8,110,374 at June 30, 2019 and 2018, respectively.

Accounts Receivable

Accounts receivable are reported at net realizable value and consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts.

Inventories

Inventories are stated at the lower of average cost or market (net realizable value) on a first-in, first-out basis (FIFO).

Investments

All investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investments in publicly traded securities are stated at fair value as established by major securities markets. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position.

Limited partnerships, hedge funds, and collective equity funds are also included in investments and are not necessarily readily marketable. The components of the individual investments within these funds are not readily determinable. The estimated fair value is based on valuations provided by external investment managers. The valuation is based on independent appraisals and estimates that represent the net asset value of shares held by the University or based on periodic financial information (including annual audited financial statements) obtained from the funds. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may significantly differ from the value that would have been used had a ready market for such investments existed.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Restricted Assets

Restricted assets represent unspent bond proceeds and consist of money markets and certificates of deposits.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a cost of \$3,500 or more and an estimated useful life of greater than one year. Infrastructure and improvements other than to buildings are capitalized if the cost exceeds \$100,000. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred. Interest cost related to construction is not expensed, but capitalized. Capitalized interest will be depreciated when the corresponding asset is placed in service.

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

Unearned Revenue

Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Summer term revenue and expenditures are allocated to the appropriate accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue and general receipts bonds and notes payable with contractual maturities greater than one year, (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year, and (3) federal student loan deposits and (4) the University's net pension and OPEB liabilities related to the OPERS/STRS retirement plans.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Deferred Outflows/Inflows of Resources

Deferred Inflows: In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The University's deferred inflows of resources are for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments (see Note 8 for more details).

Deferred Outflows: In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a reduction of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The University reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date (see Note 8 for more details).

Compensated Absences

University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and 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 limitations are forfeited. The liability and expense incurred are recorded at year end as liabilities in the statements of net position and as a component of operating expense in the statements of revenues, expenses, and changes in net position.

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 statements 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 the 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.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Income Tax

The University, as an instrumentality of the State of Ohio, is excluded from federal income taxes under Section 115 of the Internal Revenue Code, as amended. Certain activities of the University may be subject to taxation as unrelated business income.

Eliminations

In preparing the financial statements, the University eliminates inter-fund assets and liabilities that would otherwise be reflected twice in the statements of net position. Similarly, revenues and expenses related to internal activities are also eliminated from the statements of revenues, expenses, and changes in net position.

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 in the financial statements and accompanying notes. Actual results could differ from those estimates.

Auxiliary Enterprises

Auxiliary activities mainly represent revenues generated from certain residence halls and dining services, intercollegiate athletics, bookstore, and various other activities that provide services to the student body, faculty, staff, and general public.

Net Position

In accordance with GASB Statement No. 35 guidelines, the University's resources are classified into the following four net position categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted - Expendable: Component of net position that includes resources the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties for loans, capital projects, and debt service.

Restricted - Nonexpendable: Component of net position whose use is subject to externally imposed stipulations that may be maintained permanently by the University.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
(continued)**

Unrestricted: Component of net position that is not subject to externally imposed restrictions and includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general obligations of the University and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. These resources also include auxiliary enterprises that are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

Revenues

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) sales and services of auxiliary enterprises, net of agency payments; and (3) 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 for Public Colleges and Universities*, such as state appropriations for instruction, state capital grants, federal Pell grant revenue, and investment income.

Change in accounting policy

Effective for the fiscal year ended June 30, 2019, the University adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*, ("GASB 88"). This statement requires additional information related to debt be disclosed in the financial statements. The adoption of GASB 88 has been applied retroactively and impacts note 7 of the financial statements.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments

Deposits

Amounts available for deposit at June 30, 2019 and 2018 are as follows:

	2019	2018
Cash (carrying amounts)	\$ 8,473,872	\$ 7,929,796
Reconciling items (net) to arrive at bank balances of deposit	(293,300)	(190,067)
Total available for deposit and investment (bank balances of deposits)	\$ 8,180,572	\$ 7,739,729

The carrying amount shown above does not include \$156,936 and \$180,578 held in cash funds at June 30, 2019 and 2018, respectively.

Approximately \$295,334 and \$396,073 at June 30, 2019 and 2018, respectively, was covered by federal depository insurance and \$5,088,685 and \$4,260,689 at June 30, 2019 and 2018, respectively, was covered by collateral held by third-party trustees pursuant to paragraph 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions; the remainder was not collateralized or insured, leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the University may not be able to recover its deposits or collateral securities. The University maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

Investments

The University's investment policy authorizes the University to invest operating funds. The University has no endowment funds in the following investments:

- Obligations of the U.S. Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- State Treasury Asset Reserve (STAR Ohio)
- Certificates of deposit (domestic and foreign)
- Repurchase agreements
- Mutual funds

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

- Commercial paper
- Banker's acceptances
- Corporate bonds and notes
- Common and preferred stock
- Real estate
- Collateralized mortgage obligations
- Collective equity funds
- Asset-backed securities
- Private equity funds
- Hedge fund

The University operates with a long-term investment goal of preserving the purchasing power of the principal in a diversified portfolio.

All common stocks, corporate bonds, money market instruments, mutual funds, and other investments are invested through a trust agreement with US Bank Institutional Trust and Custody, which is the custodian and money manager. Short-term investments with Huntington Bank are secured with internally designated securities as pledged to the University.

The University invests in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investment at amortized cost. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2019 and June 30, 2018.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

The values of investments held by the University at June 30 are as follows:

	<u>2019</u>	<u>2018</u>
Equity mutual funds	\$ 94,015,033	\$ 91,910,606
Fixed income mutual funds	62,894,669	67,871,572
U.S. government obligations	4,008,710	13,820,146
U.S. government agencies	-	12,259,617
Money market funds	27,427,143	12,681,909
Municipal bonds	6,019,598	5,481,185
Common and preferred stocks	419,413	414,568
STAR Ohio	5,564,469	206,274
Alternative investments:		
Collective trust funds	17,074,284	15,797,037
Hedge funds	34,629,848	33,962,703
Limited partnerships	4,679,131	2,667,929
Total	<u>\$ 256,732,298</u>	<u>\$ 257,073,546</u>

The components of net investment income at June 30 are as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends, net	\$ 5,885,390	\$ 5,294,435
Net appreciation in market value of investments	<u>6,466,009</u>	<u>6,426,636</u>
Total	<u>\$ 12,351,399</u>	<u>\$ 11,721,071</u>

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the years ended June 30, 2019 and 2018, the University realized a net gain from the sale of investments of \$507,666 and \$3,090,559, respectively. The unrealized appreciation during the years ended June 30, 2019 and 2018 was \$5,958,343 and \$3,336,077, respectively. This resulted in net appreciation in the fair value of investments during the years ended June 30, 2019 and 2018 of \$6,466,009 and \$6,426,636, respectively.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

Interest Rate Risk

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

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

Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
U.S. government obligations	\$ 4,008,710	4,008,710	-	-	-
Municipal bonds	6,019,598	24,398	-	-	5,995,200
STAR Ohio	5,564,469	5,564,469	-	-	-
Total	\$ 15,592,777	\$ 9,597,577	\$ -	\$ -	\$ 5,995,200

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

Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
U.S. government obligations	\$ 13,820,146	\$ 9,844,013	\$ 3,976,133	\$ -	\$ -
U.S. government agencies	12,259,617	12,259,617	-	-	-
Municipal bonds	5,481,185	23,687	24,398	-	5,433,100
STAR Ohio	206,274	206,274	-	-	-
Total	\$ 31,767,222	\$ 22,333,591	\$ 4,000,531	\$ -	\$ 5,433,100

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 such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

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

Credit Rating (Standard & Poor's)	Other Investments
AAA	\$ 9,573,179
AA	5,995,200
Not rated	24,398
Total	\$ 15,592,777

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

Credit Rating (Standard & Poor's)	Other Investments
AAA	\$ 26,286,037
AA	5,433,100
Not rated	48,085
Total	\$ 31,767,222

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. The University facilitates several study abroad programs in Austria and Spain with a total cash balance of \$73,925 and \$108,811 at June 30, 2019 and 2018, respectively.

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.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

2. Cash and Investments (continued)

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

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

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2019	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				
International corporate stock	\$ 419,413	\$ 419,413	\$ -	\$ -
Debt securities:				
U.S. Treasury securities	4,008,710	4,008,710	-	-
Municipal bonds	5,995,200	-	5,995,200	-
Total debt securities	10,003,910	4,008,710	5,995,200	-
Equity securities:				
Mutual funds:				
Domestic	120,591,074	120,591,074	-	-
International	36,318,627	36,318,627	-	-
Total equity securities	156,909,701	156,909,701	-	-
Total investments by fair value level	167,333,024	\$ 161,337,824	\$ 5,995,200	\$ -
Investments measured at the net asset value (NAV)				
Multi-strategy hedge funds	34,629,848			
Private investments	4,679,131			
Limited partnership	17,074,284			
Total investments measured at the NAV	56,383,263			
Total investments measured at fair value	\$ 223,716,287			

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2018	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				
International corporate stock	\$ 414,568	\$ 414,568	\$ -	\$ -
Debt securities:				
U.S. Treasury securities	13,820,146	13,820,146	-	-
U.S. government agencies	12,259,617	-	12,259,617	-
Municipal bonds	5,481,185	-	5,481,185	-
Total debt securities	<u>31,560,948</u>	<u>13,820,146</u>	<u>17,740,802</u>	<u>-</u>
Equity securities:				
Mutual funds:				
Domestic	124,613,631	124,613,631	-	-
International	35,168,547	35,168,547	-	-
Total equity securities	<u>159,782,178</u>	<u>159,782,178</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>191,757,694</u>	<u>\$ 174,016,892</u>	<u>\$ 17,740,802</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)

Multi-strategy hedge funds	33,962,703
Private investments	2,667,929
Limited partnership	<u>15,797,037</u>
Total investments measured at the NAV	<u>52,427,669</u>
Total investments measured at fair value	<u>\$ 244,185,363</u>

International corporate stock, equity securities, and U.S. Treasury debt securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The remaining debt securities at June 30, 2019 and 2018 were 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 fair value of alternative investments is determined primarily based on Level 3 inputs. The University estimates the fair value of these investments using the fund manager's financial statements and calculation of the University's proportionate ownership share of the fund. At June 30, 2019 and 2018, the University did not value any investments based on Level 3 inputs.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

Short-term investment on the statement of net position at June 30, 2019 and 2018 include investments in STAR Ohio of \$5,564,469 and \$206,274, respectively. The investments in STAR Ohio are measured at amortized cost; therefore, they are not included in the tables above. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transactions to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

Investments in Entities that Calculate Net Asset Value per Share

The University holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2019	June 30, 2018	June 30, 2019		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if	Redemption Notice Period
Multi-strategy					
hedge funds	\$ 34,629,848	\$ 33,962,703	\$ -	Quarterly	100 days
Private investment	4,679,131	2,667,929	4,825,325	N/A	N/A
Limited partnership	17,074,284	15,797,037	-	N/A	N/A
Total	<u>\$ 56,383,263</u>	<u>\$ 52,427,669</u>	<u>\$ 4,825,325</u>		

The multi-strategy hedge funds class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The fair values of the investments in this class have been estimated using the net asset value per share of the investment or its equivalent. Due to current market conditions as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market volatility. The private investments category includes private debt, primarily in the senior secured segment of the market. The investment purpose is portfolio growth, and diversification of the growth exposures beyond equity risk to include credit exposure with a yield component. The limited partnership assets are invested in fixed income securities with a purpose of capital preservation and stable income yield.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

Concentration Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's cash investment policy provides that investment pool direct placements are to be sufficiently diversified and provides that no more than 10 percent of its assets can be 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 10 percent or more in 2019 or 2018.

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's investment in the state treasurer's investment program that is not evidenced by securities that exist in physical or book entry form was \$5,564,469 and \$206,274 at June 30, 2019 and 2018, respectively. The remaining investments are uninsured and unregistered with securities held by the counterparty's trust department or agent in the University's name.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

The values of investments held by the Foundation at June 30 are as follows:

	Balance at June 30, 2019	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				
Cash equivalents and money market funds	\$ 7,121,184	\$ 7,121,184	\$ -	\$ -
Domestic corporate stock	45,743	45,743	-	-
Equity securities:				
Mutual funds:				
Domestic funds	48,775,410	48,775,410	-	-
International funds	31,085,521	31,085,521	-	-
Fixed income funds	37,212,799	37,212,799	-	-
Total equity securities	117,073,730	117,073,730	-	-
Split interest agreements:				
Cash equivalents and money market funds	225,708	225,708	-	-
Mutual funds	2,404,028	2,404,028	-	-
Fixed income funds	2,480,716	2,480,716	-	-
Beneficial interest in trust held by others	135,455	-	-	135,455
Total split interest agreements	5,245,907	5,110,452	-	135,455
Total investments by fair value level	\$ 129,486,564	\$ 129,351,109	\$ -	\$ 135,455
Investments measured at the net asset level (NAV)				
Hedge funds	27,226,252			
Private investment funds	33,791,050			
Real estate funds and other	812,389			
Total investments at the NAV	61,829,691			
Total investments at fair value	\$ 191,316,255			

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2018	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				
Cash equivalents and money market funds	\$ 2,143,066	\$ 2,143,066	\$ -	\$ -
Domestic corporate stock	53,546	53,546	-	-
Equity securities:				
Mutual funds:				
Domestic funds	47,343,165	47,343,165	-	-
International funds	30,046,451	30,046,451	-	-
Fixed income funds	37,478,871	37,478,871	-	-
Total equity securities	114,868,487	114,868,487	-	-
Split interest agreements:				
Cash equivalents and money market funds	148,161	148,161	-	-
Mutual funds	2,396,370	2,396,370	-	-
Fixed income funds	2,486,982	2,486,982	-	-
Beneficial interest in trust held by others	144,022	-	-	144,022
Total split interest agreements	5,175,535	5,031,513	-	144,022
Total investments by fair value level	<u>\$ 122,240,634</u>	<u>\$ 122,096,612</u>	<u>\$ -</u>	<u>\$ 144,022</u>

Investments measured at the net asset level (NAV)

Hedge funds	27,263,220
Private investment funds	27,483,381
Real estate funds and other	1,074,261
Total investments at the NAV	<u>55,820,862</u>
Total investments at fair value	<u>\$ 178,061,496</u>

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

The following is a reconciliation of beginning and ending balances of recurring fair value measurements recognized in the Foundation balance sheet using significant observable (Level 3) inputs:

	Hedge Funds	Private Investments	Real Estate and Other Funds	Funds Held in Trust by Others	Total
Beginning balance, July 1, 2018	\$ 27,263,220	\$ 27,483,381	\$ 1,074,262	\$ 144,022	\$ 55,964,885
Contributions	-	-	-	-	-
Total gains or losses (realized unrealized) included in earnings	172,002	1,913,256	760	-	2,086,018
Change in split interest agreements	-	-	-	(8,567)	(8,567)
Purchases	-	4,679,715	-	-	4,679,715
Sales	(208,970)	(285,302)	(262,633)	-	(756,905)
Ending balance, June 30, 2019	<u>\$ 27,226,252</u>	<u>\$ 33,791,050</u>	<u>\$ 812,389</u>	<u>\$ 135,455</u>	<u>\$ 61,965,146</u>

	Hedge Funds	Private Investments	Real Estate and Other Funds	Funds Held in Trust by Others	Total
Beginning balance, July 1, 2017	\$ 25,423,390	\$ 20,084,511	\$ 2,336,622	\$ 152,408	\$ 47,996,931
Contributions	-	-	-	-	-
Total gains or losses (realized unrealized) included in earnings	1,283,122	2,247,043	127,510	-	3,657,675
Change in split interest agreements	-	-	-	(8,386)	(8,386)
Purchases	1,000,000	5,344,625	-	-	6,344,625
Sales	(443,292)	(192,798)	(1,389,870)	-	(2,025,960)
Ending balance, June 30, 2018	<u>\$ 27,263,220</u>	<u>\$ 27,483,381</u>	<u>\$ 1,074,262</u>	<u>\$ 144,022</u>	<u>\$ 55,964,885</u>

The Foundation realized a net gain from the sale of investment securities of \$10,378,111 and \$5,856,182 for the years ended June 30, 2019 and 2018, respectively. The net appreciation (depreciation) on the fair value of investments totaled (\$4,513,594) and \$2,419,137 for the years ended June 30, 2019 and 2018, respectively.

The Foundation has outstanding commitments to invest in various alternative investments at June 30, 2019 and 2018, amounting to approximately \$17,131,000 and \$19,681,000, respectively.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

2. Cash and Investments (continued)

Certain Foundation investment securities are held by independent custodial and management agents. Custodial and management fees paid approximated \$96,000 and \$119,000 in 2019 and 2018, respectively.

3. Accounts Receivable

The composition of accounts receivable for the University at June 30 is as follows:

	2019	2018
Student receivable for fees, room and board	\$ 6,430,389	\$ 6,836,340
Research and sponsored programs	2,632,047	3,113,485
Other	1,392,509	1,371,063
Subtotal	10,454,945	11,320,888
Less allowance for doubtful accounts	1,500,000	1,500,000
Totals	\$ 8,954,945	\$ 9,820,888

4. Notes Receivable

Principal repayment and interest rate terms of federal and University loans vary considerably. Federal loan programs are funded principally with federal contributions to the University under the Perkins and Nursing Loan programs. All amounts recorded are believed collectible.

The University distributed \$107,990,579 and \$113,683,327 for student loans in 2019 and 2018, respectively, through the U.S. Department of Education federal direct lending program. These distributions and related funding sources are not included as revenues or expenses in the accompanying financial statements.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

5. Capital Assets

Capital assets and accumulated depreciation and amortization of the University as of June 30, 2019 are summarized as follows:

	Beginning Balance	Additions	Retirements or Transfers	Ending Balance
Land (non-depreciable)	\$ 10,166,927	\$ -	\$ -	\$ 10,166,927
Buildings	664,758,922	3,457,234	13,094,094	681,310,250
Infrastructure	189,837,200	8,715,269	34,054,673	232,607,142
Equipment	104,028,344	3,396,572	(5,770,204)	101,654,712
Library materials	24,880,300	2,007,372	(2,482,498)	24,405,174
Construction in progress (non-depreciable)	53,140,939	19,170,941	(47,407,227)	24,904,653
Capitalized interest	1,593,943	940,924	(529,852)	2,005,015
Total capital assets	1,048,406,575	37,688,312	(9,041,014)	1,077,053,873
Less accumulated depreciation and amortization	(447,398,132)	(37,744,247)	8,471,664	(476,670,715)
Net capital assets	\$ 601,008,443	\$ (55,935)	\$ (569,350)	\$ 600,383,158

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

5. Capital Assets (continued)

Capital assets and accumulated depreciation and amortization of the University as of June 30, 2018 are summarized as follows:

	Beginning Balance	Additions	Retirements or Transfers	Ending Balance
Land (non-depreciable)	\$ 9,571,491	\$ 773,827	\$ (178,390)	\$ 10,166,928
Buildings	627,453,466	55,652,292	(18,346,836)	664,758,922
Infrastructure	120,829,244	8,444,821	60,563,136	189,837,201
Equipment	101,149,615	2,621,974	256,755	104,028,344
Library materials	25,321,480	2,152,947	(2,594,128)	24,880,299
Construction in progress (non-depreciable)	100,738,692	14,319,400	(61,917,154)	53,140,938
Capitalized interest	2,479,796	1,155,674	(2,041,527)	1,593,943
Total capital assets	987,543,784	85,120,935	(24,258,144)	1,048,406,575
Less accumulated depreciation and amortization	(427,953,047)	(36,730,732)	17,285,648	(447,398,132)
Net capital assets	\$ 559,590,737	\$ 48,390,203	\$ (6,972,496)	\$ 601,008,442

The University has commitments of approximately \$53.1 million on various construction projects in progress as of June 30, 2019.

Capital assets and accumulated depreciation of the Corporation as of June 30, 2019 are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land (non-depreciable)	\$ 382,998	\$ 700,832	-	\$ 1,083,830
Land improvements	405,277	-	-	405,277
Buildings	18,361,399	-	-	18,361,399
Furniture	923,892	-	(14,125)	909,767
Chartwells renovation	1,588,000	-	-	1,588,000
Total capital assets	21,661,566	700,832	(14,125)	22,348,273
Less accumulated depreciation and amortization	(7,183,820)	(702,140)	14,125	(7,871,835)
Net capital assets	\$ 14,477,746	\$ (1,308)	\$ -	\$ 14,476,438

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

5. Capital Assets (continued)

Capital assets and accumulated depreciation of the Corporation as of June 30, 2018 are summarized as follows:

	Balance	Additions	Retirements	Balance
Land (non-depreciable)	\$ 873,499	\$ 145,810	\$ (636,311)	\$ 382,998
Land improvements	1,384,056	-	(978,779)	405,277
Buildings	85,720,760	-	(67,359,361)	18,361,399
Construction in progress (non-depreciable)	6,596	-	(6,596)	-
Furniture	3,623,242	-	(2,699,350)	923,892
Chartwells renovation	1,588,000	-	-	1,588,000
Total capital assets	93,196,153	145,810	(71,680,397)	21,661,566
Less accumulated depreciation and amortization	(22,946,455)	(1,075,695)	16,838,330	(7,183,820)
Net capital assets	\$ 70,249,698	\$ (929,885)	\$ (54,842,067)	\$ 14,477,746

6. Accounts Payable and Accrued Expenses

The composition of accounts payable and accrued expenses of the University at June 30 is as follows:

	2019	2018
Accounts payable	\$ 12,186,358	\$ 9,276,474
Accrued payroll and withholdings	8,556,493	7,291,056
Accrued health claims	2,400,000	2,400,000
Accrued interest on bonds	951,260	1,226,519
Total	\$ 24,094,111	\$ 20,194,049

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

7. Long-Term Debt and Other Obligations

Long-term debt and other obligations of the University for June 30, 2019 are summarized as follows:

Bonds	Rates	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Public bonds							
2010 Series A Tax-Exempt	2.00-5.00	2010-2019	\$ 680,000	\$ -	\$ 680,000	\$ -	\$ -
2010 Series B Build America	4.20-6.73	2015-2039	59,455,000	-	2,390,000	57,065,000	16,000,000
2012 Series A General Receipts Bond - 2003 Advance Refunding	1.92	2011-2019	1,590,000	-	1,590,000	-	-
2012 Series B General Receipts Bond - 2004 Advance Refunding	1.92	2011-2019	2,925,000	-	2,925,000	-	-
2016 Bond Series A	3.75-5.00	2021-2046	70,000,000	-	-	70,000,000	-
2017 Bond Series B	3.00-5.00	2018-2045	71,575,000	-	1,385,000	70,190,000	1,440,000
Bond premium			16,383,376	-	1,207,364	15,176,012	1,199,809
Direct placement bonds							
2014 General Receipts Bonds	Variable	2019-2048	40,000,000	-	-	40,000,000	755,000
2017 Bond Series A	1.6	2050	35,000,000	-	-	35,000,000	-
Total bonds payable			297,608,376	-	10,177,364	287,431,012	19,394,809
Other liabilities							
Vacation pay			7,762,037	6,014,059	6,055,317	7,720,779	5,767,060
Sick leave			6,061,548	409,564	-	6,471,112	466,380
Federal student loan deposits			8,061,977	-	-	8,061,977	-
Total other liabilities			21,885,562	6,423,623	6,055,317	22,253,868	6,233,440
Total long-term liabilities			\$ 319,493,938	\$ 6,423,623	\$ 16,232,681	\$ 309,684,880	\$ 25,628,249

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

7. Long-Term Debt and Other Obligations (continued)

Long-term debt and other obligations of the University for June 30, 2018 are summarized as follows:

Bonds	Rates	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Public bonds							
2010 Series A Tax-Exempt	2.00-5.00	2010-2019	\$ 1,360,000	\$ -	\$ 680,000	\$ 680,000	\$ 680,000
2010 Series B Build America	4.20-6.73	2015-2039	61,845,000	-	2,390,000	59,455,000	2,390,000
2012 Series A General Receipts Bond - 2003 Advance Refunding	1.92	2011-2019	3,145,000	-	1,555,000	1,590,000	1,590,000
2012 Series B General Receipts Bond - 2004 Advance Refunding	1.92	2011-2019	5,790,000	-	2,865,000	2,925,000	2,925,000
2016 Bond Series A	3.75-5.00	2021-2046	70,000,000	-	-	70,000,000	-
2017 Bond Series B Bond premium	3.00-5.00	2018-2045	-	73,560,000	1,985,000	71,575,000	1,385,000
			9,091,546	8,379,642	1,087,812	16,383,376	1,207,364
Direct placement bonds							
2017 Bond Series A	1.6	2050	35,000,000	-	-	35,000,000	-
2014 General Receipts Bonds	Variable	2019-2048	40,000,000	-	-	40,000,000	-
Total bonds payable			226,231,546	81,939,642	10,562,812	297,608,376	10,177,364
Other liabilities							
Vacation pay			7,526,761	5,634,409	5,399,133	7,762,037	5,726,679
Sick leave			5,597,285	464,263	-	6,061,548	447,385
Federal student loan deposits			8,318,432	128,779	385,234	8,061,977	-
Total other liabilities			21,442,478	6,227,451	5,784,367	21,885,562	6,174,064
Total long-term liabilities			\$ 247,674,024	\$ 88,167,093	\$ 16,347,179	\$ 319,493,938	\$ 16,351,428

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

7. Long-Term Debt and Other Obligations (continued)

The scheduled maturities and interest of the University's bonds for the five fiscal years subsequent to June 30, 2018 and subsequent periods thereafter are as follows:

	Bonds			Bonds from Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 17,440,000	\$ 8,878,891	\$ 26,318,891	\$ 755,000	\$ 1,393,137	\$ 2,148,137
2021	4,825,000	8,230,782	13,055,782	1,535,000	1,371,411	2,906,411
2022	4,965,000	8,028,314	12,993,314	1,750,000	1,341,581	3,091,581
2023	5,115,000	7,797,957	12,912,957	1,800,000	1,309,526	3,109,526
2024	5,275,000	7,560,099	12,835,099	1,855,000	1,276,462	3,131,462
2025-2029	29,040,000	34,050,709	63,090,709	10,060,000	5,851,375	15,911,375
2030-2034	36,220,000	26,606,604	62,826,604	11,550,000	4,866,976	16,416,976
2035-2039	42,915,000	17,984,735	60,899,735	13,315,000	3,726,508	17,041,508
2040-2044	38,140,000	8,683,313	46,823,313	15,400,000	2,400,303	17,800,303
2045-2049	13,320,000	724,438	14,044,438	15,520,000	853,051	16,373,051
2050	-	-	-	1,460,000	11,680	1,471,680
	\$ 197,255,000	\$ 128,545,842	\$ 325,800,842	\$ 75,000,000	\$ 24,402,010	\$ 99,402,010

On May 7, 2014, the University issued \$40,000,000 of variable rate, tax exempt General Receipts Bonds, Series 2014. The proceeds will be used to finance the costs of various improvements to the University's campus, including (i) improvements to fully or partially renovate five academic classroom and instruction laboratory buildings and the supporting campus infrastructure, and also including improved replacement parking; (ii) partial renovation of the campus recreation and wellness facility; (iii) demolition, utility relocation, and other site preparation work associated with one or more existing academic and residential buildings in preparation for future site-specific capital projects; and (iv) acquisition and installation of all related fixtures, furnishings, and equipment.

This Series 2014 Bond has a stated maturity date of June 1, 2048 and bears interest at an adjustable rate, payable on the first business day of each month. The variable rate resets on the first of each month; in 2018 the rate calculation was modified to 68.50 percent of LIBOR plus a number of basis points (currently 38 basis points) that are assigned based on the University's then-current bond rating. The rate in effect at June 30, 2019 was 2.08 percent. At no time will the interest rate borne by this Series 2014 Bond exceed a maximum interest rate of 12 percent per year. The interest calculation for the Series 2014 Bond included in the above table of scheduled maturities is based upon the rate in effect on July 1, 2019.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

7. Long-Term Debt and Other Obligations (continued)

This Series 2014 Bond is subject to redemption at the option of the University prior to the stated maturity date in whole or in part, at the redemption price of 100 percent of the principal amount redeemed, plus accrued interest up to the redemption date.

On February 11, 2016, the University issued \$70,000,000 of fixed rate General Receipts Bonds, Series 2016A with interest rates ranging from 3.75 percent to 5.00 percent, and maturities ranging from 2021 to 2046. The proceeds will be used to finance the costs of various improvements to the University's campus, including (i) improvements to fully or partially renovate five academic classroom and instruction laboratory buildings and the supporting campus infrastructure, and also including improved replacement parking; (ii) partial renovation of the campus recreation and wellness facility; (iii) demolition, utility relocation, and other site preparation work associated with one or more existing academic and residential buildings in preparation for future site-specific capital projects; and (iv) acquisition and installation of all related fixtures, furnishings, and equipment.

On June 29, 2017, the University issued \$35,000,000 of fixed rate General Receipts Bonds, Series 2017A with a fixed interest rate of 1.60 percent and a maturity in 2049. The proceeds will be used to finance the cost of various improvements to the University's campus including (i) improvements to fully or partially renovate five academic classroom and instruction laboratory buildings and the supporting campus infrastructure, and also including improved replacement parking; (ii) partial renovation of the campus recreation and wellness facility; (iii) demolition, utility relocation, and other site preparation work associated with one or more existing academic and residential buildings in preparation for future site-specific capital projects; and (iv) acquisition and installation of all related fixtures, furnishings, and equipment.

On August 10, 2017, the university issued \$73,560,000 of fixed rate General Receipts Bonds, Series 2017B, with interest rates ranging from 3.00 percent to 5.00 percent, and maturities ranging from 2018 to 2045. Proceeds from the bonds were used to advance refund the Series 2010 Bonds held by CFP I. As a result of this transaction, the University acquired two student housing facilities and their contents known as Falcon Heights and Centennial Hall from CFP I.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

7. Long-Term Debt and Other Obligations (continued)

The principal and interest payments of all Bonds are collateralized by the pledge of the general receipts of the University under a master trust agreement. The master trust agreement has various restrictive covenants with which the University is in compliance.

Events of default on the University's Bonds, subject to the master trust agreement, may result from failure to pay principal and interest when due, or failure to perform under bond covenants and agreements as identified by the Bond Trustee. The Bonds contain a subjective acceleration clause in which in the event of the occurrence of any event of default, the Trustee may, and upon the request of the holders of at least 25 percent of the principal amount of the then outstanding bonds must, so long as properly indemnified, by appropriate notice to the University declare the principal of all bonds then outstanding (if not then due and payable) and the interest accrued on those bonds to be due and payable immediately.

Interest expense related to long-term debt of the University for the years ended June 30, 2019 and 2018 was \$9,291,777 and \$8,977,407, respectively. Of this amount, \$940,924 and \$1,155,674 was capitalized by the University at June 30, 2019 and 2018, respectively.

The University had unspent bond proceeds, which are classified as restricted assets, at June 30, 2019 and 2018 of \$20,464,093 and \$30,417,412, respectively.

Long-term liabilities of the Corporation for June 30, 2019 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Construction funding payable	\$ 12,344,618	\$ -	\$ (596,800)	\$ 11,747,818	\$ 596,800
Total long-term liabilities	<u>\$ 12,344,618</u>	<u>\$ -</u>	<u>\$ (596,800)</u>	<u>\$ 11,747,818</u>	<u>\$ 596,800</u>

Long-term liabilities of the Corporation for June 30, 2018 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Bonds payable	\$ 77,705,000	\$ -	\$ (77,705,000)	\$ -	\$ -
Less unamortized discount and issuance costs	(2,124,079)	-	2,124,079	-	-
Construction funding payable	12,941,418	-	(596,800)	12,344,618	596,800
Total long-term liabilities	<u>\$ 88,522,339</u>	<u>\$ -</u>	<u>\$ (76,177,721)</u>	<u>\$ 12,344,618</u>	<u>\$ 596,800</u>

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

7. Long-Term Debt and Other Obligations (continued)

The construction funding payable amounts of the Corporation for the five fiscal years subsequent to June 30, 2018 and thereafter are as follows:

	The Oaks (CFP II)	Carillon (CFP III)	Total Due
2020	\$ 376,364	\$ 220,436	\$ 596,800
2021	376,364	220,436	596,800
2022	376,364	220,436	596,800
2023	376,364	220,436	596,800
2024	376,364	220,436	596,800
Thereafter	5,457,271	3,306,547	8,763,818
	\$ 7,339,091	\$ 4,408,727	\$ 11,747,818

8. Employee Benefit Plans

Employee benefits are available for substantially all employees under contributory retirement plans. The University faculty is covered by the State Teachers Retirement System of Ohio (“STRS Ohio”). All other employees are covered by the Ohio Public Employees Retirement System of Ohio (“OPERS”). Both plans provide retirement, disability, annual cost-of-living adjustments, death benefits, and healthcare benefits to vested retirees.

STRS Ohio and OPERS offer three separate retirement plans:

Defined benefit plan – traditional pension plan. This is a cost-sharing, multiple-employer plan. This plan provides disability, annual cost-of-living adjustments, death benefits, and healthcare benefits. Healthcare benefits are based on years of service.

Defined contribution plan – member-directed plan. Employee contributions are invested in self-directed investments. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost-of-living adjustments, death benefits, or healthcare benefits.

Combined plan – has elements of the traditional pension plan and member-directed plan. Employee contributions are invested in self-directed investments. The employer contributions are used to fund a reduced defined benefit plan. This plan provides disability, annual cost-of-living adjustments, death benefits, and healthcare benefits. Healthcare benefits are based on years of service.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. Reports can be obtained by contacting the two agencies.

The STRS Ohio Comprehensive Annual Financial Report can be downloaded from the STRS website at www.strsoh.org. The Ohio Revised Code provides statutory authority for employer and employee contributions. The University contributes 14 percent of covered payroll and the employee pretax contribution rate is 14 percent of covered payroll. A portion of employer contributions was allocated to postemployment healthcare benefits as disclosed in Note 9.

The OPERS Comprehensive Annual Financial Report can be downloaded from the OPERS website at www.opers.org. The Ohio Revised Code provides statutory authority for employer and employee contributions. The University contributes 14 percent of covered payroll and the employee pretax contribution rate is 10 percent of covered payroll. A portion of employer contributions was allocated to postemployment healthcare benefits as disclosed in Note 9.

Employees may opt out of STRS Ohio or OPERS and participate in the Alternative Retirement Program (“ARP”), a defined contribution plan. The University contributes 14 percent of covered payroll and the employee pretax contribution rate is 10 percent of covered payroll for employees who opt out of OPERS and 14 percent for employees who opt out of STRS. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost-of-living adjustments, death benefits, or healthcare benefits.

STRS – Plan benefits are established under Chapter 3307 of the Revised Code, as amended by Substitute Senate Bill 342 in 2012, gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the COLA as the need or opportunity arises, depending on the retirement system’s funding progress.

Any member may retire who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Beginning on August 1, 2015, eligibility requirements for an unreduced benefit will change. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years), and multiplying by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing the individual’s ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits.

June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage up to \$2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

OPERS – Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (5 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (5-30 years), age (48-62 years), and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of \$500 - \$2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent, or an amount based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Postemployment healthcare – In addition to pension benefits, the Ohio Revised Code provides authority for public employers to fund postemployment healthcare benefits through their contributions to STRS Ohio and OPERS.

STRS Ohio provides access to a cost-sharing, multiple-employer healthcare plan to retirees who participated in the defined benefit or combined plan. Coverage under the current plan includes hospitalization, doctor fees, prescription drug program, and Medicare Part B premium reimbursement. Pursuant to the ORC, the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare coverage in the form of monthly premiums.

Under Ohio law, postemployment healthcare benefits under STRS are permitted, but not mandated; therefore, a portion of employer contributions is set aside for funding for the postemployment health. Of the 14 percent employer contribution rate, 0 percent of covered payroll was allocated to postemployment health care for the years ended June 30, 2019 and 2018. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

Bowling Green State University

Notes to Financial Statements (Continued)

June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

OPERS maintains a cost-sharing, multiple-employer healthcare plan to retirees who participated in the defined benefit or combined plan with 10 or more years of qualifying Ohio service credit. Coverage includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement.

Under Ohio law, postemployment healthcare benefits under OPERS are permitted, but not mandated; therefore, a portion of employer contributions is set aside for funding postemployment health care. Effective January 1, 2017, the portion of employer contributions allocated to health care decreased from 2 percent to 1 percent, and as of January 1, 2018, it decreased to 0 percent, as recommended by the OPERS actuary. Payment amounts vary depending on the number of covered dependents and coverage selected.

Ohio Public Employees Deferred Compensation Program – The University’s employees may elect to participate in the Ohio Public Employees Deferred Compensation Program (the “Program”), created in accordance with Internal Revenue Code Section 457. The Program permits deferral of a portion of an employee’s compensation until termination, retirement, death, or unforeseeable emergency. The deferred compensation and any income earned thereon are not subject to income taxes until actually received by the employee.

In 1998, the Program’s board implemented a trust to hold the assets of the Program in accordance with Internal Revenue Code Section 457. The Program assets are the property of the trust, which holds the assets on behalf of the participants.

Therefore, in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets of this Program are not reported in the accompanying financial statements.

The amounts on deposit with the Program’s board at June 30, 2019 and 2018 were \$20,680,283 and \$18,669,292, respectively, which represents the fair value at such dates.

Contributions – State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the Ohio Revised Code (“ORC”) limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each University’s contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

Member contributions are set at the maximums authorized by the ORC. The plans' 2019 employer and member contribution rates on covered payroll to each system are:

	Employer Contribution Rate			Member Contribution Rate
	Post-Retirement			Total
	Pension	Healthcare	Total	
STRS Ohio	14.00%	0.00%	14.00%	14.00%
OPERS - State/Local	14.00%	0.00%	14.00%	10.00%
OPERS - Law Enforcement	18.10%	0.00%	18.10%	13.00%

The plans' 2018 employer and member contribution rates on covered payroll to each system are:

	Employer Contribution Rate			Member Contribution Rate
	Post-Retirement			Total
	Pension	Healthcare	Total	
STRS Ohio	14.00%	0.00%	14.00%	14.00%
OPERS - State/Local (through 12/31/17)	13.00%	1.00%	14.00%	10.00%
OPERS - State/Local (beginning 1/1/18)	14.00%	0.00%	14.00%	10.00%
OPERS - Law Enforcement (through 12/31/17)	17.10%	1.00%	18.10%	13.00%
OPERS - Law Enforcement (beginning 1/1/18)	18.10%	0.00%	18.10%	18.10%

Employer contributions to the following retirement benefit programs for June 30 are summarized as follows:

	2019		2018	
	Pension	OPEB	Pension	OPEB
STRS Ohio	\$ 6,990,000	\$ -	\$ 6,877,000	\$ -
OPERS	8,293,000	-	8,129,000	624,000
ARP	6,336,000	-	6,474,000	-
Total	\$ 21,619,000	\$ -	\$ 21,480,000	\$ 624,000

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

Net Pension Liability, Deferrals, and Pension Expense – At June 30, 2019 and 2018, the University reported a liability for its proportionate share of the net pension liability of STRS/OPERS. For the year ended June 30, 2019, the net pension liability was measured as of June 30, 2018 for the STRS plan and December 31, 2018 for the OPERS plan. For the year ended June 30, 2018, the net pension liability was measured as of June 30, 2017 for the STRS plan and December 31, 2017 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates, except STRS' net pension liability's actuarial valuation was dated July 1, 2018 and 2017, respectively, which was rolled forward to the measurement date. The University's proportion of the net pension liability 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		Proportionate Share		Percent Change	Percent Change
		2019	2018	2019	2018	2018-2019	2017-2018
STRS	July 1	\$ 114,156,933	\$ 121,738,071	0.5192%	0.5125%	1.3042%	-0.7168%
OPERS	December 31	110,725,047	63,558,676	0.4060%	0.4089%	-0.7092%	-3.7882%

For the years ended June 30, 2019 and 2018, the University recognized pension expense (income) of \$17,260,627 and (\$28,054,276), respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2019 and 2018:

June 30, 2019	University Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,671,705	\$ 2,390,681
Changes of assumptions	30,013,420	-
Net difference between projected and actual earnings on pension plan investments	15,191,270	6,922,351
Changes in proportion and differences between University contributions and proportionate share of contributions	1,065,464	3,399,507
University contributions subsequent to the measurement date	12,232,192	-
Total	\$ 61,174,051	\$ 12,712,539

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

	University Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2018		
Differences between expected and actual experience	\$ 4,788,594	\$ 2,417,642
Changes of assumptions	34,343,524	-
Net difference between projected and actual earnings on pension plan investments	-	17,883,800
Changes in proportion and differences between University contributions and proportionate share of contributions	524,107	5,151,946
University contributions subsequent to the measurement date	11,934,069	-
Total	\$ 51,590,294	\$ 25,453,388

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

Year Ended	
June 30	Amount
2020	\$ 17,682,502
2021	10,610,998
2022	2,108,042
2023	5,824,894
2024	(4,268)
Thereafter	7,152

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

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

Net OPEB Liability (Asset), Deferrals, and OPEB Expense – At June 30, 2019 and 2018, the University reported a liability (asset) for its proportionate share of the net OPEB liability (asset) of STRS/OPERS. For the year ended June 30, 2019, the STRS plan reported an asset balance and the OPERS plan reported a liability balance, resulting in a net OPEB liability for the University. For the year ended June 30, 2018, both plans reported a liability balance. For June 30, 2019, the net OPEB liability (asset) was measured as of June 30, 2018 for the STRS plan and December 31, 2018 for the OPERS plan. For June 30, 2018, the net OPEB liability was measured as of June 30, 2017 for the STRS plan and December 31, 2017 for the OPERS plan. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of those dates, except OPERS which used an actuarial valuation dated December 31, 2017 and 2016 respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans.

Typically, the University’s proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the benefit plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below.

For plan years ending June 30, 2018 and 2017, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS’ calculation of the employers’ proportionate share is based on total contributions to the plan for both pension and OPEB.

For plan years ending December 31, 2018 and 2017, OPERS allocated 0.0 percent and 1 percent of the total 14 percent employer contributions to the OPEB plan. Therefore, OPERS’s calculation of the employers’ proportionate share is based on total contributions to the plan for both pension and OPEB.

Plan	Measurement Date	Net OPEB (Asset) Liability		Proportionate Share		Percent Change 2018-19
		2019	2018	2019	2018	
STRS	June 30	\$ (8,343,000)	\$ 19,994,643	0.5192%	0.5125%	1.3133%
OPERS	December 31	\$ 52,547,293	\$ 44,112,500	0.4030%	0.4062%	-0.7821%

Each plan above used the same proportionate share to allocate the net OPEB liability for recording the beginning balance at July 1, 2018, therefore, there was no change in proportionate share from July 1, 2017 to June 30, 2018.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

For the years ended June 30, 2019 and 2018, the University recognized OPEB expense (income) of (\$13,407,078) and \$9,863,512. The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2019 and 2018:

	University Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2019		
Differences between expected and actual experience	\$ 991,794	\$ 628,577
Changes of assumptions	1,694,188	11,368,000
Net difference between projected and actual earnings on OPEB plan investments	2,408,983	953,000
Changes in proportion and differences between University contributions and proportionate share of contributions	239,302	231,366
University contributions subsequent to the measurement date	-	-
Total	<u>\$ 5,334,267</u>	<u>\$ 13,180,943</u>

	University Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2018		
Differences between expected and actual experience	\$ 1,188,576	\$ -
Changes of assumptions	3,211,857	1,610,633
Net difference between projected and actual earnings on OPEB plan investments	-	4,140,706
Changes in proportion and differences between University contributions and proportionate share of contributions	-	-
University contributions subsequent to the measurement date	-	-
Total	<u>\$ 4,400,433</u>	<u>\$ 5,751,339</u>

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

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

Year Ended	
June 30	Amount
2020	\$ (309,080)
2021	(1,707,915)
2022	(1,685,249)
2023	(648,547)
2024	(1,786,175)
Thereafter	(1,709,710)

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

Actuarial Assumptions – The total pension liability and OPEB liability (asset) is based on the results of an actuarial valuation were determined using the following actuarial assumptions for 2018, applied to all periods included in the measurement on June 30, 2019:

	STRS	OPERS
Valuation date - Pension	July 1, 2018	December 31, 2018
Valuation date - OPEB	June 30, 2018	December 31, 2017
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	2.15 percent - 3.00 percent
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	2.50 percent
Investment rate of return - pension	7.45 percent, net of investment expenses, including inflation	7.20 percent, net of investment expense, including inflation
Investment rate of return - OPEB	7.45 percent, net of investment expenses, including inflation	6.00 percent, net of investment expense, including inflation
Health care cost trend rates	-5.23 percent to 9.62 percent initial, 4 percent ultimate	10.0 percent initial, 3.25 percent ultimate in 2029
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	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	RP-2014 Healthy Annuitant Mortality Table

The following are actuarial assumptions for 2017, applied to all periods included in the measurement on June 30, 2018:

	STRS	OPERS
Valuation date - Pension	July 1, 2017	December 31, 2017
Valuation date - OPEB	June 30, 2017	December 31, 2016
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	0.0 percent	3.00 percent
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	2.50 percent
Investment rate of return - pension	7.45 percent, net of investment expenses, including inflation	7.50 percent, net of pension plan investment expense
Investment rate of return - OPEB	4.13 percent, net of investment expenses, including inflation	6.50 percent, net of pension plan investment expenses
Health care cost trend rates	6.00 percent to 11.00 percent initial, 4.50 percent ultimate	7.50 percent initial, 3.25 percent ultimate in 2028
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	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	RP-2014 Healthy Annuitant Mortality Table

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

Pension Discount Rate 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. The discount rates used to measure the total pension liabilities for STRS were 7.45 percent for the plan years ended June 30, 2018 and 2017. The discount rates used to measure the total pension liability for OPERS were 7.20 percent and 7.50 percent for the plan years ended December 31, 2018 and 2017, respectively.

OPEB Discount Rate –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. Plans that project fiduciary net position to be insufficient to make all projected future benefit payments for current active and inactive employees used a blended discount rate between the long-term expected rate of return on plan investments and a 20-year municipal bond rate applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

STRS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities (assets) were 7.45 percent and 4.13 percent for the plan years ended June 30, 2018 and 2017, respectively. At June 30, 2018, the 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). At June 30, 2017, the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent. At June 30, 2017, the long-term expected rate of return on health care investments was applied to projected costs through the year 2037, and the municipal bond rate was applied to all health care costs after that date.

Bowling Green State University

Notes to Financial Statements (Continued)

June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

OPERS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities (assets) were 3.96 percent and 3.85 percent for the plan years ended December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments for the funded benefit payments of 6.00 and 6.50 percent and the Fidelity 20-year Municipal General Obligation AA Index rate of 3.71 percent and 3.31 percent at December 31, 2018 and December 31, 2017, respectively. At December 31, 2018, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date. At December 31, 2017, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

The long-term expected rate of return on pension plan and OPEB 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. OPERS has two different portfolios of investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following table:

STRS as of 7/1/18				OPERS as of 12/31/18			
Investment Category	Target	Long-term	Investment Category	Defined Benefit Portfolio		Health Care Portfolio	
	Allocation	Expected Real Rate of Return		Target	Long-term Expected Real Rate of Return	Target	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Fixed Income	23.00%	2.79%	34.00%	2.42%
International Equity	23.00%	7.55%	Domestic Equity	19.00%	6.21%	21.00%	6.21%
Alternatives	17.00%	7.09%	Real Estate	10.00%	4.90%	0.00%	0.00%
Fixed Income	21.00%	3.00%	Private Equity	10.00%	10.81%	0.00%	0.00%
Real Estate	10.00%	6.00%	International Equity	20.00%	7.83%	22.00%	7.83%
Liquidity Reserves	1.00%	2.25%	REITs	0.00%	0.00%	6.00%	5.98%
Total	100.00%		Other Investments	18.00%	5.50%	17.00%	5.57%
			Total	100.00%		100.00%	

STRS as of 7/1/17				OPERS as of 12/31/17			
Investment Category	Target	Long-term	Investment Category	Defined Benefit Portfolio		Health Care Portfolio	
	Allocation	Expected Real Rate of Return		Target	Long-term Expected Real Rate of Return	Target	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Fixed Income	23.00%	2.20%	34.00%	1.88%
International Equity	23.00%	5.30%	Domestic Equity	19.00%	6.37%	21.00%	6.37%
Alternatives	17.00%	4.84%	Real Estate	10.00%	5.26%	0.00%	0.00%
Fixed Income	21.00%	0.75%	Private Equity	10.00%	8.97%	0.00%	0.00%
Real Estate	10.00%	3.75%	International Equity	20.00%	7.88%	22.00%	7.88%
Liquidity Reserves	1.00%	0.00%	REITs	0.00%	0.00%	6.00%	5.91%
Total	100.00%		Other Investments	18.00%	5.26%	17.00%	5.39%
			Total	100.00%		100.00%	

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the University at June 30, 2019 and 2018, 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:

June 30, 2019

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ 166,711,173	7.45%	\$ 114,156,933	8.45%	\$ 69,676,899
OPERS	6.20%	164,100,867	7.20%	110,725,047	8.20%	66,399,520
		<u>\$ 330,812,040</u>		<u>\$ 224,881,980</u>		<u>\$ 136,076,419</u>

June 30, 2018

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ 174,507,382	7.45%	\$ 121,738,071	8.45%	\$ 77,287,836
OPERS	6.50%	113,590,415	7.50%	63,558,676	8.50%	21,884,363
		<u>\$ 288,097,797</u>		<u>\$ 185,296,747</u>		<u>\$ 99,172,199</u>

Sensitivity of the OPEB (Asset) Liability to Changes in the Discount Rate – The following presents the net OPEB (asset) liability of the University at June 30, 2019 and 2018, calculated using the discount rate listed below, as well as what the University’s net OPEB (asset) 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:

June 30, 2019

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ (7,150,526)	7.45%	\$ (8,343,000)	8.45%	\$ (9,344,774)
OPERS	2.96%	67,227,572	3.96%	52,547,293	4.96%	40,872,591
		<u>\$ 60,077,046</u>		<u>\$ 44,204,293</u>		<u>\$ 31,527,817</u>

June 30, 2018

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	3.13%	\$ 26,842,488	4.13%	\$ 19,994,643	5.13%	\$ 14,582,608
OPERS	2.85%	58,605,359	3.85%	44,112,500	4.85%	32,387,921
		<u>\$ 85,447,847</u>		<u>\$ 64,107,143</u>		<u>\$ 46,970,529</u>

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Health Care Cost Trend Rate – The following presents the net OPEB (asset) liability of the University at June 30, 2019 and 2018, calculated using the healthcare cost trend rate listed below, as well as what the University’s net OPEB (asset) liability would be if it were calculated using a health care cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

June 30, 2019					
Plan	1.00 Percent Decrease	Current Trend Rate	1.00 Percent Increase		
STRS	\$ (9,288,209)	\$ (8,343,000)	\$ (7,382,580)		
OPERS	50,509,349	52,547,293	54,894,457		
	<u>\$ 41,221,140</u>	<u>\$ 44,204,293</u>	<u>\$ 47,511,877</u>		

June 30, 2018					
Plan	1.00 Percent Decrease	Current Trend Rate	1.00 Percent Increase		
STRS	\$ 13,891,421	\$ 19,994,643	\$ 28,027,198		
OPERS	42,206,258	44,112,500	46,081,597		
	<u>\$ 56,097,679</u>	<u>\$ 64,107,143</u>	<u>\$ 74,108,795</u>		

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

Assumption Changes – During the current measurement period, the STRS Board adopted certain assumption changes which impacted the annual actuarial valuations for OPEB prepared as of June 30, 2018. The most significant change is an increase in the OPEB discount rate from 4.13 percent to 7.45 percent and a reduction in the health care cost trend rates.

Payable to the Pension Plan – At June 30, 2019, the University reported a payable of \$1,831,087 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019. At June 30, 2018, the University reported a payable of \$1,814,455 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Defined Contribution Pension Plan – The Alternative Retirement Plan (ARP) is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. The University’s Board of Trustees adopted the University’s plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS or OPERS, from the list of nine providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

8. Employee Benefit Plans (continued)

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of nine private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.47 percent for STRS and 2.44 percent for OPERS for the years ended June 30, 2019 and 2018. The employer also contributes what would have been the employer's contribution under STRS or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting. The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options. STRS and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. For the year ended June 30, 2019 and 2018, employee contributions totaled \$6,144,486 and \$5,855,221, and the University recognized pension expense of \$6,820,918 and \$6,787,769, respectively.

9. Risk Management

The University self insures its healthcare program up to a specific limit of \$300,000 per individual event. The University has specific stop-loss coverage.

Changes in the balances of claims liabilities for the years indicated for the health coverage are as follows:

	2019	2018	2017
Unpaid claims, July 1	\$ 2,400,000	\$ 2,000,000	\$ 2,000,000
Incurred claims	20,177,407	20,182,610	19,049,603
Paid claims	<u>(20,177,407)</u>	<u>(19,782,610)</u>	<u>(19,049,603)</u>
Unpaid claims, June 30	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>	<u>\$ 2,000,000</u>

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

9. Risk Management (Continued)

This actuarially determined liability for estimates of losses retained by the University for outstanding claims and claims incurred but not reported is the University's best estimate based on past experience and current claims outstanding. Actual claims experience may differ from the estimate.

Risk financing methods for property and casualty exposures include a combination of insurance, self-insurance, and risk pooling via a joint program formed with other four-year publicly funded universities in the state. This program is referred to as the Inter-University Council Risk Management & Insurance Consortium (IUC-RMIC) and it obligates member institutions to realize the first \$100,000 per covered loss for nearly all exposures before the claim reaches the pool and eventually the insured layers of the program. All of 14 member institutions participate in the program with the exception of The Ohio State University. The operation of the pool is managed by a Board of Governors consisting of one member representative and one alternate from each institution.

The University participates in a state pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund (the "Plan") on a pay-as-you-go basis, 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 past 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.

10. Contingencies

During the normal course of operations, the University has become a defendant in various legal and administrative actions. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. However, in the opinion of legal counsel and University management, the disposition of all pending litigation will not have a material adverse effect on the financial condition of the University.

The University receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. Revenues from government grants and contracts are recognized when all eligibility requirements have been met. The University records indirect costs related to such grants and contracts at predetermined rates that are negotiated with the University's federal cognizant agency. Both direct and indirect costs charged to the grants or contracts are subject to audit and approval by the granting agencies. University management believes any adjustments of costs resulting from such examination by the granting agency would be insignificant.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

11. Foundation Net Assets

The Foundation's net assets with donor restriction at June 30, 2019 and 2018 were available for the following purposes:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 97,747,899	\$ 86,832,552
General and operational support	53,369,652	54,354,975
Capital and equipment	11,541,053	15,901,986
Professorships	14,678,849	11,998,553
Centers and institutes	3,180,845	3,118,010
Chair	2,908,809	2,892,221
Research	1,122,136	1,212,603
Faculty and staff	1,300,232	1,269,595
Fellowships	108,333	88,202
Total	<u>\$ 185,957,808</u>	<u>\$ 177,668,697</u>

The Foundation's summary of the net assets released from restrictions during the years ended June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
General and operational support	\$ 6,110,579	\$ 6,576,985
Scholarships	5,854,679	4,399,240
Capital and equipment	7,122,407	864,766
Centers and institutes	216,696	309,497
Professorships	333,679	344,341
Chair	119,111	118,208
Faculty and staff	48,735	73,271
Research	22,164	18,725
Fellowships	2,789	776
Total	<u>\$ 19,830,839</u>	<u>\$ 12,705,809</u>

12. Related Party Transactions

The University leased the land comprising the two sites on which the Series 2010 Project facilities were constructed to the Corporation under a Ground Lease between the State of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The lease commenced on May 3, 2010 and was terminated on August 10, 2017.

The Corporation subleased the two sites to CFP I in consideration of the agreement of CFP I to develop the Series 2010 Project on that land and the payment of nominal lump-sum rent. The lease commenced on June 1, 2010 and was terminated on August 10, 2017.

Bowling Green State University
Notes to Financial Statements (Continued)

June 30, 2019 and 2018

12. Related Party Transactions (continued)

The Series 2010 Project includes two housing facilities, Falcon Heights and Centennial Hall, which were placed in service in August 2011. Up until August 10, 2017, the University acted as an agent between University students and CFP I and invoiced, collected the student accounts on behalf of CFP I, and then distributed the monies to CFP I. In August 2017, the ownership of these two facilities was transferred to the University. CFP I recognized nonoperating revenue of \$14.1 million and a loss on debt extinguishment of \$11.4 million in fiscal year 2018 related to this transaction.

The University leased land comprising the site on which The Oaks is constructed to the Corporation under a Ground Lease between the State of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The Corporation subleased this site to CFP II in consideration of the agreement of CFP II to develop The Oaks on that land and the payment of nominal lump-sum rent. The lease commenced on June 30, 2010 and will expire on June 30, 2045.

The University leased land comprising the site on which Carillon is constructed to the Corporation under a Ground Lease between the State of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The Corporation subleased this site to CFP III in consideration of the agreement of CFP III to develop Carillon on that land and the payment of nominal lump-sum rent. The lease commenced on November 1, 2010 and will expire on June 30, 2045.

The University incurred costs during different stages of start-up and implementation of the Corporation and its subsidiaries. The University also incurred costs on behalf of the Corporation and its subsidiaries for various outside services related to the Series 2010 Project, The Oaks, and Carillon. These outside services include consulting, legal, engineering, architectural, and construction. In addition, certain salaries and fringe benefits of financial, accounting, development, and information technology personnel are incurred by the University but relate to the Corporation. These expenses are paid by the University on behalf of the Corporation and are shown in the accompanying financial statements as in-kind support and operating and administrative expense of \$11,126 and \$23,000 for the fiscal years ended June 30, 2019 and 2018, respectively.

Bowling Green State University
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

12. Related Party Transactions (continued)

Chartwells provided approximately \$18,000,000 of funding for these projects during the year ended June 30, 2012. The Chartwells construction funding payable will be paid in annual installments, ranging from \$409,000 to \$857,000 over 27.5 years, through June 30, 2039. Due to the University's Management Agreement with Chartwells for the dining program and in exchange for the use of the dining facilities, the University repays the construction funding payable on behalf of the Corporation, as these are of approximate equal value. As such, the Corporation recognizes this non-cash transaction as a decrease to the construction funding payable and as in-kind support nonoperating revenue. For the years ended June 30, 2019 and 2018, the repayment and in-kind support revenue totaled \$596,800 and \$596,800, respectively. The University recognized in-kind nonoperating expense of \$596,800 and \$596,800 for the years ended June 30, 2019 and 2018, respectively.

The University can pay off the construction funding payable of \$18,000,000 early without penalty. The University also has a Food Services Agreement with Chartwells in which the University pays a management fee to Chartwells to manage the dining halls through fiscal year 2020. The Food Services Agreement can be renewed for three additional successive five-year periods. If the Food Services Agreement with Chartwells is terminated or not renewed, the University would be required to pay Chartwells interest on the construction funding payable until full payoff at a rate equal to the 12-month U.S. Treasury rate. Payment in full of the construction funding payable would be required in one year from termination of agreement or within 30 days after the University hires another third party to run its dining services.

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Required Supplemental Information

Bowling Green State University

Required Supplemental Information

Schedule of Pension Funding Progress

Plan year end	2019	
	OPERS	STRS
	December 31, 2018	June 30, 2018
University's proportion of the plan's collective net pension liability:		
As a percentage	0.4060%	0.5192%
Amount	\$ 110,725,047	\$ 114,156,933
University's covered employee payroll	\$ 76,206,086	\$ 50,328,992
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	145.30%	226.82%
Fiduciary net position as a percentage of the total pension liability	74.91%	77.31%

Schedule of Contributions

	2019	
	OPERS	STRS
	December 31, 2018	June 30, 2018
Statutorily required contribution	\$ 8,475,085	\$ 6,820,371
Contributions in relation to the actuarially determined contractually required contribution	\$ 8,475,085	\$ 6,820,371
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 60,033,251	\$ 48,716,936
Contributions as a percentage of covered employee payroll	14.12%	14.00%

Schedule of Pension Funding Progress

Plan year end	2018	
	OPERS	STRS
	December 31, 2017	June 30, 2017
University's proportion of the plan's collective net pension liability:		
As a percentage	0.4089%	0.5125%
Amount	\$ 63,558,676	\$ 121,738,071
University's covered employee payroll	\$ 74,061,634	\$ 48,957,254
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	85.82%	248.66%
Fiduciary net position as a percentage of the total pension liability	84.85%	75.29%

Schedule of Contributions

	2018	
	OPERS	STRS
	December 31, 2017	June 30, 2017
Statutorily required contribution	\$ 8,128,775	\$ 6,877,222
Contributions in relation to the actuarially determined contractually required contribution	\$ 8,128,775	\$ 6,877,222
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 57,625,045	\$ 49,123,014
Contributions as a percentage of covered employee payroll	14.11%	14.00%

Bowling Green State University

Required Supplemental Information

Schedule of Pension Funding Progress

Plan year end	2017	
	OPERS	STRS
	December 31, 2016	June 30, 2016
University's proportion of the plan's collective net pension liability:		
As a percentage	0.4220%	0.5162%
Amount	\$ 96,270,704	\$ 172,801,507
University's covered employee payroll	\$ 74,474,934	\$ 46,828,962
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	129.27%	369.01%
Fiduciary net position as a percentage of the total pension liability	77.38%	66.80%

Schedule of Contributions

	2017	
	OPERS	STRS
	December 31, 2016	June 30, 2016
Statutorily required contribution	\$ 8,293,880	\$ 6,566,167
Contributions in relation to the actuarially determined contractually required contribution	\$ 8,293,880	\$ 6,566,167
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 58,800,542	\$ 46,901,194
Contributions as a percentage of covered employee payroll	14.11%	14.00%

Schedule of Pension Funding Progress

Plan year end	2016	
	OPERS	STRS
	December 31, 2015	June 30, 2015
University's proportion of the plan's collective net pension liability:		
As a percentage	0.4131%	0.5256%
Amount	\$ 71,389,662	\$ 145,252,543
University's covered employee payroll	\$ 62,112,087	\$ 46,225,751
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	114.94%	314.22%
Fiduciary net position as a percentage of the total pension liability	81.19%	72.10%

Schedule of Contributions

	2016	
	OPERS	STRS
	December 31, 2015	June 30, 2015
Statutorily required contribution	\$ 7,934,000	\$ 6,284,849
Contributions in relation to the actuarially determined contractually required contribution	\$ 7,934,000	\$ 6,284,849
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 55,472,339	\$ 44,891,777
Contributions as a percentage of covered employee payroll	14.30%	14.00%

Bowling Green State University

Required Supplemental Information

Schedule of Pension Funding Progress

Plan year end	2015	
	OPERS	STRS
	December 31, 2014	June 30, 2014
University's proportion of the plan's collective net pension liability:		
As a percentage	41.3100%	52.5600%
Amount	\$ 71,389,662	\$ 145,252,543
University's covered employee payroll	\$ 62,112,087	\$ 46,225,751
University's proportionate share of the plan's collective pension liability (amount) as a percentage of the University's covered employee payroll	114.94%	314.22%
Fiduciary net position as a percentage of the total pension liability	81.19%	72.10%

Schedule of Contributions

	2015	
	OPERS	STRS
	December 31, 2014	June 30, 2014
Statutorily required contribution	\$ 7,679,000	\$ 6,304,000
Contributions in relation to the actuarially determined contractually required contribution	\$ 7,679,000	\$ 6,304,000
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 61,602,245	\$ 46,225,751
Contributions as a percentage of covered employee payroll	12.47%	13.64%

Notes to required supplementary information:

Changes of benefit terms. There were no changes in benefit terms affecting the STRS and OPERS plans.

STRS: During the plan year ended June 30, 2017, there were changes to several assumptions for STRS. The cost-of-living adjustment dropped from 2.00 percent to 0.00 percent. The wage inflation dropped from 2.75 percent to 2.50 percent. The investment rate of return decreased from 7.75 percent to 7.45 percent. The mortality tables used changed from RP-2000 to RP-2014.

OPERS: During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

Bowling Green State University

Required Supplemental Information

Schedule of OPEB Funding Progress

Plan year end	2019	
	OPERS	STRS
	December 31, 2018	June 30, 2018
University's proportion of the plan's collective net OPEB liability:		
As a percentage	0.4030%	0.5192%
Amount	\$ 52,547,293	\$ (8,343,000)
University's covered employee payroll	\$ 76,206,086	\$ 50,328,992
University's proportionate share of the plan's collective OPEB liability (amount) as a percentage of the University's covered employee payroll	68.95%	-16.58%
Fiduciary net position as a percentage of the total OPEB liability	46.33%	176.99%

Schedule of Contributions

Plan year end	2019	
	OPERS	STRS
	December 31, 2018	June 30, 2018
Statutorily required contribution	\$ -	\$ -
Contributions in relation to the actuarially determined contractually required contribution	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 60,033,251	\$ 48,716,936
Contributions as a percentage of covered employee payroll	0.00%	0.00%

Schedule of OPEB Funding Progress

Plan year end	2018	
	OPERS	STRS
	December 31, 2017	June 30, 2017
University's proportion of the plan's collective net OPEB liability:		
As a percentage	0.4062%	0.5125%
Amount	\$ 44,112,500	\$ 19,994,643
University's covered employee payroll	\$ 74,061,634	\$ 48,957,254
University's proportionate share of the plan's collective OPEB liability (amount) as a percentage of the University's covered employee payroll	59.56%	40.84%
Fiduciary net position as a percentage of the total OPEB liability	77.25%	47.11%

Schedule of Contributions

Plan year end	2018	
	OPERS	STRS
	December 31, 2017	June 30, 2017
Statutorily required contribution	\$ 624,385	\$ -
Contributions in relation to the actuarially determined contractually required contribution	\$ 624,385	\$ -
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 57,625,045	\$ 49,123,014
Contributions as a percentage of covered employee payroll	1.08%	0.00%

Bowling Green State University

Required Supplemental Information

Notes to required supplemental information:

Changes of benefit terms:

There were no benefit changes affecting the STRS and OPERS plans for the plan years ended June 30, 2018 and December 31, 2018, respectively.

Changes of assumptions:

STRS: During the plan year ended June 30, 2018, there were changes to several assumptions for STRS. The investment rate of return increased from 4.51 percent to 7.45 percent. The health care cost trend rates decreased from 6.00 percent to 11.00 percent initial and 4.50 percent ultimate to -5.23 percent to 9.62 percent initial and 4 percent ultimate. The discount rate increased from a blended rate between the long-term expected rate of return and a 20-year municipal bond rate of 4.13 percent to the investment rate of return of 7.45 percent.

OPERS: There were no significant changes in assumptions for the OPERS plan for the plan year ended December 31, 2018.

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

Independent Auditor's Report

To Management, the Audit Committee,
and the Board of Trustees
Bowling Green State University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bowling Green State University (the "University"), a component unit of the State of Ohio, and its discretely presented component units of Bowling Green State University (the "University") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the University's financial statements, and have issued our report thereon dated October 2, 2019. Our report includes a reference to other auditors who audited the financial statements of Bowling Green State University Foundation, Inc. and Subsidiary, as described in our report on Bowling Green State University's financial statements. The Foundation represents 93 percent, 98 percent, and 100 percent, respectively, of the assets, net position, and revenue of the discretely presented component units. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as funding 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

To Management, the Audit Committee,
and the Board of Trustees
Bowling Green State University

The University's Response to the Findings

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

Purpose of this Report

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

Plante & Moran, PLLC

October 2, 2019

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Audit Committee and the Board of Trustees
Bowling Green State University

Report on Compliance for Each Major Federal Program

We have audited Bowling Green State University's (the "University") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2019. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The University's basic financial statements include the operations of the Bowling Green State University Foundation, Inc. and Subsidiary, which received \$0 in federal awards and, therefore, is not included in the schedule, during the year ended June 30, 2019. Our audit, described below, did not include the operations of Bowling Green State University Foundation, Inc. and Subsidiary because the component unit did not have any federal expenditures.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above.

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

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

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended June 30, 2019.

To the Audit Committee and the Board of Trustees
Bowling Green State University

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

Plante & Moran, PLLC

October 2, 2019

Year Ended June 30, 2019

Federal Grantor, CFDA Title, Project Name	CFDA Number	Pass Through Grantor	Federal/Pass Through Award Number	Pass Through to Subrecipients	FY 19 Expenditures
STUDENT FINANCIAL AID CLUSTER					
U.S. Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007			\$	741,122
Federal Work-Study Program	84.033				561,279
Federal Perkins Loans	84.038				8,546,384
Federal Pell Grant Program	84.063				21,329,413
Federal Direct Subsidized Student Loans	84.268				29,685,713
Federal Direct Unsubsidized Student Loans	84.268				46,291,142
Federal Direct PLUS Loans	84.268				32,013,724
Teacher Education Assistance for College and Higher Education Grants	84.379				726,068
Total U.S. Department of Education					139,894,845
U.S. Department of Health and Human Services					
Federal Nursing Student Loans	93.364				730,723
Total U.S. Department of Health and Human Services					730,723
TOTAL STUDENT FINANCIAL AID CLUSTER					140,625,568
RESEARCH & DEVELOPMENT CLUSTER					
U.S. Department of Agriculture					
Agricultural and Food Research Initiative:					
Development of High Oxygen-Barrier Multilayer Polymer Films for Improved S Partnership Agreements	10.310	Washington State University	2016-67017-24597		1,369
Ash Monitoring to Inform Resistance Breeding for Resistance to EAB	10.699	USDA Forest Service	19-CR-11242316-006		32,268
Tree Health and Demographic Analysis of Ash Tree Species Impacted by the I	10.699	USDA Forest Service	16-JV-11242316-099		13,311
Total U.S. Department of Agriculture					46,948
U.S. Department of Commerce					
Integrated Ocean Observing System Community Modeling to Support the Coastal					
The Alliance for Coastal Technologies (ACT) National Scale Efforts Toward V	11.012	University of Maryland Center for Enviro Sci	NA16NOS0120017		37,386
Economic Development Technical Assistance:					
Rural Universities Consortium University Center	11.303		ED16CHE030034	\$ 85,530	166,196
Sea Grant Support:					
What Makes Planktothrix Bloom? An Examination of Physiological Ecology for	11.417	Ohio State University Research Foundation	NA14OAR4170067		11,114
Development of an Efficient Approach to Quantify and Control a Fish Disease	11.417	Ohio State University Research Foundation	NA18OAR4170100		52,689
Trace Element Uptake in Grass Carp Otoliths	11.417	Ohio State University Research Foundation	NA14OAR4170067		7,487
Metagenomic and Metatranscriptomic Surveys of Ohio Lakes with Emerging To	11.417	Ohio State University Research Foundation	NA14OAR4170067		5,896
Understanding the Enemy: Effects of Nutrients on Invasive Flowering Rush in L	11.417	Ohio State University Research Foundation	NA14OAR4170067		7,770
Enhancing Nutrient Removal from Agricultural Tile Drainage by Understanding	11.417	Ohio State University Research Foundation	NA18OAR4170100		4,225
Profiling Microbial Diversity in Fish Production Ponds at Fin Farm	11.417	Ohio State University Research Foundation	NA18OAR4170100		7,786
Hindcasting Cyanobacterial Harmful Algal Bloom Timing and Extent in Wester	11.417	Ohio State University Research Foundation	NA18OAR4170100		10,000
Ohio Sea Grant - Knauss Fellowship 2019 - Audrey Maran	11.417	Ohio State University Research Foundation	NA19OAR4170005		26,764
Coastal Zone Management Administration:					
Reconnected Wetlands: Northern Pike Use of Grated Systems	11.419	Ohio State University Research Fndn/ODNR	NA16NOS4190094		24,943
BGSU: Sandusky Bay Monitoring and Data Phase 2	11.419	Ohio State University Research Fndn/ODNR	NA16NOS4190094B		15,500
Sandusky Bay Monitoring and Data Phase 3	11.419	Ohio State University Research Fndn/ODNR	NA16NOS4190094A		10,000
Center for Sponsored Coastal Ocean Research Coastal Ocean Program					
ECOHAB 2017 Linking Process Models and Field Experiments to Forecast Al	11.478	Ohio State University Research Foundation	NA17NOS4780186		67,389
Science, Technology, Business and/or Education Outreach:					
Incorporating Standards Education into Digital Forensics Curricula	11.620		70NANB17H321	85,530	23,668
Total U.S. Department of Commerce					478,813
U.S. Department of Justice					
Second Chance Act Reentry Initiative:					
Lucas County Re-Entry Program Second Chance Act two - Phase	16.812	Lucas County Juvenile Court	2014-BJ-SCA-1416		12,426
National Institute of Justice Research, Evaluation, Development Project Grants:					
Pathways Linking Parental Incarceration and Child Well-Being	16.560		2016-U-CX-0012		206,329
Total U.S. Department of Justice					218,755
U.S. Department of State					
General Department of State Assistance:					
Photoprocesses on the Femtosecond Time Scale in Stacked Cytosines	19.700	CRDF Global	S-LMAQM-14-GR-1049		28,610
Total U.S. Department of State					28,610
National Aeronautics and Space Administration					
Science:					
Space-Geodetic Exploration of Linkages Between Time-Dependent Surface Lo	43.001	University of California, Berkeley	NNX17AE01G		71,151
Remote Sensing of Water Mass Budget Variations in California	43.001	Arizona State University	NNX17AD98G		15,886
Constraining Earth Structure Around the Great Lakes Using Loading Deformati	43.001		80NSSC19K0361		1,172
Total National Aeronautics and Space Administration					88,209

Year Ended June 30, 2019

Federal Grantor, CFDA Title, Project Name	CFDA Number	Pass Through Grantor	Federal/Pass Through Award Number	Pass Through to Subrecipients	FY 19 Expenditures
National Science Foundation					
Engineering Grants:					
Exploring the Feasibility of Plasmonic Nanocrystal Solar Cells Utilizing Strong	47.041		CBET-1510503	\$	57,647
Mathematical and Physical Sciences:					
EXTREEMS-QED: Computational Mathematics and Statistics	47.049		DMS-1311036		122,548
CAREER: Iminium Salts as Potential Water Oxidation Catalysts	47.049		CHE-1055397		(755)
Energy Funneling in Plasmonic Nanocrystal Composites for Photocatalytic Prodi	47.049		CHE-1465052		72,052
Photochemistry, Spin, and Molecular Motion: Connections	47.049		CHE-1464817		64,798
CAREER: Controlling Mechanical Properties of Materials Using Photoactive N	47.049		CHE-1653892		53,171
Reaction Limited Synthesis of Atomically-Defined Semiconductor Nanocrystal	47.049		DMR-1710063		51,103
Deciphering and Reprogramming Light Induced Double Bond Isomerization in F	47.049		CHE-1710191		106,591
Manipulating Photochemical Reactivity through Restricted Bond Rotations	47.049		CHE-1811795		64,608
Geosciences:					
Investigating Early Miocene Sub-Ice Volcanoes in Antarctica	47.050		PLR-1443576		26,796
Lake Erie Center for Fresh Waters and Human Health	47.050		OCE-1840715	\$ 35,296	101,988
Computer and Information Science and Engineering:					
CIEN: Boa: A Collaboratory for Studying Software	47.070		CNS-1512947		16,716
SHF: Large: Collaborative Research: Inferring Software Specifications from Op	47.070		CCF-1518776		58,412
SATC: Core: Small: Collaborative: Data-Driven Approaches for Large-Scale Sc	47.070		CNS-1718214		18,618
CR: CLP: Collaborative: Towards a Program Analysis Collaboratory	47.070		CNS-1823294		16,264
Biological Sciences:					
Collaborative Research: Navigation and the Neural Integration of Multimodal S	47.074		DEB-1457304		41,303
Collaborative Research: Expression and Dynamics of Reproductive Tactics in :	47.074		IOS-1755421		8,716
Social, Behavioral, and Economic Sciences:					
Mechanisms Underlying Cessation of IPV Perpetration: A Longitudinal Study o	47.075		SES-1558755		68,610
Education and Human Resources:					
iEvolve: Inquiry and Engagement to Invigorate and Optimize	47.076		DUE-1238136	229,827	686,558
Collaborative Research: AGEP-T: Northern Ohio AGEP Alliance	47.076		HRD-1432921		43,349
Project SEA Change: Using Social Connectivity to Improve	47.076		DUE-1525623	118,968	507,288
Collaborative Research: Developing & Evaluating Assessments of Problem Sol	47.076		DRL-1720646		175,517
Collaborative Research: Mathematics Graduate Student Peer-Mentorship Progr	47.076		DUE-1725264		85,518
BGSU ALLIES: Building Inclusive Leadership Practices and Policies to Transfi	47.076		HRD-1760389		63,068
Total National Science Foundation				384,091	2,510,484
Department of Energy					
Office of Science Financial Assistance Program:					
Solution-Processed Photovoltaic Devices Utilizing Semiconductor Excitonic N	81.049		DE-SC0016872		178,741
Fundamental Understanding of Transport Under Reactor Extremes (FUTURE)	81.049	Triad National Security	89233218CNA000001		11,727
Renewable Energy Research and Development:					
From Modules to Atoms: Increasing Reliability/Stability	81.087	National Renewable Energy Laboratory	XEJ-6-62131-01		48,419
Metastability and Long-Term Degradation in CIGS Devices: Effect of Alkali T	81.087	University of Nevada, Las Vegas	DE-EE0007750		33,402
Improving Reliability and Reducing Cost in CdTe Photovoltaics via Grain Bou	81.087	University of Illinois at Chicago	DE-EE0007545		3,781
Total Department of Energy					276,070
U.S. Department of Education					
Mathematics and Science Partnerships:					
Common Core for Mathematical Proficiency in Elementary & Middle Schools -	84.366	Ohio Department of Education	S366B160036		167,170
K-2 Impact	84.366	Teaching & Learning Collaborative	S366B160036		7,915
Science Strong: Science Inquiry and Modeling of Nutrient Pollution and Algal I	84.366	Ohio Department of Education	S366B160036		3,546
Total U.S. Department of Education					178,631
U.S. Department of Health and Human Services					
Healthy Marriage Promotion and Responsible Fatherhood Grants					
Marriage Strengthening Research & Dissemination Center	93.086	Child Trends, Inc	90PR0012-01-00		65,857
Environmental Health					
Lake Erie Center for the Great Lakes and Human Health	93.113		P01ES028939	23,466	75,986
Health Program for Toxic Substances and Disease Registry:					
Environmental Toxins and Toxicants as Risk Factors for Amyotrophic Lateral S	93.161	Dartmouth College	RO1TS000245-01		12,743
Occupational Safety and Health Program:					
Negative Responses to Workplace Incivility in Home Care Workers	93.262	University of Cincinnati	5T420H008432-12		2,010
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease					
Public Health Prevention Strategies for Obesity, Diabetes, Heart Disease and S	93.757	ProMedica	38-2796005		13,386
Biomedical Research and Research Training:					
Single-Molecule Patch-Clamp FRET Imaging Microscopy	93.859		1R01GM098089-01A1		7,151
Integrated Resources to Elucidate RNA Sequence-Structure	93.859		2R01GM085328-05	869	130,550
Properties of Endogenous Retroviral Elements in Canines	93.859		R15GM122028		115,234
Computational Design of Highly Fluorescent Rhodopsins	93.859		R15GM126627		55,652
Genetic Basis of Metabolite Production Against Clinically-Derived Pathogens	93.859		1R15GM124585-01A1		117,993
Child Health and Human Development Extramural Research:					
Distal Determinants of Disparities in Unintended Fertili	93.865		1R01HD078412-01A1	174,152	239,222
Social and Interpersonal Environments and Parent-Child Relationships	93.865		R15HD083891		26,877
Archiving County and State Nuptiality Data	93.865		R03HD091474	30,750	72,845
Center for Family and Demographic Research	93.865		P2CHD050959		164,321
Exposure to Violence and Subsequent Weapons Use: Mediating and Moderatin	93.865	University of Michigan	R01HD084652-01A1		45,852
Center for Family and Demographic Research	93.865		R24HD050959		33,343
Mechanisms Underlying Sexual Minority Health Disparities in the United State:	93.865	Ohio State University Research Fndn	R01HD094081		21,630

Year Ended June 30, 2019

Federal Grantor, CFDA Title, Project Name	CFDA Number	Pass Through Grantor	Federal/Pass Through Award Number	Pass Through to Subrecipients	FY 19 Expenditures
Aging Research:					
Health and Well-being Effects on Later-life Divorce	93.866		1R15AG047588-01		\$ 1,493
Health and Well-Being Effects on Later-Life Divorce and Subsequent Repartner	93.866		R15AG047588		40,598
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Populator					
Prospective Injury Prevention Program, Child Injury Prevention	93.943	ProMedica	6NBO1OT009137-01-03		12,872
Preventive Health and Health Services Block Grant:					
Prospective Injury Prevention Program, Older Adult Fall Prevention	93.991	ProMedica	6NBO1OT009137-01-03		11,631
Total U.S. Department of Health and Human Services				\$ 229,237	1,267,246
TOTAL RESEARCH & DEVELOPMENT CLUSTER				698,858	5,093,766
TRIO CLUSTER					
U.S. Department of Education					
Student Support Services	84.042		P042A150838		579,292
Educational Talent Search Program	84.044		P044A160537		301,923
Upward Bound	84.047		P047A170206		388,873
McNair Post-Baccalaureate Achievement	84.217		P217A120231		(578)
McNair Post-Baccalaureate Achievement	84.217		P217A170157		189,235
TOTAL TRIO CLUSTER					1,458,745
CHILD NUTRITION CLUSTER					
U.S. Department of Agriculture					
Summer Food Service Program for Children:					
Ohio Summer Food Service Program for Upward Bound at BGSU	10.559	Ohio Department of Education	SFSP		9,852
TOTAL CHILD NUTRITION CLUSTER					9,852
FISH AND WILDLIFE CLUSTER					
Department of the Interior					
Wildlife Restoration and Basic Hunter Education:					
Pheasant Ecology in Landscapes with Disparate Habitat Availability: Optimizir	15.611	South Dakota State University/SD Game, Fish and Pa	17-0600-029		34,862
TOTAL FISH AND WILDLIFE CLUSTER					34,862
HIGHWAY SAFETY CLUSTER					
Department of Transportation					
State and Community Highway Safety:					
Safe Communities - Northwest Ohio	20.600	Ohio Department of Public Safety	SC-2018-BGSU-00017		12,621
Safe Communities FY 2019	20.600	Ohio Department of Public Safety	69A37518300004020OH0		28,842
National Priority Safety Programs:					
National Priority Safety Programs	20.616	Ohio Department of Public Safety	18X920405dOH17		370,756
TOTAL HIGHWAY SAFETY CLUSTER					412,219
SPECIAL EDUCATION CLUSTER					
U.S. Department of Education					
Special Education Grants to States:					
PELICANS: Partnering for Early Literacy & literacy in Inclusive Classrooms: /	84.027	University of Cincinnati	H027A18011A		15,775
TOTAL SPECIAL EDUCATION CLUSTER					15,775
CCDF CLUSTER					
U.S. Department of Health and Human Services					
Child Care and Development Block Grant:					
FY 18 Ohio Ready to Learn	93.575	Ohio Educational Telecommunications Network	G-1819-17-0090		(48)
FY 19 Ohio Ready to Learn	93.575	Ohio Educational Telecommunications Network	G-1819-17-0090		32,610
TOTAL CCDF CLUSTER					32,562
MEDICAID CLUSTER					
U.S. Department of Health and Human Services					
Medical Assistance Program:					
2019 Ohio Medicaid Assessment Survey (OMAS)	93.778	Ohio State Univer Res Fndn/Ohio Dept Medicaid	G-1819-05-0094		14,595
TOTAL MEDICAID CLUSTER					14,595
OTHER GRANTS AND CONTRACTS					
U.S. Department of Defense					
Basic, Applied and Advanced Research in Science and Engineering:					
Ohio Junior Science and Humanities Symposium 2019	12.630	National Science Teachers Association	W911SR-15-2-0001		8,630
Total U.S. Department of Defense					8,630
U.S. Department of the Interior					
National Cooperative Geologic Mapping:					
StateView Program Development and Operations for the State of Ohio	15.810	AmericaView	G18AP00077		15,527
Total U.S. Department of the Interior					15,527
Department of State					
Academic Exchange Programs - Teachers:					
Teaching Excellence & Achievement Program (TEA) at BGSU	19.408	International Research Exchange Board	S-ECAGD-16-CA-1019		(1,315)
Total Department of State					(1,315)

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2019

<i>Federal Grantor, CFDA Title, Project Name</i>	<i>CFDA Number</i>	<i>Pass Through Grantor</i>	<i>Federal/Pass Through Award Number</i>	<i>Pass Through to Subrecipients</i>	<i>FY 19 Expenditures</i>
National Endowment for the Humanities					
Promotion of the Humanities_Division of Preservation and Access:					
Preserving and Contextualizing the Islamic Culture and Heritage of Northwest C	45.149		PY-263670-19	\$	7,347
Promotion of the Humanities Teaching and Learning Resources and Curriculum De	45.162		AK-255394-17		12,491
Understanding Im/Migration: Local and Global Perspectives	45.162		AKA-260466		37,178
The Black Swamp Project: A Cross Curricular Effort to Link the Humanities w					
Total National Endowment for the Humanities					<u>57,016</u>
Department of Education					
Vocational Education Basic Grants:					
Career-Technical Education (CTE) Teacher Education Preparation and Retentic	84.048	Ohio Department of Education	V048A170035		(985)
FY2018-19 CTE Teacher Education Program	84.048	Ohio Department of Education	V048A180035		100,412
Twenty-First Century Community Learnings Centers:					
Evaluation of Columbus Grove 21st Century After-School Program (Year 3)	84.287	Putnam County Educational Service Center	S287C170035		409
Evaluation of Continental 21st Century After-School Program (Year 3)	84.287	Putnam County Educational Service Center	S287C170035		467
Evaluation of Leipsic 21st Century After-School Program Year 3	84.287	Putnam County Educational Service Center	S287C170035		409
Teacher Quality Partnership Grants:					
Project IMPACT: Improving Motivation, Pedagogy, Assessment and Collabora	84.336		U336S180041		144,972
Supporting Effective Instruction State Grant:					
Science Teaching Advancement through Modeling Physical Science - STAMPS	84.367	Ohio Department of Higher Education	S367B150030		1,874
Project ASSETS II: Advancing the Science Skills of Elementary Teachers and :	84.367	Ohio Department of Higher Education	S367B150030	\$ 9,692	10,468
Principal Preparation and Innovation: The Career and Technical Education Lea	84.367	Ohio Department of Higher Education	S637A170034		32,916
Total U.S. Department of Education				<u>9,692</u>	<u>290,942</u>
U.S. Department of Health and Human Services					
Substance Abuse & Mental Health Services Projects of Regional & Natl Significa					
Harbor Primary and Behavioral Health Care Integration (HPBHCI)	93.243	Harbor	1H79SM062202-01		36,036
Williams County Safe Schools/Healthy Students Initiative	93.243	Northwest Ohio Educational Service Center	SSHS1800393		2,862
Total U.S. Department of Health and Human Services					<u>38,898</u>
TOTAL OTHER GRANTS AND CONTRACTS				<u>9,692</u>	<u>409,698</u>
TOTAL FEDERAL EXPENDITURES				<u>\$</u>	<u>708,550</u>
				<u>\$</u>	<u>148,107,642</u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bowling Green State University (the "University") under programs of the federal government for the year ended June 30, 2019. The information in the 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, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Costs

The University recovers indirect costs by means of provisional fixed indirect cost rates. The provisional fixed rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The predetermined fixed rate for on-campus research is 42 percent of modified total direct costs, and the off-campus predetermined rate is 21 percent of modified total direct costs effective July 1, 2016 until June 30, 2019.

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

Note 4 - Federal Direct Student Loans and Other Loans

The University acts as an intermediary for students receiving Federal Direct Student Loans (CFDA #84.268), which include Direct Loans and Parents' Loans for Undergraduate Students, from the federal government. The federal government is responsible for billings and collections of the loans. The University assists the federal government by processing the applications and applying funds to student accounts from the federal government. Since this program is administered by the federal government, new loans made in the fiscal year ended June 30, 2019, related to Federal Direct Loans, are considered current year federal expenditures, whereas the outstanding loan balance is not.

The outstanding balances on the Federal Perkins Loans and the Federal Nursing Student Loans at June 30, 2019 are \$6,223,515 and \$552,538, respectively.

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Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.364 Various	Student Financial Aid Cluster Research and Development Cluster	Unmodified Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

Section II - Financial Statement Audit Findings

Reference Number	Finding
2019-001	<p>Finding Type - Significant deficiency</p> <p>Criteria - In order for the University to properly state its assets and liabilities in its financial statements, it must maintain proper accruals for expenditures that have occurred prior to the statement of financial position date. All expenditures incurred should be captured and expensed or capitalized.</p> <p>Condition - During the audit, it was identified that certain expenditures for construction projects from dates prior to the statement of financial position date were not accrued. Construction contractors' submission of construction invoices is historically delayed. Subsequent entry into the general ledger system occurs after the numerous and complex contract specifications are inspected and approved. The University performs periodic reviews of expenditures entered into the general ledger system after the statement of financial position date in order to capture these transactions in the proper period. This review process was performed subsequent to year end, but ended prematurely prior to the audit end. The expenditures identified during the audit were included in late-received construction project invoices recorded in the time period for which the review had not occurred.</p> <p>Context - It was discovered that approximately \$3.6 million of construction expenditures was not accrued for and capitalized at period end. This resulted in an understatement of the University's liabilities and construction in progress as of June 30, 2019.</p> <p>Cause - The University did not follow its policy of reviewing expenditures entered into the general ledger after period end.</p> <p>Effect - As a result of the breakdown in controls, accrued liabilities and construction in progress were understated by approximately \$3.6 million.</p> <p>Recommendation - We recommend the University perform a more frequent review of expenditures entered after period end to ensure material expenditures are not missed.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Management concurs. We will ensure the process of reviewing post-statement of financial position transactions occurs through the audit report date to properly record all accruals for expenditures occurring prior to the statement of financial position date.</p>

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

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BOWLING GREEN STATE UNIVERSITY

Vice President for Finance & Administration

October 1, 2019

Federal Audit Clearinghouse

RE: Bowling Green State University

Summary Schedule of Prior audit Findings

Fiscal Year Ended June 30, 2019

Prior Year Finding Number: 2018-001

Fiscal Year in Which the Finding Initially Occurred: 2017

Federal Program, CFDA Number and Name: Student Financial Aid Cluster (Federal Direct Loans – 84.268)

Original Finding Description: Changes in a student's status are required to be reported to the National Student Loan Data System (NSLDS) or the guarantee agency within 30 days of the change or included in a student status confirmation report send to NSLDS within 60 days of the status change (34 CFR Section 682.610). The University did not report certain student status changes in a timely manner. Of the 40 student status changes selected for enrollment reporting testing, eight of those status changes were not reported timely. A lack of procedures and control to ensure all student status changes were reported in a timely fashion. As a result, status changes were reported late.

Status/Partial Corrective Action (as applicable): Fully Corrected

Planned Corrective Action: N/A

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OHIO AUDITOR OF STATE KEITH FABER



BOWLING GREEN STATE UNIVERSITY

WOOD 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 7, 2019**