Wright State University

OFFICE OF THE CONTROLLER

Annual Report

and

Single Audit Reports

for the

year ended

June 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

Board of Directors
Wright State University
3640 Colonel Glenn Highway
Dayton, Ohio 45435-0001

We have reviewed the *Independent Auditor's Report* of the Wright State University, Greene County, prepared by BKD, LLP, for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

FINDING FOR RECOVERY – CONSULTING SERVICE EXPENSES

On September 7, 2012, the Wright State University (the University) created a purchase order for consulting services provided by Ron Wine Consulting Group, LLC. The services to be provided were summarized in a Statement of Work which was attached to the purchase order; however, the University did not enter into a Consulting Services Agreement with Ron Wine Consulting Group, LLC defining the scope of services and responsibilities, compensation, term and termination, etc. The University approved payments to Ron Wine Consulting Group, LLC for invoices that referenced consulting services, a purchase order number, the month, and amount due. The invoices submitted by the consulting group lacked supporting documentation detailing the work performed. Mr. Wine referred to these payments as contract performance bonuses/retainers in the State of Ohio's Office of the Inspector General Report.

Ron Wine Consulting Group, LLC was paid $73,750 by the University from April 2013 through July 2013 for invoices associated with this purchase order.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a finding for recovery is hereby issued for public monies illegally expended against Ronald D. Wine, as acting President of Ron Wine Consulting Group, LLC, and Ron Wine Consulting Group, LLC in the amount of $73,750 and in favor of the University's general operating fund.

Furthermore, Dr. Sundaram Narayanan, former Provost of the University and Ryan Fendley, former Senior Advisor to the Provost and former Director of Operations and Strategic Initiatives of the University will be jointly and severally liable in the amount of $73,750. As the former Provost, Dr. Narayanan was a decision-maker at the highest level of the University and had given the authority for the University to do business with Ron Wine Consulting Group, LLC. Mr. Fendley also authorized the University to utilize the consulting services of Ron Wine Consulting Group, LLC and approved the amount of the contract performance bonuses/retainers.

We recommend the University:

- Review and evaluate the policies and procedures over allowable expenses and update them as necessary to ensure the process is sound, complete, and in compliance with all applicable laws, rules, and regulations.
- Use a competitive selection process when procuring services, and document the reasoning for selecting a particular vendor.
- Enter into a written contract with vendors to ensure the scope of work, terms and responsibilities, conditions of the contract are understood and mutually agreed upon by the University and the vendor.
- Ensure someone with knowledge of the contract is approving invoices for payment to ensure these expenses are allowable and the amount paid does not exceed the amount allowed in the contract. Invoices should contain sufficient detail of the services provided: dates, number of hours, and a description of the services performed.
- Ensure contract approvals, including modifications, are sufficiently and timely documented to provide assurance the terms and conditions of the services to be provided are clearly documented and executed as management intended.
- Monitor all contracts to ensure vendors are in compliance with the terms of the contracts, meeting deliverables, and not performing unallowable services per the terms of the contract.
- Obtain the Board’s approval prior to entering into any contracts to ensure the contracts align with the University’s mission and goals. The University should establish a reasonable threshold and/or types of contracts that require the Board’s approval.

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 Wright State University is responsible for compliance with these laws and regulations.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

March 27, 2018

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WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

ANNUAL REPORT AND SINGLE AUDIT REPORTS FOR FEDERAL AWARDS
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JUNE 30, 2018

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Independent Auditor's Report

Board of Trustees
Wright State University
Dayton, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Wright State University (University), collectively a component unit of the State of Ohio, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the University as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018 the University adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

BKD, LLP

Cincinnati, Ohio
October 15, 2018

The following discussion and analysis provides an overview of the financial position and activities of Wright State University (University) as of and for the years ended June 30, 2018 and 2017 with selected comparative information for the year ended June 30, 2016. The discussion contains highly summarized information and should be read in conjunction with the accompanying financial statements and footnotes, which follow this section.

Using the Annual Report

This annual report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements were prepared by management in accordance with principles established by the Governmental Accounting Standards Board (GASB). In conformance with those principles the Wright State University Foundation (the Foundation) and the Wright State Applied Research Corporation (WSARC) have been determined to be component units of the University. The statements and selected notes for the Foundation and WSARC are discretely (separately) presented with the University's financial statements. Management's Discussion and Analysis relates only to the University and not to the Foundation or to WSARC unless specifically noted.

> The Statement of Net Position presents the financial position of the University as of June 30th by reporting all assets, liabilities, deferred inflows of resources and deferred outflows of resources of the University. The University's net position is the residual after subtracting liabilities and deferred inflows of resources from the sum of assets and deferred outflows of resources. Net position is one indicator of the overall financial condition of the University.
>
> The Statement of Revenues, Expenses and Changes in Net Position presents the total revenues earned and expenses incurred by the University during the fiscal year, along with the increase or decrease in net position. This statement depicts the University's revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of the change in the University's overall financial condition.
>
> The Statement of Cash Flows presents detailed information about cash inflows and cash outflows during the fiscal year. The statement reports the major sources and uses of cash and is useful in the assessment of the University's ability to meet cash obligations when due.

Financial Highlights for Fiscal Year Ended June 30, 2018

- In fiscal year 2018, the University adopted new accounting standard GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The results of this implementation had a significant effect on the financial statements as described throughout this report. Data included herein, from fiscal years 2017 and 2016, has not been restated for the adoption of GASB 75, as it would be impractical to do so.
- The University previously adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The implementation of GASB 68 also significantly affects the financial statements as described throughout this report.
- The University's net position improved $88.6 million during fiscal year 2018. Of that amount, $6.9 million is attributable to improvements in operations and $81.7 million is attributable to the effects of GASB 68 & 75 (pension and OPEB).
- Overall operating revenues declined 5.7% or $13.2 million in 2018 vs. 2017. Tuition and fee revenue (net) declined $10.5 million, primarily the result of a decline in student headcount of 670 in fall 2017 from fall 2016 (17,778 to 17,108).

- Operating expenses declined $150.0 million in 2018 over 2017, of which $48.1 million was the result of cost cutting measures across the University and $101.9 million was attributable to pension and OPEB adjustments. This resulted in an improvement in operating performance of $135.7 million in 2018 vs. 2017.
- Non-operating revenues/expenses declined $0.7 million in 2018 primarily due to reductions in state appropriations and a reduction in investment income.
- The University's net position, including the effects of new accounting standards for pensions and post-retirement benefits improved $15.4 million in 2018 vs. 2017.

Financial Highlights for Fiscal Year Ended June 30, 2017

- The University's net position declined $47.1 million in 2017. Of that amount, $27.0 million was attributable to operations and $20.1 million was attributable to accounting for pension obligations under GASB 68.
- In total, operating revenues declined $7.9 million, due to a decrease in credit hours that led to a $10.1 million decrease in gross student tuition for fiscal year 2017 offset by a $2.0 million decrease in scholarships, resulting in an overall $8.1 million decrease in net tuition and fees revenue. Operating expenses increased $1.6 million.
- Total state appropriations increased $2.9 million from 2016 to 2017, but overall net nonoperating revenues remained unchanged in 2017 at $132.2 million vs. $132.5 million in 2016. The increase in state appropriations was primarily the result of a larger pool of state dollars awarded to higher education, as well as the University's continued success in driving course and degree completions in alignment with the University's mission and the priorities of the State's performance funding model.
- The 2017 budget approved by the WSU Board of Trustees in June 2016 called for a planned use of reserves of $15.6 million as part of a two-year budget remediation plan designed to address the University's challenges of unfunded expenses and revenue shortfalls. The plan called for targeted reductions in spending and savings to be attained through personnel attrition. In addition to the budget remediation plan, the University developed a voluntary, enhanced retirement option for retirement-eligible employees during 2017. The plan, referred to as the Voluntary Retirement Incentive Program (VRIP) resulted in 153 employee retirements.

Statement of Net Position

A summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30 is as follows:

	2018	2017	2016
	(All dollar amounts in thousands)		
Current assets	$ 76,220	$ 71,327	$ 61,363
Noncurrent assets:			
Capital assets, net	356,752	369,245	375,898
Other	21,090	20,387	57,365
Deferred outflows of resources	69,553	77,678	50,233
Total assets and deferred outflows	523,615	538,637	544,859
Current liabilities	64,901	66,463	66,595
Noncurrent liabilities	363,003	430,846	377,401
Deferred inflows of resources	42,938	3,957	16,361
Total liabilities and deferred inflows	470,842	501,266	460,357
Net position:			
Net investment in capital assets	277,923	285,387	287,556
Restricted	14,721	16,493	16,821
Unrestricted	(239,871)	(264,509)	(219,875)
Total net position	$ 52,773	$ 37,371	$ 84,502

Assets and Deferred Outflows of Resources

Current assets, comprised primarily of cash and operating investments, student and sponsor receivables, and prepaid expenses, increased $4.9 million in 2018, which is primarily the result of an increase in cash of $15.8 million offset by reductions in short-term investments and accounts receivable (net) of $7.9 million and $2.4 million respectively. The change between cash and investments is due to a change in investment policy and the reduction in receivables is primarily the result of reductions to reimbursable expenditures. In 2017, current assets increased by $10.0 million. Cash and short term investments increased $10.9 million during 2017 and accounts receivable balance increased $0.3 million.

Capital assets, net of depreciation decreased $12.5 million in 2018 to $356.8 million. Additions of $8.4 million were offset by $20.7 million in depreciation, less retirements of $0.2 million. In 2017 capital assets increased $6.7 million to $369.2 million. The majority of capital activity in 2017 was for the Creative Arts Center renovation. Routine moveable equipment and library acquisitions were also made during both years.

Other noncurrent assets are comprised of restricted cash and cash equivalents, long-term investments, noncurrent student loans receivable, and noncurrent prepaid expenses and advanced charges. Other noncurrent assets increased $0.7 million in 2018 due to an increase in long term investments of $3.0 million offset by reductions in restricted cash and loans receivable of $1.2 million in each classification.
In 2017 other noncurrent assets decreased $37.0 million. A significant portion of the decrease during 2017 is related to the decrease in unrestricted net position resulting from the University's budgeted use of reserves.

Deferred outflows of resources represent consumption of resources that does not require a further exchange transaction of goods and services and is applicable to a future reporting period. For 2018 deferred outflows declined $8.1 million as a result of the addition of GASB 75 OPEB outflows totaling $4.5 million offset by a reduction to pension related outflows of $12.6 million from $77.3 million to $64.8 million. In 2017 deferred outflows of resources included unamortized loss from the refunding of debt in 2013 and balances related to GASB No. 68. The unamortized loss from refunding balance was $0.4 million in 2017 and the deferred outflows of resources balance related to pension was $77.3 million.

Total assets and deferred outflows of resources decreased $15.0 million in 2018 as compared to a decrease of $6.2 million in 2017. These fluctuations are driven mainly by the inclusion of the pension and OPEB related accounting standards.

Liabilities and Deferred Inflow of Resources

Current liabilities are comprised of accounts payable; accrued and other liabilities; unearned revenues from both student fees and advance payments for contracts and grants; refunds, and the current portion of noncurrent liabilities. Current liabilities decreased $1.6 million to $64.9 million in 2018 vs. 2017 due to a reduction in trade payables, accrued liabilities and unearned revenue of $3.0 million, offset by increases in refunds of $0.9 million and $0.5 million in the current portion of long-term liabilities. Current liabilities were relatively unchanged in 2017 at $66.5 million.

Noncurrent liabilities are comprised of unearned revenue, net pension liability, OPEB, capital leases, and other noncurrent liabilities including compensated absences, an accrual for the voluntary retirement incentive, and the noncurrent portion of University debt. Noncurrent liabilities declined by $67.8 million in 2018 vs. 2017 driven by a reduction of $122.1 million in pension liability and $12.2 million in other noncurrent liabilities, offset by the addition of the OPEB liability of $66.5 million. The reduction in the pension liability was primarily due to a reduction in the University's proportionate share of the liability and improved investment returns in the plans. The decline in other noncurrent liabilities includes $7.7 million in bonds and notes payable, $3.5 million in voluntary retirement program and $1.9 million in compensated absences.

In 2017 these balances increased $53.4 million to $430.8 million at June 30, 2017. This increase was primarily attributable to the $60.1 million change in net pension liability. The net pension liability represents the University's proportionate share of the net pension liabilities recorded by the state retirement plans. An accrual for the voluntary retirement incentive program (VRIP) also increased noncurrent liabilities by $3.8 million in 2017. The offsetting reduction in noncurrent liabilities was a result of a $7.4 million decrease as the University continued to service its debt along with a $2.7 million decrease in the compensated absences accrual.

Deferred inflows of resources represent an acquisition of resources that does not require a further exchange of goods and services and is applicable to a future reporting period. In 2018 deferred inflows for pensions increased $32.7 million, mostly attributed to a decline in the change in assumptions of $43.3 million offset by an increase in proportionate share of $18.4 million. The addition of the GASB 75 OPEB standard added $6.2 million to deferred inflows.

In 2017, the deferred inflows of resources related to pension decreased $12.4 million from $16.4 million at June 30, 2016 to $4.0 million at June 30, 2017. These decreases relate to the University's proportionate share of differences between expected and actual experience, as well as projected and actual investment earnings recorded by the state retirement plans.

Net Position

Net position represents the remaining balance of the University's assets after adding deferred outflows of resources and deducting liabilities and deferred inflows of resources. The University's net position improved $15.4 million in 2018 over 2017 after a beginning balance adjustment (reduction) of $73.2 million and an improvement during the year of $88.6 million. The beginning balance adjustment reflects the University's proportionate share of the beginning OPEB liability for the year. The improvement during the year is attributed to $6.9 million in operational improvements and $81.7 million to pension and OPEB adjustments.

		$(000)
Net position June 30, 2017	$	37,371
Beginning balance adjustment		(73,206)
Change in net position 2018		88,608
Net position June 30, 2018	$	52,773

The University's total net position decreased $47.1 million in 2017. Net investment in capital assets decreased $2.2 million in 2017 as large capital projects were completed and related depreciation was recorded. Unrestricted net position decreased $44.6 million in 2017 as a result of budget challenges and as a result of the impact of GASB 68.

A more detailed summary of the University's net position as of June 30 is as follows:

	2018	2017	2016
	(All dollar amounts in thousands)		
Net investment in capital assets	$ 277,923	$ 285,387	$ 287,556
Restricted expendable	14,721	16,493	16,821
Unrestricted:			
Designated	(182,098)	(210,741)	(180,300)
Undesignated	(57,773)	(53,768)	(39,575)
Total net position	$ 52,773	$ 37,371	$ 84,502

Net investment in capital assets represents the University's capital assets after subtracting accumulated depreciation and the principal amount of outstanding debt attributable to the acquisition, construction or improvement of those assets. The decline of $7.5 million in 2018 is mostly comprised of $20.7 million in depreciation offset by capital additions of $8.4 million and $7.5 million of debt retirement. In 2017 net investment in capital assets declined $2.2 million.

Restricted expendable net position represents funds externally restricted to specific purposes, such as student loans or sponsored projects. The majority of the balances for both 2018 and 2017 represent funds restricted for student loans. The decline of $1.8 million in 2018 is the result of returning $1.0 million of Perkins loan funds and a reduction in loan advances. The decrease in net position in 2017 of $0.3 million related to lower levels of loans awarded to students and returns of funds to sponsors.

Unrestricted net position represents the portion of net position that is not subject to external restrictions. The University may designate these funds internally for various academic, research, student aid, and capital purposes. Unrestricted net position increased $24.6 million in 2018 over 2017 and decreased $44.6 million in 2017 vs. 2016 (see table below).

GASB 68 and GASB 75 have had a significant effect on the University's net position. The cumulative impact of the implementation of the pension and OPEB standards is ($256.4) million and ($264.9) million for 2018 and 2017, respectively, as presented in the following table:

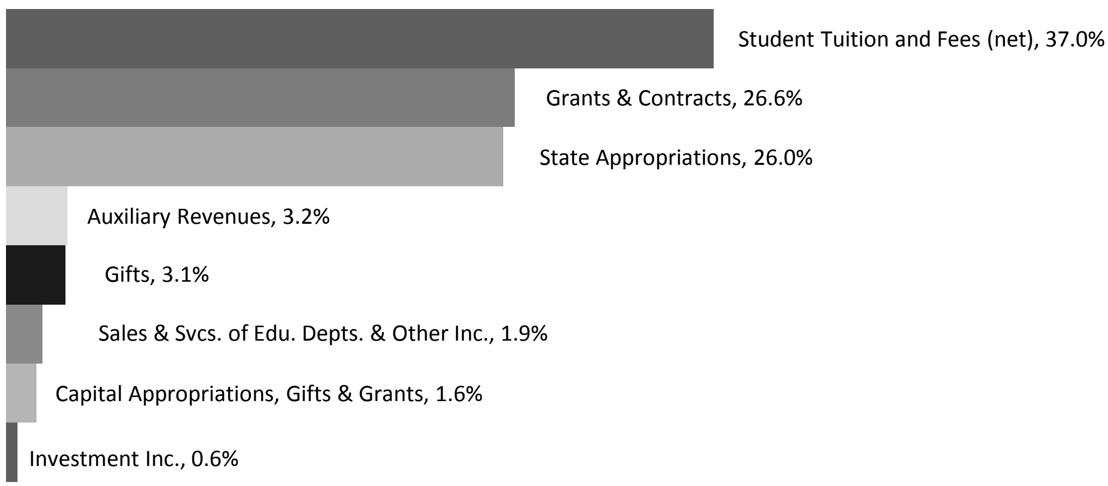
	2018	2017	2016
	(All dollar amounts in thousands)		
Unrestricted net position			
Balance before reporting for pensions & OPEB	$ 16,525	$ 415	$ 24,883
Impact of implementation of pension & OPEB standards			
Deferred outflows of resources - pensions & OPEB	69,227	77,324	49,849
Net pension & OPEB liability	(282,685)	(338,291)	(278,246)
Deferred inflows of resources - pensions & OPEB	(42,938)	(3,957)	(16,361)
Net impact of implementation of pension & OPEB	(256,396)	(264,924)	(244,758)
Total unrestricted net position	$ (239,871)	$ (264,509)	$ (219,875)

Statements of Revenues, Expenses and Changes in Net Position

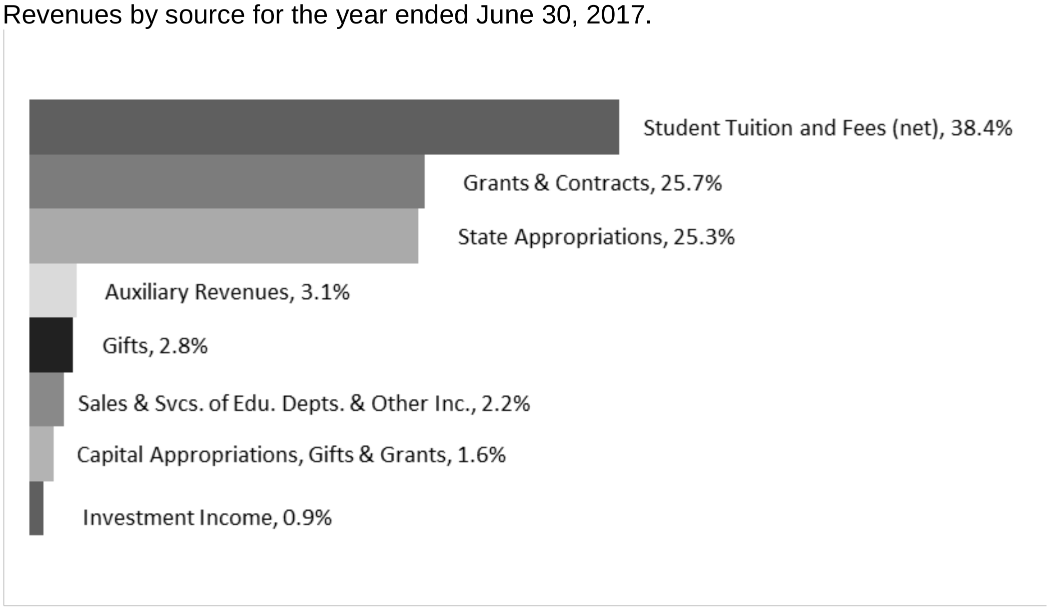
The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the University. A summary of the University's revenues, expenses and changes in net position for the years ended June 30 is as follows:

	2018	2017	2016
	(All dollar amounts in thousands)		
Operating revenues:			
Student tuition & fees - net	$ 129,882	$ 140,389	$ 148,460
Grants and contracts	69,142	70,534	69,297
Sales and services	3,953	4,640	4,943
Auxiliary enterprises	11,067	11,418	11,435
Other	3,069	3,338	4,037
Total	217,113	230,319	238,172
Operating expenses	259,665	409,648	408,053
Operating loss	(42,552)	(179,329)	(169,881)
Nonoperating revenues (expenses):			
State appropriations	91,056	92,431	89,548
Federal grants	19,618	19,494	21,329
State grants	4,384	3,886	4,454
Gifts	10,760	10,284	10,000
Investment income (loss)	2,255	3,438	(1,007)
Interest expense	(3,145)	(3,088)	(3,232)
Other revenue/(expense)	757	(105)	(1,269)
Capital appropriations	4,268	4,394	8,500
Capital grants and gifts	1,207	1,464	4,175
Total	131,160	132,198	132,498
Increase (decrease) in net position	88,608	(47,131)	(37,383)
Net position - beginning of year, as restated	(35,835)	84,502	121,885
Net position - end of year	$ 52,773	$ 37,371	$ 84,502

Revenues by source for the year ended June 30, 2018.



Revenues by source for the year ended June 30, 2017.



Operating Revenues

Overall operating revenues declined $13.2 million or 5.7% in 2018 vs. 2017, from $230.3 million to $217.1 million. The largest factors were a decline in tuition and fee revenue (net) of $10.5 million or 7.5% and grants and contracts revenue of $1.4 million. Student headcount for Fall 2017 declined 670 from Fall 2016 (17,778 to 17,108). Headcount enrollment was 18,059 in fall 2015. Fees for resident undergraduate students remained unchanged in 2018 vs. 2017. Graduate and non-resident fees increased 3%.

Student tuition and fees, net were $129.9 million, $140.4 million and $148.5 million, in 2018, 2017, and 2016, respectively, which resulted in a 7.5% decrease from 2017 to 2018 and a 5.4% decrease from 2016 to 2017. As noted above, the change in student tuition and fees was due to a combination of lower enrollment somewhat offset by an increase in tuition rates for graduate and non-resident students. Undergraduate tuition and fees were held constant in 2017, as mandated by the State, while non-resident fees as well as tuition for graduate, the School of Professional Psychology and the Doctor of Nursing

Practice programs increased approximately 3.0%. Tuition revenue before the application of scholarships (financial aid applied to students' bills) in 2017 was down $10.1 million, or 5.2%, from 2016 largely due to a decrease in student credit hours - both undergraduate and graduate at the Dayton campus.

Grants and contracts totaled $69.1 million in 2018 vs. $70.5 million in 2017 and $69.3 million in 2016. The fluctuations are due to changes in grant revenue from federal, state and local sponsors.

Sales and services, which are primarily revenues generated from specific departmental sales activities to organizations external to the University, were $4.0 million, $4.6 million, and $4.9 million, for the years ended June 30, 2018, 2017, and 2016, respectively. The largest portions of these revenues are generated by the Boonshoft School of Medicine, student health clinic, and telecommunications. Other revenue sources include conferences and events; printing and communication services; as well as computing and telecommunications.

Auxiliary revenues were $11.1 million, $11.4 million, and $11.4 million, for the years ended June 30, 2018, 2017, and 2016, respectively. Auxiliary enterprises are comprised of residence life and housing, bookstores, hospitality (dining and catering) services, vending, parking and transportation, intercollegiate athletics, the Student Union, and the Nutter Center.

Nonoperating Revenues

State appropriations decreased $1.3 million in 2018 from $92.4 million in 2017 to $91.1 million. State appropriations increased $2.9 million in 2017 from $89.5 million in 2016. Although the accounting standards classify state appropriations as a nonoperating revenue source in the financial statements, the University continues to manage state funding as an operating revenue item because it is intended to support instructional activities.

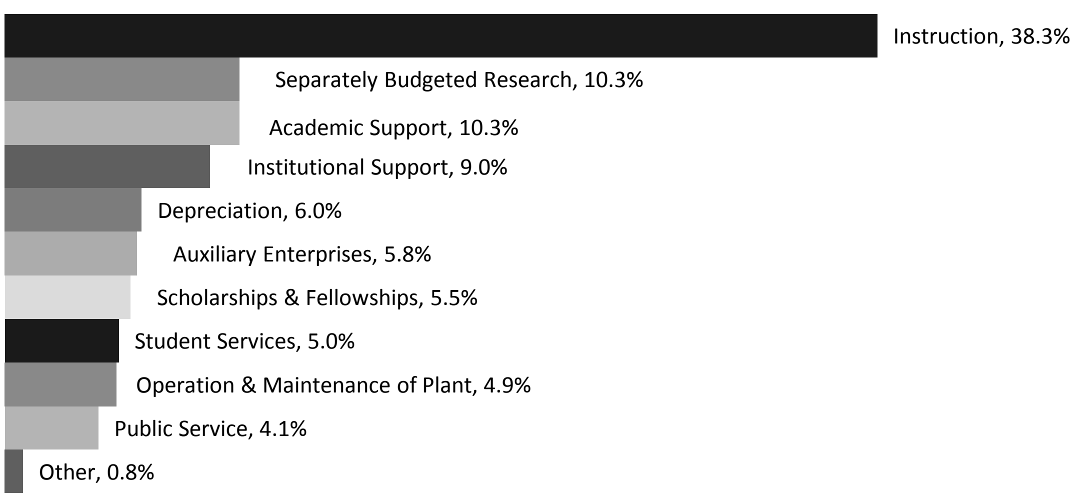
Investment income declined $1.1 million to $2.3 million in 2018 from $3.4 million in 2017. The University adopted a more conservative investment approach and moved funds from short term investments to more liquid cash vehicles that paid lower interest rates. The University experienced an investment loss of ($1.0) million in 2016. The $4.4 million increase in 2017 was largely attributable to market performance and asset allocation in the portfolio.

Capital Appropriations, Gifts and Grants were $5.5 million in 2018 vs. $5.9 million in 2017 and $12.7 million in 2016. The change in capital appropriations is dependent on the level of authorized construction activity. Major capital activity in 2018 included the Veterans and Workforce Gateway ($1.1 million) and the Lake campus Agriculture and Water Quality Education Center ($1.1 million in 2018, $0.4 million in 2017). The decrease from 2016 to 2017 was due to the completion of various capital projects during the year. The main project supported by capital appropriations in 2017 was for classroom modernization and maintenance ($2.5 million). Additional appropriations were received for IT disaster recovery, and building envelope repairs.

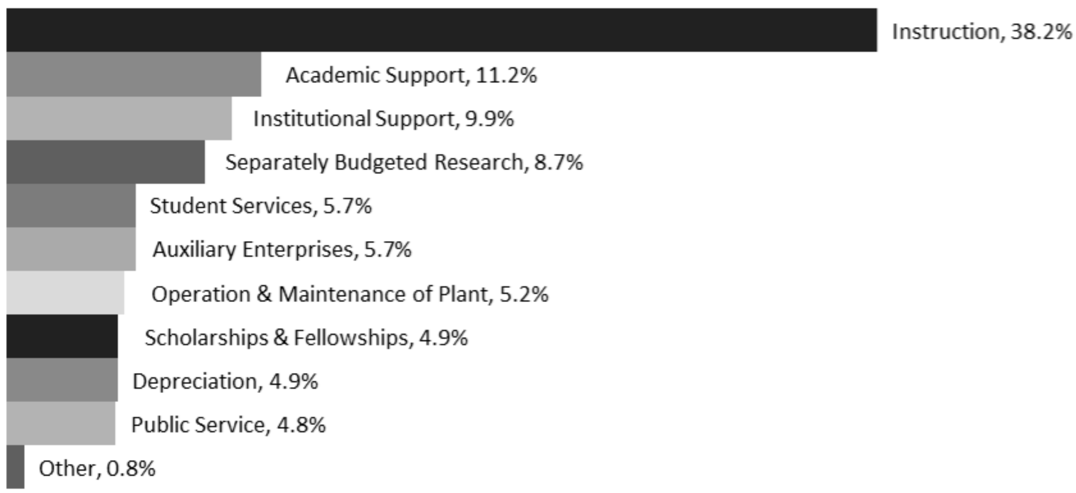
Expenses
A summary of the University's expenses for the years ended June 30 is as follows:

	2018	2017	2016
	(All dollar amounts in thousands)		
Operating expenses			
Instruction and departmental research	$ 131,563	$ 149,907	$ 145,997
Separately budgeted research	35,496	33,854	38,482
Public service	14,148	18,649	20,844
Academic support	35,345	43,650	45,336
Student services	17,351	21,914	23,595
Institutional support	30,853	37,843	41,407
Operation and maintenance of plant	16,952	20,650	24,415
Scholarships and fellowships	18,951	20,203	22,221
Auxiliary enterprises	20,002	22,647	22,577
Pension and OPEB	(81,734)	20,166	2,410
Depreciation	20,738	20,165	20,769
Total operating expenses	259,665	409,648	408,053
Nonoperating expenses			
Interest on capital asset-related debt	3,145	3,088	3,232
Other nonoperating (revenues)/expenses	(757)	105	1,269
Total nonoperating expenses	2,388	3,193	4,501
Total expenses	$ 262,053	$ 412,841	$ 412,554

The following is a graphical illustration of operating expenses by function for the year ended June 30, 2018.



The following is a graphical illustration of operating expenses by function for the year ended June 30, 2017.



Total operating expenses were $259.7 million in 2018 vs. $409.6 million in 2017 and $408.0 million in 2016. Operating expenses declined $150.0 million in 2018 over 2017, of which $48.1 million was the result of cost cutting measures across the University and $101.9 million was attributable to pension and OPEB adjustments. The $1.6 million increase in 2017 is a combination of a $17.8 million increase in pension-related expenses largely offset by a $16.2 million decrease in University expenditures. Salaries and wages represent the largest part of the University's budget at 66% of 2017 operating expenses, compared to 67.6% in 2016. Significant steps have been taken to reduce the University's budget in this category. The most notable action was the implementation of a voluntary retirement program that resulted in 153 employee retirements representing $14.4 million in salaries and wages in 2017.

Statements of Cash Flows

The Statement of Cash Flows also provides information about the University's financial health by reporting the cash receipts (inflows) and cash payments (outflows) of the University during the year.

A summary of the Statements of Cash Flows is as follows:

	2018	2017	2016
	(All dollar amounts in thousands)		
Cash provided (used) by:			
Operating activities	$ (108,209)	$ (131,391)	$ (146,118)
Noncapital financing activities	126,835	125,792	125,231
Capital and related financing activities	(11,097)	(22,965)	(28,656)
Investing activities	7,113	31,854	41,000
Net increase (decrease) in cash and cash equivalents	14,642	3,290	(8,543)
Cash and cash equivalents-beginning of year	24,391	21,101	29,644
Cash and cash equivalents-end of year	$ 39,033	$ 24,391	$ 21,101

Total cash and cash equivalents increased $14.6 million in 2018 as compared to a $3.3 million increase in 2017. Net cash outflow for operating activities decreased by $23.2 million from $131.4 million in 2017 to $108.2 million in 2018. Cash from operating revenues declined $7.4 million mainly due to a reduction in tuition receipts of $8.5 million. Payments for salaries and benefits declined $26.9 million partially offset by an increase of $2.8 million for scholarships and fellowships. Cash outflow for capital and related financing activities declined $11.9 million mostly as a result of a decline in the purchase of capital assets of $13.2 million. Cash inflows from investing activities declined $24.7 million as the University relied less on cash flows from investments to fund operations, instead managing cash through the change in operating cash flow.

Total cash and cash equivalents increased $3.3 million in 2017 when compared to 2016. Cash outflow for operating activities from 2016 to 2017 decreased $14.7 million. Although cash inflow from tuition and fees was down $9.4 million in 2017 from 2016, the University outflows for payments were less as follows: $5.4 million less for employees' salaries and benefits, $11.3 million less for suppliers and $3.8 million less for scholarships to students. Net cash provided by non-capital financing activities remained relatively constant at $125.8 million in 2017 compared to $125.2 million in 2016. Although cash inflows from state appropriations were up $2.9 million in 2017, this increase was offset by a decrease of $2.4 million in cash outflows for grants for noncapital purposes. Net cash used by capital and related financing activities decreased $5.7 million from $28.7 million in 2016 to $23.0 million in 2017. Capital appropriations and grants and gifts as a source of cash was $4.3 million lower in 2017 than in 2016. However, the outflow of cash for the purchase of capital assets was $10.0 million less in 2017 than in 2016. Net cash provided by investing activities was $31.9 million in 2017, down $9.1 million from $41.0 million in 2016. This represents the results of the net impact of investment portfolio activity aimed at maximizing investment income while providing cash to meet the University's liquidity needs.

Capital Assets and Debt

Capital Assets The University's investment in capital assets was $356.8 million net of accumulated depreciation of $334.4 million at June 30, 2018 as compared to $369.2 million at June 30, 2017 and $375.9 million at June 30, 2016. Depreciation expense for the years ended June 30, 2018, 2017 and 2016 was $20.7 million, $20.2 million and $20.7 million, respectively.

A summary of net capital assets for the year ended June 30 is as follows:

	2018	2017	2016
	(All dollar amounts in thousands)		
Land, land improvements and infrastructure	$ 39,414	$ 41,045	$ 42,427
Buildings	288,517	295,108	282,199
Machinery and equipment	14,678	18,159	18,337
Library books and publications	13,834	14,624	15,131
Construction in progress	309	309	17,805
Total capital assets - net	$ 356,752	$ 369,245	$ 375,899

Depreciation expense and retirement of assets has exceeded the growth in assets over the last three years. In 2018 major projects included $2.8 million for the Lake campus Agriculture and Water Quality Education Center and $1.2 million for remodeling in the Student Union, Creative Arts building and the Library. During 2017 and 2016, the majority of capital spending related to the Creative Arts Center project. Minor construction projects and acquisitions of machinery and equipment as well as library books and publications also occurred during the year.

Debt As of June 30, 2018, bonds, leases and notes payable totaled $79.5 million vs. $85.7 million as of June 30, 2017 and $92.9 million as of June 30, 2016. In 2018 the University entered into a capital lease of $1.3 million for the Lake campus Agriculture and Water Quality Education Center. The University did not enter into any new debt agreements during 2017 or 2016. The 2018 balance was comprised of $60.6 million of general obligation bonds, $17.7 million in outstanding notes and $1.2 million capital lease. The 2017 balance of $85.7 million includes $66.4 million of outstanding bonds and $19.3 million of outstanding notes. The 2016 balance of $92.9 million includes $72.0 million of outstanding bonds and $20.9 million of outstanding notes. In May 2017, Moody's Investor Service downgraded the rating for the University's outstanding General Receipts bonds from A2 to Baa2 with a negative outlook citing financial stress, operating deficits and decreased liquidity among the reasons for the downgrade.

Future Economic Factors

The University is addressing budgetary and liquidity constraints through remediation efforts that include active management of personnel attrition; increased unit budget reviews and controls; increased contract and purchasing reviews; continued review and prioritization of programs and services; and persistent efforts to improve efficiencies in processing and delivery of services. In fiscal 2018 the University reduced expenditures in its general fund operating budget by roughly $50 million. An additional $16 million has been removed from the operating budget for fiscal 2019.

A fiscal sustainability plan has been implemented and plans are being actively formulated to enhance revenues. Efforts for revenue enhancements include:

- Online course offerings are being developed for implementation in the spring and summer of 2019 for those online courses and programs that currently are full and have waiting lists.
- The University offers a Summer Tuition Discount Program which provides qualifying students a 20% discount on undergraduate summer tuition for up to three credit hours. This program 1) encourages students to successfully complete at least 12 hours during the fall and spring semesters, thereby shortening the time it takes them to graduate, 2) provides a financial incentive to students to take summer courses, and 3) lowers the overall cost of the students' degrees.
- The University has implemented a four-year tuition guarantee program. This will promote timely graduation, increase degree completion and lower the cost of the student's degree. The guarantee program also enhances tuition revenue with each entering cohort of new students.
- The University is piloting a textbook affordability program that encourages faculty to use more affordable textbook options when possible, making college more affordable and improving the likelihood of student retention.

The State of Ohio establishes a pool of funds each year to subsidize instruction at the 14 state institutions of higher education. The budget for those funds has remained relatively stable for the last four years, however, the University's share of the pool fluctuates based on degree and course completions. While there are additional influences and factors affecting the actual allocation of the subsidy, the formula promotes the importance of the academic success of the student.

On July 30, 2018, Moody's Investors Service issued a credit opinion updating its credit analysis of the University confirming the Baa2 rating with a negative outlook. The University has no current plans to initiate new debt in the foreseeable future.

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Net Position
June 30, 2018 and 2017

	2018	2017
Current assets:		
Cash and cash equivalents	$ 38,751,757	$ 22,954,904
Short-term investments	768,113	8,655,941
Accounts receivable (net of allowance for doubtful accounts of $1,770,000 in 2018 and $1,420,000 in 2017)	29,457,108	31,816,677
Loans receivable (net of allowance for doubtful loans of $3,285,000 in 2018 and $3,278,000 in 2017)	3,134,655	3,707,359
Inventories	127,202	131,312
Prepaid expenses	1,496,152	1,357,028
Advanced charges	2,484,673	2,703,452
Total current assets	76,219,660	71,326,673
Noncurrent assets:		
Restricted cash and cash equivalents	281,098	1,436,316
Loans receivable (net of allowance for doubtful loans of $74,000 in 2018 and $86,000 in 2017)	7,353,182	8,506,568
Other assets	148,195	136,000
Other long-term investments	13,307,242	10,308,226
Capital assets, net	356,752,381	369,244,501
Total noncurrent assets	377,842,098	389,631,611
Total assets	454,061,758	460,958,284
Deferred outflows of resources:		
Bond refunding	324,580	354,087
Pension related	64,757,565	77,324,255
Other postemployment benefits related	4,470,894	
Total assets and deferred outflows of resources	**$ 523,614,797**	**$ 538,636,626**
Current liabilities:		
Accounts payable trade and other	$ 8,613,071	$ 10,537,285
Accrued liabilities	13,954,036	14,809,409
Unearned revenue	22,955,084	23,135,132
Refunds and other liabilities	1,960,877	1,014,039
Current portion of noncurrent liabilities (other than unearned revenue)	17,418,130	16,967,051
Total current liabilities	64,901,198	66,462,916
Noncurrent liabilities:		
Unearned revenue	1,280,807	1,601,009
Net pension liability	216,206,393	338,291,085
Net other postemployment benefits liability	66,480,626	
Other noncurrent liabilities	79,035,113	90,953,323
Total noncurrent liabilities	363,002,939	430,845,417
Deferred inflows of resources		
Pension related	36,688,868	3,957,061
Other postemployment benefits related	6,248,726	
Total liabilities and deferred inflows of resources	470,841,731	501,265,394
Net Position:		
Net investment in capital assets	277,923,291	285,387,131
Restricted - expendable:		
Instruction and departmental research	12,953	9,886
Separately budgeted research		1,700
Institutional support	1,947	
Loans	14,706,254	16,481,781
Unrestricted	(239,871,379)	(264,509,266)
Total net position	52,773,066	37,371,232
Total liabilities and deferred inflows of resources and net position	**$ 523,614,797**	**$ 538,636,626**

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

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $43,101,000 in 2018 and $44,883,000 in 2017)	$ 129,881,548	$ 140,388,956
Federal grants and contracts	32,380,520	35,696,281
State grants and contracts	7,814,291	6,502,919
Local grants and contracts	637,185	819,024
Nongovernmental grants and contracts	28,309,960	27,515,814
Sales and services	3,952,882	4,639,894
Auxiliary enterprises sales (net of scholarship allowances of $2,492,000 in 2018 and $2,466,000 in 2017)	11,066,940	11,418,116
Other operating revenues	3,070,107	3,338,412
Total operating revenues	**217,113,433**	**230,319,416**
OPERATING EXPENSES		
Educational and general:		
Instruction and departmental research	131,562,958	149,906,756
Separately budgeted research	35,495,612	33,853,848
Public service	14,147,872	18,649,215
Academic support	35,344,827	43,649,597
Student services	17,350,544	21,914,369
Institutional support	30,854,364	37,843,017
Operation and maintenance of plant	16,952,234	20,649,960
Scholarships and fellowships	18,951,135	20,203,101
Total educational and general	300,659,546	346,669,863
Auxiliary enterprises	20,002,310	22,646,731
Pension and OPEB	(81,734,291)	20,165,741
Depreciation	20,737,765	20,165,432
Total operating expenses	**259,665,330**	**409,647,767**
Operating (loss)	(42,551,897)	(179,328,351)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	91,055,767	92,430,682
Federal grants	19,617,769	19,494,081
State grants	4,383,960	3,885,796
Gifts	10,760,047	10,283,759
Investment income (net of investment expenses of $38,000 in 2018 and $218,000 in 2017)	2,254,893	3,438,103
Interest on capital asset-related debt	(3,144,883)	(3,088,446)
Other nonoperating revenues (expenses)	757,621	(104,987)
Net nonoperating revenues (expenses)	125,685,174	126,338,988
Income (Loss) before other revenues, expenses, gains or losses	83,133,277	(52,989,363)
Capital appropriations from the State of Ohio	4,268,272	4,394,239
Capital grants and gifts	1,206,839	1,464,314
Increase/(Decrease) in net position	**88,608,388**	**(47,130,810)**
NET POSITION		
Net position - beginning of year as previously reported	37,371,232	84,502,042
Cumulative effect of change in accounting principle (see Note 1)	(73,206,554)	
Net position - beginning of year, as restated	(35,835,322)	
Net position - end of year	$ **52,773,066**	$ **37,371,232**

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

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

CASH FLOWS FROM OPERATING ACTIVITIES	2018	2017
Student tuition and fees	$ 129,579,271	$ 138,065,293
Federal, state, local, and nongovernmental grants and contracts	69,826,318	71,849,413
Sales and services of educational and other departmental activities	6,189,258	3,070,683
Payments to employees	(185,268,035)	(207,578,867)
Payments for benefits	(58,125,855)	(62,712,528)
Payments to suppliers	(61,506,382)	(68,921,353)
Payments for scholarships and fellowships	(21,384,767)	(18,614,023)
Student loans issued	(685,742)	(1,395,817)
Student loans collected	2,411,832	2,945,323
Student loan interest and fees collected	391,021	390,166
Auxiliary enterprise sales	10,364,081	11,510,740
Net cash (used) by operating activities	**(108,209,000)**	**(131,390,970)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	91,055,767	92,430,682
Direct lending receipts	88,164,790	94,569,364
Direct lending disbursements	(88,094,266)	(94,501,561)
Grants for noncapital purposes	24,001,729	23,379,877
Gifts	11,707,028	9,913,819
Net cash provided by noncapital financing activities	**126,835,048**	**125,792,181**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations from the State of Ohio	4,178,221	4,949,310
Capital grants and gifts received	1,192,839	1,340,765
Purchases of capital assets	(6,417,219)	(19,644,518)
Proceeds from sales of capital assets	305,734	366,890
Principal paid on capital debt and leases	(7,182,732)	(6,882,338)
Interest paid on capital debt and leases	(3,470,663)	(3,408,741)
Bond interest subsidy	296,744	314,238
Net cash (used) by capital and related financing activities	**(11,097,076)**	**(22,964,394)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	11,729,214	47,768,754
Interest on investments	625,397	507,671
Purchase of investments	(5,241,948)	(16,422,864)
Net cash provided by investing activities	**7,112,663**	**31,853,561**
Net Increase in Cash and Cash Equivalents	**14,641,635**	**3,290,378**
Cash and Cash Equivalents - Beginning of Year	24,391,220	21,100,842
Cash and Cash Equivalents - End of Year	**$ 39,032,855**	**$ 24,391,220**

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

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

Reconciliation of operating (loss) to net cash (used) by operating activities:	**2018**	**2017**
Operating loss	$ (42,551,897)	$ (179,328,351)
Depreciation and amortization	20,447,070	19,874,737
Provision for doubtful accounts	992,787	349,274
Provision for doubtful loans	185,196	164,549
Changes in assets and liabilities:		
Accounts receivable	438,002	(935,427)
Inventories	4,110	(6,439)
Prepaid expenses	(265,496)	(205,729)
Advanced charges	218,779	802,241
Other assets	(12,195)	33,568
Deferred outflows - pensions and OPEB	8,427,685	(27,475,108)
Accounts payable	(2,117,651)	1,994,672
Accrued liabilities	(855,373)	(238,024)
Unearned revenue	(180,048)	(1,293,537)
Compensated absences	(1,900,000)	(1,700,000)
Voluntary retirement incentive	(3,365,725)	7,386,830
Refunds and other liabilities	946,838	159,968
Loans to students and employees	1,540,894	1,384,957
Net liabilities - pensions and OPEB	(129,142,509)	60,045,216
Deferred inflows - pensions and OPEB	38,980,533	(12,404,367)
Net cash (used) by operating activities	**$ (108,209,000)**	**$ (131,390,970)**

Noncash investing, capital, and financing activities:		
Donated capital assets	$ 14,000	$ 123,549
Capital Lease	$ 1,307,106	
Purchases of capital assets in accounts payable	$ 498,862	$ 276,826

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

	2018	2017
ASSETS		
Cash and cash equivalents	$ 2,403,792	$ 3,751,810
Pledges receivable (net)	7,616,900	9,980,600
Gifts receivable from trusts held by others	1,529,900	1,410,200
Investment in securities	118,974,016	117,227,326
Other investments	2,107,293	537,568
Interest and dividends receivable	324,403	221,022
Capital assets (net)	2,287,911	2,410,023
Annuity assets	837,991	815,586
Other assets	858,565	882,450
Total assets	$ 136,940,771	$ 137,236,585
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		
Wright State University	$ 577,748	$ 1,524,729
Trade and other	124,716	129,998
Deposits held in custody for others	2,013,390	2,056,483
Annuities payable	382,100	374,600
Loan payable		400,000
Total liabilities	3,097,954	4,485,810
NET ASSETS		
Unrestricted		
Designated	2,362,078	2,352,861
Undesignated	6,314,783	5,196,495
Temporarily restricted	79,289,590	80,664,493
Permanently restricted	45,876,366	44,536,926
Total net assets	133,842,817	132,750,775
Total liabilities and net assets	$ 136,940,771	$ 137,236,585

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Total 2017
Revenue and other support					
Gifts and contributions	$ 146,034	$ 3,546,470	$ 1,198,893	$ 4,891,397	$ 4,269,499
Investment earnings					
Interest and dividends	1,056,778	2,848,833		3,905,611	2,523,002
Net realized and unrealized gains	643,000	2,714,358		3,357,358	9,428,979
Administrative fee charged to certain restricted accounts	838,811	(838,811)			
Change in value of split interest agreements		119,700	(50,001)	69,699	65,217
Other income	182,425	49,058	17,119	248,602	265,374
Net assets released from restrictions	9,659,882	(9,659,882)			
Change in donor restrictions		(165,229)	165,229		
Total revenue and other support	12,526,930	(1,385,503)	1,331,240	12,472,667	16,552,071
Expenses					
Program services					
Scholarships	3,329,309			3,329,309	3,037,346
University programs	5,504,557			5,504,557	5,906,322
Athletic programs	179,346			179,346	426,541
Research	728,228			728,228	495,393
Miscellaneous grants	185,156			185,156	243,545
Other program expenses and losses (gains)	(100)	(10,600)	(8,200)	(18,900)	90,368
Fund raising	1,090,137			1,090,137	1,037,528
Management and general	382,792			382,792	382,935
Total expenses	11,399,425	(10,600)	(8,200)	11,380,625	11,619,978
Change in net assets	1,127,505	(1,374,903)	1,339,440	1,092,042	4,932,093
Net assets					
Beginning of year	7,549,356	80,664,493	44,536,926	132,750,775	127,818,682
End of year	$ 8,676,861	$ 79,289,590	$ 45,876,366	$ 133,842,817	$132,750,775

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017
Revenue and other support				
Gifts and contributions	$ 154,978	$ 3,546,500	$ 568,021	$ 4,269,499
Investment earnings				
Interest and dividends	735,760	1,787,242		2,523,002
Net realized and unrealized gains	2,362,996	7,065,983		9,428,979
Administrative fee charged to certain restricted accounts	782,438	(782,438)		
Change in value of split interest agreements		95,500	(30,283)	65,217
Other income	107,044	45,420	112,910	265,374
Net assets released from restrictions	9,846,832	(9,846,832)		
Change in donor restrictions		61,144	(61,144)	
Total revenue and other support	13,990,048	1,972,519	589,504	16,552,071
Expenses				
Program services				
Scholarships	3,037,346			3,037,346
University programs	5,906,322			5,906,322
Athletic programs	426,541			426,541
Research	495,393			495,393
Miscellaneous grants	243,545			243,545
Other program expenses and losses (gains)	115,268	(36,600)	11,700	90,368
Fund raising	1,037,528			1,037,528
Management and general	382,935			382,935
Total expenses	11,644,878	(36,600)	11,700	11,619,978
Change in net assets	2,345,170	2,009,119	577,804	4,932,093
Net assets				
Beginning of year	5,204,186	78,655,374	43,959,122	127,818,682
End of year	$ 7,549,356	$ 80,664,493	$ 44,536,926	$ 132,750,775

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

Wright State Applied Research Corporation
Statements of Financial Position
June 30, 2018 and 2017

Assets

	2018	2017
Cash and cash equivalents	$ 5,486,607	$ 12,025,250
Billed accounts receivable	3,364,979	2,117,596
Unbilled accounts receivable	2,924,875	2,178,473
Other accounts receivable	3,396	28,190
Prepaid expenses and other	60,352	56,112
Due from Wright State University	457,590	1,011,637
Note receivable		1,303,000
Other assets	300,000	300,000
Property and equipment, net	4,066,852	4,483,023
Total assets	$ 16,664,651	$ 23,503,281

Liabilities and Net Assets

	2018	2017
Liabilities		
Accounts payable and accrued expenses	$ 4,794,229	$ 4,112,897
Due to Wright State University	3,623,484	2,954,955
Deferred revenue	5,168,463	11,413,365
Total liabilities	13,586,176	18,481,217
Unrestricted Net Assets	3,078,475	5,022,064
Total liabilities and net assets	$ 16,664,651	$ 23,503,281

The accompanying notes are an integral part of these financial statements

Wright State Applied Research Corporation

Statements of Activities

Years Ended June 30, 2018 and 2017

	2018	2017
Revenue		
Contract and grant revenue	$ 28,720,428	$ 20,048,161
Commercial revenue	295,267	409,001
Rental income	320,088	821,646
Interest and other income	71,609	57,449
Total revenue	29,407,392	21,336,257
Expenses		
Program services		
Direct labor	4,159,186	2,966,706
Travel	305,287	130,891
Subcontract costs	18,351,666	13,480,882
Other direct costs	1,210,595	956,607
Total program services expenses	24,026,734	17,535,086
Support services expenses	6,051,247	4,658,725
Bad debt expense	1,273,000	-
Total expenses	31,350,981	22,193,811
Change in Net Assets	(1,943,589)	(857,554)
Net assets		
Beginning of year	5,022,064	5,879,618
End of year	$ 3,078,475	$ 5,022,064

The accompanying notes are an integral part of these financial statements

(1) Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

Wright State University (the University) is a state-assisted institution of higher education created in 1967. The University has an enrollment of approximately 17,100 undergraduate, graduate, and professional students on its two campuses. The financial statements include the University's eight colleges, three schools, and other individual departments. The University's Board of Trustees approves policies and procedures by which the University is governed.

The University's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The University is a political subdivision of the State of Ohio and accordingly, its financial statements are discretely presented in the State of Ohio's Comprehensive Annual Financial Report in accordance with GASB Statement No. 14, and amended by GASB Statement Nos. 39, 61 and 80. These statements provide additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as a component unit of the University based upon the nature and significance of their relationship to the University. Although the Wright State University Foundation (the Foundation) and the Wright State Applied Research Corporation (WSARC) are legally separate, tax-exempt entities, it has been determined they meet the criteria for discrete presentation within the University's financial statements. The Foundation and WSARC are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards that have been codified in Accounting Standards Codification (ASC) 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 WSARC's financial information in the University's financial reporting entity for these differences.

The Foundation is the primary fund-raising organization for the University and contributions to the Foundation are primarily restricted to the activities of the University. These contributions are relied upon for the on-going operations of the University. The Foundation is exempt for federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the Foundation can be obtained by sending a request to the Wright State University Foundation Bldg., 3640 Colonel Glenn Highway, Dayton, OH 45435.

WSARC is the contracting entity for the Wright State Research Institute (WSRI), a department of the University. WSARC maintains a tax-exempt status according to the provisions of Section 501(c)(3) of the Internal Revenue Service. WSARC provides applied research services such as business development, total cost accounting and recovery, Federal Acquisition Regulations based contracting support for large contracts, security support and special facilities for classified contracts to WSU and WSRI. Complete financial statements for WSARC can be obtained by sending a request to the Wright State Applied Research Corporation, 4035 Colonel Glenn Highway, Suite 100, Beavercreek, OH 45431.

No other affiliated organization meets the requirements for inclusion in the University's financial statements.

Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of the University have been prepared using the economic resources measurement focus and on the full accrual basis of accounting, whereby revenue is recognized in the period earned, or in the case of advances from other governments, when all eligibility requirements are met in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Expenses are recognized when the related liabilities are incurred.

Financial Statements
The University reports as a business-type activity, as defined by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

New Accounting Standards Adopted
In fiscal year 2018, the University adopted new accounting standard GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB Standard No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

The principal effect to the University of the adoption of GASB No. 75 resulted in recording a net OPEB liability on the Statement of Net Position. The University has reflected these accounting changes as required by the standard. The areas of substantial impact on the University's Statement of Net Position as of June 30, 2018 are as follows:

Deferred outflows of resources – OPEB	$ 4,470,894
Deferred inflows of resources – OPEB	$ 6,248,726
Net OPEB liability	$ 66,480,626

The information necessary to restate the Statement of Net Position as of June 30, 2017 and the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2017 for the effects of the initial implementation of GASB No. 75 is not available. Therefore the University has not restated 2017 balances. However, the beginning Net Position as of July 1, 2017 has been adjusted as follows:

Net position - beginning of year, as previously reported	$ 37,371,232
Cumulative effect of adoption of GASB 75	(73,206,554)
Net position - beginning of year, as restated	$ (35,835,322)

Details of the effect of the adoption of GASB Statement No. 75 on the University's beginning Net Position as of July 1, 2017 for the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS) are as follows:

	OPERS	STRS	Total
Cumulative effect of adoption of GASB 75			
Net OPEB liability, July 1, 2017	$ (37,127,400)	$ (36,411,043)	$ (73,538,443)
Deferred outflows of resources - OPEB, July 1, 2017	331,889		331,889
Total effect of GASB 75 adoption	$ (36,795,511)	$ (36,411,043)	$ (73,206,554)

In fiscal year 2018, the University adopted new accounting standard GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which was issued in March 2016. This Statement establishes standards for irrevocable split interest agreements in which resources are irrevocably transferred to an intermediary who administers these resources for the benefit of two or more beneficiaries. Under this standard, the University is required to recognize assets, liabilities, and deferred inflows of resources at the inception of such agreements. Additionally, this Statement requires recognition of assets representing a beneficial interest in irrevocable split-interest agreements that are administered by a third party in which the University controls the present service capacity of the beneficial interest. There was no significant impact on the financial statements related to the implementation of this statement.

In fiscal year 2018, the University adopted new accounting standard GASB Statement No. 85, *Omnibus 2017*, which was issued in March 2017. This Statement addresses various issues identified during the implementation and application of certain GASB statements. These topics include issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. There was no significant impact on the financial statements related to the implementation of this statement.

In fiscal year 2018, the University adopted new accounting standard GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which was issued in May 2017. This Statement provides guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. There was no significant impact on the financial statements related to the implementation of this statement.

Upcoming Accounting Standards
In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the University's fiscal year ending June 30, 2019. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The University is evaluating the impact Statement No. 83 will have on its financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, effective for the University's fiscal year ending June 30, 2020. This Statement establishes criteria for identifying fiduciary activities of the University. The focus of the criteria is generally on (1) whether the University is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The University is evaluating the impact Statement No. 84 will have on its financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*, effective for the University's fiscal year ending June 30, 2021. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as deferred inflows of resources or deferred outflows of resources based on the payment provisions of the contract. This pronouncement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. The University is evaluating the impact Statement No. 87 will have on its financial statements.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for the University's fiscal year ending June 30, 2019. The purpose of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement also clarifies which liabilities governments should include when disclosing information related to debt. The University is evaluating the impact Statement No. 88 will have on its financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the University's fiscal year ending June 30, 2021. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period. This Statement supersedes the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The University is evaluating the impact Statement No. 89 will have on its financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, effective for the University's fiscal year ending June 30, 2020. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement defines a majority equity interest and specifies that a majority equity interest that meets the definition of an investment should be measured using the equity method. The University is evaluating the impact Statement No. 90 will have on its financial statements.

Net position

- Net investment in capital assets comprises total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets, and related debt.
- Restricted net position consists of restricted assets, deferred outflows of resources, liabilities, and deferred inflows of resources related to those assets. Expendable restricted net position represents resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties such as guarantors.
- Unrestricted net position represents the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. This net position is not subject to external restrictions. Management or the Board of Trustees designates most of the unrestricted net position for specific purposes in research, academic, capital acquisition, or other initiatives.

It is the University's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted net position and unrestricted net position are available.

Cash and Cash Equivalents

Cash and cash equivalents include amounts held in the State Treasury Asset Reserve of Ohio (STAROhio). In addition, external investment managers may maintain balances in a money market fund. These balances are included as cash equivalents due to their high liquidity and short-term nature. Other investments purchased with three months or less to maturity are also considered cash equivalents.

Accounts and Loans Receivable

Accounts and loans receivable are recorded net of allowances for uncollectible accounts and loans. These allowances are based on management's judgment of potential uncollectible amounts, based on historical experience and type of receivable. Accounts receivable primarily include tuition and fee charges to students, charges to grant sponsors, and charges for auxiliary enterprise services provided to students, faculty and staff. Loans receivable are mainly funds borrowed by students under various federal and other loan programs.

Investments
All investments are stated at fair value in accordance with GASB statement 72, *Fair Value Measurement and Application.* Investments of publically traded securities are reported at fair value, as established by the major securities markets. Money market investments (U.S. Treasury and Agency obligations) that have a remaining maturity of one year or less at the time of purchase are reported at amortized cost and approximate fair value. Investment income is recognized on an accrual basis. Purchases and sales of investments are accounted for on the trade date basis. Investment trade settlements receivable and payable represent investment transactions occurring on or before June 30, which settle after such date. Realized and unrealized gains and losses are reported as investment income or loss.

All securities purchased by external investment managers in the University's "liquidity" and "diversified" investment pools, with the exception of money market purchases and redemptions, are considered investments regardless of maturity date, as these investment pools are designed more for capital appreciation and have average durations of at least two years. Investments with maturities of less than one year are considered short-term or current.

Alternative investments are generally less liquid than publically traded securities and include private equity, investments in real assets, and other strategies. These alternative investments are intended to reduce market risk, credit risk and interest rate risk. The University believes the carrying amounts of these holdings are reasonable estimates of the fair values as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for the investment existed. Such difference could be material.

Inventories
Inventories - which consist principally of publications, general merchandise and other goods - are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Capital Assets and Collections
Capital assets include land, land improvements, infrastructure, buildings, machinery, equipment, software, library books, publications and construction in progress. They are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. Normal repairs and maintenance are expensed in the year in which the expenses are incurred. The threshold for capitalizing moveable equipment with an estimated useful life of more than one year is $5,000. Using the straight-line method, capital assets are depreciated over their estimated useful lives; generally, 40 years for buildings, 30 years for land improvements and infrastructure, 15 years for library books and publications, and 5 to 10 years for machinery and equipment. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements.
The capitalization threshold for the purchase of moveable equipment may be waived when the acquisition is related to a major project. Moveable equipment items attributable to a major project may be capitalized and depreciated over a 5 year useful life. A major project is defined as a project in which: (1) the total construction cost (building improvement, land improvement, infrastructure, etc.) is anticipated to be $100,000 or more and the moveable capital equipment expenditures are expected to be at least $100,000; or (2) although the construction costs are anticipated to be less than $100,000, the total project costs, including moveable equipment, are anticipated to be at least $200,000.

Compensated Absences
Compensated absences is comprised of vacation and sick leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to service already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes employees currently eligible to receive termination benefits and those identified as probable of receiving payment in the future.

Unearned Revenue
Unearned revenue primarily consists of the amounts received in advance from grant and contract sponsors that have not yet been earned under the terms of the agreement and amounts received in advance for tuition and fees not yet earned. These amounts were $5.7 million and $15.6 million, respectively, for the year ended June 30, 2018 and $5.5 million and $15.4 million, respectively, for the year ended June 30, 2017.

Deferred Outflows and Inflows of Resources
Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period but do not require any further exchange of goods or services. Deferred outflows of resources in the University's financial statements consist of the unamortized deferred refunding balance, pension and OPEB related balances.

Deferred inflows of resources represent an acquisition of resources that apply to a future period and will not be recognized as revenue until that time. Deferred inflows in the University's financial statements are related to pensions and OPEB related balances.

Revenues and Expenses
Revenues and expenses are classified as operating or nonoperating. Operating revenues are resources primarily from exchange transaction activities. These include payments received for services, such as tuition and fees, and most grants and contracts. Nonoperating revenues are from non-programmatic sources and have the characteristics of nonexchange transactions. They include state appropriations, some federal and state grants, gifts, and investment income. Nearly all of the University's expenses are a result of exchange transactions, and therefore classified as operating expenses. The major recurring nonoperating expenses are net losses on the disposition of capital assets and interest expense on capital assets-related debt.

State Support
The University is a state-assisted institution of higher education which receives a student subsidy from the State of Ohio primarily based upon the number of successful degree and course completions. This subsidy is calculated annually by the Ohio Department of Higher Education (formerly known as the Ohio Board of Regents), Ohio's higher education advising and coordinating board.

In addition to student subsidies, the State of Ohio provides funding for construction of major plant facilities. The funding is obtained from the issuance of general obligation bonds by the Ohio Public Facilities Commission (OPFC), which in turn results in construction and subsequent transfer of the facility to the University by the Ohio Department of Higher Education. Costs incurred during construction are included in construction in progress and recognized as capital appropriations. Upon completion of a facility, the Ohio Department of Higher Education turns control over to the University.

University facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State. As a result of the above described financial assistance provided by the State to the University, outstanding debt issued by OPFC is not included in the University's financial statements.

Cost-Sharing Defined Benefit Pension Plans
The University participates in two cost-sharing, multiple-employer defined benefit pension plans, the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement system of Ohio (STRS) (the Plans).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from their fiduciary net positions have been determined on the same basis as reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Scholarship Allowances
Scholarship allowances represent aid awarded to the student in the form of reduced tuition and are computed and reported in the financial statements under the alternate method as prescribed by the National Association of College and University Business Officers (NACUBO). Financial aid in the form of a cash payment to the student is reported as scholarship and fellowship expense in the financial statements. Third party loans such as Federal Direct loans and certain aid awarded to the students by third parties are credited to the student's account as if the student made the payment.

Income Taxes
The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, certain revenues are considered unrelated business income and are taxable under Internal Revenue Code Sections 511 through 513.

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

<u>Previous Year's Financial Information</u>

Certain amounts from the prior year have been reclassified to conform to current-year presentation. These reclassifications had no impact on the change in net position.

(2) <u>Cash, Cash Equivalents and Investments</u>

The classification of cash, cash equivalents and investments in the financial statements is based on criteria set forth by GASB. Cash equivalents are defined to include investments with original maturities of three months or less. Consistent with this definition, University funds on deposit in the State Treasury Asset Reserve of Ohio are classified as cash equivalents in the Statements of Net Position. However, for GASB Statement No. 3 disclosure purposes (see below), the funds in the State Treasury Asset Reserve of Ohio are classified as investments.

<u>Deposits</u>

Under state law, the University's deposits must be secured by Federal Deposit Insurance and collateralized for amounts in excess of FDIC coverage. Collateral may be pledged or pooled. Pooled collateral may be held on the financial institution's premises or held by its trust department or agent on its behalf. The fair value of the pledged securities plus the federal deposit insurance must at all times equal one hundred five percent of the total amount of public deposits to be secured by the pooled securities. These securities may be held in the name of the University or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. The University does not have a deposit policy for custodial credit risk.

As of June 30, 2018 and 2017, the University's bank balances are $11,624,186 and $21,617,362, respectively. Of these balances, $5,570,829 and $17,898,807, respectively, are uninsured with collateral held by pledging banks not in the University's name.

At June 30, the carrying amount of deposits (book balances) is as follows:

	2018	2017
Petty cash	$ 31,807	$ 36,196
Demand deposits	4,599,172	16,684,692
Money market funds	4,468,938	2,384,681
Total	$ 9,099,917	$ 19,105,569

The difference in the carrying amount and bank balances is caused by items in-transit (primarily outstanding checks) and by cash on hand.

Investments - Fair Value

The University utilizes a discretionary model in which a fiduciary manager is responsible for investing the University's portfolio utilizing a fund of funds approach. This Investment Policy provides for the prudent investment of the University's assets in a manner which will meet three main objectives: safety, liquidity and return on investment. The Investment Policy parallels state law which requires an amount equal to at least twenty-five percent of the University's investment portfolio be invested in securities of the United States government or one of its agencies or instrumentalities, the treasurer of the State of Ohio's pooled investment program, obligations of the State of Ohio, or any political subdivision of the State of Ohio, certificates of deposit of any national bank located in the State of Ohio, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds or bankers' acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system.

The University categorizes its investments within the fair value hierarchy established by generally accepting accounting principles. Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) on the measurement date in the University's principal or most advantageous market. 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. Some investments are valued at net asset value (NAV) and are therefore not subject to the hierarchy classification.

The fair value of University investments at June 30 is as follows:

	2018				
	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment in securities:					
Stocks and traded securities	$ 1,098,094	$ 1,098,094	$	$	$
State Treasury Asset Reserve of Ohio (STAROhio)	29,932,938	29,932,938			
Mutual funds:					
Equity	164,988	164,988			
Fixed income	3,252,638	3,252,638			
Alternative assets:					
Hedge funds	768,113				768,113
Private equity partnerships	8,788,322				8,788,322
Total investments in securities	44,005,093	34,448,658			9,556,435
Other investments:					
Real estate	3,200			3,200	
Total other investments	3,200			3,200	
Total investments	$ 44,008,293	$ 34,448,658	$	$ 3,200	$ 9,556,435

	2017				
	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment in securities:					
Stocks and traded securities	$ 971,376	$ 971,376	$	$	$
State Treasury Asset Reserve of Ohio (STAROhio)	5,285,651	5,285,651			
Mutual funds:					
Equity	77,170	77,170			
Fixed income	2,066,231	2,066,231			
Alternative assets:					
Hedge funds	7,525,594				7,525,594
Private equity partnerships	7,190,249				7,190,249
Distressed debt	773,173				773,173
Private real estate	357,174				357,174
Total investments in securities	24,246,618	8,400,428			15,846,190
Other investments:					
Real estate	3,200			3,200	
Total other investments	3,200			3,200	
Total investments	$ 24,249,818	$ 8,400,428	$	$ 3,200	$ 15,846,190

The balance of deposits and investments reported above are included in the Statements of Net Position as follows:

	Year Ended June 30	
	2018	2017
Deposits	$ 9,099,917	$ 19,105,569
Investments	44,008,293	24,249,818
Total	$ 53,108,210	$ 43,355,387
Included in the Statements of Net Position		
Cash and cash equivalents	$ 38,751,757	$ 22,954,904
Restricted cash and cash equivalents	281,098	1,436,316
Short-term investments	768,113	8,655,941
Long-term investments	13,307,242	10,308,226
Total	$ 53,108,210	$ 43,355,387

Balances held in the State of Treasury Asset Reserve of Ohio (STAROhio) are included in the total fair value of investments for disclosure purposes. However, these balances are considered cash and cash equivalents for reporting on the Statements of Net Position.

The following presents a reconciliation of the fair value of investments reported above to the investments reported on the Statements of Net Position:

	Year Ended June 30	
	2018	2017
Total fair value of investments	$ 44,008,293	$ 24,249,818
State Treasury Asset Reserve (STAROhio)	29,932,938	5,285,651
Fair value of investments less STAROhio	$ 14,075,355	$ 18,964,167
Included in the Statements of Net Position		
Short-term investments	$ 768,113	$ 8,655,941
Long-term investments	13,307,242	10,308,226
Total	$ 14,075,355	$ 18,964,167

Because alternative investments - hedge funds, private equity, distressed debt and private real estate – have no active market, they are valued using NAV which is based on information such as historical and current performance of the underlying assets; cash flow projections; liquidity and credit premiums required by a market participant; and financial trend analysis with respect to the individual fund manager. Furthermore the liquidity of these investments may be impacted by the lack of a present market for the interest in the funds, lock-up periods, redemption notice periods and limits to the frequency of redemptions.

The following table provides additional information for those assets valued using NAV:

	Fair Value June 30		Redemption	Redemption Notice	Lock-up	Earliest Redemption	Unfunded
	2018	2017	Frequency	Period	Period	Date	Commitment
Alternative assets:							
Hedge funds (A)	$ 768,113	$ 7,525,594	semi- annual	95 days	24 mos.	NA	$
Private equity partnerships (B)	8,788,322	7,190,249	not liquid	not liquid			2,591,904
Distressed debt		773,173	quarterly	65 days	24 mos.	NA	
Private real estate		357,174	quarterly	65 days			
Total	$ 9,556,435	$ 15,846,190					$ 2,591,904

(A) For hedge funds, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual security valuations. The limited partnerships are illiquid in that no present market exists for the interest in the funds nor is one expected to develop. The University exercised its option for redemption of the fund for June 30, 2017. The fund was subsequently liquidated on July 31, 2017 with 90% of the fund being distributed. The 10% holdback escrow was subsequently released in July 2018.

(B) For private equity, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual securities. 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 value volatility.

Approximately 37% of the University's private equity fund partnership is structured as a domestic partnership in which the University is a limited partner. The investment's objective is to achieve an attractive risk-adjusted return relative to other asset class alternatives through the identification and selection of a set of private assets managers across a broad spectrum of private equity, real estate, infrastructure and real assets whose stated terms are 5 to 7 years.

The remaining 63% of the University's private equity partnership is a domestic partnership for the purpose of making private equity investments. The partnership is typically invested in venture capital, growth equity and buyout funds focusing on oil and gas exploration, technology, healthcare and telecom sectors. The investments consist of nonmarketable limited partnership interests in a select group of nonregistered private investment partnerships for long term capital appreciation.

In 2018, the University liquidated its investment in distressed debt, which had been in the form of a fund that invested in a diversified portfolio of structured credit instruments, the majority of which were Collateralized Debt Obligation (CDO) equity and mezzanine notes. The University exercised its option to redeem this fund in March 2017. Liquidation occurred in April 2017. The contractual holdback (10%) was liquidated upon the fund's finalization of its 2017 financial statements, which occurred during the University's current fiscal year.

In 2018, the University liquidated its investment in private real estate. On June 30, 2016, the University had notified the fund of its intent to exercise its redemption option. The fund was subsequently liquidated on July 29, 2016. The 10% holdback escrow was received in July 2017.

<u>Investments – Risks</u>

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the University. The Investment Policy has established asset allocations and permissible asset classes in order to minimize the various risks and the probability of loss. The new Investment Policy provides for a portfolio comprised of mutual funds managed in accordance with the diversification and industry concentration restrictions set forth in the Investment Company Act of 1940 which provides, among other things, protection in terms of concentration of risk for issuers and for industry sectors.

Interest Rate Risk
The University's Investment Policy minimizes the risk of the loss of value due to changing interest rates through the use of target durations for each of the University's investment pools. The Cash Pool is maintained to meet the daily obligations of the University and consists of highly liquid instruments with little to no risk of loss of principal. The Liquidity Pool provides a source of funds in the event the Cash Pool is insufficient to meet the University's cash needs and maintains a weighted average life of less than five years. The Diversified Investment Pool provides the University an opportunity to earn a higher rate of return through investments with longer durations.

The maturities of the University's interest bearing investments at June 30 are as follows:

	2018 Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10
Bond funds	$ 3,252,638	$	$ 2,570,521	$ 682,117

	2017 Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10
Bond funds	$ 2,066,231	$	$ 1,627,857	$ 438,374

Credit Risk
Credit risk is the risk the issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Credit quality information, commonly expressed in terms of credit ratings issued by nationally recognized 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. The University's Investment Policy limits exposure to credit risk by limiting purchases of fixed income securities to no lower than AA for the Cash Pool and Liquidity Pool accounts. The vast majority of portfolio mutual fund holdings are required to invest in investment grade funds. The only exception to this represents those funds held as part of the high yield strategy. The allocation for this is targeted at three percent of the overall portfolio.

The University's credit risk at June 30 is as follows:

Investment Type	Total	2018 Credit Ratings AAA/Aaa	AA/Aa	A	BBB/Baa	B
State Treasury Asset Reserve (STAROhio)	$ 29,932,938	$ 29,932,938	$	$	$	$
Bond funds	3,252,638	1,299,467		1,953,171		
Total	$ 33,185,576	$ 31,232,405	$	$ 1,953,171	$	$

Investment Type	Total	2017 Credit Ratings AAA/Aaa	AA/Aa	A	BBB/Baa	B
State Treasury Asset Reserve (STAROhio)	$ 5,285,651	$ 5,285,651	$	$	$	$
Bond funds	2,066,231	833,681		1,232,550		
Total	$ 7,351,882	$ 6,119,332	$	$ 1,232,550	$	$

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 investments or collateral securities in the possession of an outside party. As of June 30, 2018 and 2017, none of the University's investments were exposed to custodial, counterparty credit risk. The University's Investment Policy minimizes custodial credit risk through the use of mutual funds and other pooled asset portfolios transacted through national reputable brokerage firms protected by the Securities Investor Protection Corporation.

Concentration of Credit Risk
Concentration of credit risk is the risk associated with a lack of diversification. It is the risk of loss attributed to the magnitude of the University's investment in a single issuer. Investments are diversified within asset classes with the intent to minimize the risk of losses to the portfolio. As previously mentioned, concentration of credit risk is managed at the mutual fund level as required by the Investment Company Act of 1940. As of June 30, 2018 and 2017, the University has no reportable concentration of credit risk as no one single issuer constitutes more than five percent of the University's investment portfolio.

Foreign Currency Risk
Foreign currency risk relates to the possible adverse changes that exchange rates can have on the fair value of investments. The University's investment policy allows the fiduciary manager to invest in stocks, traded securities, and mutual funds with foreign investments as part of its Global Equity, Global Fixed Income, and Cash Equivalent Reserve asset classes. Private equity partnerships and equity mutual funds are subject to foreign currency exposures.

Restricted Cash and Cash Equivalents

The University's restricted cash and cash equivalents at June 30 are as follows:

Debt	Date Issued	Amount Issued	Amount Unspent 2018	Amount Unspent 2017
Unspent Debt Proceeds:				
Series 2011A	November 2011	$ 55,240,000	$	$
Series 2012	November 2012	23,195,000	280,990	1,436,208
2013 Notes	February 2013	25,000,000		
Total Unspent Debt Proceeds		$ 103,435,000	$ 280,990	$ 1,436,208
Trust Account:				
Series 2009			$ 22	$ 22
2013 Notes			86	86
Total Trust Account			$ 108	$ 108
Total Restricted Cash and Cash Equivalents			$ 281,098	$ 1,436,316

The unspent proceeds are held in Project Fund trust accounts as provided for in the bond resolutions approved by the Board of Trustees. The bond resolutions also require the bond proceeds to be held by a bank or trust company which is a member of the Federal Deposit Insurance Corporation. The Bank of New York Mellon acts as the trustee of the bond project funds for the Series 2011 and 2012 bonds. The Huntington National Bank acts as the trustee of the project fund for 2013 Notes Series A and B. As of June 30, 2018 and 2017, $280,990 and $1,436,208, respectively, of the unspent debt related proceeds are classified as restricted cash and cash equivalents in the Statements of Net Position.

The unspent bond proceeds and accumulated interest earned and held by the trustee are included in demand deposits in the carrying amount of deposits as of June 30, 2018 and 2017.

Investment Income (Loss)

The composition of investment income is as follows:

	Year Ended June 30 2018	Year Ended June 30 2017
Net interest and dividend income	$ 656,439	$ 257,908
Realized gains/(losses) on sales	635,924	284,143
Unrealized gains/(losses) in fair value	962,530	2,896,052
Total	$ 2,254,893	$ 3,438,103

(3) Accounts Receivable

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

	2018	2017
Sponsor receivables	$ 9,512,967	$ 10,698,816
Student and student-related accounts	13,694,403	14,605,902
Wright State University Foundation	577,748	1,524,729
Wright State Applied Research Corporation	3,623,484	2,954,955
Interest receivable	43,452	41,009
State appropriations	1,499,665	424,614
Other, primarily departmental sales and services	2,275,389	2,986,652
Total	31,227,108	33,236,677
Less: Allowance for doubtful accounts	1,770,000	1,420,000
Net accounts receivable	$ 29,457,108	$ 31,816,677

(4) Capital Assets

Capital assets activity for the years ended June 30, 2018 and 2017 is summarized as follows:

	Balance 7/1/2017	Additions	Retirements	Transfers	Balance 6/30/2018
Land	$ 3,984,202	$ 15,070	$ (67,500)	$	$ 3,931,772
Land improvements and infrastructure	61,089,563	655,108	(34,367)	(159,730)	61,550,574
Buildings	490,518,675	4,709,811		159,730	495,388,216
Machinery and equipment	74,798,980	1,959,112	(1,631,166)		75,126,926
Library books and publications	54,842,682	1,110,642	(1,076,681)		54,876,643
Construction in progress	309,054				309,054
Total	685,543,156	8,449,743	(2,809,714)		691,183,185
Less accumulated depreciation:					
Land improvements and infrastructure	24,029,206	2,039,324	(96)		26,068,434
Buildings	195,411,089	11,459,644			206,870,733
Machinery and equipment	56,639,910	5,338,050	(1,528,839)		60,449,121
Library books and publications	40,218,450	1,900,747	(1,076,681)		41,042,516
Total accumulated depreciation	316,298,655	20,737,765	(2,605,616)		334,430,804
Capital assets, net	$ 369,244,501	$ (12,288,022)	$ (204,098)	$	$ 356,752,381

	Balance 7/1/2016	Additions	Retirements	Transfers	Balance 6/30/2017
Land	$ 4,051,702	$	$ (67,500)	$	$ 3,984,202
Land improvements and infrastructure	60,361,778	727,785			61,089,563
Buildings	466,649,077	6,415,426	(42,138)	17,496,310	490,518,675
Machinery and equipment	75,562,570	5,285,226	(6,048,816)		74,798,980
Library books and publications	53,819,834	1,480,975	(458,127)		54,842,682
Construction in progress	17,805,364			(17,496,310)	309,054
Total	678,250,325	13,909,412	(6,616,581)		685,543,156
Less accumulated depreciation:					
Land improvements and infrastructure	21,986,394	2,042,812			24,029,206
Buildings	184,450,473	10,966,101	(5,485)		195,411,089
Machinery and equipment	57,225,770	5,168,954	(5,754,814)		56,639,910
Library books and publications	38,689,013	1,987,565	(458,128)		40,218,450
Total accumulated depreciation	302,351,650	20,165,432	(6,218,427)		316,298,655
Capital assets, net	$ 375,898,675	$ (6,256,020)	$ (398,154)	$	$ 369,244,501

In 2018, the University entered into an agreement with a related party, Double Bowler Properties Corp, to lease the Agriculture and Water Quality Education Center building on the University's Lake campus. The lease term is 15 years with semiannual payments of approximately $66,000. The University has the option to purchase the building for $100 at the conclusion of the lease term. Accordingly, the University has accounted for the lease as a capital lease. The University contributed $1.5 million in capital improvements to the building funded through state capital appropriations. The total cost of the building approximated $3 million with the other $1.5 million in capital improvements financed by the related party through a bond issuance which was purchased by the Wright State University Foundation.

(5) <u>Noncurrent Liabilities</u>

Noncurrent liabilities consist of bonds payable, notes payable, capital lease obligations, compensated absences, unearned revenue, net pension and OPEB liabilities, and voluntary retirement incentive. Activity for noncurrent liabilities for the years ended June 30, 2018 and 2017 is summarized as follows:

	Balance 07/01/2017	Additions	Reductions	Balance 06/30/2018	Current Portion
Bonds, notes and capital lease:					
General obligation bonds	$ 66,418,268	$	$ 5,805,779	$ 60,612,489	$ 6,033,733
Notes payable	19,315,276		1,615,593	17,699,683	1,644,351
Capital leases		1,307,106	87,140	1,219,966	87,140
Total bonds, notes and capital lease	85,733,544	1,307,106	7,508,512	79,532,138	7,765,224
Other liabilities:					
Compensated absences	14,800,000	4,216,299	6,116,299	12,900,000	6,000,000
Unearned revenue	24,736,141	150,895,857	151,396,107	24,235,891	22,955,084
Net pension liability	338,291,085	35,319,221	157,403,913	216,206,393	
Net OPEB liability		80,835,106	14,354,480	66,480,626	
Voluntary retirement incentive	7,386,830		3,365,725	4,021,105	3,652,906
Total other liabilities	385,214,056	271,266,483	332,636,524	323,844,015	32,607,990
Total noncurrent liabilities	$ 470,947,600	$ 272,573,589	$ 340,145,036	$ 403,376,153	$ 40,373,214

	Balance 07/01/2016	Additions	Reductions	Balance 06/30/2017	Current Portion
Bonds and notes:					
General obligation bonds	$ 72,033,563	$	$ 5,615,295	$ 66,418,268	$ 5,805,780
Notes payable	20,902,614		1,587,338	19,315,276	1,615,593
Total bonds and notes	92,936,177		7,202,633	85,733,544	7,421,373
Other liabilities:					
Compensated absences	16,500,000	4,547,745	6,247,745	14,800,000	6,000,000
Unearned revenue	26,349,880	145,430,616	147,044,355	24,736,141	23,135,132
Net pension liability	278,245,869	71,529,279	11,484,063	338,291,085	
Voluntary retirement incentive		7,386,830		7,386,830	3,545,678
Total other liabilities	321,095,749	228,894,470	164,776,163	385,214,056	32,680,810
Total noncurrent liabilities	$ 414,031,926	$ 228,894,470	$ 171,978,796	$ 470,947,600	$ 40,102,183

Bonds payable on June 30, 2018 consist of Series 2009, 2011, and 2012 General Receipts Serial and Term bonds. The maturity dates, interest rates, and the outstanding principal balances of capital activities at June 30, 2018 are as follows:

Description	Maturity Dates	Interest Rates	Outstanding Principal	Unamortized Premium	Total
Bonds payable:					
Series 2009	2018-2019	5.21% - 5.31%	$ 1,280,000	$	$ 1,280,000
Series 2011A	2018-2031	4.00% - 5.00%	39,610,000	2,413,773	42,023,773
Series 2011B	2018-2023	3.00% - 3.75%	800,000		800,000
Series 2012	2018-2032	3.13% - 5.00%	15,380,000	1,128,716	16,508,716
Total bonds payable			57,070,000	3,542,489	60,612,489
Notes payable:					
Ohio Air Quality Development:					
Series A	2018-2024	1.78%	9,386,983		9,386,983
Series B	2024-2028	4.16%	8,312,700		8,312,700
Total notes payable			17,699,683		17,699,683
Capital lease	2018 - 2032	2.85%	1,219,966		1,219,966
Total			$ 75,989,649	$ 3,542,489	$ 79,532,138

The scheduled maturities of bonds, notes, and capital leases payable for the next five years and for the subsequent periods of five years are as follows:

Year Ended June 30	Principal	Interest	Total
2019	7,451,491	3,209,114	10,660,605
2020	5,480,760	2,911,190	8,391,950
2021	5,660,550	2,709,306	8,369,856
2022	5,680,871	2,499,306	8,180,177
2023	5,901,732	2,289,100	8,190,832
2024-2028	31,110,679	7,826,143	38,936,822
2029-2032	14,703,566	1,639,161	16,342,727
Total	$ 75,989,649	23,083,320	$ 99,072,969

Interest expense incurred on indebtedness for the years ended June 30, 2018 and 2017 was $3,144,883 and $3,088,446, respectively. There was no interest expense on construction related debt to capitalize in 2018. Interest expense on construction related debt of $264,061 was capitalized in 2017.

All general receipts of the University, except for state appropriations, are pledged for payment of all outstanding bonds. The Series A and Series B Notes evidence the University's obligation to make loan payments from Available Receipts. The Notes are subordinated to the University's obligations to pay debt service on all General Receipts Obligations.

The Series 2009 Bonds are Federally Taxable – Build America Bonds. The University is eligible for a 35% rebate of interest expense paid for the Series 2009 Bonds in the form of a federal subsidy. The Series 2013B Note is related to an Ohio Air Quality Development Authority Qualified Energy

Conservation Bond which is eligible for a 70% federal rebate based on the Qualified Tax Credit Rate as of the bond sale date (4.6%). The benefit of this rebate has been assigned to the University. The rebates for the 2009 Bonds and the 2013B Note were $289,120 and $307,615 for the years ended June 30, 2018 and 2017, respectively. The rebates were reported as Other Nonoperating Revenues and do not reduce the amount reported as interest expense for the year. Likewise, the amounts reported above for future interest expense have not been reduced by the federal rebates anticipated for future years. The University expects to receive $2,226,993 in future federal rebates.

(6) Operating Leases

The University leases certain properties and equipment under operating lease agreements. Facilities and equipment under these agreements are not recorded on the Statements of Net Position. Rent expense for the years ended June 30, 2018 and 2017 was $1,455,373 and $1,582,505, respectively.

Future minimum payments for all material operating leases as of June 30, 2018, are as follows:

2019	$ 1,380,305
2020	357,059
2021	351,654
2022	361,163
2023	355,070
2024-2026	752,329
Total minimum lease payments	$ 3,557,580

(7) Pension Plans

Pensions and Net Pension Liability

Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that have occurred already.

GASB No. 68 requires governmental employers to report a net pension liability on the Statement of Net Position. The net pension liability represents the University's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position (assets available to pay the pension benefits). The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

GASB 68 assumes the net pension liability for each plan is solely the obligation of the employers because (1) the employers benefit from the employee services, and (2) state statute requires all funding to come from these employers. The University cannot control benefit terms or the manner in which pensions are financed; however, the University does receive the benefit of employee services in exchange for compensation including pension.

Plan Descriptions

University faculty are provided pensions through the State Teachers Retirement System of Ohio (STRS). Substantially all other University employees are provided pensions through the Ohio Public Employees Retirement System (OPERS). Both OPERS and STRS are statewide cost-sharing multiple employer defined benefit pension plans. Authority to establish and amend benefits for OPERS and STRS are authorized by Chapters 145 and 3307, respectively, of the Ohio Revised Code. Both OPERS and STRS issue publicly available financial reports. The OPERS report can be obtained at https://www.opers.org/financial/reports.shtml. The STRS report can be obtained at https://www.strsoh.org/employer/publications.html#other.

OPERS and STRS each offer three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

Defined Benefit Plans pay service retirement benefits using a fixed formula based on age, years of service and salary. In addition to service retirement, participants are eligible for disability and survivor benefits.

Defined Contribution Plans are member-directed, optional retirement plans available to new members. Participants allocate both member and employer contributions in investment choices provided by the plans. Retirement benefits are based on the member's account value.

Combined Plans offer features of both a defined benefit plan and a member-directed, defined contribution plan. In the combined plans, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit in addition to disability and survivor benefits.

Benefits Provided

OPERS and STRS defined benefit plans provide retirement, disability, annual cost-of-living adjustments, and survivor benefits for plan members and beneficiaries. The benefit provisions stated in the following paragraphs are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

OPERS Benefits
Under OPERS, retirement benefits are specific to each plan and members must meet the eligibility requirements based on their age and years of service within the plan. Retirement eligibility also varies by division and transition group.

Defined Benefit members who were eligible to retire before January 7, 2023 under law in effect prior to SB 343 are included in transition Groups A and B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

University members in transition Group A are eligible for full retirement benefits at any age with 30 years of service or at age 65 with 5 years of service. Group B members are eligible for full benefits at age 52 with 31 years of service, at any age with 32 years of service, or at age 66 with 5 years of service. Group C members are eligible for full benefits at age 55 with 32 years of service or at age 67 with 5 years of service. Members in Groups A and B are eligible for retirement with reduced benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit. Members of Group C are eligible for reduced retirement benefits at age 57 with 25 years of service or at age 62 with 5 years of service.

Under the Traditional Plan (the defined benefit plan), the annual benefit for Groups A and B is based on 2.2% of final average salary (FAS) multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. FAS for Group C is based on the average of the five highest years of earnings over a member's career.

The OPERS law enforcement program consists of two separate divisions: Law Enforcement and Public Safety. Both groups of members are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed Defined Contribution or Combined plans. Public Safety Group members of Groups A and B may file an application for full retirement benefits at age 48 or older with 25 or more years of credited service or at age 52 or older with 15 or more years of credited service. Public Safety Group C is eligible for benefits at age 52 or older with 25 years or at age 56 or older with 15 years. Those members classified as Law Enforcement officers are eligible for full retirement as follows: for Group A, at age 52 or older with 15 or more years of credited service; for Group B, at age 48 or older with 25 years or at age 52 or older with 15 years of service; and for Group C, at age 48 or older with 25 years of service or at age 56 with 15 years of service. Annual benefits under both divisions are calculated by multiplying 2.5% of FAS by the actual years of service for the first 25 years of service credit, and 2.1% of FAS for each year of service over 25 years.

In the Combined Plan, the benefit formula for the defined benefit component of the plan for University members in transition Groups A and B applies a factor of 1% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1% to the member's FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. These options also permit early retirement with a reduced benefit as early as age 48 under qualifying circumstances.

Members of the Defined Benefit and Combined Plans who become disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. Law enforcement officers are immediately eligible for disability benefits if disabled by an on-duty illness or injury. Members participating in the Defined Contribution Plan are not eligible for disability benefits. Disability benefits are determined in the same manner as retirement benefits.

After a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual cost-of-living adjustment of 3% is provided on the member's base benefit. Members retiring under the Combined Plan receive an annual cost-of-living adjustment of 3% on the defined benefit portion of their benefit.

STRS Benefits

Members of the Defined Benefit plan are eligible for full retirement benefits at any age with 30 years of service or at age 65 with five years of service. Age and service requirements for full retirement benefits increased effective August 1, 2015 and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026. Employees are eligible to retire with reduced benefits at age 60 with five years of qualifying service credit, at age 55 with 25 years of service, or with 30 years of service regardless of age. Age and service requirements for reduced retirement benefits increased effective August 1, 2015 and will continue to increase periodically until age 55 with 29 years of service on August 1, 2021.

Prior to August 1, 2015, benefits under the Defined Benefit Plan benefits were based on 2.2% of FAS for the three highest years of earnings, multiplied by years of total Ohio service credit and the percentage increased if the member has 35 or more years of contributing service credit. Effective August 1, 2015, benefits are now based on an annual amount equal to 2.2% of FAS for the five highest years of earnings, multiplied by all years of service. Under the Combined Plan, benefits are based on the balance in the member's defined contribution account plus an annual amount equal to 1% of FAS for the three highest paid years multiplied by years of total Ohio service credit. Effective August 1, 2015, FAS is the average of the member's five highest salary years.

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. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Disability benefits are determined in the same manner as retirement benefits.

Under the Defined Benefit Plan, members will receive an annual cost of living adjustment of 2% beginning on the fifth anniversary of retirement. Under the Combined Plan, a cost of living adjustment is not available on the service retirement benefit. For disability and survivor benefits, the basic benefit is increased each year by 2% of the original base benefit.

Contributions

Ohio Revised Code Chapters 145 and 3307 set the rates for employer and employee contributions for OPERS and STRS, respectively. Contribution rates can only be modified by the state legislature.

OPERS Contributions
Under OPERS, the employee contribution rate for the plan years ended December 31, 2017 and 2016 was 10% for all employees with the exception of law enforcement and public safety, which are 13% and 12%, respectively. The employer contribution rate is 14% for all employees with the exception of law enforcement and public safety, whose rate is 18.1%.

For Member-Directed Plans, for the fiscal year ended June 30, 2018, 11.56% was paid into the member's member-directed account and the remaining 2.44% was paid to OPERS to cover unfunded liabilities, as required by state legislation. For the fiscal year ended June 30, 2017, these rates were 13.23% and 0.77%, respectively. The University's contributions to OPERS were $7,498,259 and $8,315,454 for the fiscal years ended June 30, 2018 and 2017, respectively. The University's contributions were equal to the required contributions for each year as set by state statute.

STRS Contributions
Under STRS plans, the employee contribution rate was 14% for the years ended June 30, 2018 and 2017. Under the Combined Plan, 2.0% of the employee contributions were used to fund the defined benefit for the years ended June 30, 2018 and 2017, respectively. The member contribution rate increased to 14% of salary effective July 1, 2016. The employer contribution rate is 14%. Under the Defined Contribution Plan, 4.5% of the employer contribution is used to amortize the unfunded actuarial accrued liability of the defined benefit plan. The University's contributions to STRS for the years ended June 30, 2018 and 2017, respectively, were $9,571,280 and $10,531,111. The University's contributions were equal to the required contributions as set by state statute.

Pension Liabilities, Pension Expense/(Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018 and 2017, respectively, the University reported liabilities of $216,206,393 and $338,291,085 for its proportionate share of the OPERS and STRS net pension liabilities which were measured as of December 31, 2017 and 2016 and June 30, 2017 and 2016, respectively. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those respective dates. The University's proportion of the net pension liabilities for STRS as well as the OPERS Combined Plan were based on the University's share of contributions to each plan relative to the total employer contributions received from all participating employers of each plan. The calculation of proportionate share for the Member-Directed Plan is based on employer contributions to the plan as contributions specific to purchased defined benefit annuities are identifiable only to retirees purchasing the annuities. The University's proportion of the net pension liability for the OPERS Traditional Plan was based on the combined University employer and member contributions relative to the total combined employer and member contributions received from all participating employers and members of the plan.

Information for each plan's proportionate share and pension expense/(revenue) for the years ended June 30, 2018 and 2017 is as follows:

		OPERS		STRS		Total
Fiscal Year Ended 6/30/2018:						
Measurement date		December 31, 2017		July 1, 2017		
Proportionate share of the net pension liability	$	54,473,420	$	161,732,973	$	216,206,393
Proportion of the net pension liability		0.35034656%		0.68083146%		
Pension expense/(revenue)	$	(2,124,210)	$	(74,661,985)	$	(76,786,195)
Fiscal Year Ended 6/30/2017:						
Measurement date		December 31, 2016		July 1, 2016		
Proportionate share of the net pension liability	$	95,391,676	$	242,899,409	$	338,291,085
Proportion of the net pension liability		0.42111392%		0.72565741%		
Pension expense	$	11,981,553	$	8,184,188	$	20,165,741

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

	OPERS	STRS	Total
Fiscal Year Ended 6/30/2018:			
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 124,797	$ 6,667,763	$ 6,792,560
Net effect of changes in assumptions	7,957,040	35,372,778	43,329,818
University contributions subsequent to the measurement date	3,182,206	9,571,280	12,753,486
Net effect of change in proportionate share	73,242	1,808,459	1,881,701
Total	$ 11,337,285	$ 53,420,280	$ 64,757,565
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 1,294,147	$ 1,303,504	$ 2,597,651
Net difference between projected and actual earnings on pension plan investments	9,783,585	4,026,545	13,810,130
Net effect of change in proportionate share	8,466,630	11,814,457	20,281,087
Total	$ 19,544,362	$ 17,144,506	$ 36,688,868

	OPERS	STRS	Total
Fiscal Year Ended 6/30/2017:			
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 169,492	$ 9,827,471	$ 9,996,963
Net effect of changes in assumptions	15,240,139		15,240,139
Net difference between projected and actual earnings on pension plan investments	15,246,110	20,481,799	35,727,909
University contributions subsequent to the measurement date	3,073,053	10,531,111	13,604,164
Net effect of change in proportionate share	42,391	2,712,689	2,755,080
Total	$ 33,771,185	$ 43,553,070	$ 77,324,255
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 750,084	$	$ 750,084
Net effect of change in proportionate share	2,434,132	772,845	3,206,977
Total	$ 3,184,216	$ 772,845	$ 3,957,061

As of June 30, 2018 and 2017, the University reported $3,182,206 and $3,073,053, respectively, as deferred outflows of resources related to pensions resulting from University contributions to OPERS made subsequent to the measurement date. As of June 30, 2018 and 2017, the University reported deferred outflows of resources related to pensions of $9,571,280 and $10,531,111, respectively, resulting from University contributions to STRS made subsequent to the measurement date. These contributions will be/(were) recognized as reductions of the net pension liabilities in the years ending/ended June 30, 2019 and 2018, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	OPERS	STRS	Total
2019	$ 2,526,483	$ 5,628,052	$ 8,154,535
2020	(3,710,992)	13,234,433	9,523,441
2021	(5,315,098)	7,825,327	2,510,229
2022	(4,894,934)	16,682	(4,878,252)
2023	(4,273)		(4,273)
Thereafter	9,531		9,531
Total	$ (11,389,283)	$ 26,704,494	$ 15,315,211

Actuarial Assumptions

OPERS
The total pension liabilities in the December 31, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2017:

Inflation	3.25%
Salary increases	3.25% – 10.75%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements back to the observation period base year of 2006 and then established the base year for males and females as 2015 and 2010, respectively.

2016:

Inflation	3.25%
Salary increases	3.25% – 10.75%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010.

Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The actuarial assumptions used in the December 31, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period January 1, 2011 - December 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The OPERS Board of Trustees sets target allocations as well as minimum and maximum allowable allocations, or ranges, surrounding each asset class target. The purpose of these ranges is to appropriately and cost-effectively balance the Board's investment policy with the investment strategies pursued over shorter time periods. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the plan years ended December 31, 2017 and 2016 are summarized in the following table:

	2017		2016	
OPERS Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	23.00%	2.20%	23.00%	2.75%
Domestic equity	19.00%	6.37%	20.70%	6.34%
International equity	20.00%	7.88%	18.30%	7.95%
Real estate	10.00%	5.26%	10.00%	4.75%
Private equity	10.00%	8.97%	10.00%	8.97%
Other investments	18.00%	5.26%	18.00%	4.92%
Total	100.00%		100.00%	

STRS

The total pension liabilities in the June 30, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2017:

Inflation	2.50%
Salary increases	2.50% – 12.50%, average, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

2016:

Inflation	2.75%
Salary increases	2.75% – 12.25%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

For 2017, mortality rates were based on the RP-2014 Annuitant and Disabled Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on improvement scale MP-2016.

For 2016, mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Projection Scale AA.

The actuarial assumptions used in the June 30, 2017 and 2016 valuations were based on the results of an actuarial experience study for a five year period ended December 31, 2015.

The long-term expected rate of return on pension plan investments was determined by STRS's investment consultant by developing best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class. The STRS Board of Trustees sets target allocations as well as minimum and maximum allowable allocations, or ranges, surrounding each asset class target. The purpose of these ranges is to appropriately and cost-effectively balance the Board's investment policy with the investment strategies pursued over shorter time periods. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan years ended June 30, 2017 and 2016 are summarized in the following table:

STRS Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	21.00%	3.00%
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Real estate	10.00%	6.00%
Alternatives	17.00%	7.09%
Liquidity reserves	1.00%	2.25%
Total	100.00%	

Discount Rates

The discount rates used to measure the total pension liabilities for OPERS was 7.5% for the plan years ended December 31, 2017 and 2016. The discount rates used to measure the total pension liabilities for STRS were 7.45% and 7.75% for plan years ended June 30, 2017 and 2016, respectively. The projection of cash flows used to determine the discount rates assumed employee and University contributions will be made at the statutorily required rates, as actuarially determined. Based on those assumptions, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the respective long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of The University's Proportionate Share of The Net Pension Liability to Changes in The Discount Rate

Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the University's proportionate share of the net pension liabilities calculated using the discount rates of 7.5% for OPERS for 2018 and 2017, and 7.45% and 7.75% for STRS for 2018 and 2017, respectively, is compared to what the University's proportionate share of the net pension liabilities would be if calculated using a discount rate 1 percentage point lower (6.5% for OPERS and 6.45% and 6.75% for STRS) or 1 percentage point higher (8.5% for OPERS and 8.45% and 8.75% for STRS) than the current rate.

The following table provides the results of the sensitivity analysis at June 30:

	2018		
	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	(6.50%)	(7.50%)	(8.50%)
STRS Range	(6.45%)	(7.45%)	(8.45%)
University's proportionate share:			
OPERS net pension liability	$ 97,453,717	$ 54,473,420	$ 18,675,707
STRS net pension liability	231,838,712	161,732,973	102,679,395
Total	$ 329,292,430	$ 216,206,393	$ 121,355,102

	2017		
	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	(6.50%)	(7.50%)	(8.50%)
STRS Range	(6.75%)	(7.75%)	(8.75%)
University's proportionate share:			
OPERS net pension liability	$ 146,164,473	$ 95,391,676	$ 53,102,731
STRS net pension liability	322,793,577	242,899,409	175,503,969
Total	$ 468,958,050	$ 338,291,085	$ 228,606,700

Pension Plan Fiduciary Net Position

Detailed information about OPERS and STRS fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained online at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS may be obtained at www.strsoh.org or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

Alternative Retirement Plan (ARP) Contributions

Certain full-time University staff and faculty have the option to choose the ARP in place of OPERS or STRS. The ARP is a defined contribution plan which provides employees with the opportunity to establish individual retirement accounts with a defined group of investment options, with each participant having control of the assets and investment options associated with those assets. The administrators of the plan are the providers of the plan investment options. Authority to establish and amend benefits and contribution requirements for the ARP is provided by state statute per the Ohio Revised Code.

Under the provisions of ARP, the required contribution rate for plan participants for employees who would otherwise participate in OPERS was 10% of the employees’ covered compensation for the years ended June 30, 2018 and 2017. The required rates for plan participants who would otherwise participate in STRS were 14% for the years ended June 30, 2018 and 2017. Effective July 1, 2017, the University’s contributions to a participating faculty member’s account and to STRS are 9.53% and 4.47% of a participant’s compensation, respectively. Prior to July 1, 2017, those rates were 9.5% and 4.5%, respectively. The University’s contributions to a participating staff member’s account and to OPERS were 13.23% and 0.77% of a participant’s compensation, respectively through December 31, 2016. Effective July 1, 2017, the contribution rates to a participating staff member’s account and to OPERS are 11.56% and 2.44%, respectively. Plan participants’ contributions were $7,756,135 and $8,281,811, and the University’s contributions to the plan providers amounted to $6,427,360 and $7,466,023 for the years ended June 30, 2018 and 2017, respectively. In addition, the amounts contributed to STRS by the University on behalf of ARP participants were $1,711,408 and $1,817,177, respectively, for the years ended June 30, 2018 and

2017, respectively. The amounts contributed to OPERS by the University on behalf of ARP participants were $588,278 and $208,607 for the years ended June 30, 2018 and 2017, respectively.

Payables to the Pension Plans
At June 30, 2018 and 2017, the University reported payables of $720,072 and $775,261 to OPERS and $1,502,449 and $1,578,667 to STRS Ohio for the outstanding amounts of contributions to the pension plans required for the years ended June 30, 2018 and 2017, respectively.

(8) Other Postemployment Benefits (OPEB)

Plan Descriptions

The University contributes to the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS. STRS and OPERS are statewide cost-sharing multiple-employer retirement plans that offer pension and other postemployment benefits (OPEB) covering substantially all faculty and staff. Both OPERS and STRS are administered by each plan's board of trustees appointed by the governor of Ohio or by plan member elections. The legislature of the state of Ohio maintains the authority to establish and amend benefits for both plans as authorized by Chapters 145 and 3307 of the Ohio Revised Code. Both STRS and OPERS issue publicly available financial reports. The OPERS report can be obtained at https://www.opers.org/financial/reports.shtml. The STRS report can be obtained at https://www.strsoh.org/employer/publications.html#other.

Benefits Provided

OPERS Benefits

OPERS provides post-employment health care benefits to eligible members of the Traditional and Combined pension plans with OPEB funding assets accumulated in a single health care trust (the 115 Trust.) Coverage under the current program includes hospitalization, medical expenses, and prescription drugs. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries.

Beginning in 2016, OPERS Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their Health Reimbursement Account (HRA) that can be used to reimburse eligible health care expenses.

STRS Benefits

STRS provides access to health care coverage to eligible retirees who participated in the Traditional or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and reimbursement of a portion of the Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2019. Pursuant to the Ohio Revised Code, the STRS Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan.

All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Additionally, Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows OPERS and STRS Ohio to recover part of the cost for providing prescription coverage since all eligible health care plans include creditable prescription drug coverage.

Contributions

The Ohio state legislature as authorized by Chapters 145 and 3307 of the Ohio Revised Code has the authority to establish and amend the contribution requirements of the University for OPERS and STRS. Under Ohio law, funds to pay health care costs are permitted but not mandated to be deducted from employer contributions.

OPERS Contributions

Under OPERS, the statutorily required employee contribution rate for the plan years ended December 31, 2017 and 2016 was 10% of their annual pay with the exception of law enforcement and public safety, which were 13% and 12%, respectively. The University's statutorily required contribution rate including pensions and OPEB for the fiscal years ended June 30, 2018 and 2017 was 14% of annual payroll with the exception of law enforcement and public safety, whose rate was 18.1%, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was an effective rate of 0.5% and 1.5% for the years ended June 30, 2018 and 2017, respectively. Effective January 1, 2018 the portion of employer contributions allocated to health care decreased to 0.0% for both plans. For the years ended June 30, 2018 and 2017, contributions to the OPEB Plan from the University were $305,775 and $868,591, respectively.

STRS Contributions

The STRS statutorily required employer and employee contribution rate was 14% of covered payroll for each party for the years ended June 30, 2018 and 2017, respectively. Of the 14% employer contribution rate, no contribution amounts were allocated to postemployment health care for 2018 or 2017.

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

At June 30, 2018, the University reported liabilities of $39,917,095 and $26,563,531 for its proportionate share of the OPERS and STRS net OPEB liabilities measured as of December 31, 2017 and June 30, 2017, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of those respective dates. The University's proportions of the net OPEB liabilities for OPERS and STRS were based on actual University employer contributions to the Plans during the respective measurement periods in relation to total employer contributions to the Plans for the same periods. At June 30, 2018, the University's proportions for OPERS and STRS were 0.36758566% and 0.68083146%, respectively, which were unchanged from the prior year.

For the year ended June 30, 2018, the University recognized OPEB expenses (revenues) for OPERS and STRS of $3,157,658 and ($8,105,754), respectively. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	$ 31,095	$ 1,533,411	$ 1,564,506
Net effect of changes in assumptions	2,906,388		2,906,388
Total	$ 2,937,483	$ 1,533,411	$ 4,470,894
Deferred inflows of resources:			
Net effect of changes in assumptions	$	$ 2,139,782	$ 2,139,782
Net difference between projected and actual earnings on OPEB investments	2,973,557	1,135,387	4,108,944
Total	$ 2,973,557	$ 3,275,169	$ 6,248,726

At June 30, 2018, the University reported no deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019, as no portion of the employer contributions to OPERS or STRS were allocated to health care. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2018, will be recognized in OPEB expense as follows:

Year Ended June 30	OPERS	STRS	Total
2019	$ 661,030	$ (384,908)	$ 276,122
2020	661,030	(384,908)	276,122
2021	(614,744)	(384,908)	(999,652)
2022	(743,390)	(384,907)	(1,128,297)
2023		(101,061)	(101,061)
Thereafter		(101,066)	(101,066)
Total	$ (36,074)	$ (1,741,758)	$ (1,777,832)

Actuarial Assumptions

OPERS

The total OPEB liability in the December 31, 2016 actuarial valuations rolled forward to the measurement date of December 31, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25% - 10.75%, including inflation
Health care cost trend rates	7.5% for 2018, decreasing 0.425% per year to an ultimate rate of 3.25% for 2028 and later years
Investment rate of return	6.50%, net of OPEB Plan investment expense, including inflation

Mortality rates were based on the RP-2014 Employees and Healthy Annuitant Mortality tables, as appropriate with adjustments for mortality improvements based on the MP-2015 mortality improvement scale.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of a five year period actuarial experience study ended December 31, 2015.

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

Asset Class	Target Allocation for 2017	Long-Term Expected Real Rate of Return
Fixed income	34.00%	1.88%
Domestic equities	21.00%	6.37%
REITs	6.00%	5.91%
International equities	22.00%	7.88%
Other investments	17.00%	5.39%
Total	100.00%	

STRS

The total OPEB liability in the June 30, 2017 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Health care cost trend rates	6% - 11% initial, 4.5% ultimate
Investment rate of return	7.45%, net of OPEB Plan investment expense, including inflation

Mortality rates were based on the RP-2014 Annuitant Mortality and Disabled Mortality tables, as appropriate with adjustments for mortality improvements based on improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of a five year period actuarial experience study ended June 30, 2016.

The long-term expected rate of return on OPEB Plan investments was determined by STRS Ohio's investment consultant by developing an estimate range of investment return based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation for 2017	Long-Term Expected Real Rate of Return
Domestic equities	28.00%	7.35%
International equities	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	1.00%	2.25%
Total	100.00%	

Discount Rate

The discount rates used to measure the total OPEB liabilities were 3.85% for OPERS for the plan year ended December 31, 2017 and 4.13% for STRS for the plan year ended June 30, 2017.

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

For STRS, the projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB Plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, a blended discount rate of 4.13%, which represents the long-term expected rate of return of 7.45% for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58% for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

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

The University's proportionate share of the net OPEB liability has been calculated using the discount rates of 3.85% for OPERS and 4.13% for STRS. The following presents the University's proportionate share of the net OPEB liability calculated using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	(2.85%)	(3.85%)	(4.85%)
STRS Range	(3.13%)	(4.13%)	(5.13%)
University's proportionate share:			
OPERS net OPEB liability	$ 53,031,583	$ 39,917,095	$ 29,307,605
STRS net OPEB liability	35,661,114	26,563,531	19,373,468
Total	$ 88,692,698	$ 66,480,626	$ 48,681,072

The University's proportionate share of the net OPEB liability has been calculated using initial health care trend rates of 7.5% for OPERS and 6% - 11% for STRS. The following presents the University's proportionate share of the net OPEB liability calculated using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
University's proportionate share:			
OPERS net OPEB liability	$ 38,192,150	$ 39,917,095	$ 41,698,917
STRS net OPEB liability	18,455,203	26,563,531	37,235,040
Total	$ 56,647,353	$ 66,480,626	$ 78,933,957

OPEB Plans' Fiduciary Net Position

Detailed information about OPERS and STRS fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained online at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS may be obtained at www.strsoh.org or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

Payables to the OPEB Plans

At June 30, 2018, the University reported no payables to OPERS and STRS for the outstanding amounts of contributions to the OPEB plans required for the year ended June 30, 2018.

(9) Commitments and Contingencies

At June 30, 2018, the University is committed under contractual obligations for:

Capital expenditures	$ 2,660,515
Non-capital goods and services	14,381,580
Total contractual commitments	$ 17,042,095

These commitments are being funded from the following sources:

State appropriations requested and approved	$ 2,185,736
University funds	14,856,359
Total sources	$ 17,042,095

The University is presently involved as a defendant or codefendant in various matters of litigation. The University is also subject to various federal and/or state investigations and audits. The University's administration believes that the ultimate disposition of these matters would not have a material adverse effect upon the financial statements of the University.

Wright State University is the subject of an ongoing federal investigation regarding H-1B visa violations. The expected time of completion of the investigation is unknown at this time.

The University executed a settlement agreement with the Department of Education (DOE) on November 1, 2017 related to the DOE's program review of the University's administration of Title IV federal financial aid. All financial obligations under this agreement were accrued in fiscal 2017. The University received full certification to provide federal financial aid on September 12, 2018 for the standard five year term, with no additional compliance requirements.

The University maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The University also carries professional coverage for employees and its Board of Trustees. Over the past three years, settlement amounts related to these insured risks have not exceeded the University's coverage amounts. There has been no significant change in coverage from last year.

The University is self-insured for all employee health care benefits with Anthem, Delta Dental, and Vision Service Plan as the third party administrators. Under the terms of the policy, the University is billed for actual claims on a weekly or monthly basis. In addition, liabilities for estimates of outstanding claims and claims incurred but not reported under self-insurance programs have been recorded in accrued liabilities.

Changes in the self-insured health care liabilities for the past three fiscal years are as follows:

	2018	2017	2016
Liability at beginning of fiscal year	$ 2,175,000	$ 2,000,000	$ 1,800,000
Current year claims including changes in estimates	31,616,746	33,468,184	30,933,643
Claim payments	(31,361,746)	(33,293,184)	(30,733,643)
Liability at end of fiscal year	$ 2,430,000	$ 2,175,000	$ 2,000,000

Health insurance claims are based upon estimates of the claims liabilities. Estimates are based upon past experience, medical inflation trends, and current claims outstanding, including year-end lag analysis. Differences between the estimated claims payable and actual claims paid are reported in the Statements of Revenues, Expenses and Changes in Net Position.

Collective Bargaining Agreements
Chapter 4117 of the Ohio Revised Code constitutes collective bargaining law for employees in the state of Ohio. The University is a party to collective bargaining agreements with the American Association of University Professors (AAUP); one representing tenure eligible and tenured faculty and another representing non-tenure eligible faculty. These contracts expired June 30, 2017 and are currently being renegotiated. The University is a party to collective bargaining agreements with the Fraternal Order of Police Ohio Labor Council; one representing non-supervisory on-campus police officers and sergeants and another representing communication center operators. These contracts expired June 30, 2017 but have been extended to December 31, 2018. Additionally, the University is a party to a collective bargaining agreement with the International Brotherhood of Teamsters Local 957 that expires on August 31, 2018 which covers skilled, semi-skilled and labor employees. This agreement has been extended through December 31, 2018.

10) Selected Disclosures of the Wright State University Foundation (a component unit)

The University is the sole beneficiary of the Wright State University Foundation, Inc., a separate, not-for-profit entity governed by a separate Board of Trustees, organized for the purpose of promoting educational and research activities. Assets of the Foundation relate principally to donor restricted funds and are discretely presented in the accompanying financial statements. Amounts transferred to the University from the Foundation are recorded as nonoperating “gifts” and “capital grants and gifts” in the accompanying financial statements. Following are selected disclosures from the Wright State University Foundation, Inc. financial statements.

A. Summary of Significant Accounting Policies

In accordance with generally accepted accounting principles as applied to not-for-profit organizations, the consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. The Financial Accounting Standards Board (“FASB”) is the accepted standards setting body for establishing accounting principles generally accepted in the United States (“GAAP”). The following is a summary of the Foundation’s significant accounting and reporting policies presented to assist the reader in interpreting the financial statements and other data in this report.

Principles of Consolidation
The consolidated financial statements include the accounts of Wright State University Foundation and its wholly-owned limited liability company subsidiary Fairborn Office Property LLC. The consolidated entities are collectively referred to as “the Foundation”. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Cash and Cash Equivalents
The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents, except cash equivalent holdings in its investment portfolios that have resulted from recent security sales that will used to purchase other long-term securities.

Pledges Receivable
Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are recorded in the period in which the conditions have been met. Payments on pledges to be collected in future years are recorded at net present value. All pledges are presented net of an allowance for doubtful collections.

Gifts Receivable from Trusts Held by Others
Irrevocable trusts which will benefit the Foundation are recognized as gift revenue and as a receivable in an amount equal to the present value of the estimated future benefits to be received when trust assets are distributed. Adjustments to the receivable to reflect revaluation of the present value of the estimated future payments to the donor-designated beneficiaries and changes in actuarial assumptions during the term of the trust will be recognized as changes in the value of the asset.

Investment in Securities
Investments are stated at fair value. The fair values of investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments, when appropriate. Investments are initially recorded at their acquisition cost if they were purchased and at fair value if they are received through a contribution or exchange transaction. Securities traded on a national exchange are valued at their last reported sales price on the exchange on which they are traded.

Alternative investments, such as hedge funds, private equity, distressed debt and limited partnerships for which there is no ready market, are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Because of the inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments may differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material.

Realized gains or losses are included in the consolidated statements of activities. Unrealized gains or losses are based on the differences between cost and fair value of each classification of security and are reported in the consolidated statements of activities. Investments are managed by professional investment managers.

Annuity Assets/Payable
Under charitable gift annuity agreements, the Foundation has recorded the donated assets at fair value and the liabilities to the donor and/or his/her beneficiaries at the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the gift is the difference between the asset and liability and is recorded as gift revenue.

Capital Assets
Expenditures for property and equipment and items that substantially increase the useful lives of existing assets are capitalized at cost. It is the policy of the Foundation to capitalize additions with an original cost of $5,000 or more. Assets acquired by gift are valued at fair value as of the date donated. The Foundation provides for depreciation using the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	Years
Land improvements	10-25
Buildings	20-65
Machinery and equipment	5-10

Long-lived assets, such as buildings, machinery and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. At June 30, 2018 and 2017, management has concluded that they are unaware of any impairments to be recorded.

Deposits Held in Custody for Others
These assets represent resources received and held by the Foundation as custodian. The assets are placed in the Foundation's investment portfolio and receive a pro-rata share of net investment earnings.

Functional Allocation of Expenses
The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs paid by the Foundation that relate to operations of the University's Advancement Division are classified as fund raising expenses. Costs specific to the operation of the Foundation as an independent entity are classified as management and general expenses.

Net Assets
The Foundation's net assets are classified into three categories: (1) unrestricted net assets, which include no donor-imposed restrictions, (2) temporarily restricted net assets, which include donor-imposed restrictions that will be satisfied in the future and (3) permanently restricted net assets, which include donor-imposed restrictions that the assets be maintained permanently.

The unrestricted net assets consist of operating funds available for any purpose authorized by the Board of Trustees. Included in unrestricted net assets are funds that have been designated as endowments by the board (quasi-endowments). The board may elect to reverse the decision to designate unrestricted net assets.

Temporarily restricted net assets consist of funds arising from a gift in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent. Temporarily restricted net assets also include unspent gains on donor-restricted gifts by virtue of the Foundation's spending policy. This policy, which was approved by the Board of Trustees, aims to protect the Foundation's donor-designated endowments from the effects of inflation by reinvesting a portion of the earnings on these funds as if they were endowment funds. Since the reinvestment of earnings from endowments was not explicitly designated by the donors, the reinvested earnings cannot be classified as permanently restricted under GAAP.

Quasi-endowment funds may also be established by request of a University college or department in accord with the Foundation's quasi-endowment policy adopted by the Board of Trustees in fiscal year 2011. The objective of this policy is to allow significantly large temporarily restricted funds to generate earnings that may be used by the requesting unit for the purpose(s) specified by the donor.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor.

Gifts and Contributions
Gifts and contributions are recorded at their fair value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset categories. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Contributed property is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

Investment Earnings
Interest and dividends from endowment investments are credited to temporarily restricted funds and spent in compliance with donor stipulations and the Foundation's spending policy. Interest and dividends from non-endowment investments are credited to the unrestricted fund for expenditure at the discretion of the Foundation's Board of Trustees. Realized gains or losses are determined based on the average cost method.

Net Assets Released from Restrictions
When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Federal Income Taxes
The Foundation has been approved under the Internal Revenue Code Section 501(c)(3) as a nonprofit organization exempt from federal taxes on its normal activities. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction.

GAAP prescribes recognition thresholds and measurement attributes for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2018 and 2017, respectively.

The Foundation does not have any tax benefits recorded at June 30, 2018, and does not expect that position to significantly change in the next year. The Foundation would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at June 30, 2018 and 2017.

Transfers Between Fair Value Hierarchy Levels
Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Subsequent Events
Management has performed an analysis of the activities and transactions subsequent to June 30, 2018, to determine the need for any adjustments to and/or disclosures within the audited consolidated financial statements for the year ended June 30, 2018. Management has performed their analysis through October 11, 2018, the date the consolidated financial statements were available to be issued.

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

Reclassifications
Certain reclassifications have been made to the 2017 consolidated financial statements to conform to the 2018 consolidated financial statement presentation. These reclassifications had no effect on net assets or the change in net assets.

B. Business and Concentrations of Credit Risk

The Foundation's financial instruments that are exposed to various risks, such as interest rate, market and concentrations of credit risk consist primarily of cash and investments. The Foundation deposits its cash in federally insured banks. At June 30, 2018, the Foundation's cash accounts exceeded federally insured limits by approximately $2,204,000.

Investments are managed by a professional investment management company under an outsourced chief investment officer arrangement. The investment manager is subject to the Foundation's investment policy, approved by the Board of Trustees, which contains objectives, guidelines and restrictions designed to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the funds without undue exposure to risk. Certain funds have been pooled for ease of management and to achieve greater diversification in investments. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible the changes in risks in the near term would result in material changes in the fair value of long-term investments and net assets of the Foundation.

C. Fair Value of Financial Instruments

Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market on the measurement date.

The fair value hierarchy established by U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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

Net Asset Value: Alternative to fair value hierarchy using net asset value practical expedient as defined by Accounting Standards Codification 820, Fair Value Measurement.

In many cases a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2018 and 2017. Certain level classifications in the table below were reclassified from prior year to conform to current year presentation:

	Fair Value Measurements at June 30, 2018 Using				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	Totals
Assets					
Gifts receivable from trusts held by others	$	$	$ 1,529,900	$	$ 1,529,900
Investment in securities:					
Cash and equivalents					0
Mutual funds:					
Equity	57,429,596				57,429,596
Fixed Income	41,475,564				41,475,564
Alternative assets:					
Hedge funds				10,074,398	10,074,398
Private equity				6,013,368	6,013,368
Distressed debt				3,981,090	3,981,090
Total investment in securities	98,905,160			20,068,856	118,974,016
Other investments:					
Limited partnerships				511,293	511,293
Private placement bonds			1,596,000		1,596,000
Total other investments			1,596,000	511,293	2,107,293
Other assets - equity	375,402				375,402
Annuity assets:					
Cash equivalents	32,034				32,034
Mutual funds-securities	805,957				805,957
Total annuity assets	837,991				837,991
Total	$ 100,118,553	$	$ 3,125,900	$ 20,580,149	$ 123,824,602

	Fair Value Measurements at June 30, 2017 Using				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	Totals
Assets					
Gifts receivable from trusts held by others	$	$	$ 1,410,200	$	$ 1,410,200
Investment in securities:					
Cash and equivalents					
Mutual funds:					
Equity	57,834,630				57,834,630
Fixed Income	41,014,272				41,014,272
Alternative assets:					
Hedge funds				9,456,738	9,456,738
Private equity				5,281,180	5,281,180
Distressed debt				3,640,506	3,640,506
Total investment in securities	98,848,902			18,378,424	117,227,326
Other investments:					
Limited partnerships				537,568	537,568
Private placement bonds					
Total other investments				537,568	537,568
Other assets - equity	338,613				338,613
Annuity assets:					
Cash equivalents	35,517				35,517
Mutual funds-securities	780,069				780,069
Total annuity assets	815,586				815,586
Total	$ 100,003,101	$	$ 1,410,200	$ 18,915,992	$ 120,329,293

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2018. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments in securities, annuity assets, and other assets – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Gifts receivable from trusts held by others – Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified with Level 3 of the hierarchy.

Fair value determinations for Level 3 measurements of securities are the responsibility of the finance office. The finance office contracts with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. The finance office challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

The table below presents a reconciliation and consolidated statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2018 and 2017:

	2018	
	Gifts Receivable from Trusts Held by Others	Private Placement Bonds
Beginning balance, July 1	$ 1,410,200	
Purchases		1,596,000
Change in value of split interest agreements	119,700	
Ending balance, June 30	$ 1,529,900	$ 1,596,000

	2017	
	Gifts Receivable from Trusts Held by Others	Private Placement Bonds
Beginning balance, July 1	$ 1,314,700	
Purchases		
Change in value of split interest agreements	95,500	
Ending balance, June 30	$ 1,410,200	$ -

The fair value of gifts receivable from trusts held by others is based on a valuation model that calculates the present value of estimated residual trust value. The valuation model incorporates assumptions that market participants would use in estimating future investment earnings. Management determines the fair value based on best information available (Level 3 inputs).

Investments in securities consist primarily of mutual fund shares managed by a professional investment management company utilizing the “outsourced chief investment officer” model of portfolio administration, as described in Note 10B. The fair value of mutual funds is based on quoted prices in active markets (Level 1 inputs).

For private equity, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual securities. 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 value volatility.

With respect to hedge funds and distressed debt, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual security valuations.

The Foundation's hedge fund allocation is invested in a "fund of funds" structured as an offshore company. The fund's investment objective is to seek to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market cycle. The fund is broadly diversified and invests in various private funds such as hedge funds that pursue hedged or other alternative investment strategies, private equity funds, hybrid funds and any other alternative investment funds, while also opportunistically investing directly in any other securities and financial instruments. The fund generally invests in 15-20 funds and the fund of funds manager requires full transparency of each of the underlying funds' investment positions. The Foundation is no longer subject to the fund's initial two-year lock-up period and may, therefore, request liquidation on a semi-annual basis with 95 days prior notification. At June 30, 2018, the Foundation has no significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on NAV.

Approximately 33% of the Foundation's private equity fund investment is structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to invest the capital contributed to it in a diversified pool of long-term investments in non-publically traded companies. Diversification is accomplished by investing 40-60% of committed capital in underlying funds focused on the United States, 20-40% on Europe and 0-30% on emerging markets. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2018, the Foundation's total capital commitment of $3,500,000 was 71.4% ($2,498,908) funded. The fund made return-of-capital distributions during the year and no further capital calls were received. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

The balance of the Foundation's investment in the private equity space is in a fund also structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to continue the investment policy of the first fund, but seeks more diversification, shorter duration and a focus on cash returns. Diversification is accomplished by investing over five sub-class targets: buyouts, venture capital, debt, real estate and real assets/infrastructure. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2018, the Foundation's total capital commitment of $6,400,000 was 60.4% ($3,863,636) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

The Foundation's remaining investment in distressed debt is in the form of a fund that invests directly and indirectly in below investment grade bonds and loans (and other debt and equity instruments) of U.S. and international energy companies. The fund is structured as a domestic limited partnership. The fund seeks to generate high absolute returns by investing in securities which are purchased or acquired at a significant discount to fair value and/or offer high coupon rates. The fund will maintain a flexible approach to attempt to identify the most attractive risk-adjusted returns primarily within the energy debt space primarily through: 1) below investment grade bonds and loans of U.S. energy companies which trade at a discount to fair value; 2) direct lending at attractive risk-adjusted rates to U.S. energy companies; and/or 3) smaller allocations to U.S. investment grade and emerging markets companies. The Foundation's investment in this asset class was fully funded at June 30, 2018. The Foundation is subject to the fund's lockup period of three years, which will end in August 2018. Once the lockup period is over, liquidations may be requested on a semi-annual basis with a 95 days prior notice, subject to fund director consent and certain gate, holdback and suspension restrictions. The valuation of this investment is based on NAV and subject to a monthly lag.

Valuation of limited partnership shares reported as "other investments" are derived from reports issued by the general partners adjusted for capital contributions and withdrawals throughout the fiscal year. Although the fund custodians provide annual audited financial statements for each of the funds, the value of the underlying securities is difficult to ascertain as there is no active market associated with these ownership interests. The valuation of this investment is based on NAV.

In July 2017, the Foundation purchased private placement bonds issued in support of the construction of an academic building at the University's Lake Campus. The bonds were issued by the Toledo Port Authority on behalf of Double Bowler, Inc., the University's real estate management arm, which owns the property. The bonds are to be liquidated with proceeds of a lease between the University and Double Bowler for use of the building. Bond interest payments are due semiannually on December 1 and June 1, with principal payments also due on June 1. No principal or interest payments were received in FY18 due to an administrative oversight by the University. Receipt of the payments is anticipated early in FY19 along with the normal payments required by the bond agreement's amortization schedule.

D. <u>Pledges Receivable</u>

Pledges receivable at June 30, 2018 and 2017, by fund type, are as follows:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	$ 11,710	$ 3,593,266	$ 362,122	$ 3,967,098
One to five years		2,500,911	102,700	2,603,611
Six years or greater		1,979,470		1,979,470
Gross pledges receivable	11,710	8,073,647	464,822	8,550,179
Present value discount	(10)	(876,647)	(3,322)	(879,979)
Allowance for uncollectible pledges		(49,000)	(4,300)	(53,300)
Pledges receivable (net)	$ 11,700	$ 7,148,000	$ 457,200	$ 7,616,900

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	$ 16,494	$ 3,085,436	$ 96,836	$ 3,198,766
One to five years	3,500	5,454,639	416,633	5,874,772
Six years or greater		2,000,000		2,000,000
Gross pledges receivable	19,994	10,540,075	513,469	11,073,538
Present value discount	(294)	(1,007,475)	(12,969)	(1,020,738)
Allowance for uncollectible pledges	(100)	(59,600)	(12,500)	(72,200)
Pledges receivable (net)	$ 19,600	$ 9,473,000	$ 488,000	$ 9,980,600

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 0.72% to 2.73%.

E. Gifts Receivable from Trusts Held by Others

The Foundation is a party to charitable gift trusts. Third party trustees maintain trust assets in irrevocable trusts for the benefit of the Foundation. The fair values of the trusts are estimated based upon the fair value of the assets contributed by the donor less the present value of the payment expected to be made to other beneficiaries. The present value is calculated using the discount rate the year in which the trust was established. Rates ranged from 1.72% to 4.92%. The balances at June 30, 2018 and 2017, are $1,529,900 and $1,410,200, respectively, and are included in temporarily restricted net assets.

F. Investment in Securities

The fair value of the Foundation's investments, at June 30, 2018 and 2017, are as follows:

	2018	2017
Mutual funds:		
Equity	$ 57,429,596	$ 57,834,630
Fixed income	41,475,564	41,014,272
Alternative assets	20,068,856	18,378,424
Totals	$ 118,974,016	$ 117,227,326

Net realized gains on sales of investments were $1,765,292 and $449,610 for the years ended June 30, 2018 and 2017, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains amounted to $1,592,066 and $8,979,369 for the years ended June 30, 2018 and 2017, respectively

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

G. Other Assets

In July of 2012, the Foundation, along with the University of Dayton, purchased an option to acquire real property owned by the Miami Valley Research Foundation (MVRF) in Greene County, Ohio. The Foundation's share of the option price was $250,000. The renewable option agreement is valid for a period of two years, after which the option payment is returned to the Foundation without interest accruing. The option further provides that the MVRF may prematurely terminate the agreement and return the option payment along with a 5% annual premium. The option expired in June 2014, but was renewed through June 9, 2019 by both parties.

Also, included in other assets are unrestricted funds set aside for a specific group of University students to invest to provide them experience in managing a "live" portfolio. The project is known as Raider Asset Management (RAM). As the funds are not under the direct control of the Foundation's investment management system, they have been separately classified from investments in securities. The balance at June 30, 2018 and 2017 was $375,402 and $338,613, respectively. Earnings generated from the project are included in other income. Total net returns for 2018 and 2017 amounted to $36,789 and $69,094, respectively.

H. Capital Assets

Capital assets activity for the year ended June 30, 2018 and 2017 is summarized as follows:

	2018				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets:					
Land	$ 173,000	$	$	$	$ 173,000
Buildings and improvements	2,644,131				2,644,131
Machinery and equipment	28,632				28,632
Total capital assets	2,845,763				2,845,763
Less accumulated depreciation:					
Buildings and improvements	417,332	118,021			535,353
Machinery and equipment	18,408	4,091			22,499
Total accumulated depreciation	435,740	122,112			557,852
Capital assets, net	$ 2,410,023	$ (122,112)	$	$	$ 2,287,911

	2017				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets:					
Land	$ 173,000	$	$	$	$ 173,000
Buildings and improvements	2,644,131				2,644,131
Machinery and equipment	28,632				28,632
Construction in progress					
Total capital assets	2,845,763				2,845,763
Less accumulated depreciation:					
Buildings and improvements	299,311	118,021			417,332
Machinery and equipment	14,317	4,091			18,408
Total accumulated depreciation	313,628	122,112			435,740
Capital assets, net	$ 2,532,135	$ (122,112)	$	$	$ 2,410,023

I. Debt Guaranty

During fiscal year 2011, the Foundation entered into agreement with Dayton Regional STEM Schools, Incorporated (“STEM”) guaranteeing payments on a lease (and such other obligations imposed by the lease) related to the purchase and renovation of an existing building that is utilized by STEM in fulfillment of its corporate purposes. STEM is one of ten Ohio schools offering students a relevant, real world educational experience that will prepare them for college and opportunities in the work world. Wright State University has acted as STEM’s fiscal agent as well as providing space, supplies and personnel in support of its operations. The agreement pledges unrestricted net assets of the Foundation in an amount not to exceed $3,000,000 and the designation of unrestricted net assets in the amount of one year of maximum debt service ($600,000) on bonds associated with the project. Since the guaranty may expire without being drawn upon, the total guaranty does not necessarily represent future cash requirements. As of June 30, 2018, no amounts have been recognized as a liability under the financial guaranty in the Foundation’s consolidated statement of financial position as the likelihood that STEM would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

J. Endowment Composition

The Foundation’s endowment primarily consists of three separate portfolios, all of which are held by SEI Investments. Its endowment includes donor-restricted endowment funds, funds that accumulate excess net earnings on the donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2018 and 2017:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor restricted endowment funds	$ (46,750)	$ 8,883,331	$ 45,876,366	$ 54,712,947
Board-designated funds	576,656	37,022,688	-	37,599,344
Totals	$ 529,906	$ 45,906,019	$ 45,876,366	$ 92,312,291

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor restricted endowment funds	$ (80,742)	$ 8,168,752	$ 44,536,926	$ 52,624,936
Board-designated funds	584,714	36,576,717	-	37,161,431
Totals	$ 503,972	$ 44,745,469	$ 44,536,926	$ 89,786,367

Changes in endowment net assets for the years ended June 30, 2018 and 2017:

	2018			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Totals**
Net assets, beginning of year	$ 503,972	$ 44,745,469	$ 44,536,926	$ 89,786,367
Investment return				
Investment income (net)	-	2,510,073	-	2,510,073
Net appreciation (depreciation)	33,992	2,930,998	-	2,964,990
Total investment return	33,992	5,441,071	-	5,475,063
Contributions	-	10,248	1,198,893	1,209,141
Change in value of split interest agreements	-	-	(50,001)	(50,001)
Other income	-	-	17,119	17,119
Change in donor restrictions	-	-	165,229	165,229
Net assets released from restrictions	26,001	-	-	26,001
Appropriation of assets for expenditure	(34,059)	(4,290,769)	8,200	(4,316,628)
Net assets, end of year	$ 529,906	$ 45,906,019	$ 45,876,366	$ 92,312,291

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Totals**
Net assets, beginning of year	$ 115,963	$ 40,733,779	$ 43,959,122	$ 84,808,864
Investment return				
Investment income (net)	-	1,521,841	-	1,521,841
Net appreciation (depreciation)	387,276	7,110,175	-	7,497,451
Total investment return	387,276	8,632,016	-	9,019,292
Contributions	-	19,718	568,021	587,739
Change in value of split interest agreements	-	-	(30,283)	(30,283)
Other income	-	(110)	112,910	112,800
Change in donor restrictions	-	-	(61,144)	(61,144)
Net assets released from restrictions	31,333	-	-	31,333
Appropriation of assets for expenditure	(30,600)	(4,639,934)	(11,700)	(4,682,234)
Net assets, end of year	$ 503,972	$ 44,745,469	$ 44,536,926	$ 89,786,367

Interpretation of UPMIFA: On June 1, 2009, the State of Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective for all non-profit, charitable organizations, including the Foundation. The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original and subsequent gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, per policies adopted during the fiscal year ended June 30, 2010, the Foundation may expend up to 20% of the fair value of the original gift(s) when no other net earnings (current or accumulated) are available for distribution.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under the Foundation's formally adopted investment policy, the primary investment objective of the endowment portfolio is to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the endowment without undue exposure to risk. The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five-year period) without undue exposure to risk. In quantitative terms, the portfolio is invested to earn a total return of 5% over inflation without exceeding a standard deviation of 1.2 times a weighted benchmark index**.** The benchmark index will be comprised of each asset class index weighted by its target allocation. It is also expected that the investment results will outperform their weighted benchmark indices over a full market cycle. Return is calculated on a total return basis, which includes income (interest and dividends), realized and unrealized capital gains (losses).

Strategies Employed for Achieving Objectives: The purpose of endowment funds is to facilitate donors' desire to make substantial long-term gifts to the University and to develop a significant source of revenue for the Foundation. In so doing, the funds will provide a secure, long-term source of funds to: (i) stabilize funding for University schools, colleges and departments, especially in times characterized by declining State support of higher education, (ii) enhance the quality and variety of learning opportunities for Wright State students, (iii) fund special grants, (iv) ensure long-term growth of the University, (v) enhance the University's ability to meet changing educational needs and demands in both the short- and long-term and (vi) support the administrative expenses of the Foundation as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. For the fiscal year ended June 30, 2018, the spending rate for the Foundation was 4.50% of the previous twelve-quarter average of the endowment portfolio's market value. The spending rate was 5.00% for the fiscal year ended June 30, 2017. The spending rate is determined annually by the Foundation Board of Trustees, who may elect to make no distribution in any given year.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are more than related temporarily restricted amounts are reported in unrestricted net assets. Such amounts totaled $46,750 and $80,742 as of June 30, 2018 and 2017, respectively. Endowment fund principal, unless otherwise directed by the originating donor(s), may be disbursed in accord with Foundation policy so long as the principal amount shall not fall below 80% of the fair value of the original gift and any subsequent gifts to the fund.

Foundation's Reserve Policy: Prompted by the market downturn of 2001-2003, the Foundation implemented a policy establishing a reserve fund, the primary purpose of which was to provide matching grants to endowment funds that suffer investment losses resulting in fund deficiencies. The policy stipulates that the reserve fund will make grants in an amount equal to or less than 50% of the amount that would normally have been generated by the endowment had earnings been available so long as the benefitting school, college or department provides a dollar-for-dollar match. No such grants were necessary in fiscal years 2018 and 2017.

The reserve policy further stipulates that in those years in which the unrestricted net assets of the Foundation increase, 5% of the increase is to be transferred into the reserve fund so long as the transfer does not cause the value of the fund to exceed $1 million. No transfer is required if the reserve amount is greater than $1 million. Since the value of the reserve exceeded $1 million in fiscal years 2018 and 2017, no such transfers were required.

(11) Selected Disclosures of the Wright State Applied Research Corporation (a component unit)

Wright State Applied Research Corporation ("WSARC") was incorporated on July 26, 2004, as Wright Center of Innovation for Advanced Data Management and Analysis, Inc. ("WCI") to deliver solutions that improve the performance and decision making of individuals and teams by integrating human factors design with innovative visualization and computing technologies. On March 30, 2011, WCI changed its name to Wright State Applied Research Corporation. WSARC is the contracting entity for the Wright State Research Institute, a department of Wright State University (the "University"). WSARC was also granted tax-exempt status according to the provisions of Section 501(c)(3) of the Internal Revenue Service on July 26, 2004.

WSARC is governed by a board of directors (the "Board"). The Board includes the University president (or his/her designee), two individuals appointed by the University president, a representative of the University's board of trustees and a maximum of nine elected directors who are independent and unrelated to the University.

A. Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of WSARC have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Contract and Grant Revenue and Accounts and Notes Receivable
WSARC's principal revenue is derived from sponsored research contracts, which are primarily cost plus fixed fee in nature. Sponsored research contracts are agreements for specific research, which is performed for a sponsor. WSARC recognizes sponsored research contract revenue prorated based upon the costs incurred on each sponsored research contract. The prorated revenue closely approximates the percentage of work completed for each contract. Contract and grant revenue consists primarily of government funding for 2018 and 2017.

Accounts receivable are reflected for both billed and unbilled amounts based upon the work completed for a particular grant or contract. WSARC uses the allowance method to estimate uncollectible accounts and notes receivable in these two categories. The allowances, if any, are based on prior experience and management's analysis of specific contracts. Interest is not charged on any past due balances. As of June 30, 2018 and 2017, there was an allowance recorded of $30,208 and $0, respectively.

Cash and Cash Equivalents
WSARC considers all demand deposits, certificates of deposit, and money market funds with an original maturity of three months or less to be cash and cash equivalents. WSARC maintains cash balances at banks and the accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. As of June 30, 2018 and 2017, WSARC had uninsured deposits of approximately $6,712,000 and $12,055,000, respectively.

Property and Equipment
Property and equipment with an original purchase price or donated value of $5,000 or greater is capitalized at cost for purchased assets and at fair value for donated assets. The straight-line method of depreciation is used over the assets' estimated useful lives (three to seven years for most assets, up to 40 years for buildings and improvements).

Impairment of Long-Lived Assets
WSARC continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision. In evaluating whether these long-lived assets are recoverable, WSARC estimates the sum of the expected future cash flows, undiscounted and without interest charge derived from such assets over their remaining useful life. Management believes that there was no impairment of long-lived assets for the years ended June 30, 2018 and 2017.

Deferred Revenue
Cash received in advance of being earned is recorded as deferred revenue. In the subsequent period, when the revenue recognition criteria are met, revenue is recognized and the deferred revenue is reduced accordingly. The state of Ohio appropriated funds to WSARC for projects and activities that commenced in 2016. At June 30, 2018 and 2017, the balance of deferred revenue relating to the state appropriation is $4,700,849 and $11,413,365, respectively.

Net Assets
Under accounting principles generally accepted in the United States of America, WSARC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations or are designated for use by WSARC's Board of Directors.

- Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met either by actions of WSARC and/or the passage of time.

- Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by WSARC.

As of June 30, 2018 and 2017, there are no donor restrictions on any of the net assets of WSARC and therefore, all net assets are reflected as unrestricted.

University Support of WSARC
University employees provide operational, technical and administrative functions for WSARC. These services are recorded as expenses as incurred by WSARC.

Income Tax
WSARC has been determined to be exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (the "Code"), as an organization described in Sections 501(c)(3) and 170(b)(l)(A)(ii) of the Code. However, WSARC is subject to federal income tax on any unrelated business taxable income.

WSARC files tax returns in the U.S. federal jurisdiction.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires WSARC's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Contingencies
WSARC receives significant assistance from numerous federal and state agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the sponsor. Any disallowed claims resulting from such audits could become a liability. Management believes that any potential disallowance of claims would not have a material effect on the financial statements.

WSARC is a participant in an investigation by the State of Ohio of the University. Additionally, WSARC is a participant in a federal investigation of the University. The expected time of completion and the potential impacts of these investigations on WSARC are unknown at this time.

WSARC is periodically involved as a defendant or codefendant in various matters of litigation. Management believes that the ultimate disposition of any current matters would not have a material adverse effect upon the financial statements.

Functional Allocation of Expenses
The costs of supporting the various programs and activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program and support services categories based on estimated time spent by personnel and other methods.

Subsequent Events
Subsequent events have been evaluated through September 28, 2018, which is the date the financial statements were available to be issued.

Reclassifications
Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on the change in net assets.

B. Property and Equipment

Property, plant and equipment consist of the following at June 30, 2018 and 2017:

	2018	2017
Land	$ 751,085	$ 751,085
Software for projects	703,049	552,259
Computers and hardware	2,354,149	2,162,905
Buildings and building improvements	2,167,474	2,167,474
Furniture and fixtures	1,301,124	1,155,637
Truck trailer	520,904	520,904
Equipment	972,670	972,670
	8,770,455	8,282,934
Less accumulated depreciation	4,703,603	3,799,911
Net	$ 4,066,852	$ 4,483,023

C. Other Assets

On June 26, 2015, WSARC converted a $300,000 note receivable from the Miami Valley Research Foundation into an option to purchase a proportionate share of approximately 125 acres of land located in Greene County, Ohio. The option expires on June 9, 2019. If the option is not exercised, the $300,000 consideration paid will be returned to WSARC.

D. Related Parties

WSARC is responsible for reimbursing the University for subsequent direct and certain indirect costs incurred by the University related to sponsored research contracts managed by WSARC. Total expenses recorded related to the University were $11,124,963 and $7,488,822 for the years ended June 30, 2018 and 2017, respectively. In addition, WSARC recognizes revenue for space leased to the University in WSARC's building on a month-to-month basis and reimbursement of WSARC expenses incurred on University grants. Total revenue recorded from the University was $2,420,743 and $2,925,643 for the years ended June 30, 2018 and 2017, respectively. The balances owed to and due from the University at June 30, 2018 and 2017, respectively, are stated below.

	2018	2017
Due to Wright State University - accrued wages	$ 3,623,484	$ 2,954,955
Due from Wright State University		
Rent	$ 10,964	$ 777,697
Other	446,626	233,940
Total due from Wright State University	$ 457,590	$ 1,011,637

E. Debt Guaranty

During fiscal year 2014, a donor made a bequest to the University of an office building in the donor's name. The donor has a mortgage on the building of approximately $2,700,000. During fiscal year 2014, WSARC entered into an agreement with the lender guarantying the debt service payments of the mortgage. As of June 30, 2018 and 2017, no amounts were recognized as a liability under the financial guaranty in WSARC's statements of financial position. On June 7, 2018, WSARC obtained a release of this guaranty.

F. Note Receivable

WSARC issued a note receivable to Advanced Technical Intelligence Center for Human Capital Development (ATIC) on December 1, 2016, for $1,404,119. The note bears interest at a per annum rate of 1.29%. Monthly installment payments of $2,500 are due until the earlier of December 31, 2021, or the date ATIC sells its real property located in Greene County, Ohio, at which time the entire then-remaining principal balance and accrued and unpaid interest are due in full. At June 30, 2018 and 2017, principal amounts of $1,273,000 and $1,303,000 were outstanding on this note, respectively. As of June 30, 2018, WSARC determined the note was uncollectable and established a corresponding allowance. At June 30, 2018 and 2017, the allowance related to this note was $1,273,000 and $0, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE OPERS NET PENSION LIABILITY AND CONTRIBUTIONS

(Dollar amounts in thousands)
(Percentages rounded to thousandths)

	2018	2017	2016	2015 (1)
University's proportion of the net pension liability (asset) (2)	0.350%	0.421%	0.444%	0.455%
University's proportionate share of the net pension liability (asset) (2)	$ 54,473	95,392	$ 76,754	$ 54,649
OPERS fiduciary net position as a percentage of the total pension liability (2)	84.854%	77.386%	81.192%	86.533%
University's covered-employee payroll (2)	$ 52,295	61,511	$ 62,769	$ 61,994
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll (2)	104.165%	155.081%	122.280%	88.152%
Statutorily required contribution (3)	$ 7,498	8,315	$ 9,035	$ 9,046
Contributions in relation to the statutorily required contribution (3)	$ 7,498	8,315	$ 9,035	$ 9,046
Annual contribution deficiency (excess) (3)	$			$
University's covered-employee payroll (3)	$ 48,994	57,571	62,672	$ 62,945
Contributions as a percentage of covered-employee payroll (3)	15.304%	14.443%	14.416%	14.371%

(1) Information prior to 2015 is not available

(2) Amount presented determined as of the OPERS December 31st fiscal year end occurring during the respective university June 30th fiscal year-end

(3) Amount presented determined as of the respective University June 30th fiscal year-end

SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE STRS NET PENSION LIABILITY AND CONTRIBUTIONS

(Dollar amounts in thousands)
(Percentages rounded to thousandths)

	2018	2017	2016	2015 (1)
University's proportion of the net pension liability (asset) (2)	0.681%	0.726%	0.729%	0.713%
University's proportionate share of the net pension liability (asset) (2)	$ 161,733	242,899	$ 201,492	$ 173,487
STRS fiduciary net position as a percentage of the total pension liability (2)	75.288%	66.778%	72.088%	74.707%
University's covered-employee payroll (2)	$ 61,792	63,346	$ 63,798	$ 61,581
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll (2)	261.738%	383.448%	315.828%	281.722%
Statutorily required contribution (3)	$ 9,571	10,531	$ 10,739	$ 10,757
Contributions in relation to the statutorily required contribution (3)	$ 9,571	10,531	$ 10,739	$ 10,757
Annual contribution deficiency (excess) (3)	$		$	$
University's covered-employee payroll (3)	$ 56,186	62,056	$ 63,321	$ 64,347
Contributions as a percentage of covered-employee payroll (3)	17.034%	16.970%	16.960%	16.717%

(1) Information prior to 2015 is not available
(2) Amount presented determined as of the STRS June 30th fiscal year-end occurring one year prior to the respective university June 30th fiscal year-end
(3) Amount presented determined as of the respective University June 30th fiscal year-end

SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE OPERS NET OPEB LIABILITY AND CONTRIBUTIONS

(Dollar amounts in thousands)
(Percentages rounded to thousandths)

		2018 (1)
University's proportion of the net OPEB liability (asset) (2)		0.368%
University's proportionate share of the net OPEB liability (asset) (2)	$	39,917
OPERS fiduciary net position as a percentage of the total OPEB liability (2)		54.14%
University's covered-employee payroll (2)	$	52,295
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll (2)		76.330%
Statutorily required contribution (3)	$	
Contributions in relation to the statutorily required contribution (3)	$	305,775
Annual contribution deficiency (excess) (3)	$	(305,775)
University's covered-employee payroll (3)	$	48,994
Contributions as a percentage of covered-employee payroll (3)		0.624%

(1) Information prior to 2018 is not available

(2) Amount presented determined as of the OPERS December 31st fiscal year end occurring during the respective university June 30th fiscal year-end

(3) Amount presented determined as of the respective University June 30th fiscal year-end

SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE STRS NET OPEB LIABILITY AND CONTRIBUTIONS

(Dollar amounts in thousands)
(Percentages rounded to thousandths)

		2018 (1)
University's proportion of the net OPEB liability (asset) (2)		0.681%
University's proportionate share of the net OPEB liability (asset) (2)	$	26,564
STRS fiduciary net position as a percentage of the total OPEB liability (2)		47.114%
University's covered-employee payroll (2)	$	61,792
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll (2)		42.989%
Statutorily required contribution (3)	$	
Contributions in relation to the statutorily required contribution (3)	$	
Annual contribution deficiency (excess) (3)	$	
University's covered-employee payroll (3)	$	56,186
Contributions as a percentage of covered-employee payroll (3)		0.000%

(1) Information prior to 2018 is not available

(2) Amount presented determined as of the STRS June 30th fiscal year-end occurring one year prior to the respective university June 30th fiscal year-end

(3) Amount presented determined as of the respective University June 30th fiscal year-end

Notes to Required Supplementary Information

Changes of Benefit Terms

The following pension plan change was implemented by STRS effective July 1, 2017:

1. The cost of living adjustment (COLA) was reduced to zero.

There were no changes of benefit terms for OPERS for the fiscal years presented.

Changes of Assumptions

OPEB amounts reported in 2017 for STRS reflect the following assumption changes:

1. The discount rate was increased from 3.26% to 4.13%.
2. The long term expected rate of return was reduced from 7.75% to 7.45%.
3. Valuation year per capita health care costs were updated, and the salary scale was modified.
4. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
5. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

SUPPLEMENTARY INFORMATION

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number	Total Federal Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER				
U.S. Department of Education Direct Programs -				
Federal Supplemental Educational Opportunity Grant	84.007			$ 517,049
Federal Direct Loan Program	84.268			88,094,266
Federal Work Study Program	84.033			677,893
Federal Perkins Loan Program	84.038			11,854,046
Federal Pell Grant Program	84.063			19,100,720
Total U.S. Department of Education Direct Programs				120,243,974
U.S. Department of Health and Human Services Direct Programs -				
Health Professions Student Loans	93.342			12,294
Loans for Disadvantaged Students	93.342			120,196
Nurse Faculty Loan Program	93.264			99,189
Nursing Student Loans	93.364			898,632
Primary Care Loans	93.342			791,661
Total U.S. Department of Health and Human Services Direct Programs				1,921,972
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				**122,165,946**

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number	Total Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER				
U.S. Department of Agriculture, Prime -				
Evaluating the Risk Posed by Emerald Ash Borer to Fringetrees: Chionanthus spp.	10.025			$ 27,765
U.S. Department of Agriculture, Subcontract -				
Host Tree Oviposition Attractants for Female Emerald Ash Borers	10.025	Pennsylvania State University	5507-WSU-USDA-0689	18,974
Immune Evasion in Aquatic Rhabdoviral Pathogens	10.001	University of Toledo	F-2018-10	66,227
OHIO - Smarter Lunchrooms - Evaluation of 2015-2016	10.574	Ohio Department of Education	EDUD201610505	578
Total U.S. Department of Agriculture, Subcontract				85,779
Total U.S. Department of Agriculture				113,544
U.S. Agency for International Development, Subcontract -				
Aerobic Cometabolic Biodegrad. of Dilute Concentrns of Carbamazephine and Diclofenac	98.001	RTI International		1,195
U.S. Department of Commerce, Subcontract -				
Characterizing Ammonium Dynamics Affecting Harmful Cyanobacterial Blooms in Lake Erie	11.417	The Ohio State University	PO RF01437695; PROJ 60053689	49,609
From the Headwaters to the Littoral Zone: Using Attached Algae as Indicators of Ecosys	11.417	The Ohio State University	RF01436773; 60053688	38,483
Sediment Nitrogen Dynamics in the Western Basin of Lake Erie Relative to Cyanobacteria	11.417	The Ohio State University	RF01436768; 60053694	61,795
Total U.S. Department of Commerce				149,887
U.S. Department of Defense, Prime -				
1550-nm Extrinsic-GaAs Photomixers Arrays and Spectrometers	12.431			(3,873)
A Methodology to Protect Classified Technical Documents: The Diagram Modification Appr.	12.300			77,741
AFRL Research Collaboration Program	12.800			(403)
Algorithms on Generalized Networks	12.910			56,045
Alternate Tinnitus Management Techniques Developed Using Blood-Oxygen-Level-Dependent	12.300			595,075
Comprehensive Learning Objectives for Warfighter Needs	12.800			2,094,083
Dynamic Generalizations of Systems Factorial Technology for Modeling Perception of Fuse	12.800			2,633
Electrochemically Controlling the Ring Size and Molecular Topology of Cyclic Polyesters	12.431			(47)
Evaluation of a Brief Marriage Intervention for Internal Behavioral Health Consultants	12.420			219,721
Goal Driven Autonomy and Robust Architectures for Long Duration Missions	12.300			62,315
Hemodynamic Response to Hypoxia	12.340			84,511
Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)	12.800			1,268,290
Lapse of Attention Predicted in Semi-structured Ecological Settings (LAPSES)	12.300			224,432
Maximizing the Collective Intelligence of a Network Using Novel Measures of Socio-Cogni	12.431			115,653
Precision High Intensity Training through Epigenetics (PHITE)	12.300			1,762,364
Real-Time Detection of Cellular Respiratory Bio-Markers of Early Stage Infections	12.420			124,469
Revolutionary Intelligence and Influence Technologies (RIIT)	12.800			131,657
Role of SRC-3delta4 in the Progression and Metastasis of Castration-Resistant Prostate	12.420			126,947
Science Technology and Research for Exploiting Sensor Systems (STRESS)	12.800			811,624
Sensor and Information Research Center for Understanding Systems (SIRCUS)	12.800			1,768,296
The Role of Dynamic Representational Networks in Expertise in Visual Scene Recognition	12.300			114,703
Theory and Research Unifying Social/Game-Theoretical/Ecological/Cognitive & Computation	12.800			2,109
Up-Armoring At-Risk Military Couples	12.800			198,030
WSARC - AFRL ACE-EM	12.800			164,643
WSARC - AMP 101 FY18	12.800			13,565
WSARC - Calamityville Operational	12.800			1,670,746
WSARC - Deploy Train Tech (DTT)	12.800			58,392
WSARC - FY17_USAM-AMP Course 101	12.800			7,797
WSARC - GATAR	12.800			152,772
WSARC - GATE	12.800			148,829
WSARC - HAPTIX	12.910			167,543
WSARC - HIVE	12.800			1,876,604
WSARC - HMT	12.800			7,800,931
WSARC - LEAP	12.910			1,402,421
WSARC - MiDLE	12.800			1,949,595
WSARC - SCAMP	12.900			800,611
WSARC - USAM-ATLS Class	12.800			37,860
Total U.S. Department of Defense, Prime				26,088,684
U.S. Department of Defense, Subcontract -				
2016/17 Aerospace Propulsion Outreach Program-APOP-External Combustor	12.800	Universal Technology Corporation	SUB 16-7900-0008-15-C8	(6)
2017/2018 Aerospace Propulsion Outreach Program (APOP) - External Combustor	12.800	Universal Technology Corporation	SUB 17-7900-0008-32-C8	12,505
A Thermo-fluids Analysis of Aircraft Thermal Energy Management and Precision Airdrop	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ-WSU-17-5-OC-AFRL	55,746
Adaptive Goal-Driven Autonomous Agents	12.300	Lehigh University	543675-78001	41,176
Additive Manufacturing R&D Involving Turbine Engine Low Cycle Fatigue Behavior for AFRL	12.800	Universal Technology Corporation	SUB 16-7900-0003-02-C7	70,682
Advanced Analog to Digital Converter (ADC) for GPS Receivers	12.800	RBS Technologies, LLC	WSU-2017-1118-1	49,857
Aeromechanical Investigation of Turbine Engine High Speed Compressors	12.800	Universal Technology Corporation	16-7900-0003-02-C5	57,953
All Solid-State Lithium Electrochemical Technology	12.800	University of Dayton	RSC16021-LD0072	740
Application of Human Operator Information Models-HOIM-for Research on Non-Invasive Brai	12.800	InfoSciTex Corp	FPH02-S014 - TO 0003 -PO153078	193
ASSET 3 Support	12.420	University of Maryland	SR00004781, 1701766	43,640
Autonomous Aerial Vehicles for Force Health Protection Response	12.800	Universal Energy Systems Inc. (UES Inc.)	SUB S-977-01F-001	16,754
Broad Area Terahertz Frequency Spectroscopic Material State Awareness	12.800	BerrieHill Research Corporation	BRC_S6202	22,014
Center for Integrated Thermal Management of Aerospace Vehicles	12.800	The Trustees of Purdue University	SUB 4104-60185	32,257
Cognitive Performance Research	12.800	InfoSciTex Corp	PO160562	7,075
Collaborative Research: A Cellworks Optimization Method for Air Vehicle Design	12.800	University of Hawaii	PO Z10113736 SUB MA1028	107,300
Contact-Free/Antenna-Free CW THz Optoelectronic Probe	12.300	University of Notre Dame	202837WS	60,058
CRISPR IGS Pilot Project	12.910	Ginkgo Bioworks	AGMT EFF 06/12/18	5,781
Design Framework and CAD Tools for Hardware Security and Trust	12.800	EDAptive Computing, Inc.	PO# SETS08-WSU-2017	65,718
Design/Development and Characterization of Microwave/Terahertz Frequency Superconductin	12.800	University of Dayton	RSC15005	15,545
Developing and Testing of Advanced Graphene Chemical Sensor	12.800	Universal Technology Corporation	17-7622-03-C1	16,716
Development of a Morphing Wing Control System using CFD Simulation and Machine Learning	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ18-WSU-18-6	7,635
Development of Robust Compact Sources for Alkali Atom Systems	12.800	Universal Energy Systems Inc. (UES Inc.)	SUB S-114-053-001	14,742
Distributed Passive Radar Networks for Target Detection in Non-Homogeneous Environments	12.800	Defense Engineering Corporation	PO# 10234	118,890

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number		Total Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense, Subcontract (Continued) -					
Electrical and Optical Characterization	12.800	Wyle Laboratories	A10552.0005.S002, PO#APSC02040	$	361,960
Electron Optics Analyses towards Fundamental Understanding of Functional Thin Film Mate	12.800	Universal Energy Systems Inc. (UES Inc.)	S-114-050-001		23,023
Environmental Compensation Algorithms for Real-time Air Quality Sensors	12.800	Henry M. Jackson Foundation	SUB 3331 PO 874116		134,776
Extended Scene-Based Processing Improvements	12.800	Invertix	ATEP-II TO A0000.0070		1,547
Fan & Compressor 3-D Aerodynamics	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ-WSU-18-1-OC-AFRL		8,630
Growth and Characterization of Multiferroic Materials	12.800	Azimuth Corporation	SUB 238-5404-WSU PO238-004-001		35,472
High Impact Technologies	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ-WSU-15-1-AFRL-OC1		37,827
High-Fidelity Multi-Physics for Aerospace Vehicle Design Optimization	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ-WSU-17-6-OC-AFRL		118,631
High-Resolution Sensing of DNA Nanostructures in the THz Region (MURI)	12.431	University of California	2010-2510		73,402
Human Dismount Synthetic Data Generation	12.800	InfoSciTex Corp	SUB 6000-S005 TO0003 PO 161022		6,883
III-N Devices and Architectures for THz Electronics	12.300	University of Notre Dame	201836		(8,109)
Improving Electrical and Mechanical Performances of Electrolyte Membranes for Flexible	12.800	University of Dayton	RSC16001 ACCT L50642-7S05		14,404
Infrared Tracking	12.800	Etegent Technologies, Ltd.	ETE120		3,190
Initial Interface for Synthetic Test Generation Tool	12.800	EDAptive Computing, Inc.	PO 012517-WSU-01		3,656
Leveraging Emerging Accelerator Technologies toward Developing Acoustic Imaging Reconst	12.910	Engility Corp	PROJ BY16-089SP PO 0007166 R10		21,969
Metabolomics Analyses of Fecal Extracts in a 'Humanized' Microbiome Mouse Model of Toxi	12.800	Henry M. Jackson Foundation	SUB AWARD# 3748; PO# 900681		64,419
Microstructure Development During Rapid Solidification: A Materials Genome Project	12.300	Applied Optimization, Inc.	2017-1004-N-WSU		19,077
Modeling and Analysis of Damping Performance of Hard Coatings in Turbomachinery	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ10-WSU-16-4-AFRL		13
Object Physics for Exploitation and Recognition Advancements Opera TO2	12.800	Leidos, Inc.	P010151904-2 MOD 2		52,394
Passive Radio Frequency (RF) Identification Environment (PRIDE)	12.800	Leidos, Inc.	P010189658		1,133
Performance Understanding for Layered Sensing Exploitation: Rigorous Assessment of Tech	12.800	InfoSciTex Corp	FPH66-S005 TO01; PO#162155		33,867
Performance Understanding for Layered Sensing Exploitation: Valuable Insights	12.800	InfoSciTex Corp	FPH66-S005 TO02: PO#171467		100,000
Phase-Cancelled - Broadband - Graphene-based Impedance Sensor Phase II	12.800	Universal Technology Corporation	17-7611-02-C1		59,586
Power and Thermal Management System for Hypersonic Vehicles	12.800	Acumentrics	PO 207355		105,227
Probabilistic Design Criteria for Decision Making with Uncertainty	12.800	University of Dayton	RSC17010		53,454
Radio Frequency Signal Detection in Spectrally Contested and Spectrally Congested Envir	12.800	MacAulay-Brown, Inc.	PO DSC6055-05		22,500
Rapid Assessment of Structural Vulnerability SBIR Topic AF161-031	12.800	Skyward, Ltd.	SKY-SUB-18-01		23,821
Reactionary Assistance Support for Container Technology	12.910	Engility Corp	PO-0007166 R11-R12		73,548
SAR Image Formation from CAD Models	12.800	Deep Learning Analytics, LLC	DLA-IDIQ-062315-WS 081215-01		20,855
SBIR Phase II Novel Signal Processing for Airborne Passive Synthetic Aperture Radar	12.800	Systems Technology Research	2015-1079		18,289
Secure Engineering of Trusted Systems: Medical Android Tactical Assault Kit Sensor Inte	12.800	EDAptive Computing, Inc.	SETS03-WSU-17		71,085
Secure Engineering of Trusted Systems: Risk Awareness Framework for Infectious Disease	12.800	EDAptive Computing, Inc.	SETS04-WSU-2018		9,858
Separability and Stability Analysis of Laser Vibrometry Signals	12.800	Leidos, Inc.	P010125637 TASK P010125637-1		68,347
Stochastic Metamodeling for Design Validation - Federal	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ30-WSU-16-3-AFRL		3,394
Target Recognition and Adaption in Contested Environments (TRACE)	12.800	Systems Technology Research	2015-1076		28,986
Temperature Dependent Creep of Novel Solder Materials	12.800	DfR Solutions LLC	PO10044		12,226
Terahertz Spectroscopic Chemical Sensor for Analysis of Fatigued Human Breath	12.800	Universal Technology Corporation	SUB 17-7612-00-C1 MOD 8		42,097
The System for Assessing Complex Contextual Attention and Dynamic Engagement-SACCADE	12.800	Lockheed Martin	PO 4102818803 LINE 10		85,316
Thermally Stimulated Current Sample Analysis	12.800	Wyle Laboratories	AP1097FY17		29,869
Training for Resilient Cyber Physical Systems Design Development and Testing (TENSILITY	12.800	Knowledge Based Systems, Inc.	2017-WSU-SUBCONTRACT		29,940
Training for Resilient Systems Design	12.800	Tier1 Performance Solutions LLC	MSA 1317 PROJECT CODE AFM3012		(2,496)
Trust Calibration and Human-Machine Teaming	12.800	Systems Research and Applications International	SRAS002156-1, PROJ 14843-001		27,083
Two-dimensional Transition Metal Dichalcogenide Ceramics Synthesis	12.800	Azimuth Corporation	SUB238-5404-WS1 PO 238-004-156		17,325
Ultra-Wide Band Gap Materials	12.800	Azimuth Corporation	238-5404-WRT PO238-004-069		4,162
Visualization of Particulate Data	12.800	Henry M. Jackson Foundation	SUB 3272 PO 870120		9,678
Vulnerability Detection and Analysis for the Unmanned Systems Autonomy Services archite	12.800	Wright Brothers Institute Inc. (The)	WBSC 7255 SOI WSU 0001		35,039
WSARC - Adapt Learn & Assess App	12.800	L3 Technologies, Inc.	JN-1006069		133,935
WSARC - Bi-Statistics Support	12.800	Riverside Research Institute	TAG 55		207,677
WSARC - CARP Phase II	12.800	Soar Technology	10314.01		211,982
WSARC - CLEAR	12.800	Aptima, Inc.	1204-2002		1,116
WSARC - CRAMMIT	12.800	The Design Knowledge Co.	1176.93		2,160
WSARC - ECCHO Toolkit	12.800	TiER1 Performance Solutions, LLC	STTR DHA17B-002/1433/DHA3751		38,575
WSARC - IARPA (HFC)	12.630	Raytheon BBN Technologies Corp.	LBN9513562/9500013562		418,455
WSARC - IDIQ	12.800	Riverside Research Institute	N/A		115,182
WSARC - IMPACT RQ-TO: 0006	12.800	InfoSciTex Corp	PO:152677/FPH02-S009		87,350
WSARC - ISAA	12.800	Ball Aerospace & Technologies Corp.	17S0049C		225,164
WSARC - PRIDE	12.800	Knexus Research	W31PQ4-18-C-0069		2,465
WSARC - RAST	12.800	InfoSciTex Corp	FPH98-S004/PO 150473		922,423
WSARC - SAVANT	12.800	Soar Technology	10319.02		56,723
WSARC - Security Cyber-Physical	12.800	Tenet3	06022016-01		39,573
WSARC - Tact Combat Casalty Care	12.800	Aptima, Inc.	1231-2048		3,222
WSARC - TAHMT	12.800	SRA International, Inc.	SRAS002249-0		10,312
WSARC - TTAS	12.800	MacAulay-Brown, Inc.	PO DSC6056		158,989
Total U.S. Department of Defense, Subcontract					5,415,627
Total U.S. Department of Defense					31,504,311
U.S. Department of Education, Subcontract -					
Facilitating Transfer of Mathematical Knowledge from Classroom to Real Life	84.305A	The Ohio State University	60041905-WSU		177,106
Mission HydroSci: A Virtual Environment for Next Generation Science Learning	84.305	Curators of the University of Missouri	C00047775-1		15,572
Mission HydroScience	84.411	Curators of the University of Missouri	C00046299-1		42,656
Total U.S. Department of Education					235,334
U.S. Department of Energy, Subcontract -					
Development and Application of a Hydrothermal Atomic Force Microscope	81.049	Oak Ridge National Laboratory	4000114518		72,426
U.S. Environmental Protection Agency, Subcontract -					
Analysis of Fish Tissue for Selenium	66.469	University of Wisconsin-Board of Regents	PO 21894		965
Nutrient and Sediment Retent. Potent. by Cntrld Pond and Riparian Tile Buffer Sys.	66.469	Ohio EPA	PROJ WRIGHT-FDSEDM14		53,924
Total U.S. Environmental Protection Agency					54,889
U.S. Department of Health and Human Services, Prime -					
A Natural History Study of Buprenorphine Diversion Self-Treatment and Use of Drug Abuse	93.279				487,381
Characterizing Fentanyl Outbreaks: Ethnographic and Forensic Perspectives	93.279				174,720

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number	Total Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)				
U.S. Department of Health and Human Services, Prime (Continued) -				
Discovery of Germline Genes and Regulatory Networks in Planarians	93.865			$ 124,538
eDarkTrends: Monitoring Cryptomarkets to Identify Emerging Trends of Illicit Synthetic	93.279			131,047
Effects of Virtual Reality Simulation on Worker Emergency Evacuation of Neonates	93.226			75,503
Environmental Pro-Oxidation Stressors and Immunosuppression	93.113			76,893
ERK3 Kinase Signaling in Lung Cancer	93.396			263,708
Exosomes from miR-Primed Endothelial Progenitor Cells for Treating Ischemic Stroke	93.853			35,846
Field-Initiated Program	93.433			148,091
Isoform-specific Regulation of the Coxsackie and Adenovirus Receptor in Polarized Epith	93.855			105,523
K-Ras Plasma Membrane Interactions: A Tractable Therapeutic Target	93.396			221,125
Managing Dementia through a Multisensory Smart Phone Application to Support Aging in Pl	93.879			156,411
Mechanisms of Reciprocal Inhibition Development	93.853			446
Mechanisms of Replication - Dependent Microsatellite Instability in Human Disease	93.001			216,977
Mechanisms Underlying Excitability Regulation of Motoneuron Types in ALS	93.853			298,293
Microvesicles as a Novel Transmitter for UVB-Induced Bioactive Products	93.846			137,418
Photodynamic Therapy-Induced Immune Modulation: Mechanisms and Influence on Therapeutic	93.846			110,658
Platelet Activating Factor and Epidermal Cytoxicity	93.837			439,030
PLD2 as a GEF or as a Lipase is Central to Leukocyte Chemotaxis	93.837			(2,003)
Pre-mRNA Processing Factors Maintain Normal Mitosis	93.859			104,941
Prevention of Adenovirus Pathogenesis Through Downregulation of the Apical Adenovirus R	93.855			146,528
Quantitative Endoscopic Imaging and Structured Light Delivery for Controlled Drug	93.286			33,729
Reduced Motoneuron Excitability in Sepsis	93.853			223,479
Role of DeltaNp63alpha in Vitamin D Mediated Cell Survival in Skin Cancer	93.393			201,797
Role of Slc12a5 in Insulin Secretion and Glucose Homeostasis	93.847			135,173
Scabies: Biology Culture Host Specificity and Antigens	93.855			2,183
SCH: kHealth: Semantic Multisensory Mobile Approach to Personalized Asthma Care	93.865			259,140
Second-site Genetic Modifiers of CTG/CAG Microsatellite Stability	93.859			(278)
Signaling Mechanism of the DNA Replication Checkpoint	93.859			217,407
Stress-induced Sickness During Social Separation	93.242			19,867
Trending Social Media Analysis to Monitor Cannabis and Synthetic Cannabinoid Use	93.279			176,292
TRPM7 and Cellular pH	93.855			363,594
Wounding Therapy and Photocarcinogenesis	93.866			304,232
Total U.S. Department of Health and Human Services, Prime				5,389,689
U.S. Department of Health and Human Services, Subcontract -				
2/2 Alcohol Associated Comorbidities and Microbiome Evaluation in HIV (ACME HIV)	93.273	University of Louisville Research Foundation Inc	ULRF 17-0787-01	11,964
A Cloud-based System for Scalable Privacy-preserving and Interactive Immune Repertoire	93.855	IMMUDX	N/A	7,528
African Ancestry Genomic Psychiatry Project	93.242	State Univ New York Research Foundation	1129280-72487	117,567
Blood Flow Velocimetry Using Digital Subtraction Angiography	93.837	Radiation Monitoring Devices, Inc.	SUB C17-14	11,369
Characterizing Placebo Response to Active Treatment using Very High Dimensional Data	93.242	New York Univ Schl of Medicine	PO# M160019286 PROJECT 105312	79,095
Comparing Interventions for Opioid Dependent Patients Presenting in Medical EDs	93.279	New York Univ Schl of Medicine	15-A0-00-005065-01	33,853
DCOP Fiscal Agency Federal	93.395	Dayton Clinical Oncology Program (DCOP)	5UG1CA189957-05	775,466
Development and Validation of a Virtual Airway Skill Trainer (VAST)	93.838	Rensselaer Polytechnic Institute	A12577 PO154691	20,360
Evaluation of Efficacy and Safety of AB103 a CD28 Co-stimulatory Receptor Modulator in	93.061	Atox Bio, Ltd.	ATB-202	1,859
Genetic Epidemiology of Ocular Health and Disease	93.867	University of Texas Rio Grande Valley	7R01ET024384-03-03	30,325
Intestinal Epithelial Cell Regulation of Allergic Inflammation at Distant Sites	93.847	Ohio State University	60047886 PO# RF01432240	4,645
ISDP Travel Award	93.859	International Society for Developmental Psychobiology	CHECK#1694	300
Mechanisms of Photocarcinogenesis in Geriatric Skin	93.113	Indiana University	IN4683135WSU; PO#1641122	(357)
MEDTAPP Healthcare Access Initiative-Community Health Workers First	93.778	Ohio State University	PROJ#60055249/PO#RF01449570	40,341
MISTIE III A Phase III Randomized Open Label 500-Subject Clinical Trial of Minimally In	93.853	Johns Hopkins University	2003084709/NCT00961532	3,395
Modeling Social Behavior for Healthcare Utilization and Outcomes in Depression	93.242	Cornell University	SUB 183637	209,620
Montgomery County (OH) SAMHSA 2015 Drug Court Grant	93.243	Montgomery County Common Pleas Court	N/A	13,303
Non-contact THz Sensing of Corneal Hydration	93.867	University of California, Los Angeles (UCLA)	0125 G PA 247	(1,451)
Ohio MRC Leadership Conference	93.074	Ohio Department of Health	PO DOH01-0000051840	122,250
Platelet-Oriented Inhibition in New TIA (POINT)	93.061	EMMES Corporation	N/A	2,111
Renal Osteodystrophy-A Fresh Approach	93.847	Kentucky University of	3200000108-16-102 PO7800003041	6,063
Strengthening Middle School Science and Health Education by Linking Grade-Level Inquiry	93.859	Curators of the University of Missouri	C00054701-1	10,124
Synaptic Function: Effects of the Nerve Injury and Altered Activity	93.853	Georgia Tech Research Corporation	RG574-G2	283,155
Telomere Length Dynamics in Relation to Changes in Adiposity and Metabolic Risk	93.847	University of Texas Health Science Center at Houston	0012700C	202,212
The Learning and Working During the Transition to Adulthood Rehabilitation Research and	93.433	University of Massachusetts Worcester	WA00641191/OSP2017116	15,013
Updating Skeletal Maturity Methods for U.S. Children	93.846	Curators of the University of Missouri	C00054285-1	24,636
Total U.S. Department of Health and Human Services, Subcontract				2,024,746
Total U.S. Department of Health and Human Services				7,414,435
U.S. Department of Interior, Prime -				
Developing a Standardized Field Key to Distinguish Among Mallards (Anas Platyrhynchos)	15.655			2,338
U.S. Department of Justice, Subcontract -				
The Westwood Partnership to Prevent Juvenile Repeat Violent Offenders	16.609	Ohio Governor's Office of Criminal Justice Services	2014-PS-PSN-431	6,250
National Aeronautics and Space Administration, Subcontract -				
2016-2017 NASA Robotic Mining Competition	43.001	Ohio Space Grant Consortium	N/A	2,155
2018 SAE Mini Baja - Raider Racing	43.001	Ohio Space Grant Consortium	N/A	1,422
Creating Surgical Capabilities for Exploration Space Flight	43.003	Baylor College of Medicine	PO# 7000000567	12,325
Empirical Optimization of Physical Properties in SLM Ti-6Al-4V via Layer-Wise-Multi-Mod	43.009	Universal Technology Corporation	17-7616-00-C1	27,692
In-Process Monitoring of Additive Manufacturing	43.001	Universal Technology Corporation	17-7615-00-C1	13,862
MAVEN Mission	43.001	University of Colorado	PO 1000013110 REF 1546525	225,861
SAE Aero Design	43.001	Ohio Space Grant Consortium		1,509
Total National Aeronautics and Space Administration				284,826
National Endowment for the Humanties, Subcontract -				
Vetusta Monumenta: A Digital Antiquarian Edition	45.161	Curators of the University of Missouri	C00057491-1	63,556

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number	Total Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)				
National Science Foundation, Prime -				
A National Model for Engineering Mathematics Education	47.076			$ 56,405
Collaborative Proposal Developing a Battery of Interdisciplinary Methods for the Study	47.041			44,231
Collaborative Proposal: RTD-based Relaxation Oscillators (RTD-RO) to Increase Output Po	47.041			88,066
Collaborative Research: Dimensions US-Biota São Paulo: Chemically Mediated Multi-trop	47.074			73,338
Collaborative Research: GEOTRACES Arctic Section: Mercury Speciation and Cycling in t	47.050			34,560
Collaborative Research: I/UCRC Center for Surveillance Research - Phase II	47.041			89,298
Collaborative Research: Characterizing Active Learning Environments in Physics	47.076			14,396
Collaborative Research: Engaged Student Learning: Re-conceptualizing and Evaluating a C	47.076			9,993
Collaborative Research: Examining the Role of Nitrogen Exchange in the Formation of Alg	47.074			45,296
Collaborative RET Site - Inspiring the Next Generation of a Highly-Skilled Workforce in	47.041			50,336
Collaborative: TUES: Software Defined Radio Laboratory Platform for Enhancing Undergr	47.076			25,431
Contribution of Hemodynamic Shear Stress Abnormalities to Calcific Bicuspid Aortic Valv	47.041			55,904
CPS: Synergy: Collaborative Research: Methodologies for Engineering with Plug-and-Le	47.070			49,666
CRII:CSR:Towards Understanding and Mitigating the Impact of Web Robot Traffic on Web Sy	47.070			38,053
CUTE: Instructional Laboratories for Cloud Computing Education	47.076			22,837
EAGER: Collaborative Research: A New Science of Visual Experience	47.041			59,170
EAGER: Intelligent Agent Incident Command System Augmentation	47.070			63,976
EAGER: Novel Bio-inspired 3D Hybrid Materials for Surface-Active Devices	47.041			60,902
EAGER: Novel Catalyst Design Using Hierarchical Hybrid Materials	47.041			6,864
EarthCube Building Blocks: Collaborative Proposal: GeoLink - Leveraging Semantics and	47.050			13,829
GOALI/Collaborative Research: Optimal Inpatient Discharge Planning Under Uncertainty	47.041			57,913
III: Small: TRON - Tractable Reasoning Ontologies	47.070			4,793
IIS: Medium: Context-Aware Harrassment Detection on Social Media	47.070			215,832
In the Footsteps of Katharine Wright: Promoting STEM Women through LEADER	47.076			5,472
INSPIRE Track 1: Intrinsic Oscillations in Supramolecular Assemblies: Novel Ultra-Hig	47.041			73,429
Intergovernmental Personnel Act (IPA) assignment of Dr. Tamera Schneider from Wright St	47.075			118,966
MRI: Acquisition of High Performance Computer Cluster for Multidisciplinary Computatio	47.070			119,813
MRI: Acquisition of a CytoViva System for Highly Interdisciplinary Research and Education	47.041			269,830
Optimal Control of Quantum Systems: Transformative NMR and EPR Applications	47.049			109,318
PFI: AIR-TT: Market Driven Innovations and Scaling up of Twitris - A System for Collect	47.041			24,881
Planning IUCRC Wright State University: Center for Hardware and Embedded System Securit	47.070			1,357
RDE-RAD: Collaborative Research: Ohio's STEM Ability Alliance (OSAA): STEM Degrees and	47.076			7,248
Regularized Adaptive Methods for Classes of Nonlinear Partial Differential Equations	47.049			18,730
Regulated Sialylation Modulates Cardiac Excitability and Conduction	47.074			144,242
REU Site: Data-Driven Cyber Security Research	47.070			122,868
REU Site: Undergraduate Research in Intelligent Autonomous Vehicles	47.041			136,150
RI: Student Travel Program for the 2018 International Conference on Case-Based Reasonin	47.041			605
The 16th International Semantic Web Conference (ISWC2017)	47.070			1,400
The CECS Student Success Scholarship Program: Leveraging Curricular Innovation in Engi	47.076			125,872
The PIPELINE Network: Supporting the Development of Physics Innovation and Entrepreneu	47.076			9,037
WSU Students ASK…A Success & Scholarship Program for Students Applying Scientific Knowl	47.076			20,842
Total National Science Foundation, Prime				2,491,149
National Science Foundation, Subcontract -				
Hazards SEES: Citizen and Physical Sensing Enabled Decision Support for Disaster Mgt.	47.050	The Ohio State University	PO RF01414911 PROJ 60047971	236,126
Native Point Defects, Electrically-Active Impurities and Plasmonics At ZnO Interfaces	47.049	The Ohio State University	RF01354806	16,841
Ohio LSAMP Alliance	47.076	The Ohio State University	PO RF01345710	26,644
Supporting Scientific Practices in Elementary and Middle School Classroom	47.076	Northwestern University	SP0009801-PROJ0002732	14,489
Travel for NSF CSR PI meeting	47.070	UNC Charlotte	CSR-1464104	460
Total National Science Foundation, Subcontract				294,560
Total National Science Foundation				2,785,709
U.S. Department of Transportation, Prime -				
Development and Valid. of a Standard Color Palette and Updates to the FAA Color Std.	20.108			50,872
U.S. Department of Transportation, Subcontract -				
Evaluating Trusted Systems Implementation	20.614	Transportation Research Center, Inc.	PO# 5677	8,490
Intelligent Modeling of Vehicle Firmware	20.614	Transportation Research Center, Inc.	PO# 9015	12,153
Total U.S Department of Transportaton, Subcontract				20,643
Total U.S. Department of Transportation				71,515
U.S. Department of Veterans Administration, Prime -				
Dayton Veterans Affairs Medical Center IPA Agreement - Knisely	64.115			16,067
Dayton Veterans Affairs Medical Center IPA Agreement - Williams	64.115			12,564
Dayton Veterans Affairs Medical Center IPA Agreement Baker-Nolan	64.115			48,706
Dayton Veterans Affairs Medical Center IPA Agreement Cates	64.115			33,604
Dayton Veterans Affairs Medical Center IPA Agreement Rapp	64.115			45,378
Dayton Veterans Affairs Medical Center IPA Agreement Romer	64.115			42,907
Dayton Veterans Affairs Medical Center IPA Agreement Simmons	64.115			22,840
Dayton Veterans Affairs Medical Center IPA Agreement Zhang	64.115			35,162
Gambling Disorder Neuroimaging of Reward and Anti-Reward Circuitry	64.115			679
Laboratory Animal Resources Care	64.115			13,025
Veterans Affairs Medical Center IPA Agreement Kemp	64.115			77,391
Total U.S. Department of Veterans Administration				348,323
TOTAL RESEARCH AND DEVELOPMENT CLUSTER				**$ 43,108,538**

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number	Total Federal Expenditures
MEDICAID CLUSTER				
MEDTAPP Healthcare Access Initiative - Preparing the Workforce for Ohio's Medicaid Popu	93.778	The Ohio State University	PROJ#60055249/PO#RF01449572	$ 34,277
MEDTAPP Ohio Cardiovascular Disease Value Collaboration	93.778	Case Western Reserve University	RES512701	61,805
TOTAL MEDICAID CLUSTER				96,082
TRIO CLUSTER				
Building Successful Futures	84.047			117,573
TOTAL TRIO CLUSTER				117,573
U.S. Department of Commerce, Prime -				
NIST SURF Fellowship Gaithersburg	11.620			(1,409)
U.S. Department of Defense, Prime -				
Southwest Ohio Region DD	12.614			1,835,062
U.S. Department of Defense, Subcontract -				
Boxing Scoring Interface System For Aggression Behavior Research	12.440	Tufts University	N/A	46
Science Mathematics and Research for Transformation (SMART) Defense Scholarship Program	12.800	American Society for Engineering Education	N/A	46,195
Wright Brothers Institute Operations	12.800	Wright Brothers Institute Inc. (The)	WBSC 7255 WSU-TE	252,935
Total U.S. Department of Defense, Subcontract				299,176
Total U.S. Department of Defense				2,134,238
U.S. Department of Education, Prime -				
Wright State CCAMPIS: Childcare Access Means Parents in School Program	84.335			136,136
U.S. Department of Education, Subcontract				
Authentic In-Class Integration Of Reasoning And Content Support For Teachers	84.367	Ohio Department of Higher Education	16-39	63,043
GEAR UP Scholarship Program	84.334	Ohio Department of Higher Education	N/A	7,700
Partners in Integrated Earth Systems Science (PIES) (FY16)	84.367	Ohio Department of Higher Education	15-46	12,133
Partners in Integrated Earth Systems Science (PIES) (FY17)	84.367	Ohio Department of Higher Education	16-40	47,760
Passport to Future Year Two	84.184	Ohio Department of Education	PROJ 10213	3,572
Science Teaching for Ohio's New Economy (STONE) FY16	84.367	Ohio Department of Higher Education	15-47	4,320
Science Teaching for Ohio's New Economy (STONE) FY17	84.367	Ohio Department of Higher Education	16-42	31,370
Support for OCTANE Day	84.048	Ohio Department of Higher Education	N/A	750
Support for Position of Associate Director SCTAI FY17	84.048	Ohio Department of Higher Education	N/A	78
Support for Position of Associate Director SCTAI FY2018	84.048	Ohio Department of Higher Education	N/A	86,670
Support for Position of Senior Associate Director SCTAI FY2018	84.048	Ohio Department of Higher Education	N/A	98,540
Travel Support for Perkins SCTAI/CT2 Compliance	84.048	Ohio Department of Higher Education	N/A	342
Total U.S. Department of Education, Subcontract				356,278
Total U.S. Department of Education				492,414
U.S. Department of Health and Human Services, Prime -				
Accelerating Primary Care Transformation Wright (APCT-Wright)	93.884			589,373
Biomedical Scholars Program	93.859			192,589
Disability and Rehabilitation Research Program	93.433			406,899
Enhancing ICS Project with Montgomery County Syringe Exchange Program	93.243			134,880
Integrated Continuum-of-Care Services (ICS) Project	93.243			315,230
Integrated SBIRT Training for Medical Nursing Counseling and Clinical Psychology Studen	93.243			233,434
Montgomery County Offender Reentry Program	93.243			316,889
Peer Movement Project (PMP)	93.243			185,155
Sisterline: Substance Abuse Treatment and HIV Prevention for African-American Women at	93.243			332,776
Wright State University Veteran's Bachelor of Science Nursing Program	93.359			335,174
Total U.S. Department of Health and Human Services, Prime				3,042,399
U.S. Department of Health and Human Services, Subcontract -				
45417 MHFA Project	93.243	Mt Olive Baptist Church	N/A	12,464
Child Welfare Workforce Professional Education Program FY16/FY17	93.658	Ohio Department of Job and Family Services	G-1617-06-0276;JFS010000019695	5,920
Child Welfare Workforce Professional Education Program FY18/FY19	93.645	Ohio Department of Job and Family Services	G-1819-06-0293;JFS01-000022038	116,452
Children Matter! Montgomery County (CMMC) Project FY17-18	93.104	Montgomery County ADAMH Services Board	BOARD RESOLUTION #16-061	25,856
Children Matter! Montgomery County (CMMC) Project FY18-19	93.104	Montgomery County ADAMH Services Board	BOARD RESOLUTION #17-060	59,632
Community Health Assessment Support to Greene; Miami; and Preble Counties	93.994	Greene County Combined Health District	N/A	(24,919)
East Dayton AWARE Project	93.243	Montgomery County ADAMH Services Board	BOARD RESOLUTION 16-001	9,872
Madison County Community Health Improvement Plan	93.994	Madison County/London City Health District	N/A	(2,339)
Mental Health First Aid Training in Hamilton County	93.243	Mental Health America of Northern Kentucky & Southwest Ohio	N/A	10,856
OCTF Regional Surveys and Dashboard Development	93.590	Ohio Department of Job and Family Services	G-1819-22-0314; PO JFS01-22209	71,540
Ohio SBIRT FY 17	93.243	Ohio Department of Mental Health and Addiction Services	1700337 DIRECT / 4253C	17,184
Ohio SBIRT FY 18	93.243	Ohio Department of Mental Health and Addiction Services	1800434 DIRECT *7/1/17 START*	117,415
Ohio's Strategic Prevention Framework for Prescription Drugs (SPF Rx) - WSU	93.243	Ohio Department of Mental Health and Addiction Services	1700696	16,294
Ohio's Coordinating Center of Excellence in Mental Health/Intellectual Disability (SAMH	93.958	Ohio Department of Mental Health and Addiction Services	N/A	85,041
Ohio's Coordinating Center of Excellence in Mental Illness/Developmental Disability	93.630	Ohio Developmental Disabilities Council	12HE01HE16	(574)
PECE-PACT- FY2017/FY2018	93.959	Montgomery County ADAMH Services Board	BOARD RESOLUTION 16-025	64,558
Southwest Ohio Regional Prevention Coordinator FY18/FY19	93.590	Ohio Department of Job and Family Services	G-1819-22-0245;JFS01-22252	115,317
Southwest Ohio Regional Prevention Coordinator Proposal	93.590	Ohio Department of Job and Family Services	G-1617-22-0534;JFS01-000020741	9,188
Total U.S. Department of Health and Human Services, Subcontract				709,757
Total U.S. Department of Health and Human Services				3,752,156

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Pass-through Agency	Pass-through Agency Number	Total Federal Expenditures
U.S. Department of Homeland Security, Subcontract -				
OMORT Sustainment	97.067	Ohio Emergency Management Agency	DPSFE210 FY14 STATE HOMELAND	$ (4,321)
U.S. Department of Justice, Prime -				
Building Coordinated Community Response to Address Sexual Assault/Domestic & Dating Vio	16.525			20,928
U.S. Department of Justice, Subcontract -				
Expanding Quality and Access to Information and Services for Sexual Assault Victims	16.575	Ohio Office of the Attorney General	2018-VOCA-109309450	31,944
Initiative to Improve Quality and Access to Information and Services for Sexual Assault	16.575	Ohio Office of the Attorney General	2017-VOCA-43551447	63,663
Justice and Mental Health Collaboration Project	16.745	Sharonville Ohio City of	N/A	5,606
Total U.S. Department of Justice, Subcontract				101,213
Total U.S. Department of Justice				122,141
U.S. Department of Labor, Subcontract -				
Evaluation of Northwest State Community College's Trade Adjustment Assistance Community	17.282	Northwest State Community College		36,387
National Aeronautics and Space Administration, Prime -				
Aerospace Medicine Training for the Era of Expanding Human Space Flights	43.009			412,306
National Aeronautics and Space Administration, Subcontract -				
Ohio Space Grant Consortium Scholarship-Fellowship Program 2015-2016	43.001	Ohio Space Grant Consortium	OSGC 2015-2016	3,500
Ohio Space Grant Consortium Scholarship-Fellowship Program 2016-2017	43.001	Ohio Space Grant Consortium	OSGC 2016-2017	2,500
Ohio Space Grant Consortium Scholarship-Fellowship Program 2017-2018	43.001	Ohio Space Grant Consortium	OSGC 2017-2018 SCHOLARSHIPS	5,000
Total National Aeronautics and Space Administration, Subcontract				11,000
Total National Aeronautics and Space Administration				423,306
Small Business Administration, Subcontract -				
Small Business Development Center 2017-2018	59.037	Ohio Development Services Agency	OSBG-18-306	85,449
Small Business Development Center FY2016	59.037	Ohio Development Services Agency	OSBG-16-306	(1,909)
Small Business Development Center FY2017	59.037	Ohio Development Services Agency	OSBG-17-306	40,567
Total Small Business Administration				124,107
U.S. Department of State, Subcontract -				
Community Partnership Grant FY2017	19.402	Global Ties U.S.	CPG-FY17-173	6,500
University of Babylon Small Grant Project	19.021	IREX	FY16-HEP-WSU-01	20,399
Total U.S. Department of State				26,899
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 172,594,057**

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

Subtotals of CFDAs with Multiple Awards

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number	Total Federal Expenditures
Air Force Defense Research Sciences Program	12.800	$ 299,130
Crime Victim Assistance	16.575	95,607
Science	43.001	11,001
Small Business Development Centers	59.037	124,107
Career and Technical Education -- Basic Grants to States	84.048	186,380
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	158,625
Comprehensive Community Mental Hlth Srvcs for Children with Serious Emotional Disturbances (SED)	93.104	85,487
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1,702,450
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	406,899
Community-Based Child Abuse Prevention Grants	93.590	196,045
Block Grants for Community Mental Health Services	93.958	85,041
Block Grants for Prevention and Treatment of Substance Abuse	93.959	64,558
Maternal and Child Health Services Block Grant to the States	93.994	(27,258)

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Schedule of Amounts Passed-Through to Subrecipients

Subrecipient Name	CFDA Number	Program Title	Total Federal Expenditures
361 Interactive LLC	12.800	WSARC - HMT	467,446
Air Force Research Laboratory	12.800	SIRCUS	(450,000)
Analytic Services Inc.	12.900	WSARC - SCAMP	145,656
Applied Information Scien	12.800	WSARC - HMT	883,516
Aptima Inc	12.800	WSARC - MiDLE	785,325
Ball Aerospace & Tech Crp	12.800	WSARC - HMT	2,521,109
Big Brothers Big Sisters	84.184	Passport to Future Year Two	3,572
Brigham and Women's Hospital, Inc.	12.300	Precision High Intensity Training through Epigenetics (PHITE)	(39,320)
Brigham and Women's Hospital, Inc.	12.800	SIRCUS	(65,119)
Brigham and Women's Hospital, Inc.	47.049	Optimal Ctrl of Quantum Sys:Transform NMR and EPR Applic.	(32,707)
Brigham and Women's Hospital, Inc.	47.076	In the Footsteps of Katharine Wright: Promoting STEM	(28,326)
Brigham and Women's Hospital, Inc.	93.279	Trndng Soc Media Anal. to Monitor Cannabis & Synth Cannab Use	(3,072)
Brigham and Women's Hospital, Inc. Total			**(168,544)**
Case Western Reserve Univ	12.800	WSARC - Calamityville Operational	1,445
Central State University	47.076	In the Footsteps of Katharine Wright: Promoting STEM	7,971
Cherry Street Services Inc	93.242	African Ancestry Genomic Psychiatry Project	10,655
Children's Hospital Medical Center	93.226	Effects of VR Sim on Worker Emergcy Evac of Neonates	17,000
Clark University	12.300	Goal Driven Autnmy and Robst Arch. for Long Dration Missions	(13,252)
Clark University	12.420	Eval. of Brief Marriage Interven. for Internal Behav. Hlth. Cons.	96,139
Clark University	93.994	Commun. Hlth Assess. Sppt to Greene; Miami; and Preble Counties	(14,000)
Clark University Total			**68,887**
Columbia University	93.279	A Natural History Study of Buprenorphine Diversion Self-Treatment	67,694
Columbia University	93.279	Trndng Soc Media Anal. to Monitor Cannabis & Synth Cannab Use	19,832
Columbia University Total			**87,526**
David L. Post	20.108	Dvlpmt and Valid of a Stnd Color Palette and Updates to the FAA Color	29,430
Dayton Children's Hospital	93.865	SCH: kHealth: Semantic Multisensory Mobile Approach to Asthma	119,623
Florida Institute for Human and Machine Cognition (IHMC)	12.800	Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)	68,502
General Atomics	12.800	Revolutionary Intelligence and Influence Technologies (RIIT)	20,343
Georgia Tech	93.853	Reduced Motoneuron Excitability in Sepsis	(1,262)
Heyman, Richard E.	12.800	Up-Armoring At-Risk Military Couples	62,831
Indiana University	12.300	Alternate Tinnitus Management Techniques Developed Using B-O-L-D	260,497
Indiana University	93.837	Platelet Activating Factor and Epidermal Cytoxicity	69,442
Indiana University	93.866	Wounding Therapy and Photocarcinogenesis	153,070
Indiana University Total			**483,009**
Intuidex, Inc	12.800	WSARC - HMT	470,886
J Craig Venter Institute	12.900	WSARC - LEAP	116,971
Kennesaw State University	93.994	Commun. Hlth Assess. Sppt to Greene; Miami; and Preble Counties	14,000
Lehigh University	12.300	Goal Driven Autnmy and Robst Arch. for Long Dration Missions	33,887
Leidos	47.076	A National Model for Engineering Mathematics Education	(2,007)
Lockheed Martin Corp	12.800	WSARC - HMT	250,376
Mahidol University	93.279	eDarkTrends: Monitoring Cryptomarkets to Identify Emerging Trends	14,845
Miami University	93.226	Effects of VR Sim on Worker Emergcy Evac of Neonates	8,474
Mile Two, LLC	12.800	WSARC - HMT	208,771
Mini University, Inc.	84.335	Wright State CCAMPIS	136,136
Montgomery County Coroner's Office	93.279	Characterzng Fentanyl Outbrks: Ethngrphc and Forensic Perspectives	21,257

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Schedule of Amounts Passed-Through to Subrecipients (Continued)

Subrecipient Name	CFDA Number	Program Title	Total Federal Expenditures
Mount Olive Baptist Church	93.243	Sisterline: Substance Abuse Treat and HIV Prevent for Afr-Am Women	$ 66,700
Navmar Applied Sciences	12.800	WSARC - HIVE	126,797
New York University	47.049	Optimal Ctrl of Quantum Sys:Transform NMR and EPR Applic.	44,888
Oklahoma State University	12.800	SIRCUS	33,742
Persistent Systems	12.800	WSARC - HIVE	10,416
Public Health Dayton & Montgomery County	93.243	Enhancing ICS Proj. with Mntgmry Cnty Syringe Exchange Program	23,682
Public Health Dayton & Montgomery County	93.243	Integrated Continuum-of-Care Services (ICS) Project	2,352
Public Health Dayton & Montgomery County Total			**26,034**
Radiance Technologies	12.800	WSARC - HMT	158,166
Raytheon BBN Technologies	12.800	WSARC - HMT	49,103
Resilient Cognitive Solut	12.800	WSARC - HMT	752,884
Sinclair Comm College	12.800	WSARC - Calamityville Operational	25,000
SRA International Inc	12.800	WSARC - HMT	570,576
Strategic Analysis Enterp	12.800	WSARC - HMT	75,085
Textron Systems Unmanned	12.800	WSARC - HIVE	418,330
The Ohio State University	12.800	SIRCUS	255,764
The Ohio State University	12.800	WSARC - HMT	147,678
The Ohio State University Total			**403,442**
The Research Foundation for SUNY	93.286	Quant. Endos. Imaging and Struc. Light Deliv. for Ctrld Drug	81
The Salk Institute for Biological Studies	12.300	Precision High Intensity Training through Epigenetics (PHITE)	622,233
The Salk Institute for Biological Studies	12.800	Aeromech. Investigation of Turbine Engine High Speed CompressoRS	25,121
The Salk Institute for Biological Studies Total			**647,354**
The University of Alabama at Birmingham	12.300	Precision High Intensity Training through Epigenetics (PHITE)	824,743
The University of Michigan	12.800	SIRCUS	92,970
University of Cincinnati	93.226	Effects of VR Sim on Worker Emergcy Evac of Neonates	19,503
University of Dayton	12.800	Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)	469,229
University of Dayton	12.800	WSARC - HMT	122,912
University of Dayton	47.076	In the Footsteps of Katharine Wright: Promoting STEM	34,043
University of Dayton Total			**626,184**
University of Maryland	47.076	The CECS Stdnt Success Schol Prog: Leverag. Curriculr Innov.	9,170
University of New South Wales	93.279	eDarkTrends: Monitoring Cryptomarkets to Identify Emerging Trends	8,861
University of Pennsylvania	12.800	SIRCUS	1,021,469
University of Washington	93.853	Reduced Motoneuron Excitability in Sepsis	55,866
Worcester Polytechnic Institute	47.076	The PIPELINE Network: Supporting Physics Innovation	3,561
Grand Total			**$ 12,508,561**

See notes to the Schedule of Expenditures of Federal Awards.

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) has been prepared using the accrual basis of accounting in accordance with the format as set forth in 2 CFR 200 (Uniform Guidance) Subpart F, *Audit Requirements,* issued by the United States Office of Management and Budget. The Schedule reflects the expenditures of Wright State University under programs financed by the U.S. government for the year ended June 30, 2018. 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.

For purposes of the Schedule, expenditures of federal awards include the following:

- Direct federal awards
- Federal Direct Student Loans processed by the University
- Outstanding balances of federal loan programs administered by the University
- Pass-through funds received from non-Federal organizations made under federally sponsored programs conducted by those organizations.

Awards are classified into major program and non-major program categories in accordance with the provisions of the Office of Management and Budget (OMB) 2 CFR 200 (Uniform Guidance) Subpart F, *Audit Requirements*. Catalog of Federal Domestic Assistance (CFDA) Numbers or Primary Grant Numbers are presented for those programs for which such numbers are available.

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.

In addition, the discretely presented component unit Wright State Applied Research Corporation is included in the University’s financial statements and schedule of expenditures of federal awards.

The University did not elect to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

B. FEDERAL DIRECT STUDENT LOANS

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan program (CFDA Number 84.268).

C. FEDERAL LOAN PROGRAMS

The federal loan programs listed subsequently are administered directly by the University and balances and transactions relating to the programs are included in the University’s financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule.

Total loan balances outstanding of the U.S. Department of Education and the U.S. Department of Health and Human Services student financial assistance loan programs for the fiscal year are identified below:

	CFDA Number	Outstanding Balance at June 30, 2018
Federal Perkins Loan Program	84.038	$ 10,112,276
Nurse Faculty Loan Program	93.264	70,433
Health Professions Student Loans	93.342	12,294
Loans for Disadvantaged Students	93.342	85,868
Nursing Student Loan Program	93.364	761,207
Primary Care Loans	93.342	657,439

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

Independent Auditor's Report

Board of Trustees
Wright State University
Dayton, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of Wright State University (University), collectively a component unit of the State of Ohio, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 15, 2018, which contained an emphasis of matter paragraph regarding a change in accounting principle.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

BKD, LLP

Cincinnati, Ohio
October 15, 2018

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Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Trustees
Wright State University
Dayton, Ohio

Report on Compliance for the Major Federal Program

We have audited Wright State University's (University) compliance with the types of compliance requirements described in the U. S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on the University's major federal program for the year ended June 30, 2018. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

BKD, LLP

Cincinnati, Ohio
December 14, 2018

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2018

7. The University's major program was:

Cluster/Program	CFDA Number
Student Financial Assistance Cluster	84.063, 84.007, 84.033, 84.268, 84.038, 93.264, 93.342 and 93.364

8. The threshold used to distinguish between Type A and Type B programs was $3,000,000.

9. The University qualified as a low-risk auditee? ☐ Yes ☒ No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding

No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding

No matters are reportable.

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2018

Reference Number	Summary of Finding	Status
2017-001	Governmental Accounting Standards Board Statement No. 61 requires governments to determine if a potential component unit meets the criteria to be included in its financial statements; and, if so, the government should determine if the component unit be discretely presented or blended component unit.	Resolved
2017-002	U.S Department of Education – Student Financial Assistance Cluster CFDA No. 84.007, Federal Supplemental Educational Opportunity Grant Program CFDA No. 84.033, Federal Work Study Program CFDA No. 84.038, Federal Perkins Loan Program CFDA No. 93.264, Nursing Faculty Loan Program CFDA No. 84.268, Federal Direct Student Loan Program CFDA No. 84.063, Federal Pell Grant Program CFDA No. 93.342, Health Professions Student Loans Program CFDA No. 93.364, Nursing Student Loans Program Program Year 2016–2017 Special Tests and Provisions – Management is responsible for timely reporting changes in student status to the National Student Loan Data System.	Resolved

WRIGHT STATE UNIVERSITY

OFFICE OF THE
CONTROLLER

wright.edu/controller

Office of the Controller

3640 Colonel Glenn Hwy.
Dayton, OH 45435

OHIO AUDITOR OF STATE
KEITH FABER

WRIGHT STATE UNIVERSITY

GREENE 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
MARCH 28, 2019