

**THE UNIVERSITY OF TOLEDO**

Financial Statements

June 30, 2000

(With Independent Auditors' Report Thereon)



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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We have reviewed the Independent Auditor's Report of the University of Toledo, Lucas County, prepared by KPMG LLP, for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

January 2, 2001

# THE UNIVERSITY OF TOLEDO

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## Independent Auditors' Report

The Board of Trustees  
The University of Toledo:

We have audited the accompanying balance sheet of The University of Toledo (University), a component unit of the State of Ohio, as of June 30, 2000, and the related statements of changes in fund balances and current funds unallocated revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University of Toledo as of June 30, 2000, and the changes in fund balances and current funds unallocated revenues, expenditures, and other changes for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 16, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**KPMG LLP**

October 16, 2000

**THE UNIVERSITY OF TOLEDO**

Balance Sheets

June 30, 2000

(with comparative figures at June 30, 1999)

Assets	<u>2000</u>	<u>1999</u>	Liabilities and Fund Balances	<u>2000</u>	<u>1999</u>
Current funds:			Current funds:		
Unrestricted:			Unrestricted:		
Educational and general:			Educational and general:		
Investments	\$ 38,508,858	32,586,422	Accounts payable	\$ 9,022,566	5,673,962
Accounts receivable, less allowance for doubtful accounts of \$2,231,358 in 2000 and \$1,967,760 in 1999, respectively	3,507,757	3,955,932	Accrued payroll	475,681	2,259,083
Accrued interest receivable	302,031	224,769	Accrued vacation pay	5,825,172	6,494,791
Inventories	68,625	92,224	Accrued sick leave	2,041,213	2,141,612
Prepaid expenses	6,761,373	5,769,371	Accrued retirement incentive plan	339,578	3,034,550
Deposits and deferred charges	<u>22,246</u>	<u>67,141</u>	Other accrued expense	3,905,730	3,621,865
			Deferred revenue and student deposits	12,027,464	11,561,934
			Due to other funds	6,112,966	5,897,640
			Fund balances (deficit):		
			Allocated	7,683,511	7,898,694
			Unallocated	<u>1,737,009</u>	<u>(5,888,272)</u>
			Total educational and general	<u>49,170,890</u>	<u>42,695,859</u>
Total educational and general	<u>49,170,890</u>	<u>42,695,859</u>			
Auxiliary enterprises:			Auxiliary enterprises:		
Cash and cash equivalents	8,620	11,470	Accounts payable	1,136,197	485,721
Accounts receivable, less allowance for doubtful accounts of \$244,000 in 2000 and \$215,000 in 1999, respectively	2,195,938	2,297,466	Accrued payroll	130,702	404,841
Inventories	162,267	147,228	Accrued vacation pay	835,119	728,937
Prepaid expenses	34,784	210	Accrued sick leave	106,958	111,149
Due from other funds	<u>5,447,541</u>	<u>5,246,621</u>	Other accrued expenses	320,911	243,572
			Deferred revenue and student deposits	497,532	579,562
			Fund balance – allocated	<u>4,821,731</u>	<u>5,149,213</u>
Total auxiliary enterprises	<u>7,849,150</u>	<u>7,702,995</u>	Total auxiliary enterprises	<u>7,849,150</u>	<u>7,702,995</u>
Total unrestricted	<u>57,020,040</u>	<u>50,398,854</u>	Total unrestricted	<u>57,020,040</u>	<u>50,398,854</u>
Restricted:			Restricted:		
Cash and cash equivalents	500	500	Accounts payable	305,557	1,078,761
Accounts receivable	6,405,010	5,728,869	Due to other funds	1,855,991	1,400,864
Prepaid expenses	<u>693</u>	<u>3,780</u>	Fund balances:		
			Allocated	135,648	889,484
			Unallocated	<u>4,109,007</u>	<u>2,364,040</u>
Total restricted	<u>6,406,203</u>	<u>5,733,149</u>	Total restricted	<u>6,406,203</u>	<u>5,733,149</u>
Total current funds	<u>\$ 63,426,243</u>	<u>\$ 56,132,003</u>	Total current funds	<u>\$ 63,426,243</u>	<u>\$ 56,132,003</u>

**THE UNIVERSITY OF TOLEDO**

Balance Sheets

June 30, 2000

(with comparative figures at June 30, 1999)

Assets	<u>2000</u>	<u>1999</u>	Liabilities and Fund Balances	<u>2000</u>	<u>1999</u>
Loan funds:			Loan funds:		
Investments	\$ 1,132,941	1,044,221	Accounts payable	\$ 4,231	44,347
Notes receivable, less allowance for doubtful loans of \$760,000 in 1999 and 1998, respectively	12,905,182	12,901,123	Due to other funds	—	136,827
Due from other funds	<u>408,822</u>	<u>—</u>	Fund balances:		
			Federal grant receivable	12,813,581	12,236,741
			University funds – restricted	<u>1,629,133</u>	<u>1,527,429</u>
Total loan funds	<u>\$ 14,446,945</u>	<u>13,945,344</u>	Total loan funds	<u>\$ 14,446,945</u>	<u>13,945,344</u>
Endowment and similar funds:			Endowment and similar funds:		
Investments	\$ 38,578,726	36,808,222	Accounts payable	\$ 132,368	200,886
Accrued interest receivable	<u>124,654</u>	<u>119,564</u>	Due to other funds	93,689	28,862
			Fund balances:		
			Endowment:		
			Allocated	7,028,253	6,634,439
			Unallocated	2,869,578	2,869,550
			Quasi-endowment:		
			Designated	21,920,318	20,728,363
			Unrestricted	<u>6,659,174</u>	<u>6,465,686</u>
Total endowment and similar funds	<u>\$ 38,703,380</u>	<u>36,927,786</u>	Total endowment and similar funds	<u>\$ 38,703,380</u>	<u>36,927,786</u>
Plant funds:			Plant funds:		
Unexpended:			Unexpended:		
Cash and cash equivalents	\$ 414,106	281,633	Accounts payable	\$ 160,501	106,212
Investments – unexpended bond proceeds	2,838,499	2,740,836	Accrued interest payable	361,236	385,023
Accounts receivable	—	10,190	Bonds payable	3,000,000	3,000,000
Due from other funds	2,206,283	2,217,572	Fund balances:		
Deferred bond issuance costs, net of amortization	<u>1,771,356</u>	<u>1,969,055</u>	Restricted	2,738,507	3,728,051
Total unexpended	<u>7,230,244</u>	<u>7,219,286</u>	Renewals and replacements	<u>970,000</u>	<u>—</u>
Investment in plant:			Total unexpended	<u>7,230,244</u>	<u>7,219,286</u>
Land	17,798,450	17,798,450	Investment in plant:		
Improvements other than buildings	29,542,257	28,950,054	Obligations under capital leases	5,305,224	6,688,536
Buildings	320,232,030	308,497,537	Bonds payable	76,460,000	79,700,000
Movable equipment, furniture, and library books	65,393,464	76,270,837	Other plant debt	6,702,497	7,333,684
Construction in progress	<u>9,341,744</u>	<u>11,474,055</u>	Net investment in plant	<u>353,840,224</u>	<u>349,268,713</u>
Total investment in plant	<u>442,307,945</u>	<u>442,990,933</u>	Total investment in plant	<u>442,307,945</u>	<u>442,990,933</u>
Total plant funds	<u>\$ 449,538,189</u>	<u>450,210,219</u>	Total plant funds	<u>\$ 449,538,189</u>	<u>450,210,219</u>
Agency funds:			Agency funds:		
Agency funds – cash and cash equivalents	\$ 268,100	261,203	Accounts payable	\$ 34,422	23,648
			Deposits held in custody for others	<u>233,678</u>	<u>237,555</u>
Total agency funds	<u>\$ 268,100</u>	<u>261,203</u>	Total agency funds	<u>\$ 268,100</u>	<u>261,203</u>

See accompanying notes to financial statements.

**THE UNIVERSITY OF TOLEDO**  
Statement of Changes in Fund Balances  
Year ended June 30, 2000

	Current funds – unallocated						Total current funds	Loan funds	Endowment and similar funds	Plant funds		
	Unrestricted			Restricted						Unexpended	Retirement of indebtedness	Investment in plant
	Educational and general	Auxiliary enterprises	Total unrestricted	Educational and general	Auxiliary enterprises	Total restricted						
Revenues and other additions:												
Unrestricted current fund revenues	\$ 202,448,867	38,507,868	240,956,735	—	—	—	240,956,735	—	—	—	—	—
Federal grants and contracts – restricted	—	—	—	18,100,632	—	18,100,632	18,100,632	472,295	—	129,060	—	—
State grants and contracts – restricted	—	—	—	7,216,386	—	7,216,386	7,216,386	—	—	12,730,857	—	—
Local grants and contracts – restricted	—	—	—	444,962	—	444,962	444,962	—	—	—	—	—
Private gifts, grants, and contracts – restricted	—	—	—	8,818,266	59,305	8,877,571	8,877,571	—	393,842	300,000	—	—
Investment income	—	—	—	670,395	—	670,395	670,395	17,607	—	69,917	—	—
Net increase in fair value of investments	—	—	—	—	—	—	—	103,810	2,662,599	—	—	—
Interest on notes receivable	—	—	—	—	—	—	—	192,753	—	—	—	—
Expended for plant facilities (including \$3,854,672 charged to current funds expenditures)	—	—	—	—	—	—	—	—	—	—	—	16,940,208
Retirement bonds	—	—	—	—	—	—	—	—	—	—	—	3,240,000
Retirement of obligations under capital leases	—	—	—	—	—	—	—	—	—	—	—	2,014,499
Other	—	—	—	140,607	3,600	144,207	144,207	—	20,000	191,347	—	—
<b>Total revenues and other additions</b>	<b>202,448,867</b>	<b>38,507,868</b>	<b>240,956,735</b>	<b>35,391,248</b>	<b>62,905</b>	<b>35,454,153</b>	<b>276,410,888</b>	<b>786,465</b>	<b>3,076,441</b>	<b>13,421,181</b>	<b>—</b>	<b>22,194,707</b>
Expenditures and other deductions:												
Educational and general expenditures	179,028,540	—	179,028,540	33,994,668	—	33,994,668	213,023,208	—	—	—	—	—
Auxiliary enterprises expenditures	—	42,590,213	42,590,213	—	86,156	86,156	42,676,369	—	—	—	—	—
Indirect costs recovered	—	—	—	1,623,668	—	1,623,668	1,623,668	—	—	—	—	—
Loan cancellation and write-offs	—	—	—	—	—	—	—	133,434	—	—	—	—
Expended for plant facilities (including \$2,740,876 on noncapitalized expenditures)	—	—	—	—	—	—	—	—	—	15,044,330	—	—
Disposals and write-offs of plant facilities	—	—	—	—	—	—	—	—	—	—	—	17,623,196
Retirement of bonds	—	—	—	—	—	—	—	—	—	—	3,240,000	—
Retirement of obligations under capital leases	—	—	—	—	—	—	—	—	—	—	2,014,499	—
Interest on bonds and capital lease obligations	—	—	—	—	—	—	—	—	—	—	5,077,265	—
Other	—	—	—	—	—	—	—	131,919	—	218,902	—	—
<b>Total expenditures and other deductions</b>	<b>179,028,540</b>	<b>42,590,213</b>	<b>221,618,753</b>	<b>35,618,336</b>	<b>86,156</b>	<b>35,704,492</b>	<b>257,323,245</b>	<b>265,353</b>	<b>—</b>	<b>15,263,232</b>	<b>10,331,764</b>	<b>17,623,196</b>
Transfers among funds to (from):												
Mandatory:												
Principal and interest	(2,318,264)	(7,884,440)	(10,202,704)	—	—	—	(10,202,704)	—	—	(129,060)	10,331,764	—
Loan fund matching	(157,432)	—	(157,432)	—	—	—	(157,432)	157,432	—	—	—	—
College Work-Study matching	(310,775)	—	(310,775)	310,775	—	310,775	—	—	—	—	—	—
Opportunity Grant matching	(283,187)	—	(283,187)	283,187	—	283,187	—	—	—	—	—	—
Nonmandatory:												
Allocated fund balances	215,186	328,130	543,316	753,836	—	753,836	1,297,152	—	—	—	—	—
Interfund – other	(12,940,574)	11,638,655	(1,301,919)	647,508	—	647,508	(654,411)	—	(1,297,156)	1,951,567	—	—
<b>Net transfers among funds</b>	<b>(15,795,046)</b>	<b>4,082,345</b>	<b>(11,712,701)</b>	<b>1,995,306</b>	<b>—</b>	<b>1,995,306</b>	<b>(9,717,395)</b>	<b>157,432</b>	<b>(1,297,156)</b>	<b>1,822,507</b>	<b>10,331,764</b>	<b>—</b>
<b>Net increase (decrease) for the year</b>	<b>7,625,281</b>	<b>—</b>	<b>7,625,281</b>	<b>1,768,218</b>	<b>(23,251)</b>	<b>1,744,967</b>	<b>9,370,248</b>	<b>678,544</b>	<b>1,779,285</b>	<b>(19,544)</b>	<b>—</b>	<b>4,571,511</b>
Fund balances (deficit) at beginning of year	(5,888,272)	—	(5,888,272)	2,370,187	(6,147)	2,364,040	(3,524,232)	13,764,170	36,698,038	3,728,051	—	349,268,713
<b>Fund balances (deficit) at end of year</b>	<b>\$ 1,737,009</b>	<b>—</b>	<b>1,737,009</b>	<b>4,138,405</b>	<b>(29,398)</b>	<b>4,109,007</b>	<b>5,846,016</b>	<b>14,442,714</b>	<b>38,477,323</b>	<b>3,708,507</b>	<b>—</b>	<b>353,840,224</b>

See accompanying notes to financial statements.

**THE UNIVERSITY OF TOLEDO**

Statement of Current Funds Unallocated Revenues, Expenditures, and Other Changes

Year ended June 30, 2000

(with comparative totals for the year ended June 30, 1999)

	Unrestricted			Restricted			Total current funds	
	Educational and general	Auxiliary enterprises	Total unrestricted	Educational and general	Auxiliary enterprises	Total restricted	2000	1999
Revenues:								
Tuition, fees, and other student charges	\$ 103,914,217	—	103,914,217	—	—	—	103,914,217	100,998,340
State appropriations	87,705,988	—	87,705,988	—	—	—	87,705,988	83,869,268
Federal grants and contracts	1,307,288	—	1,307,288	16,852,870	—	16,852,870	18,160,158	18,681,604
State grants and contracts	1,934,883	—	1,934,883	7,508,409	—	7,508,409	9,443,292	7,039,349
Local grants and contracts	250,086	—	250,086	417,757	—	417,757	667,843	738,481
Private gifts, grants, and contracts	1,419,497	1,731,629	3,151,126	7,138,009	59,305	7,197,314	10,348,440	8,764,249
Sales and services	2,379,217	36,186,180	38,565,397	—	—	—	38,565,397	42,501,177
Endowment income	201,029	—	201,029	1,335,900	—	1,335,900	1,536,929	1,579,300
Investment income	2,301,172	—	2,301,172	—	—	—	2,301,172	1,892,812
Other sources	1,035,490	590,059	1,625,549	147,761	26,851	174,612	1,800,161	2,684,414
<b>Total revenues</b>	<b>202,448,867</b>	<b>38,507,868</b>	<b>240,956,735</b>	<b>33,400,706</b>	<b>86,156</b>	<b>33,486,862</b>	<b>274,443,597</b>	<b>268,748,994</b>
Expenditures and mandatory transfers:								
Educational and general:								
Instructional and department research	94,919,437	—	94,919,437	3,595,274	—	3,595,274	98,514,711	100,057,772
Separately budgeted research	1,370,460	—	1,370,460	8,159,422	—	8,159,422	9,529,882	8,848,043
Public service	3,045,752	—	3,045,752	1,856,826	—	1,856,826	4,902,578	5,822,227
Academic support	23,657,217	—	23,657,217	2,131,905	—	2,131,905	25,789,122	25,233,211
Student services	14,030,629	—	14,030,629	512,245	—	512,245	14,542,874	14,333,169
Institutional support	23,787,519	—	23,787,519	8,388	—	8,388	23,795,907	22,452,883
Operation and maintenance of plant	12,462,469	—	12,462,469	18,350	—	18,350	12,480,819	13,759,437
Scholarships and fellowships	5,755,057	—	5,755,057	17,712,258	—	17,712,258	23,467,315	26,872,489
<b>Total educational and general expenditures</b>	<b>179,028,540</b>	<b>—</b>	<b>179,028,540</b>	<b>33,994,668</b>	<b>—</b>	<b>33,994,668</b>	<b>213,023,208</b>	<b>217,379,231</b>
Auxiliary enterprises	—	42,590,213	42,590,213	—	86,156	86,156	42,676,369	43,413,863
Mandatory transfers for:								
Principal and interest	2,318,264	7,884,440	10,202,704	—	—	—	10,202,704	9,766,186
Loan fund matching	157,432	—	157,432	—	—	—	157,432	214,880
College Work-Study matching	310,775	—	310,775	(310,775)	—	(310,775)	—	—
Supplemental Educational Opportunity Grant matching	283,187	—	283,187	(283,187)	—	(283,187)	—	—
<b>Total expenditures and mandatory transfers</b>	<b>182,098,198</b>	<b>50,474,653</b>	<b>232,572,851</b>	<b>33,400,706</b>	<b>86,156</b>	<b>33,486,862</b>	<b>266,059,713</b>	<b>270,774,160</b>
Nonmandatory transfers and additions (deductions):								
Nonmandatory transfers:								
Allocated fund balances	215,186	328,130	543,316	753,836	—	753,836	1,297,152	(1,379,085)
Interfund – other	(12,940,574)	11,638,655	(1,301,919)	647,508	—	647,508	(654,411)	(655,008)
Additions (deductions):								
Restricted receipts over transfers to revenue	—	—	—	1,990,542	(23,251)	1,967,291	1,967,291	1,329,865
Indirect costs recovered	—	—	—	(1,623,668)	—	(1,623,668)	(1,623,668)	(1,420,964)
<b>Net increase (decrease) in fund balances</b>	<b>\$ 7,625,281</b>	<b>—</b>	<b>7,625,281</b>	<b>1,768,218</b>	<b>(23,251)</b>	<b>1,744,967</b>	<b>9,370,248</b>	<b>(4,150,358)</b>

See accompanying notes to financial statements.



# THE UNIVERSITY OF TOLEDO

## Notes to Financial Statements

June 30, 2000

### (1) Summary of Significant Accounting Policies

#### (a) Organization

The University of Toledo (University) is a component unit of the State of Ohio, as established by the General Assembly of the State of Ohio in 1967 by statutory act under Chapter 3360 of the Revised Code of the State of Ohio. Prior to that time, the University was a municipal university. The University offers degrees at the undergraduate, masters, and doctoral levels.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14 in that the financial statements include those activities and functions over which the University is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the State's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the State.

The University of Toledo Real Estate Corporation (UTRE) is governed by a four-member board composed of the President, Vice President for Administrative Services, and a trustee of the University. Although it is legally separate from the University, UTRE is blended and reported as if it were part of the University because its sole purpose is to acquire, hold title to, and collect income from real properties and remit the entire amount of such income (less expenses) to the University. UTRE's financial statements for the year ending April 30, 2000 may be obtained by written request to the University of Toledo Real Estate Corporation, Suite 1740, Rocket Hall, 2801 West Bancroft, Toledo, Ohio, 43606-3390.

#### (b) Financial Statement Presentation

The financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America for publicly owned colleges and universities.

The statement of current funds unallocated revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

#### (c) Fund Accounting

The accounts of the University are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions placed on the use of available resources. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

# THE UNIVERSITY OF TOLEDO

## Notes to Financial Statements

June 30, 2000

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the board of trustees. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds, over which the board of trustees retains full control to use in achieving any of its institutional purposes.

Endowment and similar funds are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity and the income only be utilized. All gains and losses arising from the sale or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, notes receivable, and the like is accounted for in the fund owning such assets, except for interest and dividends derived from investments of endowment and similar funds, which is accounted for in the current funds.

All other unrestricted revenue is accounted for in the current unrestricted funds. Restricted gifts, grants, appropriations, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes. The deficit in current funds fund balance for 1999 is primarily due to early retirement program payables to employees, which have been expended by the University.

**(d) *Cash and Cash Equivalents***

Cash and cash equivalents consist of cash on hand and demand deposits with banks.

**(e) *Investments***

Investments are stated at fair value, in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

**(f) *Inventories***

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

**(g) *Plant and Equipment***

Physical plant and equipment are stated at historical cost, or fair value at date of donation in the case of gifts. When plant assets are sold or otherwise disposed of, the carrying value of such assets is removed from the accounts and the net investment in plant is reduced accordingly. Library books are charged as expenditures of current funds and are capitalized in the plant fund.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a nonmandatory nature for all other cases.

# THE UNIVERSITY OF TOLEDO

## Notes to Financial Statements

June 30, 2000

Depreciation of plant and equipment is not recorded, in accordance with accounting principles generally accepted in the United States of America for publicly owned colleges and universities.

**(h) *Deferred Bond Issuance Costs***

Costs associated with the issuance of the 1998, 1994, and 1992 Series General Receipts Bonds have been capitalized in the unexpended plant fund and are being amortized over the life of the bonds on the straight-line method.

**(i) *Vacation Benefits***

Vacation expense is recognized as earned in the statement of current funds unallocated revenues, expenditures, and other changes. The accumulated unpaid vacation time is recorded as a liability on the balance sheet.

**(j) *Early Retirement Incentive***

The expense of early retirement incentive plan is recognized in the statement of current funds unallocated revenues, expenditures, and other changes when incurred.

**(k) *Sick Leave***

All University employees are entitled to a sick leave credit equal to 10 hours for each month of service (earned on pro rata basis for less-than-full-time employees). This sick leave will either be absorbed by time off due to illness or injury, or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one quarter of the accumulated sick leave to a maximum payout of 240 hours. Sick leave expense is recognized as earned in the statement of current funds unallocated revenues, expenditures, and other changes. A liability is recorded on the balance sheet for the amount that is probable that the University will compensate the employees upon retirement. This amount is based on total sick leave earned multiplied by an historical experience factor.

**(l) *Compensated Absences***

Classified employees who work in excess of the regular schedule may be eligible for compensatory time in lieu of overtime pay. Management estimates that the future cost associated with the payment of compensatory time earned as of June 30, 2000 is not significant to the financial statements as a whole and will not have a material impact on future operations when paid.

**(m) *Summer Term***

All tuition, fees, and state appropriations and corresponding expenditures relating to various sessions offered during the summer and not substantially completed prior to June 30 are recorded in the accompanying balance sheet as deferred revenue and prepaid expenses and will be recognized in the following fiscal year.

# THE UNIVERSITY OF TOLEDO

## Notes to Financial Statements

June 30, 2000

**(n) Gifts and Pledges**

The University does not report pledges in the financial statements until the gifts are received. Management estimates that the amount of such pledges at June 30, 2000 would be insignificant.

**(o) Federal Income Taxes**

Federal income taxes have not been provided on the general operations of the University because, as a state institution, its income 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.

**(p) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**(2) Cash and Cash Equivalents and Investments**

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

Board policy states that the University's interim monies will be invested in accordance with the Ohio Depository Law of the Ohio Revised Code.

Cash balances are combined into one pool for making daily cash and investment transactions.

GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, requires cash and cash equivalents and investments held by the University to be categorized into the following credit risk categories:

**(a) Cash and Cash Equivalents**

1. Insured or collateralized with securities held by the University, or by its agent in the University's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent.
3. Uncollateralized.

**THE UNIVERSITY OF TOLEDO**

Notes to Financial Statements

June 30, 2000

**(b) Investments**

1. Insured or registered, or securities held by the University, or by its agent in the University's name.
2. Uninsured and unregistered, with securities held by the broker's trust department or agent in the University's name.
3. Uninsured and unregistered, with securities held by the broker or by its trust department or agent, but not in the University's name.

At June 30, 2000, the carrying amount of the University's cash and cash equivalents for all funds was \$691,326. The difference in the carrying amount of \$691,326 and the bank balance of \$354,746 is caused by items in transit and outstanding checks. Of the bank balance, \$100,000 was covered by federal depository insurance and \$254,746 was insured by a financial institution collateral pool (category 3).

The cost and fair values, exclusive of accrued interest, of investments by fund at June 30, 2000 follow:

	<b>Cost</b>	<b>Fair value</b>
Unrestricted funds	\$ 38,579,207	38,508,858
Loan funds	773,425	1,132,941
Endowment and similar funds	30,316,535	38,578,726
Plant funds	2,871,023	2,838,499
	\$ 72,540,190	81,059,024

Investments at June 30, 2000 consist of the following:

	<b>Category</b>	<b>Cost</b>	<b>Fair value</b>
Corporate bonds	2	\$ 2,707,300	2,650,486
Corporate stocks	2	20,407,870	28,148,277
U.S. Government/agency obligations	2	23,442,937	23,323,629
Common and collective trust funds	2	8,937,233	9,891,782
		55,495,340	64,014,174
STAR Ohio		16,212,998	16,212,998
Real estate and other		831,852	831,852
		\$ 72,540,190	81,059,024

# THE UNIVERSITY OF TOLEDO

## Notes to Financial Statements

June 30, 2000

GASB Statement No. 3 does not require STAR Ohio, real estate, and other investments to be categorized

Stocks, bonds, and real estate are held in the endowment fund and were acquired as a result of gifts to the University.

### (3) Grants and Contracts

The University receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. Revenues from government grants and contracts are recognized as the related costs are incurred. Direct costs are accounted for in the restricted current funds, and indirect costs are accounted for in the unrestricted current funds. The University records indirect costs related to such grants and contracts at predetermined rates, which are negotiated with the United States Government. Both direct and indirect costs charged to the grants or contracts are subject to audit and approval by the granting agencies. University management believes any adjustments of costs resulting from such examination by the granting agency would be insignificant.

The University also participates in several United States Government student loan programs. Such programs are required to comply with requirements determined by the Department of Education and are subject to audit and adjustments. Such adjustments could result in requests for reimbursement by the department for costs which may be disallowed as appropriate expenses under the grant terms. Management believes disallowances, if any, will not be material.

### (4) Bonds Payable

The maturity dates, interest rates, and outstanding principal balances of bonds payable at June 30, 2000 are as follows:

	<u>Maturity dates</u>	<u>Interest rates</u>	<u>Outstanding principal</u>
General receipts:			
1998 Series Bonds	2001-2020	3.6% to 5.0%	\$ 12,530,000
1994 Series Bonds	2001-2025	4.05% to 5.35%	14,175,000
1992 Series Bonds	2001-2020	4.9% to 5.9%	52,755,000
			<u>\$ 79,460,000</u>

## THE UNIVERSITY OF TOLEDO

### Notes to Financial Statements

June 30, 2000

On October 1, 1998, the University issued \$13.5 million General Receipts Bonds, Series 1998. Of this amount, \$10.4 million, with an average interest rate of 4.8%, were used to advance-refund \$9.5 million of outstanding Series 1992B Bonds with an average interest rate of 5.8%. The net proceeds of \$1.2 million (after payment of issuance costs of \$146,000) were deposited with an escrow trustee for all future debt service payments on the Series 1992B Bonds. As a result, the Series 1992B Bonds are considered defeased and the liability for those bonds has been removed from bonds outstanding as of June 30, 2000. The debt defeased remains outstanding as of June 30, 2000. The remaining \$3.1 million will be used to finance capital projects. The University advance-refunded the Series 1992B Bonds to reduce its total debt service payments over 22 years by approximately \$296,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$260,000.

The University issued General Receipts Bonds in the amount of \$15.5 million in February 1994 to finance construction of student housing. Series 1992A and Series 1992B General Receipt Bonds were issued in August 1992. The Series 1992A Bonds financed the advance refunding of Series 1990 Bonds and a portion of Series 1988 Bonds, and the Series 1992B Bonds financed capital projects. The balance of debt issuances defeased in substance in prior years that remain outstanding as of June 30, 2000 is \$32.0 million.

The principal and interest payments of the 1998, 1994, and 1992 Series General Receipts Bonds are collateralized by the pledge of the general receipts of the University. The bond indentures have various restrictive covenants with which the University management believes they have complied.

The scheduled maturities of bonds payable subsequent to June 30, 2000 are as follows:

		<b>Series</b>			
	<b>1992</b>	<b>1994</b>	<b>1998</b>	<b>Total</b>	
Year ending June 30:					
2001	\$ 2,675,000	295,000	415,000	3,385,000	
2002	2,655,000	310,000	435,000	3,400,000	
2003	2,790,000	325,000	450,000	3,565,000	
2004	2,940,000	340,000	470,000	3,750,000	
2005	920,000	355,000	490,000	1,765,000	
Thereafter	40,775,000	12,550,000	10,270,000	63,595,000	
	\$ 52,755,000	14,175,000	12,530,000	79,460,000	

Total interest expense was \$4,461,157 for the year ending June 30, 2000. Of this amount, \$0 was capitalized at June 30, 2000.

**THE UNIVERSITY OF TOLEDO**

Notes to Financial Statements

June 30, 2000

**(5) Other Plant Debt**

The University entered into an agreement in January 1997 to finance the installation of a fiber-optic network, which bears interest at 5.27%. The scheduled maturities of the debt payable subsequent to June 30, 2000 are as follows:

<b>Year ending June 30</b>	
2001	\$ 597,670
2002	629,796
2003	663,647
2004	699,319
2005	736,908
Thereafter	<u>3,375,157</u>
	\$ <u>6,702,497</u>

Total interest expense was \$292,945 for the year ending June 30, 2000.

**(6) Obligations for Physical Property**

At June 30, 2000, the University had outstanding commitments for the construction of plant facilities in the amount of \$4,746,452. Of these total commitments, the University is directly obligated for \$117,014, and obligations of the State of Ohio are \$4,629,438. The funding for the University's share of these projects will be provided by fund balances and grant revenues.

**(7) Lease Obligations**

The University leases a building and data processing and other equipment under capital lease agreements. An asset of \$9,479,439, representing the cost of the building and equipment, and a corresponding liability for the lease obligations are recorded in the financial statements.



# THE UNIVERSITY OF TOLEDO

## Notes to Financial Statements

June 30, 2000

Present value of the future minimum lease payments under the capital leases is as follows:

<b>Year ending June 30</b>		
2001	\$	1,424,550
2002		1,030,522
2003		680,765
2004		691,948
2005		675,071
Thereafter		<u>2,050,175</u>
Total future minimum lease payment		6,553,031
Less amount representing interest		<u>1,247,807</u>
Total obligations under capital leases		\$ <u><u>5,305,224</u></u>

### (8) Loan Funds

The portion of loan fund balances identified as "University funds – restricted" includes an allocation of unrestricted funds which represent the University's matching funds provided in accordance with the requirements of the Perkins Loan and Nursing Loan programs. These funds must be retained in the loan fund as long as the University participates in the programs.

### (9) Pension Benefits

The University contributes to two cost-sharing multiple-employer defined benefit plans: (1) Public Employees Retirement System of Ohio (PERS), and (2) State Teachers Retirement System of Ohio (STRS). Both plans provide retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code (ORC). PERS and STRS issue stand-alone financial reports. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio, 43215-4642 or by calling (614) 466-2085 for PERS, and 275 East Broad Street, Columbus, Ohio, 43215-3771 or by calling (614) 227-4090 for STRS.

The funding policy for the above plans is as follows:

*PERS:* The ORC provides statutory authority for employee and employer contributions. During 2000, PERS employees contributed 8.5% of their salary to the plan and the University contributed 13.31% of covered payrolls to the plan. Beginning in February 1998, law enforcement employees contributed 9.0% of their salary and the University contributed 16.7% of covered payrolls. The total employer contributions to PERS for the years ended June 30, 1998, 1999, and 2000 were \$6,067,038, \$6,155,102, and \$5,699,094, respectively, which were equal to 100% of the required contributions for each year.

# THE UNIVERSITY OF TOLEDO

## Notes to Financial Statements

June 30, 2000

*STRS*: The ORC provides statutory authority for employee and employer contributions. During 2000, *STRS* employees contributed 9.3% of their salary to the plan and the University contributed 14.0% of covered payrolls to the plan. The total employer contributions to *STRS* for the years ended June 30, 1998, 1999, and 2000 were \$8,360,450, \$10,904,067, and \$7,197,421, respectively, which were equal to 100% of the required contributions for each year.

Effective January 1, 1999, the board of trustees of the University has agreed to offer a Retirement Incentive Plan to eligible employees as provided by *STRS* regulations. This plan allowed groups of University employees who met certain eligibility requirements to elect early retirement and the University to purchase a specified number of years of service credit in the applicable plan for the retiring employee. The University will purchase one year of service credit for each five years of *STRS* service at the University up to a maximum of three years purchase.

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement system for academic and administrative university employees of public institutions of higher education who are currently covered by the State Teachers Retirement System or Public Employees Retirement System. The University of Toledo board of trustees adopted such a plan effective April 1999. This plan is a defined contribution plan under IRS section 401(a). The total employer contribution to ARP for the year ended June 30, 2000 was \$1,090,977.

Eligible employees (those who are full-time and salaried) have 90 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in *STRS* or *PERS* and who elect to participate in the alternate retirement program must contribute their share of retirement contributions (9.3% *STRS* or 8.5% *PERS*) to one of eight private providers approved by the State Department of Insurance. The legislation mandates that the employer must contribute 6% to the state retirement system to which the employee would have otherwise belonged. The employer also contributes what would have been the employer's share of the appropriate retirement system, less the aforementioned 6%, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

### **(10) Other Postemployment Benefits**

In addition to the pension benefits described in note 9, the Ohio Revised Code provides the statutory authority requiring the University to fund postretirement health care through employer contributions to *PERS* and *STRS*.

#### **(a) *PERS***

*PERS* provides postretirement health care coverage to age-and-service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB), as described in GASB Statement No. 12. A portion of each employer's contribution to *PERS* is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for state employers was 13.31% of

## THE UNIVERSITY OF TOLEDO

### Notes to Financial Statements

June 30, 2000

covered payroll; 4.20% was the portion that was used to fund health care for the year. The law enforcement employer rate for 1999 was 16.70%, and 4.20% was used to fund health care.

OPEB's are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB's during 1999 were \$523,599,349. As of December 31, 1999, the audited estimated net assets available for future OPEB payments were \$11,163,213,257. The number of active contributing participants for PERS was 383,286.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB's. Under the new method, effective January 1, 1998 employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

#### **(b) STRS**

STRS provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the ORC, STRS has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employers contribution rate, currently 14% of covered payroll.

The STRS board currently allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund, from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$2.783 million at June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000 will be 8% of covered payroll.

For the year ended June 30, 1999, the net health care costs paid by STRS were \$297,748,000. There were 95,796 eligible benefit recipients.

#### **(11) State Support**

The University is a state-assisted institution of higher education which receives a student-based subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the State of Ohio.

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 revenue bonds by the Ohio Public Facilities Commission (OPFC). Such facilities are reflected as buildings, improvements other than buildings, or construction in progress in the accompanying balance sheet. University facilities are not pledged as

# THE UNIVERSITY OF TOLEDO

## Notes to Financial Statements

June 30, 2000

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 all students in state-assisted institutions of higher education throughout the state.

As a result of the above-described financial assistance provided by the State of Ohio to the University, outstanding debt issued by OPFC is not included on the University's balance sheet. In addition, appropriations by the General Assembly to the board of regents for payments of debt service are not reflected as appropriation revenues received by the University, and the related debt service payments are not recorded in the University's accounts.

The University capitalizes the costs of renovations to existing facilities as funds are expended. As of June 30, 2000, construction in progress on such new facilities was \$9,341,744 and unexpended appropriations authorized by the State of Ohio legislature for the purchase of land, renovation of existing facilities, and construction of new facilities were \$14,719,872.

### **(12) Related Organization**

The University is sole beneficiary of the University of Toledo Foundation (Foundation), a separate not-for-profit entity exempt from Federal income tax, formed in October 1990 as the result of a merger between The University of Toledo Alumni Foundation, Inc. and The University of Toledo Corporation. The Foundation's purpose is to support and promote the educational and charitable activities and programs of the University and to provide for the improvement and development of University facilities. At June 30, 2000, assets of the Foundation approximated \$99,900,000, consisting primarily of investments in securities carried at fair market value. These assets are not consolidated in the accompanying financial statements because the Foundation is not fiscally dependent on the University nor is the University financially accountable for the Foundation. During the year, the Foundation transferred approximately \$5,738,000 to the University in support of scholarships, academic programs, external relations, and other programs. Amounts transferred are included as current funds private gifts in the accompanying financial statements. The Foundation's operations are conducted in facilities leased from the University at a base annual rental of \$25,312.

Certain marketable investments of the University are pooled with marketable investments of the Foundation. The Foundation manages these funds and receives from the University a management fee equal to 1.5% of the fair market value of the University's share of the pooled investments. For the year ended June 30, 2000, the University incurred management fees paid or payable to the Foundation of \$562,700.

### **(13) Risk Management**

During the normal course of operations, the University has become a defendant in various legal actions. In accordance with Financial Accounting Standards Board Statement No. 5, liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. However, in the opinion of legal counsel and University management, the disposition of all pending litigation will not have a material adverse effect on the financial condition of the University.

# THE UNIVERSITY OF TOLEDO

## Notes to Financial Statements

June 30, 2000

The University carries commercial insurance to cover various general liability risks and blanket business interruption and liability coverage through the Inter-University Council Insurance Consortium (IUC-IC). Through this group, the University maintains a \$100,000 deductible and a pre-funded group deductible of \$350,000 per occurrence, with an annual aggregate stop loss of \$700,000. No material losses were reported during 2000.

The University provided the choice of two premium-based health insurance plans for its employees through December 1998. Effective January 1, 1999, the University is self-insured for health insurance. Vision, dental, and prescription drug coverage are also provided on a self-insured basis. Operating funds are charged each pay period based on a percent of payroll.

Changes in the balances of claims liabilities during the past two years for the health, vision, dental, and prescription drug coverage are as follows:

	<u>2000</u>	<u>1999</u>
Unpaid claims – July 1	\$ 762,650	248,315
Incurred claims	10,470,978	5,086,805
Claim payments	<u>9,983,628</u>	<u>4,572,470</u>
Unpaid claims – June 30	<u>\$ 1,250,000</u>	<u>762,650</u>

This liability is the University's best estimate based on subsequent payments. The University participates in the State of Ohio Workers' Compensation program.

### (14) Subsequent Event

The University plans to issue bonds in November 2000 for approximately \$35 million to be used to fund residence hall construction.

### (15) New Pronouncements

The University will be required to implement the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, effective for fiscal year ended June 30, 2001, and Statement No. 35, *Basic Financial Statements – and Management Discussion and Analysis – for Public Colleges and Universities*, effective for fiscal year ended June 30, 2002. These Statements may have a material impact on the presentation of the financial statements of the University. University management has not yet determined the impact of the implementation on the University's financial statements.

**THE UNIVERSITY OF TOLEDO**

OMB Circular A-133 Audit Report

Year Ended June 30, 2000

(With Independent Auditors' Reports Thereon)

# THE UNIVERSITY OF TOLEDO

## OMB Circular A-133 Audit Report

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**THE UNIVERSITY OF TOLEDO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

<u>Federal grantor/pass-through grantor/ program title</u>	<u>CFDA number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>
<b>Student Financial Aid – Cluster</b>			
<i>U.S. Department of Education</i>			
Federal Supplemental Education Opportunity Grants	84.007	N/A	\$ 850,257
Federal Work-Study Program	84.033	N/A	948,741
Federal Perkins Loan Program (note 4)	84.038	N/A	472,295
Federal Pell Grant Program	84.063	N/A	9,441,800
Federal Direct Loan	84.268	N/A	<u>58,186,880</u>
<b>Total Student Financial Aid – Cluster</b>			<b><u>69,899,973</u></b>
<b>Research and Development – Cluster</b>			
<i>U.S. Department of Agriculture</i>			
Grants for Agricultural Research – Special Research Grants			
Pass-through from:			
Ohio State University Research Foundation	10.200	Q37112	19,380
Grants for Agricultural Research – Competitive Research Grants			
Pass-through from:			
University of Rhode Island	10.206	92596/535981	<u>(481)</u>
Subtotal pass-through programs			18,899
Grants for Agricultural Research – Competitive Research Grants			
Direct	10.206	96353033284	7,827
Direct	10.206	98351096759	31,576
Direct	10.206	98351096759	<u>58,559</u>
Subtotal pass direct			<u>97,962</u>
<i>Total U.S. Department of Agriculture</i>			<u>116,861</u>
<i>U.S. Department of Commerce (Economic Development Administration)</i>			
Research and Evaluation Program			
Direct	11.312	USDEPTCOMMER	<u>19,112</u>
<i>Total U.S. Department of Commerce (Economic Development Administration)</i>			<u>19,112</u>
<i>National Oceanic and Atmospheric Administration</i>			
Coastal Zone Management Administration Awards			
Pass-through from:			
Ohio Department of Natural Resources	11.419	01-1(CMAG)	<u>(888)</u>
<i>Total National Oceanic and Atmospheric Administration</i>			<u>(888)</u>
<i>U.S. Department of the Navy</i>			
Basic and Applied Scientific Research			
Direct	12.300	N00149910392	63,604
Direct	12.300	N00149910392	<u>27,677</u>
Subtotal direct			91,281
Pass-through from:			
Materials System, Inc.	12.300	131-05	19,435
National Center for Tooling and Precision Components	12.300	00014951G031	<u>46,100</u>
Subtotal pass-through programs			<u>65,535</u>
<i>Total U.S. Department of the Navy</i>			<u>156,816</u>



**THE UNIVERSITY OF TOLEDO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

<u>Federal grantor/pass-through grantor/ program title</u>	<u>CFDA number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>
<i>U.S. Department of the Army</i>			
Military Medical Research and Development			
Direct	12.420	DAMD17-97-1-7298	\$ 58,929
Direct	12.420	AMD179818252	45,763
Direct	12.420	17-98-1-8251	27,532
Direct	12.420	AMD179818252	23,593
Direct	12.420	17-98-1-8251	44,727
Direct	12.420	DAMD17-99-1-9408	4,973
Subtotal direct			<u>205,517</u>
Mathematical Sciences Grant Program			
Pass-through from:			
Academy of Applied Science	12.901	AAH559810468	18,831
Subtotal pass-through program			<u>18,831</u>
Total U.S. Department of the Army			<u>224,348</u>
<i>U.S. Department of the Air Force</i>			
Air Force Defense Research Sciences Program			
Pass-through from:			
Eidectics Corporation	12.800	PO 98-00076	35,457
Orbital Research, Inc.	12.800	ORBITAL RES INC	30,917
Research and Development Labs	12.800	99-0823	19,401
Total U.S. Department of the Air Force			<u>85,775</u>
<i>U.S. Department of Transportation</i>			
National Motor Carrier Safety	20.218	DTFH61-00-P-0023	3,425
Subtotal direct			<u>3,425</u>
Pass-through from:			
Volpe National	20.702		150,075
Subtotal pass-through programs			<u>150,075</u>
Total U.S. Department of Transportation			<u>153,500</u>
<i>National Aeronautics and Space Administration</i>			
Aerospace Education Services Program			
Direct	43.001	NCC2-5215	1,181
Direct	43.001	NAG5-8054	75,788
Direct	43.001	NAG5-8052	22,543
Direct	43.001	NAG5-8054	6,403
Direct	43.001	NAG5-8052	22,922
Direct	43.001	NGT3-52342	18,665
Direct	43.001	NAG8-1578	60,022
Direct	43.001	NAG8-1578	41,198
Technology transfer			
Direct	43.002	NAG5-4957	43,699
Direct	43.002	NAG5-3248	23,413
Direct	43.002	NAG5-3447	44,106
Direct	43.002	NAG5-3790	57,796
Direct	43.002	NAG5-4338	11,342
Direct	43.002	NAGA5-6624	23,800
Direct	43.002	NAG5-7554	53,865
Direct	43.002	NAG5-8183	16,266
Direct	43.002	NAG5-4957	44,650
Direct	43.002	NAG5-4338	23,271
Direct	43.002	NAG5-8671	79,515
Direct	43.002	NAG5-8785	116,260
Direct	43.002	NAG5-8794	1,801
Direct	43.002	NAG5-3248	\$ 32,312
Direct	43.002	NAG5-8982	2,738

**THE UNIVERSITY OF TOLEDO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

Federal grantor/pass-through grantor/ program title	CFDA number	Agency or pass-through number	Expenditures
Direct	43.002	NAG-8961	15,537
Direct	43.002	NAG5-9376	147
Direct	43.002	NAG5-7554	1,789
Direct	43.002	NAG4-168	9,206
Direct	43.002	NAG3-1967	34,123
Direct	43.002	NCC3-513	13,575
Direct	43.002	NCC3-527	33,326
Direct	43.002	NCC3-523	61,331
Direct	43.002	NCC3-524	112,259
Direct	43.002	NAG3-1718	36,482
Direct	43.002	NCC3-639	(300)
Direct	43.002	NCC3-605	113,271
Direct	43.002	NCC3-596	40,314
Direct	43.002	NCC3-604	30,673
Direct	43.002	NCC3-616	(16,078)
Direct	43.002	NAG3-2264	20,610
Direct	43.002	NCC3-719	69,375
Direct	43.002	NAG3-2269	119,652
Direct	43.002	NCC3-717	66,105
Direct	43.002	NAG3-2282	53,340
Direct	43.002	NCC3-513	71,496
Direct	43.002	NAG3-2264	29,819
Direct	43.002	NCC3-605	75
Direct	43.002	NCC3-524	99
Direct	43.002	NAG3-2338	52,108
Direct	43.002	NAG3-1380	23,286
Direct	43.002	NCC8-134	7,985
Direct	43.002	NAG3-1380	114,126
Direct	43.002	NCC8-134	66,261
Direct	43.002	NCC8-196	19,594
Direct	43.002	NAG-1-2244	27,579
Subtotal direct			2,050,721
Aerospace Education Services Program			
Pass-through from:			
Ohio Aerospace Institute	43.001		2,797
Ohio Aerospace Institute	43.001	98-1-2	7,861
Ohio Aerospace Institute	43.001	98-1-002	34,713
Ohio Aerospace Institute	43.001	99-1-014	5,248
Ohio Aerospace Institute	43.001		53
Technology transfer			
Pass-through from:			
American Astronomical Society	43.002		299
Association of American Geographers	43.002		4,701
Jet Propulsion Laboratory	43.002	1205634	27,432
Jet Propulsion Laboratory	43.002	959451	10,515
Jet Propulsion Laboratory	43.002	961486	19,941
Jet Propulsion Laboratory	43.002	961486	15,097
Space Telescope Science Institute	43.002	GO2379.0187A	17,122
Space Telescope Science Institute	43.002	AR083520197A	10,872
Space Telescope Science Institute	43.002	GO058770194A	209
Space Telescope Science Institute	43.002	GO-08152.04.97A	11,571
Subtotal pass-through programs			168,431
<i>Total National Aeronautics and Space Administration</i>			<u>2,219,152</u>

**THE UNIVERSITY OF TOLEDO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

Federal grantor/pass-through grantor/ program title	CFDA number	Agency or pass-through number	Expenditures
<i>National Science Foundation</i>			
Engineering Grants			
Direct	47.041	DMI9629152	\$ 19,829
Direct	47.041	CMS-9753099	20,068
Direct	47.041	DMI-9713743	107,672
Direct	47.041	BES-9308700	50
Direct	47.041	CMS-9414804	247
Direct	47.041	DMI9796126	18,454
Direct	47.041	BES-9873553	37,176
Direct	47.041	BES-9809243	36,647
Direct	47.041	DMI-9896081	56,258
Direct	47.041	BES-9731073	18,530
Direct	47.041	ECS-9800247	20,017
Direct	47.041	CTS-9996102	73,796
Direct	47.041	CTS-9996102	45,510
Direct	47.041	ECS-9800247	321
Direct	47.041	BES9809243	6,096
Direct	47.041	DMI-0096010	160,670
Direct	47.041	DMI-0096009	2,172
Direct	47.041	DMI-9713743 AM2	13,731
Direct	47.041	CTS-9975452	6,967
Mathematical and Physical Sciences			
Direct	47.049	PHY9722138	12,322
Direct	47.049	PHY-9731880	59,597
Direct	47.049	PHYC970791	19,120
Direct	47.049	INT-991383	1,345
Direct	47.049	NSF INT-9972023	41
Direct	47.049	PHY9722138	1,148
Direct	47.049	SES-9988038	28,928
Social, Behavioral, and Economic Sciences			
Direct	47.075	INT9515485	10,267
Direct	47.075	SBR-9812617	14,465
Direct	47.075	INT-9996161	4,494
Education and Human Resources			
Direct	47.076	ESI-9731306	820,026
Direct	47.076	ESI-9731306	34,380
Academic Research Infrastructure			
Direct	47.077	DUE-9750523	14,352
Direct	47.077	DUE-9750627	1,003
Subtotal direct			1,665,699
Engineering Grants			
Pass-through from:			
Efficient Channel Coding, Inc.	47.041	9901866	17,205
Energy Riddle Aeronautical	47.041	ESC-9896103	26,705
Energy Riddle Aeronautical	47.041	ESC-9896103	20,302
Guild Associates	47.041	PO# 9293	1,091
Virginia Polytech	47.041	CR-427794	4,000
Mathematical and Physical Sciences			
Pass-through from:			
University of Alabama	47.049	OPP-9810219	46,993
Biological Sciences			
Pass-through from:			
Institute for EcoSystems Studies	47.074	338/5936	12,598
Institute for EcoSystems Studies	47.074	338/5936	16,670
Social, Behavioral, and Economic Sciences			
Pass-through from:			
Stanford University	47.075	PR-9503	1,870
Subtotal pass-through programs			147,434
<i>Total National Science Foundation</i>			<u>1,813,133</u>

**THE UNIVERSITY OF TOLEDO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

<u>Federal grantor/pass-through grantor/ program title</u>	<u>CFDA number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>
<i>U.S. Environmental Protection Agency</i>			
Environmental Protection – Consolidated Research Direct	66.500	R826374-01-0	\$ 58,737
Subtotal direct			58,737
State Indoor Radon Grants			
Pass-through from:			
Ohio Department of Health	66.032	48401PBA392	5,525
Ohio Department of Health	66.032	48-4-01-P-BA-392	8,831
Water Pollution Control			
Pass-through from:			
Toledo Metro Area Council of Governments	66.419		5,276
Toledo Metro Area Council of Governments	66.419	TMACOG	2,824
Subtotal pass-through programs			22,456
<i>Total U.S. Environmental Protection Agency</i>			81,193
<i>U.S. Department of Energy</i>			
Basic Energy Sciences			
Direct	81.049	95ER14530	12,185
Direct	81.049	94ER14461	42,905
Direct	81.049	DEFG0294ER144615	17,477
Subtotal direct			72,567
Basic Energy Sciences			
Pass-through from:			
National Renewable Energy Laboratory (SERI)	81.049	AC1-9-29118-01	44,746
Conservation Research and Development			
Pass-through from:			
DaimlerChrysler Corporation	81.086	JMEAL03262-B	97,494
Renewable Energy Research and Development			
Pass-through from:			
National Renewable Energy Laboratory (SERI)	81.087	ADD81866908	11,724
National Renewable Energy Laboratory (SERI)	81.087	2AF81761914	109,150
National Renewable Energy Laboratory (SERI)	81.087	ZAF817619914	126,174
National Renewable Energy Laboratory (SERI)	81.087	ZAF51414208	(4)
National Renewable Energy Laboratory (SERI)	81.087	ZAF817619914	8,917
National Renewable Energy Laboratory (SERI)	81.087	2AF81761914	3,622
First Solar	81.087		1,703
First Solar	81.087	FIRST SOLAR	512
University of Hawaii	81.087	C990314	40,895
Subtotal pass-through programs			444,933
<i>Total U.S. Department of Energy</i>			517,500

**THE UNIVERSITY OF TOLEDO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

<u>Federal grantor/pass-through grantor/ program title</u>	<u>CFDA number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>
<i>U.S. Department of Health and Human Services (NIH)</i>			
Biological Response to Environmental Health Hazards			
Direct	93.113	1R03 ESO	\$ 19,274
Oral Disease and Disorders Research			
Direct	93.121	1R01-EO	176,787
Direct	93.121	DE12308-03	61,910
Research Related to Deafness and Communication Disorders			
Direct	93.173	5R01DC029600	132,091
Direct	93.173	5R01DC029600	15
Academic Research Enhancement Award			
Direct	93.390	5R0IAI184271	20,469
Cell Biology and Biophysics Research			
Direct	93.821	GM51188-03	35,761
Direct	93.821	R15GM5593302	21,130
Cellular and Molecular Basis of Disease Research	93.821	GM51188-06	234,917
Heart and Vascular Diseases Research			
Direct	93.837	RO1HL6030101	81,097
Direct	93.837	1R03HL625770	8,590
Direct	93.837	RO1HL6030103	133,604
Diabetes, Endocrinology, and Metabolism Research			
Direct	93.847	1R29DK512740	65,154
Direct	93.847	OD5129501A1	11,710
Direct	93.847	5R29DK51274	36,009
Biological Basis Research in the Neurosciences			
Direct	93.854	RO1NS3512701	80,871
Direct	93.854	NS35030501A2	9,276
Direct	93.854	2R01NS31173-04A3	125,257
Direct	93.854	NS3503051A2	17,536
Microbiology and Infectious Diseases Research			
Direct	93.856	5R0IAI184271	99,148
Direct	93.856	R15A14478201	21,505
Direct	93.856	2R01AI8427-19	64,665
Direct	93.856	2R01AI4514701A1	25,701
Direct	93.856	R15A14478201	16,338
Subtotal direct			1,498,815
Research Related to Deafness and Communication Disorders			
Pass-through from:			
Bowling Green State University	93.173	DC0357701A1	3,241
Bowling Green State University	93.173	1R01 DC0357702	15,001
Wayne State University	93.173		71,670
Arthritis, Musculoskeletal and Skin Diseases Research			
Pass-through from:			
University of Pennsylvania	93.846	5-21081	67,418
Allergy, Immunology and Transplantation Research			
Pass-through from:			
University of Texas Health Science Center	93.855	1R01A143061	92,082
University of Texas Health Science Center	93.855	1R01A143061	1,863
Pharmacology, Physiology, and Biological Chemistry Research			
Pass-through from:			
Lambda Pharmaceuticals	93.859	R43GMS770601	2,269
Subtotal pass-through programs			253,544
Total U.S. Department of Health and Human Services (NIH)			1,752,359
<b>Total Research and Development – Cluster</b>			<b>7,138,861</b>

**THE UNIVERSITY OF TOLEDO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

Federal grantor/pass-through grantor/ program title	CFDA number	Agency or pass-through number	Expenditures
<b>Trio Cluster</b>			
<i>U.S. Department of Education</i>			
TRIO – Upward Bound			
Direct	84.047	47A50780-98	\$ 101,346
Direct	84.047	P047A990864	246,734
<b>Total Trio Cluster</b>			<b>348,080</b>
<b>JTPA Cluster</b>			
<i>U.S. Department of Labor</i>			
Job Training Partnership Act			
Pass-through from:			
Northwest Ohio Private Industry Council	17.250		5,931
Ohio Bureau of Workers Compensation	17.250		715
Toledo Area Private Industry Council	17.250		271,024
Toledo Area Private Industry Council	17.250	135-20-98	1,805
Toledo Area Private Industry Council	17.250	135-20-99	122,091
<b>Total JTPA Cluster</b>			<b>401,566</b>
<b>Highway Planning and Construction Cluster</b>			
<i>U.S. Department of Transportation</i>			
Pass-through from:			
Lima/Allen Regional Planning Commission	20.205		3,654
Ohio Department of Transportation	20.205	8657/14676	37,466
Ohio Department of Transportation	20.205	8182/14609	49
Ohio Department of Transportation	20.205	8357	58
Ohio Department of Transportation	20.205	8089/14602	—
Ohio Department of Transportation	20.205	7526	500
Ohio Department of Transportation	20.205	8953	32,572
Ohio Department of Transportation	20.205	8953	12,350
Ohio Department of Transportation	20.205	8657/14676	303
Ohio Department of Transportation	20.205	ODOT-9797	517
<b>Total Highway Planning and Construction Cluster</b>			<b>87,469</b>
<b>Other Programs</b>			
<i>U.S. Department of the Air Force</i>			
Selected Reserve Educational Assistance Program			
Passed through from:			
Ohio Air National Guard	12.609		598
<i>Total U.S. Department of the Air Force</i>			598
<i>U.S. Department of the Army</i>			
Selected Reserve Educational Assistance Program			
Direct	12.609		170,704
Direct	12.609		5,495
Direct	12.609		3,659
<i>Total U.S. Department of the Army</i>			179,858
<i>U.S. Department of Housing and Urban Development</i>			
Community Outreach Partnership Center Program			
Direct	14.511		49,319
Housing Development Grants			
Passed through from:			
City of Toledo	14.174		44,740
<i>Total U.S. Department of Housing and Urban Development</i>			94,059

**THE UNIVERSITY OF TOLEDO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

<u>Federal grantor/pass-through grantor/ program title</u>	<u>CFDA number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>
<i>U.S. Department of the Interior</i>			
U.S. Geological Survey-Research and Data Acquisition			
Pass-through from:			
Ohio University	15.808	UT10306 /OHIO UN	\$ <u>21,419</u>
<i>Total U.S. Department of the Interior</i>			<u>21,419</u>
<i>U.S. Department of Justice</i>			
Troops to COPS			
Direct	16.711	96UMWX1196	<u>91,320</u>
<i>Total U.S. Department of Justice</i>			<u>91,320</u>
<i>U.S. Department of Labor</i>			
Trade Adjustment Assistance – Workers:			
Pass-through from:			
Ohio Bureau of Employment Services	17.245		9,908
Employment Services and Job Training Pilots			
Pass-through from:			
Lorain County Community College	17.249	LOR COMM COLL	17,499
Ohio State University Research Foundation	17.249	RF738588	<u>7,260</u>
<i>Total U.S. Department of Labor</i>			<u>34,667</u>
<i>National Aeronautics and Space Administration</i>			
Aerospace Education Services Program			
Direct	43.001		<u>29,680</u>
Aerospace Education Services Program			
Pass-through from:			
Ohio Space Grant Consortium	43.001		539
Technology Transfer			
Pass-through from:			
Ohio Aerospace Institute	43.002		<u>34,828</u>
Subtotal pass-through programs			<u>35,367</u>
<i>Total National Aeronautics and Space Administration</i>			<u>65,047</u>
<i>National Endowment for the Humanities</i>			
Promotion of the Humanities – Federal/State Partnership			
Pass-through from:			
Ohio Humanities Council	45.129	OHC-M99-115	836
Ohio Humanities Council	45.129	OHC R000-0044	1,605
Ohio Humanities Council	45.129	OHC-00-112	<u>1,828</u>
<i>Total National Endowment for the Humanities</i>			<u>4,269</u>
<i>National Science Foundation</i>			
Education and Human Resources			
Pass-through from:			
Edison Industrial Systems Center	47.076		<u>27,437</u>
<i>Total National Science Foundation</i>			<u>27,437</u>
<i>U.S. Department of Veterans Affairs</i>			
All Volunteer Force Educational Assistance			
Direct	64.124		<u>152,068</u>
<i>Total U.S. Department of Veterans Affairs</i>			<u>152,068</u>

**THE UNIVERSITY OF TOLEDO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

<u>Federal grantor/pass-through grantor/ program title</u>	<u>CFDA number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>
<i>U.S. Department of Education</i>			
Undergraduate International Studies and Foreign Language Program			
Direct	84.016	PO 16A80065	\$ 17,761
Direct	84.016	PO16A80065-99	9,635
Early Education for Children with Disabilities			
Direct	84.024	24P50045-97	13,275
Special Education Personnel Development and Parent Training			
Direct	84.029	H029Q5002597	52
Direct	84.029	29A50006-97	279
Direct	84.029	29A5022-97	5,943
Special Education – Research and Innovation to Improve Services and Results for Children with Disabilities			
Direct	84.324	H324M981097	73,214
Direct	84.324	H324M981097	56,172
Special Education – Personnel Preparation to Improve Services Services and Results for Children with Disabilities			
Direct	84.325	H029A80107	10,795
Direct	84.325	H325N990053	80,108
Direct	84.325	H325A980107	35,338
Subtotal direct			302,572
<i>Vocational Education – Basic Grants to States</i>			
Pass-through from:			
Ohio Department of Education	84.048	CP11-P99	1,810
Toledo City School District	84.048	PO 608347	478
Toledo City School District	84.048	PO 823027	81,567
National Vocational Education Research			
Pass-through from: Ohio Department of Education	84.051		41,271
Rehabilitation Services – Vocational Rehabilitation Grants to States			
Pass-through from:			
Bureau of Vocational Rehabilitation	84.126		551,224
Tech-Prep Education			
Pass-through from:			
Ohio Department of Education	84.243	VETP-23	462
Ohio Department of Education	84.243	VETP23P	19,873
Ohio Department of Education	84.243	VETP23K	28,395
Ohio Department of Education	84.243	OHIODEPT OF ED	198,714
Ohio Department of Education	84.243	VETP23 A-1	84,475
Ohio Department of Education	84.243	CP111-POO	72,150
Ohio Department of Education	84.243	OHIODEPT OF ED	77,448
Ohio Department of Education	84.243	VETP23K	1,868
Goals 2000 – State and Local Education Systemic Improvement Grants			
Pass-through from:			
Ohio Department of Education	84.276	63099G2SP99P	73,803
Ohio Department of Education	84.276	06309962SP99	70,000
Eisenhower Professional Development State Grants			
Pass-through from:			
Ohio Board of Regents	84.281	7-57	4
Ohio Board of Regents	84.281	8-58	32,944
Ohio Board of Regents	84.281	8-56	17,120
Ohio Board of Regents	84.281	EISENHOWER	96,606
Ohio Board of Regents	84.281		26,160
Ohio Board of Regents	84.281	955 EISENHOWER	770
Pass-through from: Ohio Department of Education	84.281		15,000
Special Education – State Program Improvement Grants for Children with Disabilities			
Pass-through from: Ohio Department of Education	84.323	063099STS199	4,608
Pass-through from:			
National Writing Project Corporation	84.928	92-OH02 #6	4,665
National Writing Project Corporation	84.928	92-OH02 #7	13,633
Subtotal pass-through programs			1,515,048
<i>Total U.S. Department of Education</i>			1,817,620

*U.S. Department of Health and Human Services*  
Community Services Block Grant – Discretionary Awards



**THE UNIVERSITY OF TOLEDO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

Federal grantor/pass-through grantor/ program title	CFDA number	Agency or pass-through number	Expenditures
Pass-through from:			
National Collegiate Athletic Association	93.032	98-709	\$ 505
National Collegiate Athletic Association	93.032	99-709	44,097
National Collegiate Athletic Association	93.032	NYSP-GSC	2,587
National Collegiate Athletic Association	93.032	00-587	34,935
Family Support Payments to States – Assistance Payments			
Pass-through from:			
Lucas County Department of Human Services	93.560		15,158
Lucas County Department of Human Services	93.560		5,659
Job Opportunity and Basic Skills Training			
Pass-through from:			
Ohio Board of Regents	93.561	COL STATE COMM	36,734
Community Services Block Grant – Discretionary Awards			
Pass-through from:			
National Collegiate Athletic Association	93.570		2,372
Social Services Block Grants			
Pass-through from:			
Lucas County Department of Human Services	93.667	48-98-5010	(22,142)
Block Grants for Prevention and Treatment of Substance Abuse			
Pass-through from:			
Ohio Department of Alcohol and Drug Services	93.959	484839202OVP	1,202
Ohio Department of Alcohol and Drug Services	93.959	48-4839202	19,862
Preventive Health and Health Services Block Grant			
Pass-through from:			
Ohio Department of Health	93.991	729-C	<u>(1)</u>
<i>Total U.S. Department of Health and         Human Services</i>			<u>140,968</u>
<i>Corporation for National and Community Service</i>			
AmeriCorps			
Pass-through from:			
Council of Great City Schools	94.006	95ADNDC009	<u>19,315</u>
<i>Total Corporation for National         and Community Service</i>			<u>19,315</u>
<i>U.S. International Development Cooperation Agency</i>			
Technical Teacher Program			
Direct	N/A		<u>33,687</u>
<i>Total Corporation for National         and Community Service</i>			<u>33,687</u>
<b>Total Other Programs</b>			<u><b>2,682,332</b></u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u><u>80,558,281</u></u></b>

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards.

**THE UNIVERSITY OF TOLEDO**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The University of Toledo and is presented on the accrual basis of accounting. The University of Toledo's reporting entity is defined in note 1 to its financial statements. Federal Awards received directly, as well as federal awards passed through government agencies, are included on the Schedule. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**(2) Subrecipients**

Of the federal expenditures presented in the Schedule, The University of Toledo provided federal awards to subrecipients as follows:

<u>Sub-grantee</u>	<u>Federal CFDA number</u>	<u>Amount provided</u>
University of California – Berkeley	43.002	\$ 21,469
Rhode Island College	43.002	23,339
Denison University	43.002	10,495
University of Wisconsin	43.002	12,494
Michigan Technical University	47.041	37,507
Michigan Technical University	66.500	38,685
Toledo Board of Education	47.076	298,624
Bowling Green State University	47.076	223,330
Owens Community College	84.024	4,693
Kuakani Medical Center	93.857	437

**(3) Indirect Costs**

The University recovers indirect costs by means of predetermined fixed indirect cost rates. The predetermined fixed rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The fixed rate effective for the period July 1, 1997 to June 30, 2000 for on-campus research is 48.4% of gross salary, and the off-campus rate is 19% of gross salary.

**(4) Loan Outstanding**

The University of Toledo had the following loan balance outstanding at June 30, 2000. The applicable portion of this loan balance outstanding is not included in the federal expenditures presented in the Schedule.

<u>Program title</u>	<u>CFDA number</u>	<u>Outstanding balance</u>
Perkins Loan Program	84.038	\$ 13,502,117



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**Independent Auditors' Report on Compliance and on the  
Internal Control Structure Over Financial Reporting  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

The Board of Trustees  
The University of Toledo:

We have audited the financial statements of The University of Toledo (the University) as of and for the year ended June 30, 2000, and have issued our report thereon dated October 6, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Audit Committee, management, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

**KPMG LLP**

October 16, 2000



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**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance with OMB Circular A-133  
and Schedule of Expenditures of Federal Awards**

The Board of Trustees  
The University of Toledo:

Compliance

We have audited the compliance of The University of Toledo (the University) with the types of compliance requirements described in the *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2000, except those requirements discussed in the third following paragraph. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000, other than those requirements discussed in the following paragraph. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 00-1.

We did not audit the University's compliance with requirements governing the billing, collection, and due diligence functions of the Federal Perkins Loan Program. Those requirements govern functions that are performed by University Accounting Services, Inc. (UAS). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements.

UAS's compliance with the requirements governing the functions that it performs for the University was examined by other accountants whose report has been furnished to us. The report of the other accountants indicates that compliance with those requirements was examined in accordance with the Department of Education's Audit Guide, *Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Based on our review of the service organization accountants' report, we have determined that all of the compliance requirements included in the *Compliance Supplement* that are applicable to the major programs in which the University participates are addressed in either our report or the report of the service organization accountants. Further, based on our review of the service organization accountants' report, we have determined that it does not contain any findings of noncompliance that would have a direct and material effect on the University's major program.

#### Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the University's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 00-1 and 00-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Requirements governing billing, collection, and due diligence of the Federal Perkins Loan Program are performed by UAS. Internal control over compliance relating to such functions was reported on by other accountants in accordance with the Department of Education's Audit Guide, *Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. A copy of the service organization accountants' report has been furnished to us. However, the scope of our work did not extend to internal control maintained at UAS.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University as of and for the year ended June 30, 2000, and have issued our report thereon dated October 6, 2000. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information of the Audit Committee, management, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

October 18, (except for the schedule of expenditures of federal awards, as to which the date is October 16, 2000)

**THE UNIVERSITY OF TOLEDO**

Schedule of Findings and Questioned Costs

Year ended June 30, 2000

**(1) Summary of Auditors' Results:**

(a)	<i>Type of report issued on the financial statements:</i>	Unqualified
(b)	<i>Reportable conditions in internal control were disclosed by the audit of the financial statements:</i>	None Reported
	<i>Material weaknesses:</i>	No
(c)	<i>Noncompliance which is material to the financial statements:</i>	No
(d)	<i>Reportable conditions in internal control over major programs:</i>	Yes
	<i>Material weaknesses:</i>	No
(e)	<i>Type of report issued on compliance for major programs:</i>	Unqualified
(f)	<i>Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133:</i>	Yes
(g)	<i>Major programs: CFDA: Various</i>	Student Financial Aid Cluster and
	<i>CFDA: Various</i>	Research and Development Cluster
(h)	<i>Dollar threshold used to distinguish between Type A and Type B programs:</i>	\$ 656,973
(i)	<i>Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133:</i>	Yes
<b>(2)</b>	<b>Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:</b>	None

## THE UNIVERSITY OF TOLEDO

### Schedule of Findings and Questioned Costs

Year ended June 30, 2000

#### (3) Findings and Questioned Costs Relating to Federal Awards:

##### **Finding No. 00-1**

- Condition:* The University did not have a policy in place to calculate refunds for unofficial withdrawals for the fall semester in the current year.
- Criteria:* *Federal Regulations* (34 CFR) stipulate that if a student drops out of the institution without notifying the institution, the last recorded date of class attendance by the student, as documented by the institution, should be used to calculate refund.
- Effect:* Potential request of funds by Department of Education for refunds not processed on unofficial withdrawals.
- Cause:* Oversight by University personnel.
- Recommendation:* The University should develop and implement a policy to document unofficial withdrawals so that refunds can be calculated accurately.
- Questioned Costs:* \$0

##### **Finding No. 00-2**

- Condition:* The University did not accumulate all the time and effort reporting forms from the various departments on a timely basis. Of the 25 employees selected, time and effort forms for 5 employees could not be located on a timely basis.
- Criteria:* *OMB Circular A-21, Cost Principles for Educational institutions*, require time and effort reports for all employees working on federal projects to be certified and filed on a timely basis.
- Effect:* Potential request of funds by sponsoring federal agency for instances where time and effort reporting forms cannot be located.
- Cause:* Inadequate staffing and oversight by University personnel.
- Recommendation:* The University should develop and implement a policy to require every department using federal funds to submit certified time and effort reports on a timely basis to the grants and contracts department.
- Questioned Costs:* \$0



**THE UNIVERSITY OF TOLEDO**

Intercollegiate Athletics Department

National Collegiate Athletic Association  
Agreed-upon Procedures Report

Year Ended June 30, 2000



Two Nationwide Plaza  
Columbus, OH 43215-2577

Telephone 614 249 2300  
Fax 614 249 2348

## **Independent Accountants' Report on Applying Agreed-upon Procedures**

William J. Decatur  
Interim President  
The University of Toledo:

We have performed the procedures enumerated below, which were agreed to by the management of The University of Toledo (the University), solely to assist in evaluation of (1) whether the attached Schedule of Current Revenues, Expenditures, and Other Changes, Intercollegiate Athletics (Schedule) of the University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2000, and (2) the effectiveness of the University Intercollegiate Athletics Department's internal control over financial reporting as of June 30, 2000. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### **Procedures Related to the Schedule of Revenues, Expenditures and Other Changes**

- A. We obtained the attached Schedule for the year ended June 30, 2000, as prepared by management. We recomputed the amounts on the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts on management's worksheets to the appropriate accounts in the University's general ledger.

We found no exceptions as a result of these procedures.

- B. We agreed individual contributions to the programs in excess of 10% of total contributions, as identified by management, to the corresponding information on the gift documentation in the files maintained by the University.

We found that each of such contributions was received directly by The University of Toledo Foundation (the Foundation) and then distributed to the University.

- C. We read the financial statements of the Foundation for the year ended June 30, 2000.

The Foundation's independent auditors expressed an unqualified opinion on the financial statements.

- D. We obtained the ticket sales recap reports completed by the Intercollegiate Athletics Department for the University's football and basketball home games. We compared the total amount of ticket sales, including away games receipts, per the reports to the amounts reported on the Schedule for football and basketball revenues.

We found no exceptions as a result of these procedures.

E. We obtained from the management of the University the following list of outside organizations and their related financial activities for the year ended June 30, 2000 as they relate to the intercollegiate athletics programs of the University. We agreed beginning cash balances to the prior year report and reconciled "Contributions to or on behalf of program" to the Schedule.

	Beginning cash balance	Cash receipts	Cash disbursements		Ending cash balance
			Contributions to or on behalf of program	Other	
The Rocket Fund	\$ 26,300	369,818	333,875	—	62,243
Varsity T-Group	6,590	36,077	20,127	—	22,540
Downtown Coaches Association	3,746	113,403	50,136	60,898	6,115
Dugout Club	836	15,498	16,334	—	—
Football Family Boosters Club	—	—	—	—	—
	\$ 37,472	534,796	420,472	60,898	90,898

We found no exceptions as a result of these procedures.

F. We confirmed directly with the Foundation or the treasurers of the above-listed outside organizations the financial amounts related to the University and the NCAA.

We found no exceptions as a result of these confirmations.

G. We agreed these cash receipts, as documented above, to the accounting records of the University.

We found no exceptions as a result of this procedure.

**Procedures Related to Internal Control Over Financial Reporting**

We reviewed the documentation of accounting systems and procedures. We also made certain inquiries of management regarding control consciousness, competence of personnel, and protection of records and equipment.

\* \* \* \* \*

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the schedule of revenues and expenditures of the Intercollegiate Athletics Department of the University or the effectiveness of the University Intercollegiate Athletics Department's internal control over financial reporting as of June 30, 2000. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the management of the University and authorized representatives of the National Collegiate Athletic Association, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

KPMG LLP

December 11, 2000

**THE UNIVERSITY OF TOLEDO**

Schedule of Current Revenues, Expenditures, and Other Changes

Intercollegiate Athletics

Year ended June 30, 2000

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Revenues:			
Sports:			
Basketball	\$ 462,167	—	462,167
Football	884,001	—	884,001
Other sports	99,288	—	99,288
Sales	592,697	—	592,697
Broadcasts and telecasts	112,766	—	112,766
Private gifts and grants	757,864	59,305	817,169
Advertising	739,086	—	739,086
Savage Hall events	435,916	26,851	462,767
	<b>4,083,785</b>	<b>86,156</b>	<b>4,169,941</b>
Expenditures and mandatory transfers:			
Administrative and general:			
Salaries and wages	1,316,733	—	1,316,733
Staff benefits	278,167	—	278,167
Supplies	74,410	3,867	78,277
Varsity/guarantee/media	526,756	—	526,756
Travel and entertainment	199,350	100	199,450
Information and communications	370,598	6,301	376,899
Occupancy	7,992	—	7,992
Other	—	9,288	9,288
	<b>2,774,006</b>	<b>19,556</b>	<b>2,793,562</b>
Sports:			
Baseball	288,232	2,517	290,749
Basketball	560,471	6,806	567,277
Football	2,644,608	12,885	2,657,493
Swimming	149,664	—	149,664
Track	223,487	1,311	224,798
Men's sports – other	217,822	4,719	222,541
Women's softball	244,995	2,901	247,896
Women's basketball	492,428	1,462	493,890
Women's track	328,219	14,963	343,182
Women's volleyball	303,075	—	303,075
Women's tennis	141,413	1,969	143,382
Women's swimming	248,585	8,333	256,918
Women's soccer	245,180	2,632	247,812
Women's golf	116,748	266	117,014
Cheerleading and other	38,698	560	39,258
Training and equipment	378,757	5,276	384,033
	<b>6,243,625</b>	<b>61,324</b>	<b>6,304,949</b>

(Continued)

**THE UNIVERSITY OF TOLEDO**

Schedule of Current Revenues, Expenditures, and Other Changes

Intercollegiate Athletics

Year ended June 30, 2000

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Expenditures and mandatory transfers, cont.:			
Operation and maintenance of plant:			
Salaries and wages	\$ 112,911	—	112,911
Staff benefits	25,502	—	25,502
Supplies	32,941	—	32,941
Repair and maintenance	28,466	—	28,466
Utilities	84,382	—	84,382
Insurance	14,528	—	14,528
Other	1,303	—	1,303
Total operation and maintenance of plant	<u>300,033</u>	<u>—</u>	<u>300,033</u>
Total expenditures	<u>3,074,039</u>	<u>19,556</u>	<u>9,782,577</u>
Mandatory transfers	<u>1,982</u>	<u>—</u>	<u>1,982</u>
Total expenditures and mandatory transfers	<u>3,076,021</u>	<u>19,556</u>	<u>9,784,559</u>
Nonmandatory transfers and additions (deductions):			
Allocated fund	584,501	—	584,501
Interfund transfers	5,030,117	—	5,030,117
Excess of restricted disbursements over receipts	<u>—</u>	<u>(23,251)</u>	<u>(23,251)</u>
Net increase (decrease) in fund balance	<u>\$ 6,622,382</u>	<u>43,349</u>	<u>23,251</u>



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**UNIVERSITY OF TOLEDO**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 25, 2001**