

BOWLING GREEN STATE UNIVERISTY

Financial Statements

June 30, 2001

(With Independent Auditor's Report Thereon)





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

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**JIM PETRO, AUDITOR OF STATE**

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The Board of Trustees  
Bowling Green State University

We have reviewed the Independent Auditor's Report of Bowling Green State University, Wood County, prepared by KPMG LLP, for the audit period July 1, 2000 to June 30, 2001. 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. Bowling Green State University is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

December 19, 2001

BOWLING GREEN STATE UNIVERSITY

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## Independent Auditors' Report

The Board of Trustees  
Bowling Green State University:

We have audited the accompanying balance sheet of Bowling Green State University (the University), a component unit of the State of Ohio, as of June 30, 2001, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes, and changes in its current funds allocated fund balances 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 as of June 30, 2001, and the changes in its fund balances and its current funds revenues, expenditures, and other changes, and its current funds allocated fund balances 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 September 14, 2001 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.

As discussed in note 1 to the financial statements, during the year ended June 30, 2001, the University adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

KPMG LLP

September 14, 2001

BOWLING GREEN STATE UNIVERSITY

Balance Sheet

June 30, 2001  
(with comparative figures for 2000)

<u>Assets</u>	<u>2001</u>	<u>2000</u>
Current funds:		
Unrestricted:		
Educational and general:		
Cash and interest-bearing deposits (Note 2)	\$ 458,353	\$ 64,542
Investments (Notes 1 and 2)	33,235,835	22,345,297
Accounts receivable	3,065,471	2,067,144
Accrued interest receivable	148,290	205,028
Inventories	286,831	275,000
Prepaid expenses	6,968	8,949
Due from other funds	<u>10,008,750</u>	<u>12,606,462</u>
Total educational and general	<u>47,210,498</u>	<u>37,572,422</u>
Auxiliary enterprises:		
Cash (Note 2)	32,969	375
Investments (Notes 1 and 2)	4,277,939	3,953,854
Accounts receivable	541,035	192,048
Accrued interest receivable	40,552	40,446
Inventories (Note 1)	1,822,606	2,105,689
Prepaid expenses	195,985	300,748
Due from other funds	<u>4,807,892</u>	<u>4,072,747</u>
Total auxiliary enterprises	<u>11,718,978</u>	<u>10,665,907</u>
Total unrestricted	<u>58,929,476</u>	<u>48,238,329</u>
Restricted:		
Cash (Note 2)	109,203	6,064
Grants receivable	1,719,430	8,618,555
Due from other funds	<u>925,546</u>	<u>1,609,604</u>
Total restricted	<u>2,754,179</u>	<u>10,234,223</u>
Total current funds	<u>\$ 61,683,655</u>	<u>\$ 58,472,552</u>
Loan funds:		
Cash (Note 2)	\$ 420,206	\$ 188,704
Investments (Notes 1 and 2)	183,718	174,089
Notes receivable	8,096,608	8,230,219
Receivable from federal government	134,140	111,232
Due from other funds	<u>100</u>	<u>100</u>
Total loan funds	<u>\$ 8,834,772</u>	<u>\$ 8,704,344</u>

See accompanying notes to financial statements.

BOWLING GREEN STATE UNIVERSITY

Balance Sheet

June 30, 2001

(with comparative figures for 2000)

<u>Liabilities and Fund Balances</u>	<u>2001</u>	<u>2000</u>
Current funds:		
Unrestricted:		
Educational and general:		
Accounts payable	\$ 6,694,610	\$ 5,338,184
Accrued payroll	6,077,673	5,757,099
Accrued vacation pay	4,620,357	4,405,893
Accrued sick leave	3,255,000	3,217,000
Accrued retirement incentive (Note 7)	3,258,061	6,427,772
Deferred tuition revenue	7,714,820	6,461,017
Total liabilities	<u>31,620,521</u>	<u>31,606,965</u>
Fund balances (deficit) (Note 1):		
Allocated	16,101,864	11,925,367
Allocated retirement incentive	(3,890,806)	(7,694,734)
Unallocated	3,378,919	1,734,824
Total fund balances	<u>15,589,977</u>	<u>5,965,457</u>
Total educational and general	<u>47,210,498</u>	<u>37,572,422</u>
Auxiliary enterprises:		
Accrued vacation pay	1,128,738	1,146,698
Accrued sick leave	542,000	610,000
Accrued payroll	590,912	565,901
Accrued retirement incentive (Note 7)	23,952	47,904
Deferred income	115,879	106,955
Total liabilities	<u>2,401,481</u>	<u>2,477,458</u>
Fund balances (deficit) (Note 1):		
Allocated	437,158	625,609
Allocated retirement incentive	(23,952)	(47,904)
Unallocated	8,904,291	7,610,744
Total fund balances	<u>9,317,497</u>	<u>8,188,449</u>
Total auxiliary enterprises	<u>11,718,978</u>	<u>10,665,907</u>
Total unrestricted	<u>58,929,476</u>	<u>48,238,329</u>
Restricted:		
Deferred revenue	2,754,179	-
Fund balance	<u>-</u>	<u>10,234,223</u>
Total restricted	<u>2,754,179</u>	<u>10,234,223</u>
Total current funds	<u>\$ 61,683,655</u>	<u>\$ 58,472,552</u>
Loan funds:		
Fund balances	<u>\$ 8,834,772</u>	<u>\$ 8,704,344</u>
Total loan funds	<u>\$ 8,834,772</u>	<u>\$ 8,704,344</u>

BOWLING GREEN STATE UNIVERSITY

Balance Sheet, Continued

June 30, 2001  
(with comparative figures for 2000)

<u>Assets</u>	<u>2001</u>	<u>2000</u>
Funds functioning as endowment:		
Cash (Note 2)	\$ 1,814,357	\$ 633,935
Investments (Notes 1 and 2)	41,498,980	38,886,527
Accounts receivable	118,248	117,414
Accrued interest receivable	<u>627,826</u>	<u>657,248</u>
Total funds functioning as endowment	\$ <u>44,059,411</u>	\$ <u>40,295,124</u>
 Plant funds:		
Unexpended:		
Cash (Note 2)	\$ 226,538	\$ 10,550
Investments (Notes 1 and 2)	38,488,500	18,977,279
Accrued interest receivable	<u>342,170</u>	<u>176,329</u>
Total unexpended	<u>39,057,208</u>	<u>19,164,158</u>
Retirement of indebtedness:		
Cash (Note 2)	5,801	7,573
Investments (Notes 1, 2 & 3)	7,158,460	10,264,589
Due from other funds	<u>1,515,294</u>	<u>88,725</u>
Total retirement of indebtedness	<u>8,679,555</u>	<u>10,360,887</u>
Investment in plant (Note 1) :		
Land	2,824,267	2,824,265
Infrastructure	22,987,721	31,050,983
Buildings	282,623,207	271,644,828
Movable equipment, furniture & library books	58,357,100	62,521,668
Construction in progress	<u>55,386,302</u>	<u>14,984,982</u>
Total investment in plant	<u>422,178,597</u>	<u>383,026,726</u>
Total plant funds	\$ <u>469,915,360</u>	\$ <u>412,551,771</u>
 Agency funds:		
Cash	\$ -	\$ 466,509
Investments (Notes 1 and 2)	1,593,972	1,004,718
Accrued interest receivable	-	587
Due from other funds	<u>120,636</u>	<u>100,644</u>
Total agency funds	\$ <u>1,714,608</u>	\$ <u>1,572,458</u>

See accompanying notes to financial statements.



BOWLING GREEN STATE UNIVERSITY

Balance Sheet, Continued

June 30, 2001  
(with comparative figures for 2000)

<u>Liabilities and Fund Balance</u>	<u>2001</u>	<u>2000</u>
Funds functioning as endowment:		
Accrued expenses	\$ 1,300,000	\$ 900,000
Due to other funds	37,797	58,507
Fund balances (Note 6)	<u>42,721,614</u>	<u>39,336,617</u>
Total funds functioning as endowment	<u>\$ 44,059,411</u>	<u>\$ 40,295,124</u>
Plant funds:		
Unexpended:		
Bonds Payable (Note 3)	\$ 14,000,000	\$ -
Due to other funds	17,340,421	18,419,775
Fund balances:		
Plant additions	658,561	(6,730,063)
Renewals and replacements	6,585,950	6,999,170
Deferred maintenance	<u>472,276</u>	<u>475,276</u>
Total unexpended	<u>39,057,208</u>	<u>19,164,158</u>
Retirement of indebtedness:		
Fund balances:		
Debt service	1,534,181	1,000,798
Debt service reserve (Note 3)	1,582,006	1,847,777
Debt service in escrow (Note 3)	<u>5,563,368</u>	<u>7,512,312</u>
Total retirement of indebtedness	<u>8,679,555</u>	<u>10,360,887</u>
Investment in plant:		
Notes payable	480,000	515,000
Bonds payable (Includes premium of \$1,677,964 in 2001) (Note 3)	70,612,964	31,520,000
Net investment in plant	<u>351,085,633</u>	<u>350,991,726</u>
Total investment in plant	<u>422,178,597</u>	<u>383,026,726</u>
Total plant funds	<u>\$ 469,915,360</u>	<u>\$ 412,551,771</u>
Agency funds:		
Deposits held in custody for others	\$ 1,714,608	\$ 1,572,458
Total agency funds	<u>\$ 1,714,608</u>	<u>\$ 1,572,458</u>

## BOWLING GREEN STATE UNIVERSITY

## Statement of Changes in Fund Balances

Year ended June 30, 2001

	Unrestricted		
	Educational and general	Auxiliary enterprises	Total unrestricted
Revenues and other additions:			
Unrestricted current funds revenues	\$ 222,109,434	\$ 58,096,192	\$ 280,205,626
Federal grants and contracts	-	-	-
State grants and contracts	-	-	-
Local grants and contracts	-	-	-
Private gifts, grants and contracts	-	-	-
Interest income	-	-	-
Increase (decrease) in fair value of investments	-	-	-
Bond proceeds	-	-	-
Expended for plant facilities	-	-	-
Retirement of bonds and notes	-	-	-
Health insurance contributions	-	-	-
Other	-	-	-
Total revenues and other additions	<u>222,109,434</u>	<u>58,096,192</u>	<u>280,205,626</u>
Expenditures and other deductions:			
Educational and general expenditures	201,111,840	-	201,111,840
Auxiliary enterprises expenditures	-	58,301,737	58,301,737
Indirect costs recovered	-	-	-
Loan cancellations and write-offs, net	-	-	-
Administrative and collection costs	-	-	-
Expended for plant facilities	-	-	-
Retirement of bonds	-	-	-
Interest on bonds	-	-	-
Disposal of plant facilities	-	-	-
Insurance claims	-	-	-
Issuance of bonds and notes	-	-	-
Other	-	-	-
Total expenditures and other deductions	<u>201,111,840</u>	<u>58,301,737</u>	<u>259,413,577</u>
Transfers among funds - additions (deductions):			
Mandatory:			
Principal and interest	(600,000)	(4,919,100)	(5,519,100)
Renewals and replacements	(52,657)	(2,768,408)	(2,821,065)
Loan funds	(7,120)	-	(7,120)
Non-mandatory:			
Student fees allocation	(10,956,115)	10,856,115	(100,000)
Current funds	451,214	(451,214)	-
Funds functioning as endowment	596,134	-	596,134
Plant additions	(911,120)	(1,382,800)	(2,293,920)
Debt service	-	-	-
Debt restructuring	-	-	-
Allocated fund balance	(4,069,907)	188,451	(3,881,456)
Allocated retirement incentive fund balance	(3,803,928)	(23,952)	(3,827,880)
Net increase for the year	<u>1,644,095</u>	<u>1,293,547</u>	<u>2,937,642</u>
Unallocated fund balances at the beginning of year	1,734,824	7,610,744	9,345,568
Cumulative effect of change in accounting principle (Note 1)	-	-	-
Unallocated fund balances at the beginning of year- as adjusted	<u>1,734,824</u>	<u>7,610,744</u>	<u>9,345,568</u>
Unallocated fund balances at the end of year	<u>\$ 3,378,919</u>	<u>\$ 8,904,291</u>	<u>\$ 12,283,210</u>

See accompanying notes to financial statements.

Restricted			
Educational and general	Auxiliary enterprises	Total restricted	Total current funds
\$ -	\$ -	\$ -	\$ 280,205,626
13,833,380	47,857	13,881,237	13,881,237
3,978,567	-	3,978,567	3,978,567
98,182	-	98,182	98,182
2,339,146	-	2,339,146	2,339,146
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>20,249,275</u>	<u>47,857</u>	<u>20,297,132</u>	<u>300,502,758</u>
19,101,379	-	19,101,379	220,213,219
-	44,865	44,865	58,346,602
1,147,896	2,992	1,150,888	1,150,888
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>20,249,275</u>	<u>47,857</u>	<u>20,297,132</u>	<u>279,710,709</u>
-	-	-	(5,519,100)
-	-	-	(2,821,065)
-	-	-	(7,120)
-	-	-	(100,000)
-	-	-	-
-	-	-	596,134
-	-	-	(2,293,920)
-	-	-	-
-	-	-	-
-	-	-	(3,881,456)
-	-	-	(3,827,880)
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,937,642</u>
10,234,223	-	10,234,223	19,579,791
<u>(10,234,223)</u>	<u>-</u>	<u>(10,234,223)</u>	<u>(10,234,223)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,345,568</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,283,210</u>

BOWLING GREEN STATE UNIVERSITY  
Statement of Changes in Fund Balances, Continued  
Year Ended June 30, 2001

	Loan funds	Funds functioning as endowment
Revenues and other additions:		
Unrestricted current funds revenues	\$ -	\$ -
Federal grants and contracts	21,360	-
State grants and contracts	-	-
Local grants and contracts	-	-
Private gifts, grants and contracts	-	-
Interest income	188,291	2,370,580
Increase (decrease) in fair value of investments	-	1,051,097
Bond proceeds	-	-
Expended for plant facilities	-	-
Retirement of bonds and notes	-	-
Health insurance contributions	-	10,232,707
Other	-	-
	<u>209,651</u>	<u>13,654,384</u>
Expenditures and other deductions:		
Educational and general expenditures	-	-
Auxiliary enterprises expenditures	-	-
Indirect costs recovered	-	-
Loan cancellations and write-offs, net	9,372	-
Administrative and collection costs	76,971	-
Expended for plant facilities	-	-
Retirement of bonds	-	-
Interest on bonds	-	-
Disposal of plant facilities	-	-
Insurance claims	-	11,506,260
Issuance of bonds and notes	-	-
Other	-	31,231
	<u>86,343</u>	<u>11,537,491</u>
Transfers among funds - additions (deductions):		
Mandatory:		
Principal and interest	-	-
Renewals and replacements	-	-
Loan funds	7,120	-
Non-mandatory		
Student fees allocation	-	-
Current Funds	-	-
Funds functioning as endowment	-	(596,134)
Plant additions	-	-
Debt service	-	-
Debt restructuring	-	1,864,238
Allocated fund balance	-	-
Allocated retirement incentive fund balance	-	-
	<u>130,428</u>	<u>3,384,997</u>
Net increase for the year		
Unallocated fund balances at the beginning of year	8,704,344	39,336,617
Cumulative effect of change in accounting principle (Note 1)	-	-
	<u>8,704,344</u>	<u>39,336,617</u>
Unallocated fund balances at the beginning of year - as adjusted		
Unallocated fund balances at the end of year	<u>\$ 8,834,772</u>	<u>\$ 42,721,614</u>

See accompanying notes to financial statements.

	Plant additions	Renewals and replacements	Deferred maintenance	Retirement of indebtedness	Investment in plant
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	13,418,181	-	-	-	-
	-	-	-	-	-
	299,394	-	-	-	-
	-	-	-	1,502,270	-
	-	-	-	(87,994)	-
	56,337,964	-	-	227,525	-
	-	-	-	-	53,985,682
	-	-	-	-	3,280,000
	-	-	-	-	-
	5,000	-	-	-	-
	<u>70,060,539</u>	<u>-</u>	<u>-</u>	<u>1,641,801</u>	<u>57,265,682</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	54,700,646	-	-	-	-
	-	-	-	3,245,000	-
	-	-	-	3,335,469	-
	-	-	-	-	15,423,007
	-	-	-	-	-
	14,000,000	-	-	-	42,337,964
	-	-	-	-	-
	<u>68,700,646</u>	<u>-</u>	<u>-</u>	<u>6,580,469</u>	<u>57,760,971</u>
	-	-	-	5,519,100	-
	-	2,821,065	-	-	-
	-	-	-	-	-
	-	-	100,000	-	-
	-	-	-	-	-
	5,631,204	(3,234,285)	(103,000)	-	-
	397,527	-	-	(397,527)	-
	-	-	-	(1,864,237)	-
	-	-	-	-	-
	-	-	-	-	-
	<u>7,388,624</u>	<u>(413,220)</u>	<u>(3,000)</u>	<u>(1,681,332)</u>	<u>(495,289)</u>
	(6,730,063)	6,999,170	475,276	10,360,887	350,991,726
	-	-	-	-	589,196
	<u>(6,730,063)</u>	<u>6,999,170</u>	<u>475,276</u>	<u>10,360,887</u>	<u>351,580,922</u>
\$	<u>658,561</u>	<u>\$ 6,585,950</u>	<u>\$ 472,276</u>	<u>\$ 8,679,555</u>	<u>\$ 351,085,633</u>

BOWLING GREEN STATE UNIVERSITY  
Statement of Current Funds Revenues, Expenditures, and Other Changes  
Year ended June 30, 2001  
(with comparative totals for 2000)

	2001		
	Educational and general	Unrestricted Auxiliary enterprises	Total unrestricted
<b>Revenues:</b>			
Tuition, fees, and other student charges	\$ 117,923,153	\$ -	\$ 117,923,153
State appropriations	89,262,999	-	89,262,999
Federal grants and contracts	84,885	-	84,885
State grants and contracts	11,011	-	11,011
Local grants and contracts	-	-	-
Private gifts, grants and contracts	1,830,769	-	1,830,769
Sales and services	8,522,833	52,938,138	61,460,971
Interest income	1,613,750	2,097,331	3,711,081
Net increase in fair value of investments	686,356	598,527	1,284,883
Other sources	2,173,678	2,462,196	4,635,874
<b>Total revenues</b>	<b>222,109,434</b>	<b>58,096,192</b>	<b>280,205,626</b>
<b>Expenditures and mandatory transfers:</b>			
<b>Educational and general:</b>			
Instructional and departmental research	86,517,697	-	86,517,697
Separately budgeted research	(66,711)	-	(66,711)
Public service	6,976,533	-	6,976,533
Academic support	27,725,892	-	27,725,892
Student services	18,504,421	-	18,504,421
Institutional support	23,076,633	-	23,076,633
Operation and maintenance of plant	13,667,098	-	13,667,098
Scholarships and fellowships	24,710,277	-	24,710,277
<b>Total educational and general expenditures</b>	<b>201,111,840</b>	<b>-</b>	<b>201,111,840</b>
<b>Auxiliary enterprises</b>	<b>-</b>	<b>58,301,737</b>	<b>58,301,737</b>
<b>Mandatory transfers for:</b>			
Principal and interest	600,000	4,919,100	5,519,100
Renewals and replacements	52,657	2,768,408	2,821,065
Loan fund matching grant	7,120	-	7,120
<b>Total expenditures and mandatory transfers</b>	<b>201,771,617</b>	<b>65,989,245</b>	<b>267,760,862</b>
<b>Non-mandatory transfers and additions (deductions):</b>			
<b>Non-mandatory transfers:</b>			
Student fees allocation	(10,956,115)	10,856,115	(100,000)
Current Funds	451,214	(451,214)	-
Funds functioning as endowment	596,134	-	596,134
Plant additions	(911,120)	(1,382,800)	(2,293,920)
Debt Service	-	-	-
Unrestricted allocated fund balance	(4,069,907)	188,451	(3,881,456)
Unrestricted allocated retirement incentive	(3,803,928)	(23,952)	(3,827,880)
<b>Additions (deductions):</b>			
Net restricted receipts over transfers to revenues and indirect costs recovered	-	-	-
<b>Net increase in fund balances</b>	<b>\$ 1,644,095</b>	<b>\$ 1,293,547</b>	<b>\$ 2,937,642</b>

See accompanying notes to financial statements.

2001				2000	
Restricted					
Educational and general	Auxiliary enterprises	Total restricted	Total current funds	Total current funds	
\$ -	\$ -	\$ -	\$ 117,923,153	\$ 109,953,967	
13,058	-	13,058	89,276,057	84,387,570	
12,970,286	44,865	13,015,151	13,100,036	11,794,350	
3,913,946	-	3,913,946	3,924,957	3,179,854	
94,857	-	94,857	94,857	52,274	
2,109,232	-	2,109,232	3,940,001	3,487,391	
-	-	-	61,460,971	59,678,206	
-	-	-	3,711,081	4,005,334	
-	-	-	1,284,883	(476,930)	
-	-	-	4,635,874	3,602,209	
<u>19,101,379</u>	<u>44,865</u>	<u>19,146,244</u>	<u>299,351,870</u>	<u>279,664,225</u>	
1,940,870	-	1,940,870	88,458,567	83,791,442	
4,134,407	-	4,134,407	4,067,696	3,737,627	
3,085,023	-	3,085,023	10,061,556	9,726,033	
525,161	-	525,161	28,251,053	24,669,994	
488,538	-	488,538	18,992,959	18,216,711	
232,672	-	232,672	23,309,305	20,358,394	
-	-	-	13,667,098	12,075,027	
<u>8,694,708</u>	<u>-</u>	<u>8,694,708</u>	<u>33,404,985</u>	<u>31,134,654</u>	
<u>19,101,379</u>	<u>-</u>	<u>19,101,379</u>	<u>220,213,219</u>	<u>203,709,882</u>	
-	44,865	44,865	58,346,602	53,749,890	
-	-	-	5,519,100	4,452,940	
-	-	-	2,821,065	3,017,229	
-	-	-	7,120	1,202	
<u>19,101,379</u>	<u>44,865</u>	<u>19,146,244</u>	<u>286,907,106</u>	<u>264,931,143</u>	
-	-	-	(100,000)	(100,000)	
-	-	-	-	-	
-	-	-	596,134	483,677	
-	-	-	(2,293,920)	(620,293)	
-	-	-	-	4,057,597	
-	-	-	(3,881,456)	(7,685,829)	
-	-	-	(3,827,880)	(4,314,422)	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,886,151</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,937,642</u>	<u>\$ 8,439,963</u>	

BOWLING GREEN STATE UNIVERSITY

Statement of Changes in Current Funds Allocated Fund Balances  
Year Ended June 30, 2001

	Amount transferred from (to) unallocated fund balances	Other Additions	Net increase/ (decrease) for the year	Balance July 1, 2000	Balance June 30, 2001
Educational and general:					
Reserve for:					
Accrued payroll retirement	\$ 34,390	\$ -	\$ 34,390	\$ 565,865	\$ 600,255
Encumbered purchase orders	196,785	-	196,785	2,706,272	2,903,057
Grants claims reserve	-	21,031	21,031	238,495	259,526
Insurance reserve	-	85,559	85,559	610,908	696,467
Unencumbered budget carryover	1,672,885	-	1,672,885	16,992,852	18,665,737
Sick leave	(38,000)	-	(38,000)	(3,217,000)	(3,255,000)
Leased equipment	2,123,873	-	2,123,873	(6,161,921)	(4,038,048)
Central stores	12,837	-	12,837	(284,204)	(271,367)
Printing services	(8,223)	-	(8,223)	98,186	89,963
Telecommunications	71,523	-	71,523	439,142	510,665
Transportation services	3,837	-	3,837	(63,228)	(59,391)
<b>Total</b>	<b>\$ 4,069,907</b>	<b>\$ 106,590</b>	<b>\$ 4,176,497</b>	<b>\$ 11,925,367</b>	<b>\$ 16,101,864</b>
<b>Retirement incentive</b>	<b>\$ 3,803,928</b>	<b>\$ -</b>	<b>\$ 3,803,928</b>	<b>\$ (7,694,734)</b>	<b>\$ (3,890,806)</b>
Auxiliary enterprises:					
Encumbered purchase orders	\$ (257,758)	\$ -	\$ (257,758)	\$ 1,119,452	\$ 861,694
Unencumbered budget carryover	1,307	-	1,307	116,157	117,464
Sick leave	68,000	-	68,000	(610,000)	(542,000)
<b>Total</b>	<b>\$ (188,451)</b>	<b>\$ -</b>	<b>\$ (188,451)</b>	<b>\$ 625,609</b>	<b>\$ 437,158</b>
<b>Retirement incentive</b>	<b>\$ 23,952</b>	<b>\$ -</b>	<b>\$ 23,952</b>	<b>\$ (47,904)</b>	<b>\$ (23,952)</b>

See accompanying notes to financial statements.



BOWLING GREEN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis

The financial statements of Bowling Green State University (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 revenues, expenditures and other changes is a statement of financial activities of current funds for the current fiscal year. 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.

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. Thus, resources for various purposes are classified into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund. In the accompanying financial statements, however, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds designated for specific purposes by action of the Board of Trustees, such as funds functioning as endowment. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds. Unrestricted funds may be used by the Board of Trustees in achieving any of the University's institutional purposes.

Within the current unrestricted fund, fund balances are designated as allocated and unallocated. The allocated and unallocated fund balances represent the gross resources available from unrestricted University operations. The allocated retirement incentive and sick leave fund deficits represent the results of early retirement programs and accumulated sick leave payable to employees upon retirement from the University, respectively, which have been expended by the University and will be eliminated through an allocation of future years' University budgets.

BOWLING GREEN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds functioning as endowment have been established by the Board of Trustees and may be expended as approved by the Board of Trustees.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments and receivables is accounted for in the fund owning such assets, except for income derived from investments of the unexpended renewals and replacements plant fund, which is accounted for in the current unrestricted 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.

Investments

All investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." Additionally, all investment income, including changes in the fair value of investments is reported as revenue in the statements of changes in fund balances.

Plant and Equipment

Physical plant and equipment are stated at cost or fair value at date of donation in the case of gifts. Library books are charged as expenditures of current funds and are capitalized in the plant fund.

Inventories

Inventories are stated at the lower of average cost or market (net realizable value).

Summer Term Revenue and Expenditures

All tuition, fees and expenses relating to various sessions offered during the summer term are recorded in the accompanying balance sheet as deferred revenue (net) and will be recorded as revenue and expenditures in the following fiscal year.

BOWLING GREEN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement or death. Unused hours exceeding their limitations are forfeited. Unpaid vacation and sick pay has been recorded in the current funds as applicable.

Use of Estimates

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

Reporting Entity

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

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 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.

Previous Year's Financial Information

The financial information shown for 2000 in the accompanying financial statement is included to provide a basis for comparison with 2001 and presents summarized totals only.

BOWLING GREEN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Principle

Effective July 1, 2000 the University adopted Government Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions which establishes financial reporting standards for nonexchange transactions involving financial or capital resources. The cumulative effect of this change in accounting principle was (\$10,234,223) and \$589,196 and were recorded as a (decrease) increase in the beginning fund balances of Restricted Funds and Plant Funds respectively.

2. POOLED CASH AND INVESTMENTS

Monies held in the University treasury are pooled for the purpose of investment management. Authorized investment instruments consist of (1) bonds, notes or other obligations guaranteed by the United States; (2) bonds, notes or other obligations issued by any federal agency; (3) certificates of deposit; (4) repurchase agreements under the terms of which agreement the University purchases and the seller agrees unconditionally to repurchase any of the securities listed in (1) or (2); (5) bonds and other obligations of Ohio or its political subdivisions; (6) the Ohio State Treasurer's investment pool and (7) commercial paper and banker's acceptances.

Deposits

To facilitate better management of the University's resources, substantially all cash is combined in pooled operating accounts. The amounts reflected as cash in the balance sheet represent the individual fund's equity in pooled cash balances. Cash in excess of current needs is invested on a pooled investment basis and earnings therefrom are allocated to each fund on the basis of its cash balance at the end of each month.

Amounts available for deposit are as follows:

Cash and Cash Equivalents: (Carrying amounts)	\$3,003,564
Reconciling items (net) to arrive at bank balances of deposits	<u>1,043,873</u>
Total available for deposit and investment (Bank balances of deposits)	<u>\$4,047,437</u>

BOWLING GREEN STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

2. POOLED CASH AND INVESTMENTS (continued)

Any public depository, at the time it receives a University deposit or investment in a certificate of deposit, is required to pledge to the investing authority as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, equals or exceeds the amount of University funds deposited. Of the bank balance, \$387,847 was covered by federal depository insurance, and \$3,659,590 was covered by the pledge described above.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The current market value of the pool of securities so pledged together with the amount covered by federal insurance must be at least equal to 110% of all public monies on deposit with the depository.

Investments

Investments of the University are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- |            |   |
|------------|---|
| Category 1 | Investments that are insured or registered, or securities held by the University or its agent in the University's name.   |
| Category 2 | Investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the University's name.                 |
| Category 3 | Investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the University's name. |

BOWLING GREEN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

2. POOLED CASH AND INVESTMENTS (continued)

The University's investments at June 30, 2001, all of which are classified as Category 1 based on the above criteria, are as follows:

<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>
Federal Governmental Securities	\$77,961,740	\$77,914,200
Money Market and Certificates of Deposit	15,408,380	15,408,380
Revenue Bonds	70,342	170,278
Corporate Bonds	13,316,760	13,169,400
Other	<u>5,061,380</u>	<u>5,311,450</u>
	111,818,602	111,973,708
Investment in State Treasurer's Asset Reserve (STAR Ohio)	<u>14,463,696</u>	<u>14,463,696</u>
Totals	<u>\$126,282,298</u>	<u>\$126,437,404</u>
Current Funds:		
Unrestricted:		
Educational and General	\$33,224,938	\$33,235,835
Auxiliary Enterprises	4,297,121	4,277,939
Loan Funds	183,718	183,718
Funds Functioning as Endowments	41,344,453	41,498,980
Plant Funds:		
Unexpended	38,472,270	38,488,500
Retirement of Indebtedness	7,165,826	7,158,460
Agency Funds	<u>1,593,972</u>	<u>1,593,972</u>
Totals	<u>\$126,282,298</u>	<u>\$126,437,404</u>

The fair value of investments, other than investments in STAR Ohio, is based on market values provided by the broker or dealer holding the University's investments.

BOWLING GREEN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

2. POOLED CASH AND INVESTMENTS (continued)

The University's investment in STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form. Investments in STAR Ohio are backed by the securities purchased by STAR Ohio. Historically, over 90% of investments purchased by STAR Ohio are U.S. Government Obligations and all securities purchased are held in a third party custodial arrangement on behalf of STAR Ohio. This investment is similar in concept to a money market fund and therefore maintains a constant net asset value in which cost approximates market.

3. BONDS PAYABLE

The maturity dates, interest rates and outstanding principal of bonds payable at June 30, 2001, are as follows:

<u>Bonds</u>	<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Balance</u>
<u>Revenue:</u>			
Dormitory System	2002 - 2004	3.0% - 4.75%	\$1,020,000
Student Facilities	2002 - 2007	4.0% - 5.0%	2,030,000
<u>General Receipts:</u>			
Dormitory System	2002 - 2016	3.7% - 6.35%	34,370,000
Other	2002 - 2016	4.75% - 6.7%	<u>45,515,000</u>
			<u>\$82,935,000</u>

BOWLING GREEN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

3. BONDS PAYABLE (continued)

The scheduled maturities of the bonds for the five fiscal years subsequent to June 30, 2001, and thereafter are as follows:

	<u>Revenue</u>		<u>General Receipts</u>		<u>Total</u>
	<u>Dormitory System</u>	<u>Student Facilities</u>	<u>Dormitory System</u>	<u>Other</u>	
2002	\$500,000	\$305,000	\$2,550,000	\$770,000	\$4,125,000
2003	255,000	320,000	2,710,000	2,765,000	6,050,000
2004	265,000	335,000	2,860,000	2,910,000	6,370,000
2005	-	345,000	3,010,000	3,070,000	6,425,000
2006	-	360,000	3,170,000	3,240,000	6,770,000
There- after		365,000	20,070,000	32,760,000	53,195,000
Totals	<u>\$1,020,000</u>	<u>\$2,030,000</u>	<u>\$34,370,000</u>	<u>\$45,515,000</u>	<u>\$82,935,000</u>

In November 2000, the University issued \$54,660,000 General Receipts Bonds for dormitory renovations, Bowen Thompson Student Union renovation, Recreation Center air conditioning and the campus infrastructure project. Interest rates range from 4.75% to 5.75%.

In 1985, the University entered into three debt escrow agreements to set-aside with trustees investments sufficient to meet, at the time of creation of the escrow agreements, all future principal and interest payments of the indebtedness arising from the Dormitory System Revenue Bond issues. The agreements, which are revocable by the University, allow the University to utilize the interest income of the investments for any lawful purpose of the University. Investments were purchased and subsequently deposited with the trustees, fully funding the outstanding principal for the Dormitory System Revenue Bond issues, plus interest on such bonds over their lives.

At June 30, 2001, the fair value of these investments amounted to approximately \$5,563,000 and is included in the retirement of indebtedness fund.

In accordance with the trust agreements relating to the bond issues not included in the aforementioned debt escrow agreements, reserves must be maintained in the retirement of



BOWLING GREEN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

3. BONDS PAYABLE (continued)

indebtedness fund equal to specific future debt service requirements on the outstanding bonds. At June 30, 2001 such reserves amounted to approximately \$1,582,000 which exceeded the requirements on that date.

4. OPERATING LEASES

The University leases certain properties and equipment under non-cancelable operating leases which expire at various dates through 2003. Rent expenses were \$1,772,000 and \$1,559,000 for the years ended June 30, 2001 and 2000, respectively. Future minimum rental payments under non-cancelable operating leases as of June 30, 2001 are:

2002	\$1,267,000
2003	291,000

5. LOAN FUNDS

A portion of loan fund balances is an allocation representing 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 funds as long as the University participates in the programs.

6. FUNDS FUNCTIONING AS ENDOWMENT

Funds functioning as endowment include approximately \$11,095,000 set aside for an internal endowment supporting the educational activities of the University as determined by the President and Board of Trustees, as well as debt restructuring funds which accumulate excess earnings of the debt restructuring program. These accumulated excess earnings as of June 30, 2001, were \$25,334,000. In addition, funds functioning as endowment include \$3,618,000 set aside for the Eminent Scholar Program, \$958,000 for the funding of the employee health and major medical plan, \$1,097,000 for a claim stabilization reserve to minimize rate fluctuation of group life insurance premiums and \$620,000 for other items.

Claims paid in health insurance contributions related to the employees health and major medical plan are reported in the Statement of Changes in Fund Balances. The contributions reflect expenses related to the plan reported in the current unrestricted fund.

7. PENSION OBLIGATIONS

Substantially all employees of the University are covered by one of two pension plans administered and controlled by the State of Ohio, both of which are statewide cost-sharing

BOWLING GREEN STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

7. PENSION OBLIGATIONS (continued)

multiple-employer defined benefit public retirement systems. The State Teachers Retirement System (STRS) provides benefits to all certified employees. Non-certified employees are covered under the Public Employees Retirement System (PERS). Students working less than 1,500 hours per calendar year for the University have an option to exempt themselves from membership.

STRS and PERS provide retirement, disability and death benefits with annual cost of living adjustments to plan members and beneficiaries. Authority to establish or amend benefits is established by Ohio Revised Code sections 3307 and 145 for STRS and PERS, respectively.

Both STRS and PERS issue stand-alone financial reports. A copy of the STRS report may be obtained by writing to 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090. A copy of the PERS report may be obtained by writing to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

The employees participating in the STRS and PERS contribute 9.3% and 8.5%, respectively of their annual compensation and the University contributes 14% and 13.31%, respectively of the same base. The Ohio Revised Code grants authority to the respective Boards of STRS and PERS to establish and amend employee and employer contribution rates. The University's contributions to STRS for the years ending June 30, 2001, 2000 and 1999, were \$6,611,000, \$6,399,000, and \$6,660,000, respectively. The University's contribution to PERS for the years ending June 30, 2001, 2000 and 1999 were \$6,161,000, \$7,014,000, and \$6,804,000, respectively. Contributions by the University to STRS and PERS include amounts for other postemployment benefits (see Note 8). The University's contributions to both plans were equal to the required contributions for each year.

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement system for qualified 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. Bowling Green State University Board of Trustees adopted such a plan effective January 25, 2000. This plan is a defined contribution plan under IRS Section 401 (a).

Eligible employees (those who are full-time and salaried) have ninety 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 the employee's 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

BOWLING GREEN STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

7. PENSION OBLIGATIONS (continued)

must contribute 5.76% to STRS (no contribution is required for PERS). BGSU has chosen to make as an employer contribution an amount that is currently equal to what would have been the employer's share of the appropriate retirement system, less the aforementioned 5.76%, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

During 1989, the Board of Trustees of the University approved the adoption of the State Teachers Retirement System Early Retirement Incentive Plans. In March 1998, the Board of Trustees of the University voted to discontinue these plans effective July 1, 1998. These plans allowed groups of University employees who met certain eligibility requirements, to annually elect early retirements and the University to purchase a specified number of years of service credit in the applicable plan for the retiring employee. These liabilities will be paid in annual installments, with interest, on June 30 of each year.

A summary of the University's plan is as follows:

University Cost	\$39,534,000
Interest Rate	7.75%
Years of Service Credit Purchased	up to 5 years
Installments due through	2003
Principal paid through June 30, 2001	\$36,627,000
Interest paid through June 30, 2001	\$7,651,000

8. OTHER POSTEMPLOYMENT BENEFITS

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 Ohio Revised Code, the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. The Ohio Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, which is currently 14% of covered payroll.

The Board currently allocates employer contributions equal to 4.5% of covered payroll to a health care reserve fund from which payments for health care benefits are paid. For the year ended June 30, 2001, the approximate amount of the University's total contribution to STRS

BOWLING GREEN STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (continued)

that was allocated to the health care reserve fund was \$2,121,000. The balance in the STRS health care reserve fund was \$3.42 billion at June 30, 2000, the date of the most recent information available from STRS.

For the year ended June 30, 2000, the net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

PERS

PERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. 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 2000 employer contribution rate for state employers was 13.31% of covered payroll; 4.3% was the portion that was used to fund health care for the year. During 1998, the PERS board adopted a new calculation method for determining employer contributions applied to OPEB. Effective January 1, 2000, employer contributions equal to 4.3% 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. For the year ended June 30, 2001, the approximate amount of the University's total contribution to PERS that was used to fund other postemployment benefits was \$2,407,000.

The number of benefit recipients eligible for OPEB was 129,656 at December 31, 2000. PERS' net assets available for other postemployment benefits, as of December 31, 2000, was \$11.0 billion. OPEB expenditures were \$559,606,000 during 2000.

9. RELATED ORGANIZATION

The University is the sole beneficiary of the Bowling Green State University Foundation, Inc., a separate not-for-profit entity organized for the purpose of promoting educational and research activities. As of June 30, 2001, unaudited assets totaling approximately \$60,944,000, most of which have been restricted by donors for specific purposes, are held by the Foundation and are not recorded in the accompanying financial statements. Approximately \$7,154,000 was transferred to the University in support of institutional programs from the Foundation in fiscal 2001. These amounts are included in private gifts, grants, and contracts and other sources in the accompanying financial statements.

BOWLING GREEN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

10. RISK MANAGEMENT

During the normal course of operations, the University has become a defendant in various legal and administrative actions. In accordance with FASB 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 self-insures its health care program up to a specific limit of \$200,000 per individual and an aggregate limit estimated at approximately \$10,000,000. Specific and excess stop loss coverage is provided by Medical Mutual of Ohio. There have been no claims in excess of coverage levels during the period.

The University is a member of the Inter-university Council Insurance Consortium retention pool for property loss risks between \$100,000 and \$900,000 after which property insurance is carried. The University is responsible for property loss up to \$100,000 per occurrence.

Changes in the balances of claims liabilities during the past two years for the health coverage are as follows:

	<u>2001</u>	<u>2000</u>
Unpaid claims - July 1	\$900,000	\$750,000
Incurred claims	11,506,260	10,013,825
Claim payments	<u>11,106,260</u>	<u>9,863,825</u>
Unpaid claims - June 30	<u>\$1,300,000</u>	<u>\$900,000</u>

This liability is the University's best estimate based on past experience and current claims outstanding. Actual claims experience may differ from the estimate. The University participates in the State of Ohio's workers' compensation plan.

11. CONTINGENT LIABILITIES

In the normal course of its activities, the University is a party in various legal and administrative actions. Although some actions have been brought for large amounts, the University has not experienced significant losses or costs. After taking into consideration legal counsel's evaluation of pending action and information relative to potential future claims based on past events, the University's management is of the opinion that the outcome thereof will not have a material effect on the University's financial position.

BOWLING GREEN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

(Continued)

12. FUTURE PRONOUNCEMENTS

The University will be required to implement the provisions of Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements -- and Management's 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.

**BOWLING GREEN STATE UNIVERSITY**

OMB Circular A-133 Supplementary Financial Report

Year Ended June 30, 2001

(With Independent Auditors' Reports Thereon)

**BOWLING GREEN STATE UNIVERSITY**  
OMB Circular A-133 Supplementary Financial Report  
Year ended June 30, 2001

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**BOWLING GREEN STATE UNIVERSITY**

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2001

<u>Federal agency/program</u>	<u>CFDA #</u>	<u>Grant #</u>	<u>Project period</u>	<u>Expenditures</u>
<b>Research and Development - Cluster:</b>				
<i>U.S. Department of Agriculture -</i>				
Agriculture research grant	10.206	2001-35201-10150	12/01/00 - 11/30/03	\$ 25,264
<i>U.S. Department of Commerce -</i>				
Economic development technical assistance	11.303	06-66-01008	10/01/99 - 9/30/00	89,562
Public telecommunications facilities grant	11.550	2018	8/11/00 - 6/10/01	25,000
Total U.S. Department of Commerce				114,562
<i>U.S. Department of Defense:</i>				
Pass-through from:				
Department of Navy -				
Basic and applied scientific research	12.300	N00014-97-1-0834	6/01/97 - 12/31/00	48,145
Naval Health Research Center -				
Basic and applied scientific research	12.300	F3360100MT004	6/05/00 - 7/15/00	4,948
Army Research -				
Military medical research and development	12.420	DAMD17-01-1-0484/5	5/01/01 - 5/31/02	1,174
Air Force Office of Scientific Research -				
Research sciences program	12.800	N/A	8/01/00 - 11/30/00	55,119
National Security Agency -				
Mathematical sciences grant program	12.901	MDA904-01-1-0023	11/28/00 - 11/28/01	2,564
Total U.S. Department of Defense				111,950
<i>U.S. Geological Survey -</i>				
ALGAL/Pacific Northwest - research and data acquisition	15.808	WRSA0740	7/14/98 - 5/01/00	5,139
<i>U.S. Department of Justice -</i>				
ALGAL/Pacific Northwest - research and data acquisition	16.562	N/A	4/01/01 - 2/28/02	13,811
<i>National Science Foundation:</i>				
Early Career Program	47.045	SES-9984111	5/01/00 - 4/30/02	16,046
Mathematical and physical sciences program	47.049	DMR-9526755	5/15/96 - 4/30/00	3,917
Mathematical and physical sciences program	47.049	CHE-9732463	2/15/98 - 1/31/99	46,931
Mathematical and physical sciences program	47.049	CHE-9727527	2/15/98 - 1/31/01	10,187
Mathematical and physical sciences program	47.049	DMS-9896154	2/01/98 - 6/30/00	20,733
Mathematical and physical sciences program	47.049	AST9988259	5/01/00 - 4/30/03	8,758
Mathematical and physical sciences program	47.049	AST9988247	7/01/00 - 6/30/03	7,514
Mathematical and physical sciences program	47.049	DMR-9803006	9/01/98 - 8/31/99	58,239
Mathematical and physical sciences program	47.049	DMS-0774279	8/15/00 - 7/31/01	4,270
Mathematical and physical sciences program	47.049	DMR-0091689	1/01/01-12/31/03	39,555
Mathematical and physical sciences program	47.049	DMS-0079696	9/01/00 - 8/31/03	24,813
Mathematical and physical sciences program	47.049	CHE-0097779	5/01/01 - 4/30/02	29,147
Geosciences program	47.050	AST-9619628	7/01/97 - 6/30/00	14,218
Geosciences program	47.050	OCE-9911592	5/15/00 - 4/30/02	41,772
Geosciences program	47.050	EAR-0087607	1/01/01 - 12/31/03	19,954
Biological sciences program	47.074	IBN-9874608	3/01/99 - 2/28/01	77,233
Biological sciences program	47.074	DBI-0070334	5/01/00 - 4/30/01	84,300
Biological sciences program	47.074	OCE-9902658	7/15/99 - 5/31/01	24,100
Biological sciences program	47.074	INT-9908522	3/01/00 - 8/31/02	3,670
Biological sciences program	47.074	DUE-9952421	1/01/00 - 8/31/01	38,120
Biological sciences program	47.074	DBI-9724112	3/01/98 - 2/29/00	149,180
Biological sciences program	47.074	IBN-0075891	8/15/00 - 7/31/01	42,340

**BOWLING GREEN STATE UNIVERSITY**

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2001

<u>Federal agency/program</u>	<u>CFDA #</u>	<u>Grant #</u>	<u>Project period</u>	<u>Expenditures</u>
<b>Research and Development - Cluster, Cont.:</b>				
<i>National Science Foundation, Cont.:</i>				
Social behavioral and economic sciences program	47.075	IBN-9807476	5/01/98 - 4/30/00	\$ (48)
Social behavioral and economic sciences program	47.075	SBR-9810137	9/01/98 - 2/28/01	(636)
Social behavioral and economic sciences program	47.075	DUE-9851123	9/30/98 - 8/31/01	3,139
Social behavioral and economic sciences program	47.075	SES-0100112	12/01/00 - 11/30/01	7,803
Education and human resources program	47.076	DUE-0088703	1/01/01 - 12/31/02	1,399
Education and human resources program	47.076	DGE-0196128	10/01/00 - 12/31/01	2,815
	47.078	OPP-0003702	8/01/00 - 7/31/02	1,852
	47.078	OPP-0095089	4/01/01 - 3/31/04	20,676
Total National Science Foundation				801,997
<i>U.S. Environmental Protection Agency:</i>				
Lupinus Perennis/Oak Savannah	66.501	R-826596-01-1	1/01/99 - 12/31/01	106,296
Septic System Education	66.501	00G - 068	5/08/00 - 9/30/01	16,856
Total Environmental Protection Agency				123,152
<i>U.S. Department of Education -</i>				
A Model of Excellence research grant	84.117	ED-98-CO-0086	9/30/98 - 3/29/01	347,438
<i>U.S. Department of Health &amp; Human Services:</i>				
Research relating to deafness and communication disorder	93.173	R01-DCO3577-01A1	7/01/98 - 6/30/00	335,392
Biological response to environmental hazards	93.113	1-R25-Es10705-01	9/15/00 - 8/31/01	110,097
Mental health research grant	93.242	1-R03-MH62557-01	6/16/00 - 5/31/01	27,214
Mental health national research service	93.282	1-F31MH1271101A1	5/01/01 - 5/31/02	3,840
Biomedical technology	93.371	1R21RR1265401A1	8/01/99 - 7/31/00	77,234
Academic research enhancement program	93.390	1-R15-GM57636-01	5/01/98 - 4/30/01	30,281
Academic research enhancement program	93.390	1-R15-CA78322-01	9/01/98 - 6/30/01	5,889
Academic research enhancement program	93.390	1-R15-GM5435701A2	7/01/98 - 6/30/01	29,846
Academic research enhancement program	93.390	1-R15-HL 60241-01	9/08/98 - 8/31/01	21,147
Academic research enhancement program	93.390	1-R15-GM60258-01	5/01/00 - 4/30/03	18,175
Cell biology and bio physics research program	93.821	1R15GM/OD558980	6/01/97 - 5/31/00	48,639
Cell biology and bio physics research program	93.821	5-RO1-GM56182-02	7/01/98 - 8/31/00	25,353
Clinical research related to neurological disorders	93.853	7-KO8-NS01705-06	9/01/98 - 8/31/00	2,610
Basal Forebrain Function	93.854	5-R29-NS35389-03	9/10/95 - 8/31/00	35,019
Microbiology and infectious disease research	93.856	1-R15-A146481-01	3/01/00 - 2/28/03	32,947
Biological chemistry research	93.859	R01 - GM61171-01	4/01/00 - 3/31/01	106,272
Population research program	93.864	5-R01-HD34392-02	6/05/97 - 5/31/01	16,840
Population research program	93.864	3-R01-H03622301A2	9/01/99 - 8/31/00	308,586
Aging research program	93.866	1-R03-AG16093-01	9/01/98 - 8/31/00	9,789
Aging research program	93.866	1-R03-AG17332-01	8/01/99 - 7/31/00	29,812
Adolescent family demonstration project	93.995	1AHP-PA000832-01	9/16/99 - 9/15/00	274,105
Subtotal direct				1,549,087

**BOWLING GREEN STATE UNIVERSITY**

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2001

<u>Federal agency/program</u>	<u>CFDA #</u>	<u>Grant #</u>	<u>Project period</u>	<u>Expenditures</u>
<b>Research and Development - Cluster, Cont.:</b>				
<i>U.S. Department of Health &amp; Human Services, Cont.:</i>				
Pass-through from:				
Health Research Institute – Cancer treatment research	93.395	CA55791-07	9/03/92 - 1/31/02	\$ 40,854
Yale University – Clinical research related to neurological disorder	93.853	5-R01-NS33539-04	4/01/98 - 3/31/00	3,828
University of California – Irvine – Naturalization/immigration assistance	93.864	HD-39075	9/01/99 - 8/31/01	64,988
University of Michigan – Research for mother and children	93.865	F001367	9/30/98 - 6/30/01	31,156
Case Western Reserve University – Geriatric education center	93.969	2-D31-AH70041-04	9/01/97 - 6/30/02	38,999
				<u>179,825</u>
Subtotal pass-through programs				
Total U.S. Department of Health and Human Services				1,728,912
<i>NASA -</i>				
Direct:				
Aerospace education service program	43.001	G0-08310.01-97A	9/01/99 - 8/31/01	12,948
Technology transfer program	43.002	NAS3 - 99202	9/24/99 - 12/31/99	162,029
Technology transfer program	43.002	NAG9-1186	1/10/00 - 1/09/01	5,920
Technology transfer program	43.002	NAG3-2443	5/19/00 - 5/18/01	62,058
				<u>242,955</u>
Total NASA				
Total Research and Development – Cluster				<u>3,515,180</u>
<b>Student Financial Aid - Cluster:</b>				
<i>U.S. Department of Education:</i>				
Federal Supplementary Education Opportunity Grant	84.007	P007A73240	7/01/00 - 6/30/01	589,250
Federal Work Study	84.033	P033A63240	7/01/97 - 6/30/99	921,147
Federal Perkins Loan	84.038	P038A93240	7/01/97 - 6/30/99	1,424,553
PELL Grant	84.063	P063P75000	7/01/97 - 6/30/99	5,990,580
Federal Direct Loans	84.268	N/A	7/01/97 - 6/30/99	52,547,710
				<u>61,473,240</u>
Total U.S. Department of Education				
<i>U.S. Department of Health &amp; Human Services -</i> Nursing Student Loan	93.364	N/A	7/01/97 - 6/30/99	75,000
				<u>75,000</u>
Total Student Financial Aid – Cluster				<u>61,548,240</u>

**BOWLING GREEN STATE UNIVERSITY**

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2001

<u>Federal agency/program</u>	<u>CFDA #</u>	<u>Grant #</u>	<u>Project period</u>	<u>Expenditures</u>
<b>Other programs -</b>				
<i>U.S. Department of Education:</i>				
Project Enhance	84.029	H029A70142	7/01/97 - 6/30/01	\$ 53,406
Hayes Presidential Library	84.039	R039D70018	10/01/97 - 9/30/99	—
Student support services	84.042	P042A70758	9/01/97 - 8/31/00	422,131
Talent search	84.044	P0044A40466-97	10/01/82 - 9/30/98	—
Talent search	84.044	P044A980164	10/01/98 - 8/31/00	249,777
Upward bound	84.047	P047A50230	9/01/95 - 8/31/99	14
Upward bound	84.047	P047A990332	9/01/99 - 8/31/00	335,941
Alcohol misperception program – postsecondary improvement	84.116	P116X990003	10/01/99 - 9/30/00	31,205
Rehabilitation long-term training	84.129	H129R80003	8/01/98 - 7/31/00	110,359
Business and international education project	84.153	P153A000089	9/01/00 - 8/31/01	34,047
Business and international education project	84.153	P153A80072	9/01/98 - 8/31/00	68,771
Project Focus	84.325	H325A990084	7/01/99 - 6/30/00	370,710
Partnership Grant	84.336	P336B000004	10/01/00 - 9/30/01	137,271
Project PICT – teacher for technology	84.342	P342A000105	6/01/00 - 5/31/01	365,159
Project PICT – teacher for technology	84.342	P34A990077	9/22/99 - 9/21/00	66,580
Subtotal direct				2,245,371
Pass-through from –				
State of Ohio:				
Vocational education	84.048	N/A	5/01/98 - 6/30/00	6,553
Vocational education	84.048	ODE-OEC-GS-SI-00	7/01/90 - 4/30/01	61,238
Vocational education	84.048	AOVEC99-1	7/01/99 - 6/30/00	6,180
Vocational education	84.048	N/A	1/01/00 - 6/30/01	106,744
Vocational education	84.048	062893-PL00-2000	1/03/00 - 6/30/00	55,030
Vocational education	84.048	VE27 - VE28	7/01/99 - 6/30/00	79,031
Vocational education	84.048	30619	3/01/00 - 6/30/01	13,698
Vocational education	84.048	30618	3/01/00 - 6/30/01	14,890
Vocational education	84.048	N/A	3/01/97 - 6/01/99	48
Vocational education	84.048	N/A	11/17/98 - 6/30/02	49,469
Goals 2000	84.276	N/A	9/01/98 - 9/30/99	834
State Program Improvement Grants	84.323	062893-ST-S1-00	2/01/00 - 1/31/02	27,314
Subtotal pass-through programs				421,029
Total U.S. Department of Education				2,666,400
Total other programs				2,666,400
Total expenditures of federal awards				\$ 67,729,820

See accompanying notes to Schedule of Expenditures of Federal Awards and independent auditors' report

**BOWLING GREEN STATE UNIVERSITY**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

**(1) Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bowling Green State University (University) and is presented on the accrual basis of accounting. 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) Loan Advances**

The following schedule represents loans outstanding balances for the Perkins and Nursing Student Loan programs for the year ended June 30, 2001:

	<u>CFDA number</u>	<u>Outstanding balance</u>
Perkins Loan Program	84.038	\$ 7,710,649
Nursing Student Loans	93.364	<u>372,782</u>



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

The Board of Trustees  
Bowling Green State University:

We have audited the financial statements of Bowling Green State University (the University), a component unit of the State of Ohio, as of and for the year ended June 30, 2001, and have issued our report thereon dated September 14, 2001. 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.

**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.



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This report is intended solely for the information and use of the Board of Trustees, 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

September 14, 2001



Suite 1200  
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Detroit, MI 48226

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

The Board of Trustees  
Bowling Green State University:

**Compliance**

We have audited the compliance of Bowling Green State University (the University) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The University's major federal programs are identified in the Summary of Auditors' Results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 considered 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, 2001.

**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.





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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the University as of and for the year ended June 30, 2001 and have issued our report thereon dated September 14, 2001. 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 and use of the Board of Trustees, 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**

September 28, 2001 (except for the report on the  
schedule of expenditures of federal awards,  
as to which the date is September 14, 2001)

**BOWLING GREEN STATE UNIVERSITY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2001

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

- |  |                     |
|--|---------------------|
| (a) <i>Type of report issued on the financial statements:</i>  | Unqualified Opinion |
| (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>  | None Reported       |
| <i>Material weaknesses:</i>  | No                  |
| (e) <i>Type of report issued on compliance for major program:</i>  | Unqualified Opinion |
| (f) <i>Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133:</i>  | No                  |
| (g) <i>Major program CFDA #'s 84.007, 84.033, 84.038, 84.063, 84.268, and 93.364: Student Financial Aid Cluster<br/>CFDA #'s Various: Research and Development Cluster</i> |                     |
| (h) <i>Dollar threshold used to distinguish between Type A and Type B programs:</i>  | \$2,274,398         |
| (i) <i>Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133:</i>  | Yes                 |

**(2) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:** None

**(3) Findings and Questioned Costs Relating to Federal Awards:** None

**BOWLING GREEN STATE UNIVERSITY**

Intercollegiate Athletics Department

National Collegiate Athletic Association  
Agreed-upon Procedures Report

June 30, 2001

# **BOWLING GREEN STATE UNIVERSITY**

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

Dr. Sidney A. Ribeau, President  
Bowling Green State University:

We have performed the procedures enumerated below, which were agreed to by Bowling Green State University (University), solely to assist the University in evaluating compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. The engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the University and the NCAA. 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 Operating Revenues and Expenditures**

- (a) We obtained the Intercollegiate Athletics Department Schedule of Operating Revenues and Expenditures (Schedule 1) for the year ended June 30, 2001, 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 University's revenue and expense files.

We noted no differences between the amounts in the revenue and expense files and the amounts on the worksheets.

We discussed the nature of the worksheet adjustments with management and are satisfied that the adjustments are appropriate. The Schedule does not include the activities of booster organizations supporting the University's intercollegiate athletic program. Such activities are in a separate schedule.

- (b) We applied the following analytical review procedures to the revenues and expenditures contained in the schedule mentioned above:
1. Compared total revenues and expenditures for the current year to those recorded in the prior year and discussed variations with management.

We did not find the variations to be unusual.



2. Obtained the ticket analysis prepared by the Intercollegiate Athletic Department summarizing total tickets issued, sold, and unsold for the 2000 football season, recomputed revenue earned by multiplying the number of tickets sold by the stated ticket prices and traced the total ticket revenue into management's worksheets obtained in (a) above. We noted no differences.
3. Compared budgeted versus actual expenditures for the year and discussed all variations in excess of 10% and \$50,000 with management.

We did not find the variations to be unusual.

### Procedures Related to Internal Control Over Financial Reporting

- (c) We haphazardly selected the following 15 cash disbursements from the check register for the year ended June 30, 2001. For each of the disbursements, we compared the disbursed amount and payee from the check register to corresponding information on a vendor invoice, which was authorized by the signature of either Linda Kid or Dave Saylor.

<u>Check date</u>	<u>Check number</u>	<u>Vendor</u>	<u>Amount</u>
3/9/2001	617422	Keith Herring	\$ 650.00
6/20/2001	632337	Verizon Wireless	343.77
6/12/2001	631029	ALLTEL	15,314.00
3/28/2001	620305	Dan Connelly	229.82
3/14/2001	618161	Wal-Mart	297.00
3/28/2001	620306	Stevie Mirzabeigi	242.82
		Pepsico Gen.	
3/19/2001	618769	Bottlers	2,193.00
6/5/2001	629766	Hampton Inn	544.66
3/8/2001	617362	Dept. #78208	9,300.00
6/6/2001	630093	Citgo Petroleum	439.60
6/28/2001	633702	Tyler Trease	130.00
6/6/2001	630031	Go Travel	348.00
6/6/2001	630033	The Sentinel Co	195.30
		Lakefront Lines,	
3/9/2001	617443	Inc.	1,299.00
		Shadow Valley	
3/6/2001	616918	Tennis	912.00

We found such information to be in agreement.



We also haphazardly selected the following 10 cash receipts from the transmittal sheet listings and traced the selected items to deposit tickets and agreed the amount on the deposit tickets to the amount on the bank statements. We also noted approval of the deposit by Scot Bressler.

<b>Deposit date</b>	<b>Amount</b>
June 12, 2001	\$ 1,575.00
June 6, 2001	5,065.00
June 22, 2001	13,535.00
March 6, 2001	2,277.00
March 27,2001	8,460.00
March 19, 2001	1,120.00
March 5, 2001	3,995.00
March 3, 2001	3,664.00
October 30, 2001	8,692.00
November 4, 2001	11,277.15

We found such amounts to be in agreement.

#### **Procedures Related to Support by Booster Organizations**

- (d) We obtained the list of booster organizations and their related financial activities for the year ended June 30, 2001 (Schedule 2) from the Bowling Green State University Foundation.
- (e) We haphazardly selected the following six organizations from Schedule 2 and agreed contributions to pledge cards and check copies.

<b>Name</b>	<b>Amount</b>
Falcon Club	\$ 459,266.38
Falcon Club – Designated	120,088.91
Hockey Renovation Fund	297,412.70
Athletics Special Projects – Ice Hockey	100,568.82
Bob and Karen Sebo Scholarships	109,875.00
Stadium Suites	206,501.98

We found such information to be in agreement.



Receipts and disbursements on behalf of intercollegiate athletic programs of the University are listed on the Schedule of Intercollegiate Athletics Program Support by Booster Organizations. Distributions by booster organizations on behalf of intercollegiate athletic programs of the University to third parties were vouched on a judgmental basis. Disbursements by the following six organizations were traced to disbursement order form and check copy.

<b>Name</b>	<b>Amount</b>
Falcon Club	\$ 157,506.26
Falcon Club – Designated	244,802.26
Hockey Renovation Fund	209,634.92
Stadium Club	56,340.00
Athletics Special Projects – Ice Hockey	83,019.42
Stadium Suites	167,540.00

We found such information to be in agreement.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Schedule of Operating Revenues and Expenditures and the Schedule of Intercollegiate Athletics Program Support by Booster Organizations, or the examination of Bowling Green State University Intercollegiate Athletics Association's internal control over financial reporting, the objective of which would be the expression of an opinion on its effectiveness. Accordingly, we do not express any such opinions. 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 information and use of the president and management of the University and is not intended to be, and should not be, used by anyone other than these specified parties.

**KPMG LLP**

November 26, 2001



**BOWLING GREEN STATE UNIVERSITY**

## Intercollegiate Athletics Department

## Schedule of Operating Revenues and Expenditures

For the year ended June 30, 2001

	<b>Men's football</b>	<b>Men's basketball</b>	<b>Men's hockey</b>	<b>Other sports (note 2)</b>	<b>Non- program specific</b>	<b>Total</b>
Operating revenues:						
Ticket sales	\$ 246,099	192,423	165,673	19,681	—	623,876
NCAA revenue	—	—	16,953	—	—	16,953
Television broadcasting rights	7,497	12,165	9,265	—	—	28,927
Concessions	54,961	34,735	37,294	45,330	—	172,320
Student activity fees (note 3)	—	—	—	—	6,498,571	6,498,571
Game guarantees	575,000	65,011	5,000	10,371	30,000	685,382
Programs	5,580	3,080	3,082	809	—	12,551
Advertising	7,082	5,615	5,291	—	1,000	18,988
Parking	13,232	—	9,675	—	—	22,907
Gifts	—	—	—	—	527,710	527,710
Sports schools and camps	—	—	—	—	434,121	434,121
Miscellaneous	80	10,000	—	17,670	1,126,010	1,153,760
Total operating revenues	<u>909,531</u>	<u>323,029</u>	<u>252,233</u>	<u>93,861</u>	<u>8,617,412</u>	<u>10,196,066</u>
Operating expenditures:						
Coaches' salaries	652,387	217,311	159,657	801,588	—	1,830,944
Other salaries	34,864	13,203	—	9,115	1,557,152	1,614,334
Staff benefits	138,363	57,450	38,105	188,405	328,168	750,491
Financial aid	1,098,440	164,884	307,054	1,716,212	94,543	3,381,133
Films	362	929	373	178	—	1,842
Travel:						
Team	122,268	51,908	81,239	310,158	—	565,572
Recruiting	77,179	43,161	33,501	57,191	—	211,032
Equipment purchases	139,857	5,249	40,282	73,588	85,203	344,179
Supplies and office expense	240,938	91,032	41,131	124,872	2,021,241	2,519,213
Total operating expenditures	<u>2,504,658</u>	<u>645,127</u>	<u>701,341</u>	<u>3,281,306</u>	<u>4,086,308</u>	<u>11,218,739</u>
Operating revenues over (under) expenditures	<u>\$ (1,595,127)</u>	<u>(322,098)</u>	<u>(449,109)</u>	<u>(3,187,445)</u>	<u>4,531,104</u>	<u>(1,022,674)</u>

The accompanying notes are an integral part of this schedule

**BOWLING GREEN STATE UNIVERSITY**

Intercollegiate Athletics Department

Notes to the Schedule of Operating Revenues and Expenditures

June 30, 2001

**(1) Summary of Significant Accounting Policies**

The amounts in the Schedule of Operating Revenues and Expenditures for the Intercollegiate Athletics Department were obtained from the Bowling Green State University's general ledger, which is maintained on an accrual basis. Certain Intercollegiate Athletics Department costs included in the Schedule of Operating Revenues and Expenditures are charged to other departments. All costs directly associated with various sports programs were disclosed as such. All remaining costs were identified as non-program specific. Certain university-wide costs were not allocated to the Intercollegiate Athletics Department, as the University does not record depreciation on physical plant and equipment.

**(2) Other Sports**

Other sports include all men's and women's sports programs not specifically noted.

**(3) Student Activity Fees**

Student activity fees include an appropriation for salaries, employee benefits associated with those salaries, and other miscellaneous expenditures of the Intercollegiate Athletics Department.

## BOWLING GREEN STATE UNIVERSITY

Schedule of Intercollegiate Athletics Program Support  
by Booster Organizations

For the year ended June 30, 2001

Booster Organization	Beginning fund balance	Receipts	Disbursements on behalf of program	Ending fund balance
Bowling Green State University Foundation, Inc.:				
Athletic Department Advancement	\$ 2,664	2,288	3,241	1,711
Athletic Department Scholarship	350,117	—	12,111	338,006
Athletic Department Special Projects	142,107	348,904	346,368	144,643
Athletic Fitness and Weight Room	11,392	4,631	15,693	330
University Athletic Scholarship	470,639	1,014	15,985	455,668
Doyt and Loretta Perry Scholarship	245,492	4,568	3,063	246,997
Earl E. Rupright Basketball Scholarship	25,678	—	1,307	24,371
Falcon Club	176,826	713,641	456,799	433,668
Golf Course	3,218	70	60	3,228
Harms Cross Country Fund	44,474	—	1,748	42,726
Hockey Renovation Fund	151,449	297,413	208,955	239,907
Hodge Family Soccer Scholarship	15,687	—	569	15,118
John Weinert Scholarship	18,806	—	1,434	17,372
Joyce S. Hof Scholarship	34,549	625	1,095	34,079
Lanny L. Miles Memorial Scholarship	83,274	—	861	82,413
L.F. Manhart/P.E. Lanning Golf Scholarship	2,468	—	2,468	—
Mel Brodt Track/Cross Country Scholarship	26,688	200	1,026	25,862
Mickey Cochrane Soccer Scholarship	38,952	4,900	1,217	42,635
Soccer Stadium	24,613	338	22,900	2,051
Stadium Club	11,056	68,115	56,340	22,831
Stadium Scoreboard Fund	56	1	—	57
William J. Lloyd Athletic Scholarship	77,108	1,000	228	77,880
Carl C. Bachman Scholarship	60,538	—	184	60,354
Perry Stadium Enhancement	6,321	94	400	6,015
Grants-in-Aid for Women Athletes	958	520	—	1,478
Coaches Fund for Excellence	331,645	400	12,311	319,734
Dewey and Ellen Fuller Scholarship	60,561	—	186	60,375
Cara Whelan Wilson Scholarship	1,000	15	—	1,015
Alumni/Athletics Endowment	80,799	—	4,749	76,050
Athletic Campaign – General	288	4	—	292
Athletics Promotions	2	—	900	(898)
Study of Sport & Diversity	3,409	1,036	1,885	2,560
Intramural Sports	2,634	120	274	2,480
John and Diane McNutt Scholarship	15,388	1,000	540	15,848
Doyt and Loretta Perry Documentary	(25,253)	—	—	(25,253)
Helen and Willard Schaller Scholarship	20,152	—	62	20,090
Stadium Suites	35,263	206,502	167,540	74,225
Ryan Bernthisel Fund	2,500	39	—	2,539
Larry and Sharon Barnett Scholarship	50,983	—	107	50,876
Falcon Club Athletic Scholarship	60,000	—	540	59,460
Vivian Endowed Hockey Scholarship	20,000	20,028	92	39,936
Stadium Lights Project	550	59	—	609
The Varsity BG Club	22,840	20,044	11,399	31,485
Don Cunningham Memorial	—	2,870	—	2,870
Gregory I. Brokks Soccer Scholarship	—	22,900	—	22,900
Athletics Special Events	—	115,910	47,186	68,724
Glenn Sharp Scholarship	—	5,613	—	5,613
BGSU Cheering	—	304	—	304
Bob and Karen Sebo Scholarship	—	109,875	—	109,875
Men's Basketball Int'l Travel	—	37,399	19,341	18,058
	<u>\$ 2,707,891</u>	<u>1,992,440</u>	<u>1,421,164</u>	<u>3,279,167</u>





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**BOWLING GREEN STATE UNIVERSITY**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 03, 2002**