

***The Ohio State University
(A Component Unit
of the State of Ohio)***

*Financial Statements for the Years
Ended June 30, 2005 and 2004
and Independent Auditors' Report*



**Auditor of State
Betty Montgomery**

Board of Trustees
The Ohio State University
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, Ohio 43210

We have reviewed the *Independent Auditor's Report* of The Ohio State University, Franklin County, prepared by Deloitte & Touche LLP for the audit period July 1, 2004 through June 30, 2005. 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 Ohio State University is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

February 6, 2006

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Ohio State University
Columbus, Ohio

We have audited the accompanying consolidated statements of net assets of The Ohio State University (the "University"), a component unit of the State of Ohio, as of June 30, 2005 and 2004, and the related consolidated statements of revenues, expenses, and changes in net assets and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the respective financial position of The Ohio State University as of June 30, 2005 and 2004, and their changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis ("MD&A") on pages 2 through 14 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the University's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2005, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.



October 19, 2005

Management's Discussion and Analysis for the Year Ended June 30, 2005

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University for the year ended June 30, 2005, with comparative information for the years ended June 30, 2004 and June 30, 2003. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About The Ohio State University

The Ohio State University is the State of Ohio's flagship research institution and one of the largest universities in the United States of America, with over 58,000 students, 4,700 faculty members and 16,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the University – which was originally known as the Ohio Agricultural and Mechanical College -- has grown over the years into a comprehensive public institution of higher learning, with over 170 undergraduate majors, 110 masters degree programs and 90 doctoral programs. The University operates one of the nation's leading academic medical centers, which includes the OSU Health System. The Health System is comprised of The Ohio State University Hospital, The Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, The Richard M. Ross Heart Hospital, The University Hospital East, OSU Harding Hospital, and 24 outpatient care centers. The System provided services to over 51,000 inpatients and 857,000 outpatients during fiscal year 2005.

Ohio State is governed by a board of 11 trustees who are responsible for oversight of academic programs, budgets and general administration, and employment of faculty and staff. The governor annually appoints one voting member to a nine-year term and one non-voting student member to a two-year term. The University's 19 colleges, the OSU Health System and various academic support units operate largely on a decentralized basis. The Board approves annual budgets for University operations, but these budgets are managed at the college and department level.

The following financial statements reflect all assets, liabilities and net assets (equity) of the University, the OSU Health System, the Ohio Agricultural Research and Development Center and the Ohio Supercomputer Center. In addition, these statements include consolidated financial results for a number of legally separate entities subject to Board control, including:

- the OSU Research Foundation (which administers sponsored research grants and contracts for University)
- the OSU Foundation (a fundraising foundation operating exclusively for the benefit of the University)
- Campus Partners for Community Urban Redevelopment (a non-profit organization participating in the redevelopment of neighborhoods adjacent to the main Columbus campus)
- Transportation Research Center (an automotive research and testing facility in East Liberty, Ohio)
- OSU Managed Health Care Systems (a non-profit organization that administers University health care benefits)

-
- OSU Physicians, Inc. (the central practice group for physician faculty members of the College of Medicine and Public Health)

The entities listed above meet the “financial accountability” criteria set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. A complete listing of the entities that are included in the University’s financial report is provided in the Basis of Presentation section of the footnotes.

About the Financial Statements

The University presents its financial reports in a “business type activity” format, in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial report includes a Statement of Net Assets, a Statement of Revenues, Expenses and Other Changes in Net Assets, a Statement of Cash Flows and Notes to the Financial Statements.

The **Statement of Net Assets** is the University’s balance sheet. It reflects the total assets, liabilities and net assets (equity) of the University as of June 30, 2005, with comparative information as of June 30, 2004. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at market value. Capital assets, which include the University’s land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net assets are grouped in the following categories:

- Invested in capital assets, net of related debt
- Restricted – Nonexpendable (endowment and annuity funds)
- Restricted – Expendable (primarily current restricted and quasi-endowment funds)
- Unrestricted

The **Statement of Revenues, Expenses and Other Changes in Net Assets** is the University’s income statement. It details how net assets have increased (or decreased) during the year ended June 30, 2005, with comparative information for Fiscal Year 2004. Tuition revenue is shown net of scholarship allowances, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss) before capital contributions and additions to permanent endowments.

It should be noted that the required subtotal for net operating income or loss will generally reflect a “loss” for state-supported colleges and universities. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all University expenses, except for interest on long-term debt. Operating revenues, however, *exclude*

certain significant revenue streams that Ohio State and other public institutions have traditionally relied upon to fund current operations, including state instructional support, current-use gifts and investment income.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2005, with comparative information for Fiscal Year 2004. It breaks out the sources and uses of University cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

Cash flows associated with the University's expendable net assets appear in the operating and noncapital financing categories. Capital financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

The **Notes to the Financial Statements**, which follow the financial statements, provide additional details on the numbers in the financial statements.

Financial Highlights and Key Trends

The University's financial health remained sound in 2005, with growth in tuition, grants and contracts and patient care revenues offsetting similar increases in operating expenses. Total unrestricted and restricted-expendable net assets decreased \$49 million, to \$1.14 billion at June 30, 2005, primarily due to expenditures for capital projects. Issuance of commercial paper increased total plant debt \$63 million, to \$878 million. University investments yielded \$154 million of net investment income.

Student enrollment trends reflect continued strong demand for an Ohio State education. Total Autumn Quarter 2004 enrollment for all campuses was 58,365, up from 58,254 in Autumn 2003. And freshman retention continues to improve. 88% of the freshmen enrolled in Autumn 2003 returned to OSU in Autumn 2004, up from 87.7% in the comparable 2002-2003 period.

The following sections provide additional details on the University's 2005 financial results and a look ahead at significant economic conditions that are expected to affect the University in the future.

Statement of Net Assets

Summary Statement of Net Assets <i>(in thousands)</i>			
	2005	2004	2003
Cash and current investments	\$ 583,805	\$ 1,128,570	\$ 836,704
Current receivables, inventories and prepaid expenses	470,770	405,275	384,685
Total current assets	1,054,575	1,533,845	1,221,389
Restricted cash and cash equivalents	50,203	34,030	16,125
Noncurrent notes and pledges receivable	85,428	89,082	92,515
Endowments and other long-term investments	1,721,226	1,152,338	1,017,094
Capital assets, net of accumulated depreciation	2,468,776	2,088,665	1,869,355
Total noncurrent assets	4,325,633	3,364,115	2,995,089
Total assets	\$ 5,380,208	\$ 4,897,960	\$ 4,216,478
Accounts payable and accrued expenses	\$ 368,127	\$ 323,468	\$ 272,636
Deferred revenues and deposits	154,424	140,647	138,787
Commercial paper and current portion of bonds, notes and lease obligations	480,580	411,270	349,206
Other current liabilities	10,140	10,809	9,496
Total current liabilities	1,013,271	886,194	770,125
Noncurrent portion of bonds, notes and lease obligations	396,960	403,336	237,027
Other noncurrent liabilities	190,896	181,678	171,781
Total noncurrent liabilities	587,856	585,014	408,808
Total liabilities	\$ 1,601,127	\$ 1,471,208	\$ 1,178,933
Invested in capital assets, net of related debt	\$ 1,590,235	\$ 1,273,058	\$ 1,266,371
Restricted-nonexpendable net assets	1,050,685	966,758	791,188
Restricted-expendable net assets	462,574	465,002	445,238
Unrestricted net assets	675,587	721,934	534,748
Total net assets	\$ 3,779,081	\$ 3,426,752	\$ 3,037,545

Total University **cash and current investment** balances decreased \$545 million in 2005. To increase the level of operating support provided by endowment funds, the University transferred approximately \$478 million of temporary investments to the Endowment Fund to establish the Long Term Component and President's Strategic Investment endowment funds. The Statement of Cash Flows, which is discussed in more detail below, provides additional details on sources and uses of University cash.

The market value of the University's **endowment and other long-term investments** increased \$569 million, to \$1.72 billion at June 30, 2005, due to a combination of transfers from temporary investments, market appreciation and new endowment gifts. The Endowment Fund operates with a long-term investment goal of preserving the purchasing power of the principal in a diversified portfolio.

Capital assets, which include the University's land, buildings, improvements, equipment and library books, grew \$380 million, to \$2.47 billion at June 30, 2005. The University depreciates its capital assets on a straight-line basis, using estimated useful lives ranging

from 5 years (for computer equipment) to 100 years (for certain building components such as foundations).

Major projects completed in 2005 include the Richard M. Ross Heart Hospital, the Knowlton School of Architecture, the Physical Sciences Research Building, the Hagerty Hall and Page Hall renovations, and two new parking garages. In addition, several major construction projects are currently underway or in advanced planning stages, including:

- New Recreation Center – Construction is nearing completion on a new 604,800 square foot recreation center to replace Larkins Hall. The \$140 million facility will house a 50 meter swimming pool and diving well, recreation, class and lap pools, 16 basketball courts, 6 multi-purpose rooms, squash courts, racquetball courts and a 28,000 square foot fitness center.
- Biomedical Research Tower – Construction continues on a ten-story \$151 million biomedical research facility that will house up to 120 faculty and 400 additional researchers for the College of Medicine and Public Health.
- Mechanical Engineering Building Replacement – Work continues on a \$72 million project to construct new space for the Mechanical Engineering Department on the former Robinson Lab site.
- McCracken Power Plant Improvements – A \$73 million Emissions Compliance Project is underway to replace four boilers at the main campus power plant. The new boilers will reduce emissions, increase capacity and meet future campus steam demands. Also underway are projects to add capacity to the central chilled water plant (\$8 million) and to maintain the power plant's ability to burn coal (\$3 million).
- Wexner Center for the Arts Renovation – A \$14.5 million renovation and retrofit project is underway to correct building envelope and system problems.
- William Oxley Thompson Memorial Library Renovation – Planning continues on a \$99 million renovation of the University's main library, which will include an addition to the building, new landscaping of the surrounding area and an expansion of the Library Book Depository.

The University's estimated future capital commitments, based on contracts and purchase orders, total approximately \$210 million at June 30, 2005.

Total University debt, in the form of **commercial paper, bonds, notes and capital lease obligations**, increased \$63 million, to \$878 million at June 30, 2005. During 2005, the University issued \$128 million of commercial paper (net of current-year redemptions), secured by the general receipts of the University. The University used these debt proceeds to fund current capital expenditures.

The University's plant debt includes variable rate demand bonds that mature at various dates through 2032. Governmental Accounting Standards Board Interpretation 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the balance sheet classification of these bonds. Under GASB Interpretation 1, outstanding principal balances on variable rate demand bonds may be classified as noncurrent liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the University's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the University does not have "take-out agreements" in place per the GASB Interpretation 1 requirements. Accordingly, the University has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. These obligations totaled \$305 million and \$320 million at June 30, 2005 and 2004, respectively.

On August 10, 2005, the University issued \$279 million of general receipts bonds and \$130 million of variable rate demand bonds, maturing at various dates through 2035. Approximately \$206 million of the bond proceeds was used to retire existing commercial paper and bond debt. The remainder will be used to fund various construction projects.

Accounts payable and accrued expenses increased \$45 million, primarily due to a \$37 million increase in medical malpractice accruals.

2004-2003 Highlights: Total University cash and current investment balances increased \$292 million, primarily due to two September 2003 bond issues, which yielded net proceeds (after refunding of existing debt) of \$244 million. Total University plant debt increased \$228 million, to \$815 million. Total unrestricted and restricted-expendable net assets increased \$207 million, to \$1.19 billion.

Statement of Revenues, Expenses and Other Changes in Net Assets

Summary of Revenues, Expenses and Changes in Net Assets <i>(in thousands)</i>			
	2005	2004	2003
Operating Revenues:			
Tuition and fees, net	\$ 501,941	\$ 436,218	\$ 392,609
Grants and contracts	534,476	508,974	482,228
Auxiliary enterprises sales and services, net	160,711	163,162	141,543
OSU Health System sales and services, net	1,078,181	932,200	819,015
OSU Physicians sales and services, net	189,101	112,036	18,857
Departmental sales and other operating revenues	119,531	110,319	108,617
Total operating revenues	<u>2,583,941</u>	<u>2,262,909</u>	<u>1,962,869</u>
Operating Expenses:			
Educational and general	1,457,898	1,406,768	1,343,564
Auxiliary enterprises	174,206	178,645	164,130
OSU Health System	1,071,762	937,748	809,584
OSU Physicians	169,005	101,778	17,048
Depreciation	145,976	141,477	140,608
Total operating expenses	<u>3,018,847</u>	<u>2,766,416</u>	<u>2,474,934</u>
Net operating income (loss)	(434,906)	(503,507)	(512,065)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	438,499	433,984	437,363
Gifts - current use	65,676	52,500	79,144
Net investment income (loss)	154,289	244,013	69,754
Other non-operating revenue (expense)	<u>(29,895)</u>	<u>(19,617)</u>	<u>(19,036)</u>
Income (loss) before other revenues, expenses gains or losses	193,663	207,373	55,160
State capital appropriations	87,305	102,709	56,878
Private capital gifts	16,638	27,647	18,213
Additions to permanent endowments	<u>54,723</u>	<u>51,478</u>	<u>46,026</u>
Income (loss) before extraordinary item	352,329	389,207	176,277
Extraordinary item:			
Reallocation of unfunded workers' compensation liability to State of Ohio	<u>-</u>	<u>-</u>	<u>53,489</u>
Increase (decrease) in net assets	352,329	389,207	229,766
Net assets - beginning of year	<u>3,426,752</u>	<u>3,037,545</u>	<u>2,807,779</u>
Net assets - end of year	<u>\$ 3,779,081</u>	<u>\$ 3,426,752</u>	<u>\$ 3,037,545</u>

Net tuition and fees increased \$66 million, to \$502 million in 2005. In recognition of the difficult financial challenges facing Ohio State, the governor and the legislature allowed the University to raise tuition above the 9.9% tuition cap placed on most state institutions – up to a maximum of 12.9% above the prior academic year – under the condition that 3.9% of the increase would be earmarked for financial aid and student technology.

Grant and contract revenues increased \$26 million, to \$534 million in 2005, primarily due to a \$31 million increase in sponsored research programs administered by the OSU Research Foundation. This increase was partially offset by decreases in other grant/contract activity, including a \$2 million decrease in local grants and contracts.

Fiscal Year 2005 saw a continuation of moderate growth in total **educational and general expenses**. Total E&G expenses increased approximately 3.6%, to \$1.46 billion. Additional details are provided below.

Educational and General Expenses <i>(in thousands)</i>			
	2005	2004	2003
Instruction and departmental research	\$ 617,890	\$ 577,500	\$ 547,367
Separately budgeted research	333,554	317,310	303,057
Public service	95,737	110,750	114,916
Academic support	108,489	103,502	101,292
Student services	70,020	65,906	57,145
Institutional support	93,472	109,331	110,144
Operation and maintenance of plant	84,288	73,133	68,154
Scholarships and fellowships	54,448	49,336	41,489
Total	\$ 1,457,898	\$ 1,406,768	\$ 1,343,564

Total **instructional and departmental research** expenses increased \$40 million in 2005, primarily due to faculty/staff salary increases, which averaged 3.5%, targeted investments to enhance academic programs, and increases in college spending authority under the University's restructured budget process, which distributes incremental resources based on credit hours and enrollments. Increases in **separately budgeted research** reflect continued growth in sponsored research programs administered by the OSU Research Foundation. **Public service** expenses decreased \$15 million, primarily due to reductions in restricted expenditures. **Institutional support** decreased \$16 million, primarily due to reductions in central charges for self-insured employee health plans (increased health benefit costs in 2005 were distributed to other E&G categories, auxiliaries and the OSU Health System via increases in the composite benefit rates charged to university departments).

Sales and service revenues of the University's **Auxiliary Enterprises** were stable in 2005, decreasing \$2 million, to \$161 million. Total auxiliary expenses decreased \$4 million, to \$174 million.

The Ohio State University Health System continued to grow during Fiscal Year 2005. The Richard M. Ross Heart Hospital opened in first half of the year with 90 beds and specialized operating and procedure rooms. This new facility was very quickly filled to capacity. The Health System opened many new services while expanding established outpatient services at the Morehouse Medical Plaza on Kenny Road.

Health System inpatient admissions increased 4.1% while outpatients grew by 6,700 patients. Consolidated Health System sales and service revenues increased \$146 million (15.7%) due to volume increases along with selective rate increases. Expenses for the consolidated Health System (excluding depreciation, interest and interfund transfers) increased \$134 million (14.3%). Salaries and benefits increased 15.6% due to labor market conditions and increased manpower needs. Supplies increased 11.2% due to medical advances, inflation and more intensive patient care services, but tempered by cost-saving

initiatives begun during the year. The Health System's net income (including depreciation, interest and interfund transfers) for 2005 was \$16.4 million.

Looking ahead, the OSU Health System will be challenged by the national trend to meet the increase in demand for health services arising from an aging population and increasing consumer expectations. The Health System again expects revenues to increase by 12% with focus on the six signature programs – Cancer, Critical Care, Heart, Imaging, Neuroscience and Transplantation. In Fiscal Year 2006 this will be driven by growing admissions that are projected to increase by 3,289 or 6.4%, and outpatient visits that are expected to increase by 8,800. Included are Emergency Department visits, which are expected to increase by 11,700 or 13.1%. The Health System will continue to be challenged by the increasing cost for care givers, medical technicians, malpractice costs, supplies, pharmaceuticals, purchased service and technology.

The Health System continues to invest in the Medical Center research and teaching initiatives, resulting in the delivery of additional leading edge clinical services while fulfilling its academic mission. In response to the increased demand for services, the Health System has a number of initiatives underway including: expansion of the Ross Heart Hospital; continuing productivity and non-labor cost saving initiatives; Digestive Program construction to support clinical and faculty space; and planning for new clinical facilities including expansion of the James Cancer Hospital. Despite the challenges and the changing healthcare environment, the Health System expects to improve its financial position during the upcoming year. The Health System will continue to play a key role in supporting the Medical Center and its goal of becoming a leading academic medical center provider by 2008.

Revenues and expenses of **OSU Physicians, Inc.**, the University's central practice group for physician faculty members of the College of Medicine and Public Health, continued to grow in 2005, reflecting the first full year of activity for several of the departmental practice groups that have joined the new combined entity. Total patient revenues grew from \$112 million to \$189 million. Total OSUP expenses (excluding depreciation, interest and interfund transfers) grew from \$102 million to \$169 million.

OSUP, Inc., which was incorporated in Ohio in 2002, is the single member of 16 limited liability companies. As of June 30, 2005, only twelve limited liability companies are consolidated with the operations of the OSUP, Inc. for financial statement purposes. The other four (Anesthesiology, Orthopedics, Otolaryngology and Radiation Medicine) had no 2005 activity. The following table lists those LLCs that were included in OSUP's financial reports in 2005 and 2004.

Practice Plan	2005	2004
Family Medicine Foundation, LLC	X	X
OSU Anesthesiology, LLC		
OSU-Children's Pediatrics, LLC	X	X
OSU Emergency Medicine, LLC	X	X
OSU Eye Physicians and Surgeons, LLC	X	
OSU GYN and OB Consultants, LLC	X	X
OSU Internal Medicine, LLC	X	X
OSU Neuroscience Center, LLC	X	X
OSU Orthopedics, LLC		
OSU Otolaryngology-Head and Neck Surgery, LLC		
OSU Pathology, LLC	X	X
OSU Physical Medicine and Rehabilitation, LLC	X	X
OSU Psychiatry, LLC	X	X
OSU Radiation Medicine, LLC		
OSU Radiology, LLC	X	X
OSU Surgery, LLC	X	X

Non-endowment gifts to the University (including gifts for current use and gifts for capital projects) totaled \$82.3 million in 2005, a \$2.2 million increase over 2004. New gift **additions to permanent endowments** increased \$3.2 million, a 6% increase over 2004. University Development estimates that gift additions to the endowment for fiscal year 2006 will be in the \$50-\$60 million range.

During 2005, the number of donors to the University reached an all-time high of 104,607, compared with last year's previous record of 104,446. The University also experienced a 7% increase in the number of gifts of \$10,000 or more.

Modest returns in the equity market, coupled with a slight increase in bond prices due to falling interest rates for long-term bonds, resulted in **net investment income** of \$154 million in 2005. This figure includes \$ 63 million of interest and dividends and \$ 91 million net appreciation in the fair market value of university investments.

2004-2003 Highlights: Last year, the University reported significant growth in tuition, OSU Health System and OSU Physicians revenues, with total operating revenues increasing \$300 million, to \$2.26 billion. A strong equity market coupled with a neutral fixed income market resulted in net investment income of \$244 million. Total operating expenses increased \$291 million, to \$2.76 billion, primarily due to increases in OSU Health System and OSU Physicians expenses.

Statement of Cash Flows

University Cash Flows Summary <i>(in thousands)</i>	2005	2004	2003
Net cash flows from operating activities	\$ (281,695)	\$ (333,195)	\$ (387,450)
Net cash flows from noncapital financing activities	562,654	549,711	578,294
Capital appropriations and gifts for capital projects	102,938	119,597	76,797
Proceeds from issuance of bonds and notes payable	174,622	390,955	124,461
Payments for purchase and construction of capital assets	(527,563)	(346,387)	(246,072)
Principal and interest payments on capital debt	(140,854)	(177,091)	(140,976)
Net cash flows from investing activities	20,497	(160,457)	(182,088)
Net increase (decrease) in cash	<u>\$ (89,401)</u>	<u>\$ 43,133</u>	<u>\$ (177,034)</u>

Total University cash and cash equivalents decreased \$89 million in 2005. Total cash provided by operating and noncapital financial activities was \$281 million, up \$64 million compared with 2004. Total cash used for capital financing activities was \$391 million, primarily due to payments for purchase and construction of capital assets, which totaled \$528 million. The \$175 million of proceeds from issuance of bonds and notes payable consists primarily of commercial paper issued for interim financing of capital expenditures. Total cash provided by investing activities was \$20 million, with net sales of temporary investments offsetting net purchases of long-term endowment investments.

Economic Factors That Will Affect the Future

The Academic Plan, which was adopted in 2000, drives University spending and budgeting priorities. It focuses on six core strategies that are necessary for Ohio State to become a truly great teaching and research university:

- Build a world-class faculty
- Develop academic programs that define Ohio State as the nation's leading land-grant university
- Enhance the quality of the teaching and learning environment
- Enhance and better serve the student body
- Create a diverse University community
- Help build Ohio's future

The colleges are the key focal points to advance the objectives of the Academic Plan. Consequently, the University's decentralized budget system is designed to make sure that at least three quarters of increased annual revenues from tuition and fees and state share of instruction, as well as all indirect cost recoveries, are distributed back to the generating colleges. Major program priorities identified in the Fiscal Year 2006 budget process include faculty and staff compensation, student financial aid, student services, support of interdisciplinary research, support of private giving, and safety and security. The University also allocates central discretionary funds to seed certain initiatives that cross college boundaries and strengthen core support services. For 2006, this funding will include nearly \$10 million to support interdisciplinary research, \$4 million for safety and security enhancements, and \$5 million to support private fundraising by University Development.

Sound finances are crucial to the University's quest to become a truly great teaching and research institution. To assure a continued flow of resources to the activities and functions of the Academic Plan, the University has set the following long-term financial goals:

- A 0.5% to 1.0% operating margin in the General Fund
- A Rainy Day fund of \$25 million
- Targeted reserves in selected areas of special risk (e.g. malpractice, utilities, etc.)
- At least 30 days of operating cash
- Debt service at no more than 5% of annual operating expenses and a bond rating of at least "AA"
- Multi-Year commitments of General Funds do not exceed 1% of current-year revenues

In the past year, University management and the Board of Trustees have taken additional steps to protect Ohio State's financial resources, including:

Reviews of Core Administrative Processes -- Core process reviews have identified a number of opportunities to save money and improve efficiencies. Efforts by the Purchasing Office to direct a greater proportion of University purchasing activity through prime-vendor contracts are on track to realize \$12-\$15 million in savings in 2005, while improvements in the capital construction process realized a \$14.5 million savings in calendar 2004 alone. The University also expects savings of \$3-\$8 million in annual savings from improved management of employee health benefits plans.

More Stringent Guidelines on Debt for Capital Projects -- In 2004, the University's Board of Trustees set guidelines limiting the issuance of new University debt and establishing a \$400 million cap for projects to be funded in the University's August 2005 bond issue. In 2005, the Board strengthened these policies by expanding its guidance on use of University debt, internal lines of credit and leases. All access to University-issued debt requires pre-approval by the Provost, Senior Vice President for Business and Finance, Treasurer, President and the Board of Trustees. Internal lines of credit are subject to similar pre-approvals, with Board approval required for amounts greater than \$5 million. All leases are subject to Office of Business and Finance approval, with Board approval required for leases with a present value of \$1.5 million or more. These measures are intended to

ensure that the University can continue to meet current commitments, take on new commitments consistent with the Academic Plan, and protect the University's "AA" credit rating.

Endowment for Building Maintenance and Renewals -- In FY 2005, the Board of Trustees approved the establishment of an endowment to provide for scheduled maintenance and renewal needs on University buildings in future years. This is funded by an assessment of \$0.12 per square foot, currently, on General Funds space. This endowment is expected to be at least \$1 million at the end of FY 2006 and will grow significantly in future years.

Enterprise-Wide Risk Management -- In 2005, the University embarked on a review of its enterprise-wide risk management strategies and processes. The international consulting firm of Mercer Oliver Wyman has been retained to assist in this process. A preliminary report is expected in early 2006.

In 2005, the University made continued progress towards its academic goals in a challenging financial environment. Based on what is now known about FY 2006, University management believes that Ohio State will continue to maintain its sound financial position in the year ahead.

Looking ahead to FY 2007 and beyond, University management sees continuing challenges regarding the levels of state support, increased resistance to tuition and fee increases, increased competition from other institutions for the best faculty, staff and students, and continued political uncertainty internationally. Consequently, we are committed to building upon current efforts to diversify our revenue base, reduce our operating and capital costs, and effectively manage our financial risks. By doing so, we feel The Ohio State University will continue to maintain its sound financial position while continuing its progress towards becoming a top-tier public research university.

**THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET ASSETS**

June 30, 2005 and 2004
(in thousands)

	<u>2005</u>	<u>2004</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents (including bond proceeds restricted for capital expenditures of \$67,528 and \$161,594, respectively)	\$ 74,872	\$ 180,446
Temporary investments	508,933	948,124
Accounts receivable, net	373,220	302,519
Notes receivable -current portion, net	9,108	12,056
Pledges receivable - current portion, net	16,402	13,200
Accrued interest receivable	19,641	15,510
Inventories and prepaid expenses	52,399	61,990
Total Current Assets	<u>1,054,575</u>	<u>1,533,845</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	50,203	34,030
Notes receivable, net	62,946	59,324
Pledges receivable, net	22,482	29,758
Endowment investments	1,703,845	1,137,594
Other long-term investments	17,381	14,744
Capital assets, net	2,468,776	2,088,665
Total Noncurrent Assets	<u>4,325,633</u>	<u>3,364,115</u>
Total Assets	<u>\$ 5,380,208</u>	<u>\$ 4,897,960</u>
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 368,127	\$ 323,468
Deposits and deferred revenues	154,424	140,647
Commercial paper and current portion of bonds, notes and leases payable	480,580	411,270
Compensated absences - current portion	5,568	6,005
Obligations under annuity and life income agreements-current portion	4,572	4,804
Total Current Liabilities	<u>1,013,271</u>	<u>886,194</u>
Noncurrent Liabilities:		
Bonds, notes and leases payable	396,960	403,336
Compensated absences	73,184	64,513
Obligations under annuity and life income agreements	46,288	47,459
Refundable advances for Federal Perkins loans	29,323	30,132
Other noncurrent liabilities	42,101	39,574
Total Noncurrent Liabilities	<u>587,856</u>	<u>585,014</u>
Total Liabilities	<u>1,601,127</u>	<u>1,471,208</u>
Net Assets:		
Invested in capital assets, net of related debt	1,590,235	1,273,058
Restricted:		
Nonexpendable	1,050,685	966,758
Expendable	462,574	465,002
Unrestricted	675,587	721,934
Total Net Assets	<u>3,779,081</u>	<u>3,426,752</u>
Total Liabilities and Net Assets	<u>\$ 5,380,208</u>	<u>\$ 4,897,960</u>

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

**THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND OTHER CHANGES IN NET ASSETS**

Years Ended June 30, 2005 and 2004
(in thousands)

	<u>2005</u>	<u>2004</u>
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of \$83,161 and \$83,430, respectively)	\$ 501,941	\$ 436,218
Federal grants and contracts	301,817	291,036
State grants and contracts	51,800	47,873
Local grants and contracts	23,225	25,123
Private grants and contracts	157,634	144,942
Sales and services of educational departments	73,044	69,952
Sales and services of auxiliary enterprises (net of scholarship allowances of \$10,234 and \$11,240, respectively)	160,711	163,162
Sales and services of the OSU Health System (net of charity care of \$41,786 and \$30,725, respectively)	1,078,181	932,200
Sales and services of OSU Physicians, Inc., (net of charity care of \$1,716 and \$1,394, respectively)	189,101	112,036
Other operating revenues	46,487	40,367
Total Operating Revenues	<u>2,583,941</u>	<u>2,262,909</u>
Operating Expenses:		
Educational and General:		
Instructional and departmental research	617,890	577,500
Separately budgeted research	333,554	317,310
Public service	95,737	110,750
Academic support	108,489	103,502
Student services	70,020	65,906
Institutional support	93,472	109,331
Operation and maintenance of plant	84,288	73,133
Scholarships and fellowships	54,448	49,336
Auxiliary enterprises	174,206	178,645
OSU Health System	1,071,762	937,748
OSU Physicians, Inc.	169,005	101,778
Depreciation	145,976	141,477
Total Operating Expenses	<u>3,018,847</u>	<u>2,766,416</u>
Operating Loss	(434,906)	(503,507)
Non-operating Revenues (Expenses):		
State share of instruction and line-item appropriations	438,499	433,984
Gifts	65,676	52,500
Net investment income (loss)	154,289	244,013
Interest expense on plant debt	(29,168)	(23,322)
Other non-operating revenues(expenses)	(727)	3,705
Net Non-operating Revenue (Expense)	<u>628,569</u>	<u>710,880</u>
Income (Loss) before Other Revenues, Expenses, Gains or Losses	193,663	207,373
State capital appropriations	87,305	102,709
Private capital gifts	16,638	27,647
Additions to permanent endowments	<u>54,723</u>	<u>51,478</u>
Increase (Decrease) in Net Assets	352,329	389,207
Net Assets - Beginning of Year	<u>3,426,752</u>	<u>3,037,545</u>
Net Assets - End of Year	<u>\$ 3,779,081</u>	<u>\$ 3,426,752</u>

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

**THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2005 and 2004
(in thousands)

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Tuition and fee receipts	\$ 388,395	\$ 348,477
Grant and contract receipts	521,681	511,419
Receipts for sales and services	1,478,045	1,241,448
Payments to or on behalf of employees	(1,417,472)	(1,266,231)
University employee benefit payments	(333,815)	(319,664)
Payments to vendors for supplies and services	(915,504)	(860,782)
Payments to students and fellows	(50,502)	(42,786)
Student loans issued	(13,177)	(14,534)
Student loans collected	13,062	16,989
Student loan interest and fees collected	1,721	1,992
Other receipts (payments)	45,871	50,475
Net cash provided (used) by operating activities	<u>(281,695)</u>	<u>(333,195)</u>
Cash Flows from Noncapital Financing Activities:		
State share of instruction and line-item appropriations	438,499	433,984
Gift receipts for current use	69,751	68,268
Additions to permanent endowments	54,723	51,478
Drawdowns of federal direct loan proceeds	264,480	244,648
Disbursements of federal direct loans to students	(263,085)	(244,571)
Disbursement of loan proceeds to related organization	(666)	(8,164)
Amounts received for annuity and life income funds	3,296	8,250
Amounts paid to annuitants and life beneficiaries	(4,698)	(4,473)
Agency funds receipts	4,857	4,857
Agency funds disbursements	(4,503)	(4,566)
Net cash provided (used) by noncapital financing activities	<u>562,654</u>	<u>549,711</u>
Cash Flows from Capital Financing Activities:		
Proceeds from capital debt	174,622	390,955
State capital appropriations	86,300	91,950
Gift receipts for capital projects	16,638	27,647
Payments for purchase or construction of capital assets	(527,563)	(346,387)
Principal payments on capital debt and leases	(111,916)	(158,037)
Interest payments on capital debt and leases	(28,938)	(19,054)
Net cash provided (used) by capital financing activities	<u>(390,857)</u>	<u>(12,926)</u>
Cash Flows from Investing Activities:		
Net (purchases) sales of temporary investments	439,192	(249,698)
Proceeds from sales and maturities of long-term investments	1,371,130	1,075,162
Investment income, net of related fees	59,284	57,072
Purchases of long-term investments	(1,849,109)	(1,042,993)
Net cash provided (used) by investing activities	<u>20,497</u>	<u>(160,457)</u>
Net Increase (Decrease) in Cash	(89,401)	43,133
Cash and Cash Equivalents - Beginning of Year	<u>214,476</u>	<u>171,343</u>
Cash and Cash Equivalents - End of Year	<u>\$ 125,075</u>	<u>\$ 214,476</u>

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS, Cont'd

Reconciliation of Net Operating Loss to Net Cash

Provided (Used) by Operating Activities:		
Operating loss	\$ (434,906)	\$ (503,507)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Depreciation expense	145,976	141,477
Changes in assets and liabilities:		
Accounts receivable, net	(71,092)	(7,779)
Notes receivable, net	(9)	(3,797)
Accrued interest receivable	2	(201)
Inventories and prepaid expenses	9,591	(266)
Accounts payable and accrued liabilities	45,177	35,898
Deposits and deferred credits	13,386	2,092
Compensated absences	8,234	5,977
Refundable advances for federal Perkins loans	(809)	(1,038)
Other noncurrent liabilities	2,755	(2,051)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	\$ <u>(281,695)</u>	\$ <u>(333,195)</u>
Non Cash Transactions:		
Equipment	\$ 6,784	\$ 2,591
Capital Lease	(6,784)	(2,591)

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

Notes to Financial Statements – Years Ended June 30, 2005 and 2004

(dollars in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

The Ohio State University is a land grant institution created in 1870 by the Ohio General Assembly under provisions of the Morrill Act. The university is one of several state-supported universities in Ohio. It is declared by statute to be a body politic and corporate and an instrumentality of the State.

The university is governed by a eleven member Board of Trustees which is granted authority under Ohio law to do all things necessary for the proper maintenance and continual successful operation of the university. Nine trustees are appointed for staggered nine-year terms by the Governor with the advice and consent of the state Senate. In addition, two non-voting student members are appointed to the Board of Trustees for staggered two-year terms.

The Board of Trustees has responsibility for all the university's financial affairs and assets. The university operates largely on a decentralized basis by delegating this authority to its academic and support departments. The Board must approve the annual budgets for unrestricted academic and support functions, departmental earnings operations and restricted funds operations, but these budgets are managed at the department level.

Basis of Presentation

The accompanying financial statements present the accounts of the following entities:

The Ohio State University and its hospitals and clinics;
The Ohio State University Foundation, a not-for-profit fundraising organization operating exclusively for the benefit of The Ohio State University;

Two separate statutory entities for which the university has special responsibility

- Ohio Agricultural Research and Development Center
- Ohio Supercomputer Center

Twelve legally independent corporations engaged in activities related to the university

- The Ohio State University Research Foundation
- The Ohio State University Student Loan Foundation, Inc.
- Transportation Research Center of Ohio, Inc.
- Campus Partners for Community Urban Redevelopment, Inc.
- University Affiliates, Inc.
- Reading Recovery and Early Literacy, Inc.
- Ohio State University Retirees Association
- OSU Managed Health Care Systems, Inc.
- The Ohio State University Physicians, Inc.
- UMC Partners

-
- Prologue Research International, Inc.
 - Oval Limited

Component units (legally separate organizations for which the university is financially accountable) comprise, in part, the university's reporting entity. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the primary government (i.e. the university) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government

The legally separate organizations listed above meet the financial accountability criteria set forth in GASB Statement No. 14. In addition, these organizations provide services entirely, or almost entirely, to the university or otherwise exclusively, or almost exclusively, benefit the university. Therefore, the transactions and balances for these organizations have been blended with those of the university.

The university, as a component unit of the State of Ohio, is included as a discrete entity in the State of Ohio's Comprehensive Annual Financial Report.

Basis of Accounting

The financial statements of the university have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The university is reporting as a special purpose government engaged in business type activities (BTA). Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the university presents Management's Discussion and Analysis; a Consolidated Statement of Net Assets; a Consolidated Statement of Revenues, Expenses and Other Changes in Net Assets; a Consolidated Statement of Cash Flows; and Notes to the Financial Statements.

The university follows all GASB pronouncements as well as Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The university has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

The university's financial resources are classified for accounting and reporting purposes into the following four net asset categories:

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. These balances are maintained in the plant funds in the university's detailed accounting records.
- **Restricted - nonexpendable:** Net assets subject to externally-imposed stipulations that they be maintained in perpetuity by the university. These assets primarily consist of the university's permanent endowment funds.
- **Restricted - expendable:** Net assets whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time. These resources include the current restricted funds, student loan funds, certain plant funds, annuity and life income funds, and restricted funds internally designated to function as endowments (restricted quasi-endowments).
- **Unrestricted:** Net assets that are not subject to externally-imposed stipulations. These resources include educational and general funds, auxiliary funds, hospitals funds, certain plant funds, and unrestricted quasi-endowments. Substantially all unrestricted net assets are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

Under the university's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

For internal financial management purposes, the university classifies financial resources into funds that reflect the specific activities, objectives or restrictions of the resources.

Cash and Investments

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, and savings accounts and include bond proceeds restricted for capital expenditures. Restricted cash and cash equivalents at June 30, 2005 and 2004 consist of cash and cash equivalents restricted for endowments and annuity/life income funds.

Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The fair value of private equity investments is based on estimated current values

and independent appraisals. The weighted average method is used for purposes of determining gains and losses on the sale of investments. The specific identification method is used for purposes of determining gains and losses on the sale of gifted securities.

The university holds investments in limited partnerships, private equity and other investments, which are carried at estimated fair value provided by the management of these funds. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Methods for determining estimated fair values include discounted cash flows and estimates provided by general partners. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements using the equity method of accounting. As of June 30, 2005, the university has made commitments to limited partnerships totaling \$5,600 that have not yet been funded.

Investment in real estate is carried at cost, if purchased, or appraised value at the date of the gift. Holdings in real estate investment trusts (REITs) are carried at estimated fair values. The carrying and market values of real estate at June 30, 2005 are \$87,596 and \$109,241, respectively.

Investment income is recognized on an accrual basis. Interest and dividend income is recorded when earned.

Endowment Policy

The university Endowment Fund consists of more than 3,000 named funds. Each named fund is assigned a number of shares in the university Endowment Fund based on the value of the gifts to that named fund. For donor restricted endowments, the Uniform Management of Institutional Funds Act, as adopted in Ohio, permits the university's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. Net realized and unrealized endowment appreciation, after the spending rule distributions, is retained with the endowment.

For fiscal year 2004, the university's policy for all endowment funds was to distribute to each named fund income equal to 5% of the average market value per share of the endowment during the past three years.

For fiscal year 2005, the university's policy for existing endowment funds was to distribute to each named fund income equal to 4.75% of the average market value per share of the endowment during the past five years. For new endowment funds, the university's policy is to distribute to each named fund income equal to 4% of the average market value per share of the endowment during the past five years.

Endowment income is distributed to named endowment funds using the share method of accounting for pooled investments. Based on this method, undistributed gains from prior

years were transferred from the endowment fund to current restricted funds. These transfers total \$77,551 and \$63,479 in fiscal years 2005 and 2004, respectively.

Gift Pledges Receivable

The university receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, endowment pledges are not recorded as assets until the related gift is received.

Inventories

The university's inventories, which consist principally of publications, general stores and other goods for resale by earnings operations, are valued at the lower of moving average cost or market. The inventories of the hospitals, which consist principally of pharmaceuticals and operating supplies, are valued at cost on a first-in, first-out basis.

Capital Assets and Collections

Capital assets are long-life assets in the service of the university and include land, buildings, improvements, equipment and library books. Capital assets are stated at cost or fair value at date of gift. Depreciation of capital assets (excluding land and construction in progress) is provided on a straight-line basis over the following estimated useful lives:

Type of Asset	Estimated Useful Life
Improvements other than buildings	20 years
Buildings	10 to 100 years
Moveable equipment and furniture	5 to 15 years
Library Books	10 years

Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. \$7,250 and \$3,478 of interest was capitalized in the years ended June 30, 2005 and 2004, respectively. The university does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Deferred Revenues

Deferred revenues primarily consist of receipts relating to tuition, room, board, and athletic events received in advance of the services to be provided. Tuition and fees relating to the summer academic quarter are recorded as revenue in the year to which they pertain. The

university will recognize revenue to the extent these services are provided over the coming fiscal year.

Operating and Non-Operating Revenues

The university defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses, and Other Changes in Net Assets, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness, substantially all university expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, current-use gifts and investment income.

Tuition, Room and Board

Student tuition and residence hall fees are presented net of scholarships and fellowships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expense. Fee authorizations provided to graduate teaching, research and administrative associates as part of an employment arrangement are presented in instruction, research and other functional categories of operating expense.

State Support

The university is a state-assisted institution of higher education which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy, which is based upon a formula devised by the Ohio Board of Regents, is determined annually and is adjusted to state resources available.

The state also provides line-item appropriations which partially support the current operations of various activities, which include clinical teaching expenditures incurred at The Ohio State University Hospitals and other health sciences teaching facilities, The Ohio State University Extension, the Ohio Agricultural Research and Development Center, and the Center for Labor Research.

In addition to current operating support, the State of Ohio provides the funding for and constructs major plant facilities on the university's campuses. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC) which, in turn, initiates the construction and subsequent lease of the facility by the Ohio Board of Regents.

Such facilities are reflected as buildings or construction in progress in the accompanying balance sheet. Neither the obligations for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the university's financial statements. Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly.

These facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund and future payments to be received by such fund, which is established in the custody of the Treasurer of State.

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs and are subject to audit by the appropriate government agency. Federal funds are subject to an annual OMB Circular A-133 audit. Grants and contracts determined to be exchange transactions are recognized as revenue when the exchange occurs. Grants and contracts determined to be non-exchange transactions are recognized as revenue when all eligibility requirements have been met. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.

Hospital Revenue

Revenue received under third-party cost reimbursement agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the hospitals contest certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The hospitals recognize settlements of protested adjustments or appeals upon resolution of the matters.

OSU Physicians Revenue

Net patient service revenue represents amounts received and the estimated net realizable amounts due from patients and third-party payors for services rendered. OSU Physicians provides care to patients under various reimbursable agreements, including Medicare and Medicaid. These arrangements provide for payment for covered services at agreed-upon rates and under certain fee schedules and various discounts from charges. Provisions have been made in the consolidated financial statements for estimated contractual adjustments, representing the difference between the customary charges for services rendered and related reimbursement.

Management Estimates

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

Newly Issued Accounting Pronouncements

In November 2003, GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. The provisions of this statement are effective for periods beginning after December 31, 2004.

In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefits Other than Pension Plans*. The standards in this Statement apply for trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirement systems, or other third parties, that administer them. The provisions of this statement are effective for periods beginning after December 15, 2005.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This Statement is effective for periods beginning after December 15, 2006.

In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. This statement establishes standards for accounting and financial reporting for termination benefits provided by employees including early retirement incentives, severance benefits and other termination-related benefits. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2005.

University management has not yet determined the impact that implementation of GASB Statements 42, 43, 45 and 47 will have on the university's financial statements.

Other

The university is exempt from income taxes as a non-profit organization under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

Certain reclassifications have been made to the 2004 comparative information to conform with the 2005 presentation.

NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2005, the carrying amount of the university's cash and cash equivalents for all funds is \$125,075 as compared to bank balances of \$167,335. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$4,004 is covered by federal deposit insurance and \$163,331 is

uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

NOTE 3 — INVESTMENTS

The university's investment policy authorizes the university to invest non-endowment funds in the following investments:

- Obligations of the US Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds

The university's investment policy authorizes the university to invest endowment funds in the following investments:

- Obligations of the US Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- Certificates of deposit (domestic and eurodollar)
- Repurchase agreements
- Mutual funds
- Commercial paper
- Banker's acceptances
- Corporate bonds and notes
- Common and preferred stock
- Real estate
- Guaranteed investment contracts
- Collateralized mortgage obligations
- Asset-backed securities
- Private equity and venture capital

The university's endowment fund operates with a long-term investment goal of preserving the purchasing power of the principal in a diversified portfolio. Mutual funds held by the university include a wide range of investments, including hedge funds. These hedge funds may include, but are not limited to, investments in equity securities, mutual funds, limited and general partnerships, foreign securities, short sales positions, distressed securities, fixed income securities, options, currencies, commodities, futures and derivatives. The university's objective for investing in these hedge funds is to provide stable, absolute returns that are uncorrelated to fluctuations in the stock and bond markets.

US Government and Agency securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the university. Common stocks, corporate bonds, money market instruments, mutual funds and other investments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at the Depository Trust Company, Bank One or State Street in "book entry" form. The banks internally designate the securities as owned by or pledged to the university.

The values of investments at June 30, 2005 and 2004 are as follows:

	2005	2004
Common stock	\$ 492,865	\$ 431,387
Equity mutual funds	679,019	730,731
US government obligations	89,117	95,088
US government agency obligations	197,539	251,160
Repurchase agreements	82,730	-
Corporate bonds and notes	75,389	78,396
Bond mutual funds	416,494	381,150
Real estate	87,596	60,757
Partnerships and hedge funds	83,954	49,179
Other	25,456	22,614
Total	<u>\$ 2,230,159</u>	<u>\$ 2,100,462</u>

The bulk of the university's investment assets are accounted for on a pooled basis. The following chart summarizes total pooled and non-pooled amounts at June 30, 2005 and 2004, respectively:

	Pooled	Non-pooled	Total
Temporary investments	\$ 461,974	\$ 46,959	\$ 508,933
Endowment investments	1,672,938	30,907	1,703,845
Other long-term investments	11,881	5,500	17,381
Total 2005	<u>\$2,146,793</u>	<u>\$83,366</u>	<u>\$2,230,159</u>
Total 2004	<u>\$1,999,900</u>	<u>\$ 100,562</u>	<u>\$2,100,462</u>

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the year ended June 30, 2005, the university realized a net gain of \$92,548 from the sale of investments. The calculation of realized gains and losses is independent of the net appreciation in the fair value of investments held at year-end. Realized gains and losses on investments that had been held for more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year and the current year. The net appreciation in the fair value of investments during the year ended June 30, 2005, was \$90,908. This amount includes all

changes in fair value, both realized and unrealized, that occurred during the year. The unrealized depreciation during the year on investments was \$1,640.

The components of the net investment income (loss) are as follows:

	Interest and Dividends (net)	Net Appreciation (Depreciation) in Market Value of Investments	Net Investment Income (Loss)
Temporary investments	\$ 54,339	\$ (1,436)	\$52,903
Endowment investments	756	92,213	92,969
Other long-term investments	8,286	131	8,417
Total 2005	\$ 63,381	\$ 90,908	\$154,289
Total 2004	\$ 59,658	\$ 184,355	\$ 244,013

Additional Risk Disclosures for Investments:

Statement Nos. 3 and 40 of the Governmental Accounting Standards Board require certain additional disclosures related to the interest-rate, credit and foreign currency risks associated with deposits and investments.

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

The maturities of the university's interest-bearing investments at June 30, 2005 are as follows:

	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 20
US government obligations	\$ 89,117	\$ 3,594	\$ 51,340	\$ 19,078	\$ 15,105
US agency obligations	197,539	15,202	131,101	34,981	16,255
Repurchase agreements	82,730	82,730	-	-	-
Corporate bonds	75,389	3,089	38,975	13,180	20,145
Bond mutual funds	416,494	80,014	174,194	104,017	58,269
Total	\$ 861,269	\$ 184,629	\$ 395,610	\$ 171,256	\$ 109,774

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as

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

The credit ratings of the university's interest-bearing investments at June 30, 2005 are as follows:

Credit Rating (Moody's)	Total	US			Corporate Bonds	Bond Mutual Funds
		Government Obligations	US Agency Obligations	Repurchase Agreements		
Aaa	\$ 655,302	\$ 89,117	\$ 197,539	\$ 82,730	\$ 22,646	\$ 263,270
Aa	38,293				9,109	29,184
A	90,793				24,844	65,949
Baa	50,224				18,442	31,782
Ba	4,086				348	3,738
B	21,026					21,026
Caa	1,545					1,545
Ca	-					
C	-					
Total	\$ 861,269	\$ 89,117	\$ 197,539	\$ 82,730	\$ 75,389	\$ 416,494

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2005, the university's exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	Other
Australian dollar	\$ 417	\$ 7,061	\$ 156	-	-
Canadian dollar	740	8,982	987	-	-
Euro	7,707	43,109	21,298	\$ 234	-
Hong Kong dollar	539	2,002	-	-	-
Japanese yen	5,176	26,337	14,909	-	-
Korean won	-	3,443	-	-	-
Pound sterling	5,829	32,570	2,753	-	-
Swedish krona	300	2,171	-	-	-
Swiss franc	2,243	6,217	-	-	-
Taiwan dollar	-	2,875	-	-	-
Other foreign currencies	719	13,738	831	-	\$ 26
Total	\$ 23,670	\$ 148,505	\$ 40,934	\$ 234	\$ 26

NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable at June 30, 2005 and 2004 consist of the following:

	2005	2004
Patient receivables – OSU Health System	\$453,599	\$ 315,288
Patient receivables – OSU Physicians, Inc.	63,571	49,077
Grant and contract receivables	77,772	65,725
Tuition and fees receivable	47,687	42,699
Receivables for departmental and auxiliary sales and services	38,320	17,860
State and federal receivables	19,427	18,719
	700,376	509,368
Less: Allowances for doubtful accounts	327,156	206,849
	<u>\$373,220</u>	<u>\$ 302,519</u>

Notes receivable at June 30, 2005 consist primarily of Perkins Loans and are net of an allowance for doubtful accounts of \$12,405. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-exchange Transactions*, the university has recorded \$48,318 in non-endowment pledges receivable at June 30, 2005 and a related allowance for doubtful accounts of \$9,434.

NOTE 5 — CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$ 42,202	\$ 4,934	\$ 3,120	\$ 44,016
Improvements other than buildings	193,563	25,925	1,647	217,841
Buildings and fixed equipment	2,281,483	396,167	7,237	2,670,413
Movable equipment and furniture	685,915	114,322	51,854	748,383
Library books	160,540	2,816	2,313	161,043
Construction in progress	377,423	(6,670)	-	370,753
	3,741,126	537,494	66,171	4,212,449
Less: Accumulated depreciation	1,652,461	145,976	54,764	1,743,673
Capital assets, net	<u>\$ 2,088,665</u>	<u>\$ 391,518</u>	<u>\$ 11,407</u>	<u>\$ 2,468,776</u>

Capital assets activity for the year ended June 30, 2004 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$ 42,025	\$ 177	\$ -	\$ 42,202
Improvements other than buildings	181,959	11,606	2	193,563
Buildings and fixed equipment	2,141,374	141,031	922	2,281,483
Movable equipment and furniture	655,875	67,106	37,066	685,915
Library books	158,472	3,673	1,605	160,540
Construction in progress	237,643	139,780	-	377,423
	3,417,348	363,373	39,595	3,741,126
Less: Accumulated depreciation	1,547,993	141,477	37,009	1,652,461
Capital assets, net	\$ 1,869,355	\$ 221,896	\$ 2,586	\$ 2,088,665

In the above tables, additions to construction in progress represent expenditures for new projects, net of the amount of capital assets placed in service.

NOTE 6 – ACCOUNTS PAYABLE, ACCRUED EXPENSES AND SELF-INSURANCE

Accounts payable and accrued expenses at June 30, 2005 and 2004 consist of the following:

	2005	2004
Payables to vendors for supplies and services	\$ 137,049	\$ 160,937
Accrued compensation and benefits	86,983	74,916
Retirement system contributions payable	24,908	21,790
Self-insurance accruals:		
Medical malpractice	71,549	34,891
Employee health insurance	15,373	15,090
Current portion of amounts due to third-party payers – OSU Health System	9,414	(180)
Other accrued expenses	22,851	16,024
	\$ 368,127	\$ 323,468

Self-Insurance Programs

The Hospitals have established trustee self-insurance funds for professional medical malpractice liability claims with a \$4 million limit per occurrence with no annual aggregate. The university self-insurance funds have insurance in excess of \$4 million per occurrence through Oval Limited, a blended component unit of the university. Oval Limited provides coverage with limits of \$25 million per occurrence and in the aggregate. A portion of the risks written by Oval Limited to date is reinsured by a single reinsurance company rated A by A.M. Best. The reinsurance company's net retention was 50% of the first \$15 million and 100% for the remaining \$10 million per occurrence and in the aggregate for the years ended June 30, 2005 and 2004, respectively. The estimated liability and the related contributions to the fund are based upon an independent actuarial determination as of June 30, 2005. OSU Physicians, Inc. participates in the university self-insurance fund for

professional medical malpractice liability claims. OSU Physicians premiums incurred and paid to the university were \$9,112 and \$5,334 during the years ended June 30, 2005 and 2004, respectively.

The Hospitals' estimate of professional malpractice liability includes provisions for known claims and actuarially determined estimates of incurred but not reported claims and incidents. This liability at June 30, 2005 of the anticipated future payments on gross claims is estimated at its present value of \$44,582 discounted at an estimated rate of 5.0% (university funds) and an additional \$26,967 discounted at an estimated rate of 3.0% (Oval Limited).

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of \$81,697 are more than the recorded liability at June 30, 2005, and the surplus of \$10,148 is included in unrestricted net assets.

The university is also self-insured with a stop-loss ceiling of \$4,640 for employee health insurance. As of June 30, 2005, \$15,373 is recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

Changes in the reported liabilities since June 30, 2003 result from the following activities:

	Malpractice		Health and Life	
	2005	2004	2005	2004
Liability at beginning of fiscal year	\$34,891	\$28,458	\$15,090	\$20,337
Current year claims, changes in estimates	38,530	8,012	125,569	84,735
Claim payments	(1,872)	(1,579)	(125,286)	(89,982)
Balance at fiscal year end	\$71,549	\$34,891	\$15,373	\$15,090

NOTE 7 — DEBT

The university may finance the construction, renovation and acquisition of certain facilities through the issuance of debt obligations which may include general receipts bonds, certificates of participation, commercial paper, capital lease obligations and other borrowings.

Debt activity for the year ended June 30, 2005 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Commercial Paper:					
Series E	\$ 22,100		\$ 22,100	-	-
Series F	-	\$ 150,000		\$ 150,000	\$150,000
Notes:					
Ohio Board of Regents Note, due through 2006	425		213	212	212
Capital One Funding Corporation, due through 2014	2,405		182	2,223	190
Fifth Third Note, due through 2008	9,691	1,403	4,546	6,548	2,948
Fifth Third Line of Credit	300	4,663	4,829	134	134
ESIC New Markets Partners II note		12,000		12,000	-
General Receipts Bonds – Fixed Rate:					
1999A, due serially through 2029	72,150		3,185	68,965	2,410
2002A, due serially through 2031	139,340		6,010	133,330	6,445
2003B, due serially through 2033	226,040		48,695	177,345	6,255
General Receipts Bonds – Variable Rate:					
1997, due serially through 2027	47,340		3,800	43,540	43,540
1999B1, due serially through 2029	64,600		4,600	60,000	60,000
1999B2, due 2006	12,100		3,800	8,300	8,300
2001, due serially through 2032	76,950			76,950	76,950
2003C, due serially through 2031	119,255		2,900	116,355	116,355
Capital Lease Obligations	21,910	6,784	7,056	21,638	6,841
	\$ 814,606	\$174,850	\$111,916	\$877,540	\$480,580

Debt activity for the year ended June 30, 2004 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Commercial Paper:					
Series E	\$ 70,150	\$ 20,450	\$ 68,500	\$ 22,100	\$ 22,100
Notes:					
Ohio Board of Regents Note, due through 2006	637		212	425	213
Capital One Funding Corporation, due through 2014	2,575		170	2,405	177
Fifth Third Note, due through 2008	3,041	8,700	2,050	9,691	4,555
Fifth Third Line of Credit	307	300	307	300	300
2003 Short Term Note Payable	50,965		50,965		
General Receipts Bonds – Fixed Rate:					
1999A, due serially through 2029	75,190		3,040	72,150	3,185
2002A, due serially through 2031	145,075		5,735	139,340	6,010
2003B, due serially through 2033		233,780	7,740	226,040	48,695
General Receipts Bonds – Variable Rate:					
1997, due serially through 2027	50,840		3,500	47,340	47,340
1999B1, due serially through 2029	69,300		4,700	64,600	64,600
1999B2, due 2006	15,600		3,500	12,100	12,100
2001, due serially through 2032	76,950			76,950	76,950
2003C, due serially through 2031		121,295	2,040	119,255	119,255
Capital Lease Obligations	25,603	2,590	6,283	21,910	5,790
	\$ 586,233	\$ 387,115	\$ 158,742	\$ 814,606	\$ 411,270

Debt obligations are generally callable by the university, bear interest at fixed and variable rates ranging from 0% to 6% and mature at various dates through 2033. Maturities and interest on debt obligations for the next five years and in five-year periods are as follows:

	Commercial Paper, Bonds and Notes Payable		Capital Leases and Certificates of Participation	
	Principal	Interest	Principal	Interest
2006	\$ 473,739	\$ 24,139	\$ 6,841	\$ 727
2007	17,552	17,686	5,024	505
2008	19,588	17,118	2,415	381
2009	18,659	16,470	1,166	323
2010	19,145	15,762	1,022	275
2011-2015	96,208	66,627	3,382	852
2016-2020	78,865	45,889	1,788	138
2021-2025	60,585	26,216		
2026-2030	49,565	12,800		
2031-2033	21,996	1,810		
	\$ 855,902	\$ 244,517	\$ 21,638	\$ 3,201

General receipts bonds are backed by the unrestricted receipts of the university, excluding certain items as described in the bond indentures.

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the university has set aside \$34,336 for future debt service which is included in unrestricted net assets.

In prior years, the university defeased various bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The defeased bonds are as follows:

	Amount Defeased	Amount Outstanding at June 30, 2005
Revenue Bonds: Series I	\$5,951	\$1,025

Neither the outstanding indebtedness nor the related trust account assets for the above bonds are included in the university's financial statements.

Variable Rate Demand Bonds

Series 1997, 1999B1, 1999B2, 2001 and 2003C variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2005 are as follows:

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
1997	12%	2.329 %
1999 B1	12%	1.994 %
1999 B2	12%	2.157 %
2001	12%	1.365 %
2003 C	12%	1.365 %

At the discretion of the university, the interest rate on the bonds can be converted to a fixed rate. The bonds may be redeemed by the university or sold by the bondholders to a remarketing agent appointed by the university at any time prior to conversion to a fixed rate at a price equal to the principal amount plus accrued interest.

The university's variable rate demand bonds mature at various dates through 2032. GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the balance sheet classification of these bonds. Under GASB Interpretation No. 1, outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the

absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation No. 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled \$305,145 and \$320,245 at June 30, 2005 and 2004, respectively.

Commercial Paper

The General Receipts Commercial Paper Notes (the "Notes") are limited obligations of the university secured by a pledge of the General Receipts of the university. The Notes are not debts or bonded indebtedness of the State of Ohio and are not general obligations of the State of Ohio or the university, and neither the full faith and credit of the State of Ohio nor the university are pledged to the payment of the Notes. The Notes have been issued to provide for interim financing of various projects approved by the Board of Trustees. It is the university's intention to roll each maturity into new Notes as they mature and to issue additional Notes as project expenditures are incurred. It is the university's intention ultimately to roll the Notes into permanent tax exempt bonds.

Capital Lease Obligations

Computer equipment and the facilities for child care, stores/receiving and ATI residence hall are financed as capital leases. The original cost and lease obligations related to these capital leases as of June 30, 2005 are \$46,955 and \$21,638 respectively. The original cost and lease obligations related to these capital leases as of June 30, 2004 are \$44,225 and \$21,910 respectively.

NOTE 8 — OPERATING LEASES

The university leases various buildings, office space, and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the balance sheet. The total rental expense under these agreements was \$26,242 and \$24,059 for the years ended June 30, 2005 and 2004, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2005 are as follows:

Year Ending June 30,	
2006	\$ 17,528
2007	12,077
2008	7,668
2009	5,484
2010	4,472
2011-2015	11,194
2016-2020	3,251
2021-2025	1,141
2026-2030	98
2031-2035	63
2036-2040	63
2041-2045	63
2046-3000	2,501
Total minimum lease payments	<u>\$ 65,603</u>

NOTE 9 — COMPENSATED ABSENCES

University employees earn vacation and sick leave on a monthly basis.

Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of service with the state. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

The university accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the "termination payment method" which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method, the university calculates a ratio, Sick Leave Termination Cost per Year Worked, that is based on the university's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current employees.

Certain employees of the university (mostly classified civil service employees) receive comp time in lieu of overtime pay. Any unused comp time must be paid to the employee at termination or retirement.

NOTE 10 — NONCURRENT LIABILITIES

Non-current liability activity for the year ended June 30, 2005 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 70,518	\$ 13,802	\$ 5,568	\$ 78,752
Obligations under annuity and life income agreements	52,263	3,169	4,572	50,860
Refundable advances for Federal Perkins loans	30,132	-	809	29,323
Other non-current liabilities	39,574	4,527	2,000	42,101
	192,487	\$ 21,498	\$ 12,949	201,036
Less: Current portion	10,809			10,140
	<u>\$ 181,678</u>			<u>\$ 190,896</u>

Non-current liability activity for the year ended June 30, 2004 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 64,541	\$ 11,982	\$ 6,005	\$ 70,518
Obligations under annuity and life income agreements	48,485	8,251	4,473	52,263
Refundable advances for Federal Perkins loans	31,170	-	1,038	30,132
Other non-current liabilities	37,081	4,493	2,000	39,574
	181,277	\$ 24,726	\$ 13,516	192,487
Less: Current portion	9,496			10,809
	<u>\$ 171,781</u>			<u>\$ 181,678</u>

Other non-current liabilities at June 30, 2005 and 2004 consist of the following:

	2005	2004
Amounts due to third-party payers - OSU Health System	\$ 33,785	\$ 29,030
Advance payments under exclusivity agreements	4,000	6,000
Bond premium	4,316	4,544
	<u>\$ 42,101</u>	<u>\$ 39,574</u>

NOTE 11 — UNRESTRICTED AND RESTRICTED-EXPENDABLE NET ASSETS

Substantially all unrestricted net assets are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in

enrollment. Major components of unrestricted net assets at June 30, 2005 and 2004 are as follows:

	2005	2004
Educational and general	\$ 478,312	\$ 414,683
Auxiliary enterprises	(3,017)	(2,061)
OSU Health System	151,835	158,403
Loan funds	2,716	2,705
Unrestricted quasi-endowments	43,651	43,312
Plant	2,090	104,892
	<u>\$ 675,587</u>	<u>\$ 721,934</u>

Restricted expendable net assets are subject to various purpose or time-based restrictions set forth by donors or granting agencies. Major components of restricted-expendable net assets at June 30, 2005 and 2004 are as follows:

	2005	2004
Current operations	\$ 265,434	\$ 278,858
Loan funds	41,033	40,927
Restricted quasi-endowments	139,399	130,433
Plant	16,708	14,784
	<u>\$462,574</u>	<u>\$ 465,002</u>

NOTE 12 – OPERATING EXPENSES BY OBJECT

In accordance with requirements set forth by the Ohio Board of Regents, the university reports operating expenses by functional classification on the Statement of Revenues, Expenses and Other Changes in Net Assets. Operating expenses by object for the years ended June 30, 2005 and 2004 are summarized as follows:

	Year Ended June 30, 2005				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 554,258	\$ 63,632			\$ 617,890
Separately budgeted research	235,623	97,931			333,554
Public service	74,229	21,508			95,737
Academic support	91,983	16,506			108,489
Student services	47,266	22,754			70,020
Institutional support	83,554	9,918			93,472
Operation and maintenance of plant	37,477	46,811			84,288
Scholarships and fellowships	2,433	1,513	\$ 50,502		54,448
Auxiliary enterprises	85,245	88,961			174,206
OSU Health System	546,105	525,657			1,071,762
OSU Physicians, Inc.	120,008	48,997			169,005
Depreciation				\$ 145,976	145,976
Total operating expenses	<u>\$ 1,878,181</u>	<u>\$ 944,188</u>	<u>\$ 50,502</u>	<u>\$ 145,976</u>	<u>\$ 3,018,847</u>

Year Ended June 30, 2004

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 504,285	\$ 73,215			\$ 577,500
Separately budgeted research	218,095	99,215			317,310
Public service	79,511	31,239			110,750
Academic support	85,535	17,967			103,502
Student services	44,412	21,494			65,906
Institutional support	97,842	11,489			109,331
Operation and maintenance of plant	32,787	40,347			73,134
Scholarships and fellowships	4,467	2,083	\$42,786		49,336
Auxiliary enterprises	84,861	93,783			178,644
OSU Health System	478,133	459,615			937,748
OSU Physicians, Inc.	67,074	34,704			101,778
Depreciation				\$141,477	141,477
Total operating expenses	\$ 1,697,002	\$885,151	\$42,786	\$141,477	\$ 2,766,416

NOTE 13 — RETIREMENT PLANS

University employees are covered by one of three retirement systems. The university faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

STRS Ohio and OPERS each offer three separate plans: 1) a defined benefit plan, 2) a defined contribution plan and 3) a combined plan. Each of these three options is discussed in greater detail in the following sections.

Defined Benefit Plans

STRS Ohio and OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

STRS Ohio
275 East Broad Street
Columbus, OH 43215-3771
(614) 227-4090
(888) 227-7877
www.strsoh.org

Ohio PERS
277 East Town Street
Columbus, OH 43215-4642
(614) 466-2085
(888) 400-0965
www.opers.org

In addition to the retirement benefits described above, STRS Ohio and OPERS provide postemployment health care benefits.

OPERS currently provides postemployment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For the fiscal year ended December 31, 2004, OPERS allocated 4.0% of the employer contribution rate to fund the health care program for retirees.

The actuarial value of assets available for these benefits at December 31, 2003 (the date of the system's latest actuarial review) was \$10.5 billion. There were 369,885 active contributing benefit recipients eligible for postemployment benefits as of December 31, 2004.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. HCPP incorporates a cafeteria approach, offering a broad range of health care options which allows benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

STRS Ohio currently provides access to health care coverage to retirees who participated in the deferred benefit or combined plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS Ohio are included in the employer contribution rate. For the fiscal year ended June 30, 2004, STRS Ohio allocated employer contributions equal to 1.0% of covered payroll to a Health Care Stabilization Fund (HCSF) from which payments for health care benefits are paid. The balance in the HCSF was \$3.1 billion at June 30, 2004.

STRS Ohio expenditures for postemployment benefits during the year ended June 30, 2004 were \$268.7 million. There were 111,853 benefit recipients eligible for postemployment benefits at that date.

Postemployment health care benefits are not guaranteed by ORC to be covered under either OPERS or STRS Ohio defined benefit plans.

Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees are not eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 10.5% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no postretirement health care benefits.

Combined Plans

STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement health care benefits.

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement health care benefits. OPERS provides retirement, disability, survivor and postretirement health benefits to qualifying members of the combined plan.

Funding Policy

ORC provides STRS Ohio and OPERS statutory authority to set employee and employer contributions. Contributions equal to those required by STRS Ohio and OPERS are required for ARP. For employees enrolling in ARP, ORC requires a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution be contributed to STRS Ohio and OPERS to enhance the stability of these plans. The required contribution

rates (as a percentage of covered payroll) for plan members and the university are as follows:

	STRS Ohio	OPERS	ARP
Faculty:			
Plan member	10.0%		10.0%
University	14.0%		14.0%*
Staff:			
Plan member		8.5%	8.5%
University		13.31%	13.31%
Law enforcement staff:			
Plan member		10.1%	10.1%
University		16.7%	16.7%

* Employer contributions include 3.5% paid to STRS Ohio.
The remaining amount, 10.5%, is credited to employee's ARP account.

The university's contributions, which represent 100% of required employer contributions, for the year ended June 30, 2005 and for each of the two preceding years are as follows:

Year Ended June 30,	STRS Ohio Annual Required Contribution	OPERS Annual Required Contribution	ARP Annual Required Contribution
2003	\$ 37,345	\$ 76,408	\$ 21,836
2004	\$ 38,155	\$ 82,927	\$ 23,337
2005	\$ 40,597	\$ 91,424	\$ 27,094

OSU Physicians Retirement Plan

Retirement benefits are provided for the employees of OSU Physicians (OSUP) through a tax-sheltered 403(b) and 401(a) program administered by an insurance company. OSUP is required to make nondiscretionary contributions of no less than 7.5% under the Interim Retirement Plan; however, some subsidiaries make an additional discretionary contribution of up to 17.5%, for a range of total employer contributions of 7.5% to 25%. Employees are allowed, but not required, to make contributions to the 403(b) plan. OSUP's share of the cost of these benefits was \$9,943 for the year ended June 30, 2005.

NOTE 14 — CAPITAL PROJECT COMMITMENTS

At June 30, 2005, the university is committed to future contractual obligations for capital expenditures of approximately \$209,674.

These projects are funded by the following sources:

State appropriations	\$110,161
Internal and other sources	99,513
Total	<u>\$209,674</u>

NOTE 15 — CONTINGENCIES AND RISK MANAGEMENT

The university is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the university's financial position.

The University is self-insured for Hospitals professional malpractice liability, employee health benefits, and employee life, accidental death and dismemberment benefits. Additional details regarding these self-insurance arrangements are provided in Note 5. The University also carries commercial insurance policies for various property, casualty and excess liability risks. Over the past three years, settlement amounts related to these insured risks have not exceeded the University's coverage amounts.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required of the university have been infrequent in prior years.

NOTE 16 — FUNDS HELD IN TRUST BY OTHERS

The university is the beneficiary of and annually receives income from funds held in trust by other trustees. These funds are administered by outside trustees and are neither in the possession nor under the control of the university. The principal amount of these funds is not determinable at the present time.

NOTE 17 — SUBSEQUENT EVENTS

The Ohio State University issued \$279,050 in General Receipts Bonds, Series 2005A and \$129,980 in Variable Rate Demand General Receipts Bonds, Series 2005B on August 10, 2005. The proceeds of these bond issues will be used for the following purposes: 1) to retire \$150,000 of Series F Commercial Paper notes, 2) to refund and retire \$55,670 of General Receipts Bond Series 1999A, and 3) to construct and/or renovate a variety of projects including residence halls, administrative and classroom buildings, parking garages, utility and student services. Both Series A and B Bonds will have annual principal repayments until final maturity on June 1, 2035.

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

To the Board of Trustees of
The Ohio State University
Columbus, Ohio

We have audited the consolidated financial statements of The Ohio State University (the "University"), as of and for the year ended June 30, 2005, and have issued our report thereon dated October 19, 2005. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the University in a separate letter dated October 19, 2005.

This report is intended solely for the information and use of the Board of Trustees, management of the University, federal awarding agencies, state funding agencies, pass-through entities, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

October 19, 2005

Acknowledgements

The 2005 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller, Division of Accounting.

Michael A. Baker - Financial Systems Analyst

Suzanne M. Chizmar - Chief Accountant

Thomas F. Ewing - Associate Controller

Allan E. Freeman - Cost Analyst

Steven W. Hoffman - University Tax Compliance Specialist

Robert L. Hupp, II - Financial Systems Analyst

Hang (Becky) Lu - Accountant

Brenda K. Payne - Accountant

Patricia M. Privette - Financial Reporting Analyst

Phil A. Schirtzinger - Senior Cost Analyst

Jan E. Soboslai - Senior Accountant

Anne M. Wilcheck - Senior Accountant

William J. Shkurti - Senior Vice President and Chief Financial Officer

Greta J. Russell - University Controller

Board of Trustees

The expiration date of each trustee's term is given in parentheses.

Daniel M. Slane, Columbus - Chair (2006)

Robert M. Duncan – Vice Chair, Columbus (2007)

Karen L. Hendricks, Cincinnati (2008)

Dimon R. McFerson, Powell (2009)

Jo Ann Davidson, Reynoldsburg (2010)

Douglas G. Borrer, Dublin (2011)

Walden W. O'Dell, North Canton (2012)

Brian K. Hicks, Dublin (2013)

Robert H. Schottenstein, Jefferson Township (Franklin County), (2014)

Chad A. Endsley - Student Member (2006)

Younhee P. Ha - Student Member (2007)

David O. Frantz, Columbus - Secretary

James L. Nichols, Columbus - Treasurer

***The Ohio State
University***

*Report on Federal Awards in Accordance
With OMB Circular A-133 Federal Entity
Identification Number 1-31-602-5986-A1
for the Year Ended June 30, 2005*

THE OHIO STATE UNIVERSITY

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency/Pass-Through Grantor	CFDA No.	Sponsor ID	Expenditures
Student Financial Aid Cluster:			
U.S. Department of Education:			
Supplemental Educational Opportunity Grants	84.007	P007A023342	\$ 1,482,289
College Workstudy Program	84.033	PO33A023342	4,034,037
Federal Direct Student Loan	84.268	N/A	8,283
Pell Grant Program	84.063	P063P020345	<u>26,157,172</u>
Total U.S. Department of Education			31,681,781
U.S. Department of Health and Human Services—SDS Award	93.925	6084209-03	<u>376,149</u>
Total Student Financial Aid Cluster			<u>32,057,930</u>
Research and Development Cluster—			
Funds received directly from the following federal agencies:			
Smithsonian Astrophysical Observatory	60.XXX	30060200	140,689
Appalachian Regional Commission	60.XXX	30070100	53,768
Veterans Affairs	64.XXX	30170000	(5,997)
Nuclear Regulatory Commission	81.XXX	30220000	399,448
Agency for International Development	98.XXX	30300100	142,352
Central Intelligence Agency	13.XXX	30350100	21,166
Institute of Museum and Library Services	45.XXX	30510000	224,258
Corporation for National Service	94.005	31040001	88,219
Environmental Protection Agency	66.500	32000000	222,262
Environmental Protection Agency	66.716	32000000	2,876
Environmental Protection Agency	66.802	32000000	(580)
Environmental Protection Agency	66.808	32000000	2,880
Environmental Protection Agency	66.951	32000000	2,441
Environmental Protection Agency	66.XXX	32000000	25,066
Environmental Protection Agency	43.XXX	33000000	143,755
National Aeronautics and Space Administration	43.XXX	33000102	6,102
NASA Langley Research Center	43.XXX	33000103	241,703
Ames Research Center	43.001	33000104	316,603
John Glenn Research Center-Lewis Field	43.002	33000104	217,393
John Glenn Research Center-Lewis Field	43.XXX	33000104	2,728,570
NASA Headquarters	43.XXX	33000105	847,086
Marshall Space Flight Center	43.XXX	33000201	<u>67,742</u>

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency/Pass-Through Grantor	CFDA No.	Sponsor ID	Expenditures
Johnson Space Center	43.XXXX	33000202	\$ 167,911
Kennedy (John F) Space Center	43.XXXX	33000203	(2,437)
Goddard Space Flight Center	43.XXXX	33000301	1,637,623
Jet Propulsion Lab	43.XXXX	33000303	156,638
National Endowment for The Humanities	45.149	34000100	84,524
National Endowment for The Humanities	45.161	34000100	44,353
National Endowment for The Humanities	45.162	34000100	1,626
National Endowment for The Humanities	45.163	34000100	64,864
National Endowment Arts	45.042	34000200	7,858
National Science Foundation	47.041	35000000	3,117,451
National Science Foundation	47.049	35000000	13,546,405
National Science Foundation	47.050	35000000	1,375,751
National Science Foundation	47.070	35000000	4,105,573
National Science Foundation	47.075	35000000	2,360,716
National Science Foundation	47.076	35000000	2,961,987
National Science Foundation	47.078	35000000	2,518,971
National Science Foundation	47.XXXX	35000000	72,616
NSF Molecular and Cellular Biosciences	47.XXXX	35000103	13,429
NSF Molecular and Cellular Biosciences	47.XXXX	35000103	650,429
NSF Biological Infrastructure	47.XXXX	35000107	5,163,323
NSF Division Info Robotics and Intelligent Systems	47.074	35000203	258,249
NSF Division Engineering, Education and Centers	47.XXXX	35000302	342,331
NSF Division Design,Manufacture,Industrial	47.XXXX	35000306	80,341
NSF Office Polar Programs	47.XXXX	35000404	39,488
NSF Division Undergraduate Education	47.046	35000605	81,925
NSF Office of International Science and Engineering	47.045	35000803	1,588
Forest Service	47.XXXX	35000803	2,100
Forest Service	10.652	40020000	195,800
Forest Service	10.664	40020000	93,999
Forest Service	10.670	40020000	87,651
Forest Service	10.XXXX	40020000	39,420
Coop State Res Educ and Extension Service	10.200	40040100	3,200,133
Nat Res Init Competitive Grants Program	10.206	40040100	2,420,858
Cooperative State Res Educ and Extension Service	10.207	40040100	23,573
Cooperative State Res Educ and Extension Service	10.217	40040100	97,488
Cooperative State Res Educ and Extension Service	10.219	40040100	43,204
Cooperative State Res Educ and Extension Service	10.302	40040100	1,965,901
Cooperative State Res Educ and Extension Service	10.303	40040100	912,841

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency/Pass-Through Grantor	CFDA No.	Sponsor ID	Expenditures
Cooperative State Res Educ and Extension Service	10.500	40040100	\$ 712,215
Cooperative State Res Educ and Extension Service	10.XXX	40040100	217,907
Agricultural Research Service	10.001	40040200	1,177,621
Agricultural Research Service	10.XXX	40040200	228,658
Natural Resources Conservation Service	10.XXX	40060000	49,303
Animal and Plant Health Inspection Service	10.028	40070000	6,985
Animal and Plant Health Inspection Service	10.XXX	40070000	77,874
Office of International Cooperation and Development	10.960	40100000	69,133
Economic Research Service	10.250	40120000	33,445
Economic Research Service	10.XXX	40120000	56,894
Food Safety and Inspection Service	10.475	40130000	28,686
Food Safety and Inspection Service	10.XXX	40130000	14,065
Risk Management Agency (USDA)	10.450	40180000	56,370
Rural Development	10.771	40190000	49,734
Rural Development	10.XXX	40190000	154,560
USDA Foreign Agency Serv.	10.961	40200000	25,927
USDA Foreign Agency Serv.	10.XXX	40200000	18,189
National Oceanic and Atmospheric Administration	11.400	42020000	173,942
National Oceanic and Atmospheric Administration	11.417	42020000	1,319,551
National Oceanic and Atmospheric Administration	11.420	42020000	19,142
National Oceanic and Atmospheric Administration	11.460	42020000	54,369
National Oceanic and Atmospheric Administration	11.XXX	42020000	150,383
National Marine Fisheries Service	11.XXX	42020300	4,360
Office of National Geodetic Survey	11.XXX	42020400	8,952
National Institute of Standards and Technology	11.609	42040000	58,047
U.S. Department of Defense	12.420	50000000	2,346,465
U.S. Department of Defense	12.XXX	50000000	(718)
Air Force	12.800	50010000	4,496,628
Air Force	12.XXX	50010000	71,192
Air Force Materiel Command	12.910	50010100	178,324
Air Force Materiel Command	12.XXX	50010100	87,869
Air Force Office of Scientific Res	12.630	50010105	2,262,184
Air Force Office of Scientific Research	12.XXX	50010105	142,415
Air Force Research Lab	12.XXX	50010126	12,624
Wright Laboratory	12.XXX	50010800	561
Army	12.XXX	50020000	16,914
Army Corps of Engineers	12.XXX	50020100	8,750
Army Cold Regions Research and Engineering Lab	12.XXX	50020103	65,761

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency/Pass-Through Grantor	CFDA No.	Sponsor ID	Expenditures
Humphreys Engineer Ctr. Support Activity	12.XXXX	50020106	\$ 196,259
Army Tank Command	12.XXXX	50020204	462,822
Army Medical Res and Materiel Command	12.XXXX	50020301	131,870
Army Research Office	12.431	50020400	382,928
Army Research Office	12.XXXX	50020400	409,480
Army Robert Morris Acquisition Center	12.XXXX	50022400	(5,711)
Army Space and Missile Defense Command	12.XXXX	50022500	143,394
Army Yuma Proving Ground	12.XXXX	50022600	163,296
Naval Air Systems Cmd.	12.XXXX	50040101	1,144
Office of Naval Research	12.300	50040300	2,046,988
Office of Naval Research	12.XXXX	50040300	67,596
Navy Research Lab	12.XXXX	50040301	9,463
Naval Medical Research Institute	12.XXXX	50041002	111,049
Naval Air Warfare Center Aircraft Div	12.XXXX	50041600	10,226
Defense Advance Research Projects Agency	12.XXXX	50060000	1,112,071
National Geospatial-Intelligence Agency	12.XXXX	50080000	105,754
Defense Logistics Agency	12.XXXX	50130000	104,351
National Security Agency	12.901	50140000	71,006
National Security Agency	12.XXXX	50140000	220,441
Uniformed Services University Health Sciences	12.XXXX	50190000	130,418
National Reconnaissance Office	12.XXXX	50200000	227,919
Strategic Environmental Research and Development Program	12.XXXX	50210000	185,781
U.S. Department of Education	84.325	53000000	631,079
U.S. Department of Education	84.327	53000000	99,667
U.S. Department of Education	84.333	53000000	339,140
U.S. Department of Education	84.047A	53000000	297,507
U.S. Department of Education	84.200A	53000000	116,067
Institute of Education Sciences	84.305	53020000	290,659
Institute of Education Sciences	84.XXXX	53020000	4,956,935
Fund Improvement Postsecondary Education	84.116	53020300	135,179
Office of Elementary and Secondary Education	84.350	53030000	618,746
Office of Postsecondary Education	84.021	53040000	59,812
Office of Postsecondary Education	84.220	53040000	443,573
Office of Postsecondary Education	84.229	53040000	291,300
Office of Postsecondary Education	84.342	53040000	44,151
Office of Postsecondary Education	84.XXXX	53040000	291,210
Center for International Education	84.015	53040200	1,085,268
Center for International Education	84.015A	53040200	282,379

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency/Pass-Through Grantor	CFDA No.	Sponsor ID	Expenditures
Office of Special Education and Rehabilitative Services			
Rehabilitation Services Administration	84.324	53050000	\$ 287,420
National In Disability and Rehabilitation Research	84.129	53050200	15,343
National In Disability and Rehabilitation Research	84.133	53050300	304,881
Department of Energy	84.224	53050300	396,416
Department of Energy	81.049	55000000	4,164,987
Department of Energy	81.086	55000000	700,594
Department of Energy	81.089	55000000	748,086
Department of Energy	81.114	55000000	73,139
National Energy Tech Lab	81.XXX	55000000	3,632,635
National Energy Tech Lab	81.050	55130000	205,554
National Energy Tech Lab	81.064	55130000	23,666
Centers For Medicare and Medicaid Services	81.XXX	55130000	286,408
Centers For Medicare and Medicaid Services	93.779	60020000	(35)
Public Health Service	93.XXX	60020000	117,470
National Institutes of Health	93.137	60040000	156,234
National Institutes of Health	93.113	64000000	854,329
National Institutes of Health	93.172	64000000	118,970
National Institutes of Health	93.213	64000000	306,014
National Institutes of Health	93.389	64000000	824,106
National Institutes of Health	93.394	64000000	1,872,828
National Institutes of Health	93.396	64000000	5,340,979
National Institutes of Health	93.398	64000000	2,327,856
National Institutes of Health	93.399	64000000	2,744,170
National Institutes of Health	93.837	64000000	5,919,277
National Institutes of Health	93.848	64000000	1,278,618
National Institutes of Health	93.849	64000000	1,856,005
National Institutes of Health	93.853	64000000	7,347,369
National Institutes of Health	93.856	64000000	7,869,190
National Institutes of Health	93.859	64000000	5,388,825
National Cancer Institute	93.XXX	64000000	82,052
National Cancer Institute	93.393	64000002	3,737,995
National Cancer Institute	93.395	64000002	15,350,056
National Cancer Institute	93.397	64000002	1,843,725
National Cancer Institute	93.981	64000002	7,992
National Center for Research Resources	93.XXX	64000002	2,221,197
National Heart, Lung, and Blood Institute	93.389	64000010	4,448,813
National Heart, Lung, and Blood Institute	93.838	64000003	2,092,762
National Heart, Lung, and Blood Institute	93.839	64000003	447,081

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency/Pass-Through Grantor	CFDA No.	Sponsor ID	Expenditures
National Heart, Lung, and Blood Institute	93.XXXX	64000003	\$ 1,163,405
National In Allergy Infectious Diseases	93.855	64000004	3,078,627
National In Allergy Infectious Diseases	93.XXXX	64000004	143,975
National In Diabetes and Digestive and Kidney Diseases	93.847	64000005	995,520
National In Diabetes and Digestive and Kidney Diseases	93.XXXX	64000005	345,883
National In Child Health and Human Development	93.864	64000006	639,712
Nat Inst Child Health and Human Development	93.865	64000006	3,695,794
National In Child Health and Human Development	93.929	64000006	55,034
National In General Medical Science	93.821	64000007	1,527,193
National In General Medical Science	93.862	64000007	1,556,438
National In Neurological Disorders and Stroke	93.854	64000008	(11,629)
National In Neurological Disorders and Stroke	93.853	64000008	355,723
National In Neurological Disorders and Stroke	93.XXXX	64000008	517,616
National Center for Research Resources	93.306	64000010	34,036
National Center for Research Resources	93.333	64000010	55,781
National Eye Institute	93.867	64000011	4,816,218
National Eye Institute	93.XXXX	64000011	49,546
National In Dental and Craniofacial Research	93.121	64000012	3,973,933
National In Dental and Craniofacial Research	93.390	64000012	12,500
National In Dental and Craniofacial Research	93.XXXX	64000012	94,021
National In Aging	93.866	64000015	2,039,966
John F Fogarty International Center	93.934	64000017	92,480
John F Fogarty International Center	93.989	64000017	9,276
National In Nursing Research	93.361	64000018	1,089,117
National In Arthritis and Musculoskeletal and Skin Ds	93.846	64000019	1,310,678
National In Arthritis and Musculoskeletal and Skin Ds	93.XXXX	64000019	1,367,933
National In Deafness and Other Communication Disorders	93.173	64000020	1,402,269
National In Deafness and Other Communication Disorders	93.242	64000021	3,443,501
National In Mental Health	93.281	64000021	130,960
National In Mental Health	93.282	64000021	274,126
National In Drug Abuse	93.277	64000022	134,435
National In Drug Abuse	93.279	64000022	937,823
National In Drug Abuse	93.XXXX	64000022	176,631
National In Alcohol Abuse and Alcoholism	93.273	64000023	205,627
National In Biomedical Imaging and Bioengineering	93.286	64000028	2,898,825
Health Resources and Services Administration	93.191	65000000	160,401
Health Resources and Services Administration	93.359	65000000	278,659
Health Resources and Services Administration	93.887	65000000	105,444

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Agency/Pass-Through Grantor	CFDA No.	Sponsor ID	Expenditures
Health Resources and Services Administration	93.888	65000000	\$ 10,441
Health Resources and Services Administration	93.896	65000000	188,149
Health Resources and Services Administration	93.996	65000000	284,826
Bureau of Health Professions	93.181	65000001	135,296
Bureau of Health Professions	93.884	65000001	428,727
Maternal and Child Health Bureau	93.110	65000005	433,017
Centers for Disease Control and Prevention	93.283	66000000	490,118
Centers for Disease Control and Prevention	93.XXX	66000000	647,753
National In Occupational Safety and Health	93.262	66000001	947,212
National In Occupational Safety and Health	93.956	66000001	814,682
National In Occupational Safety and Health	93.XXX	66000001	41,015
National In Occupational Safety and Health	93.632	67000100	424,474
Administration Children, Youth, and Families	14.XXX	70000000	15,920
Department of Housing and Urban Development	15.635	72030000	20,606
U.S. Fish and Wildlife Service	15.637	72030000	2,727
U.S. Fish and Wildlife Service	15.FFA	72030000	8,820
U.S. Fish and Wildlife Service	15.FFB	72030000	9,528
U.S. Fish and Wildlife Service	15.FFC	72030000	5,138
U.S. Geological Survey	15.805	72040000	130,169
U.S. Geological Survey	15.808	72040000	335,365
U.S. Geological Survey	15.XXX	72040000	31,740
National Park Service	15.XXX	72070000	17,014
Office Surface Mining Reclam and Enforcement	15.XXX	72090000	31,082
National Institute of Justice	16.560	74040100	74,700
Occupational Safety and Health Administration	17.502	76020000	89,244
Bureau of Labor Statistics	17.XXX	76050000	14,831,228
Bureau of Educational and Cultural Affairs	19.405	80020100	29,119
Bureau of Educational and Cultural Affairs	19.XXX	80020100	3,612
Department of Transportation	20.XXX	82000000	131,218
Federal Aviation Administration	20.108	82030000	3,096
Federal Aviation Administration	20.XXX	82030000	544,458
National Highway Traffic Safety Administration	20.XXX	82040000	498,610
Goddard Space Flight Center	43.XXX	33000301	(4,314)
Institute of Education Sciences	84.305K	53020000	640
Subtotal of Research and Development Cluster funds received directly from Federal agencies			<u>230,756,715</u>

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	Expenditures
Research and Development Cluster— Pass-through from other sources:					
Department of Defense	Lockheed Martin Corp.	12.XXX	50000000	10010042	\$ 10,118
Department of Defense	General Dynamics Corp.	12.XXX	50000000	10010725	25,166
Department of Energy	Sandia Corp.	81.XXX	55000000	10011170	260,470
National Institute of Standards and Tech	Edison Welding Inst. Inc.	11.XXX	42040000	10011218	46,856
National Institute of Standards and Tech	Owens Corning Corp.	11.XXX	42040000	10011306	237,382
Agency for International Development	Development AlterNationalives Inc.	10.XXX	30300100	10011316	181,139
National Cancer Institute	Sci Applications Intl. Corp.	46.101	64000002	10011324	25
National Aeronautics and Space Administration	Sci Applications Intl. Corp.	46.XXX	64000002	10011324	845,349
Defense Advance Research Projects Agency	EG&G Inc.	43.XXX	33000000	10011343	138,401
Air Force	Alcoa Research Laboratories	12.XXX	50060000	10011406	132,724
Department of Energy	Universal Tech Corp.	12.XXX	50010000	10011471	249,250
National Institute of Standards and Tech	Honeywell International Inc.	81.XXX	55000000	10011512	146,813
Agency for International Development	Edison Materials Tech Ctr.	11.XXX	42040000	10011518	33,259
Defense Advance Research Projects Agency	Chemomics Intl.	10.XXX	30300100	10011565	908
Air Force Office of Scientific Research	Northrop Grumman Corp.	12.XXX	50060000	10011657	473,783
National Institute of Standards and Tech	PSI Tech Co.	12.XXX	50010105	10011673	(801)
Defense Advance Research Projects Agency	Ford Motor Company	11.XXX	42040000	10011724	70,507
National Institute of Standards and Tech	General Electric Aircraft Engines	12.XXX	50060000	10011756	31,715
Defense Advance Research Projects Agency	Mount Sinai Medical Center	93.XXX	64000027	10011783	23,637
National Center of Complementary and Alternative Med	Systran Corp.	12.XXX	50000000	10011833	82,779
Department of Defense	Raytheon Co.	12.XXX	50040000	10011847	271,841
Navy	Biotechnology Research and Development Corp.	10.XXX	40040200	10011994	35,664
Agricultural Research Service	Physical Sciences, Incorporated	12.XXX	50010105	10012027	320,136
Air Force Office of Scientific Research	Imation Corp.	11.XXX	42040000	10012042	314,112
National Institute of Standards and Tech	U.S. Automotive Material Partnership	81.XXX	55000000	10012073	74,152
Department of Energy	Pratt and Whitney Engines	12.XXX	50060000	10012090	125,572
Defense Advance Research Projects Agency	Ashman Technologies	81.XXX	55000000	10012227	34,718
Department of Energy	Bechtel Bettis, Inc.	81.XXX	55000000	10012230	79,662
Department of Energy	Horizon Res Inc.	47.XXX	35000000	10012237	29,561
National Science Foundation	OG Technologies, Inc.	11.XXX	42040000	10012262	(54,134)
National Institute of Standards and Tech	Environ Energy	81.XXX	55000000	10012272	65,894
Department of Energy	University Hospitals of Cleveland	93.XXX	64000005	10012297	(3,217)
National In Diabetes and Digestive and Kidney Diseases	Ansoft Corp.	12.XXX	50020000	10012311	98,975
Army	Micro Analysis and Design	12.XXX	50020400	10012320	1,299,401
Army Research Office	Advanced Tech Inst.	12.XXX	50130000	10012322	384,091
Defense Logistics Agency	R & S Assoc.	12.XXX	50000000	10012346	(2,562)
Department of Defense	Hybrid Plastics Inc.	93.XXX	64000000	10012356	2,369
National Institutes of Health					

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	Expenditures
Navy	Airinc Incorporated	12.XXX	50040000	10012359	\$ 95,437
Department of Defense	High Performance Technologies Inc.	12.XXX	50000000	10012364	17,886
National Geospatial-Intelligence Agency	Aegis Res Corp.	12.XXX	50080000	10012365	9,612
Air Force	S & K Technologies Inc.	12.XXX	50010000	10012375	135,624
Army Research Office	Pixon LLC	12.XXX	50020400	10012394	77,586
Navy	Syntonic LLC	12.XXX	50040000	10012399	70,539
NSF Div Design, Manufacture, Industrial	Applied Metallurgy Corp.	47.XXX	35000306	10012400	(23,134)
Air Force	Anteon Intl. Corp.	12.XXX	50010000	10012402	726
Department of Energy	Supergenics LLC	81.XXX	55000000	10012405	57,139
Army	URS Corp.	12.XXX	50020000	10012407	(4,141)
Navy	Applied EM, Inc.	12.XXX	50040000	10012411	92,315
National Cancer Institute	Molecules for Health Inc.	93.XXX	64000002	10012414	29,426
Army	ESA Environ Specialists Inc.	12.XXX	50020000	10012415	152,340
National Institutes of Health	Cancervax	93.XXX	64000000	10012419	79,300
Department of Energy	H2Fuel LLC	81.XXX	55000000	10012426	(34,719)
Navy	Visualem Corp.	12.XXX	50040000	10012431	147,268
Bureau of Reclamation	Smart Transitions LLC	15.XXX	72080000	10012438	3,018
Department of Energy	Seafire Micros, Inc.	81.XXX	55000000	10012447	32,998
National Institutes of Health	Ligocyte Pharmaceuticals, Inc.	93.XXX	64000000	10012473	(68)
National In Mental Health	Passive Motion Therapeutics Inc.	93.242	64000021	10012485	141,259
Defense Advance Research Projects Agency	RNET Technologies	81.XXX	50060000	10012505	32,918
National Heart, Lung, and Blood Institute	Space Hardware Optimization Technology	93.XXX	64000003	10012510	(6,073)
Air Force Office of Scientific Research	Princeton Scientific Instruments Inc.	93.XXX	50010105	10012513	15,906
National Science Foundation	Luna Innovations Inc.	12.XXX	35000000	10012514	39,050
Department of Energy	United States Enrichment Program	81.XXX	55000000	10012535	57,007
Air Force Research Lab	MetroLaser Inc.	12.XXX	50010126	10012538	63,267
Air Force Materiel Command	S12 Technologies, Inc.	12.XXX	50010100	10012543	21,911
Defense Advance Research Projects Agency	Kaman Aerospace Corp.	12.XXX	50060000	10012550	34,271
Department of Energy	General Atomics	81.XXX	55000000	10012568	75,202
Department of Energy	Kitware, Inc.	81.XXX	55000000	10012569	13,661
National Institutes of Health	NimbleGen Systems Inc.	93.XXX	64000000	10012573	18,623
Air Force Research Lab	Ball Aerospace and Technologies Corp.	12.XXX	50010126	10012578	10,421
John Glenn Research Center-Lewis Field	Electron Energy Corp.	43.XXX	33000104	10012579	3,658
Air Force	Gen Dynamics Adv Info Systems	12.XXX	50010000	10012583	88,368
Office of Naval Research	Intelligent Automation, Inc.	12.XXX	50040300	10012597	42,244
Defense Advance Research Projects Agency	Boston Micromachines Corp.	12.XXX	50060000	10012599	73,593
National Cancer Institute	BioReliance Corp.	93.XXX	64000002	10012605	26,045
Army	VaxDesign Corp.	12.XXX	50020000	10012607	273,956
Department of Defense	Support Systems Associates, Inc.	12.XXX	50000000	10012664	502

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	Expenditures
Department of Defense	ATK Missile Systems Co.	12.XXX	50000000	10012668	\$ 16,093
Navy	Sverdrup Technologies	12.XXX	50040000	10020016	11,420
NSF Div Design, Manufacture, Industrial	Bioprocessing Innovative Co. Inc.	47.XXX	35000306	10020039	24,870
Department of Energy	Faraday Tech Inc.	81.XXX	55000000	10020046	86,580
Department of Energy	UES Inc.	81.XXX	55000000	10020049	20,935
National Institutes of Health	Biomec, Inc.	93.XXX	64000000	10020062	61,721
NASA Headquarters	Innovative Scientific Solutions Inc.	20.XXX	33000105	10020096	378,484
NASA Headquarters	Hyper Tech Res Inc.	20.XXX	33000105	10020102	311,713
Department of Energy	Global Research and Development Inc.	81.XXX	55000000	10020103	3,641
Department of Energy	Applied Eng Solutions LLC	81.XXX	55000000	10020114	129,288
Air Force Office of Scientific Research	Action Technologies LLC	12.XXX	50010105	10020120	9,444
Army Research Office	BAE Systems	12.XXX	50020400	10030070	169,874
Army	Pharmacia and Upjohn Inc.	12.XXX	50020000	10040004	7,983
National Institutes of Health	Mckesson Corp.	93.XXX	64000000	10040089	130,365
Department of Energy	Sibtech Inc.	81.XXX	55000000	10040112	129,598
National Institute of Allergy and Infectious Diseases	Sidney Kimmel Fdn Cancer Res	93.856	64000004	20010061	272,901
Army Medical Res and Materiel Command	Childrens Res Inst. (Columbus)	12.XXX	50020301	20010182	35,851
National Institute Neurological Disorders and Stroke	Mayo Fdn	93.853	64000008	20010289	178,662
National Heart, Lung, and Blood Institute	Cleveland Clinic Fdn	93.837	64000003	20010421	1,039,268
Army Medical Res and Materiel Command	Cleveland Clinic Fdn	12.XXX	50020301	20010421	80,722
Uniformed Services University Health Sciences	Henry M Jackson Fdn	12.XXX	50190000	20010473	493,197
National Cancer Institute	Fdn for the Children's Oncology G	93.XXX	64000002	20010553	(5,812)
National Cancer Institute	The Shodor Educ. Fdn, Inc.	47.076	35000000	20012131	37,686
National Heart, Lung, and Blood Institute	Battelle Memorial Inst.	93.XXX	64000002	20020012	334,423
Agricultural Research Service	Am Lung Assn.	93.838	64000003	20020041	142,433
National Cancer Institute	Res Triangle Inst.	10.475	40040200	20020058	16,850
Agency for International Development	Res Triangle Inst.	93.XXX	64000002	20020058	(10,634)
NASA Headquarters	Am Cncl on Educ.	10.XXX	30300100	20020078	111,814
Department of Energy	Ctr. for Rotorcraft Innovation	43.XXX	33000105	20020103	88,458
National Cancer Institute	National Asc Regulatory Utility Comsrs	81.XXX	55000000	20020515	28
National In Child Health and Human Development	Cancer Therapy and Res Fdn of South Texas	93.399	64000002	20020745	499,876
NSF Div Atmospheric Sciences	National Bureau Econ Res	93.XXX	64000006	20020748	20,588
Department of Energy	University Corp. for Atmospheric Res	47.XXX	35000401	20020793	556,219
NASA Headquarters	National Renewable Energy Lab	81.000	55000000	20020800	196,904
Department of Labor	Universities Space Res Assoc.	20.XXX	33000105	20020887	44,461
National Aeronautics and Space Administration	National Opinion Res Ctr.	17.XXX	76000000	20020932	491,505
Maternal and Child Health Bureau	Space Telescope Sci Inst.	43.XXX	33000000	20021006	73,997
NASA Headquarters	Hemophilia Fdn of Michigan	93.110B	65000005	20021026	14,308
	Ohio Aerospace Inst.	43.001	33000105	20021048	65,402

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	Expenditures
Air Force Research Lab	Ohio Aerospace Inst.	12.XXX	50010126	20021048	\$ 41,413
Department of Energy	Battelle-Pacific Northwest Lab	81.XXX	55000000	20021070	40,610
U.S. Fish and Wildlife Service	National Fish and Wildlife Fdn	15.XXX	72030000	20021134	4,057
National Cancer Institute	Inst. for Cancer Prevention	93.393	64000002	20021179	412,926
National Cancer Institute	Inst. for Cancer Prevention	93.XXX	64000002	20021179	6,513
Department of Education	Educ. Dev Ctr. Inc.	84.XXX	53000000	20021328	37,367
National In Child Health and Human Development	Rehabilitation Institute of Chicago	93.XXX	64000006	20021341	31,298
Centers for Disease Control and Prevention	Assn. of Schools of Public Health	93.XXX	66000000	20021358	302,927
National Heart, Lung, and Blood Institute	National Jewish Medical Ctr.	93.XXX	64000003	20021369	35,872
Department of Education	National Writing Project Corp.	84.928A	53000000	20021378	65,674
Agency for International Development	Intl. Rice Res Inst.	98.002	30300100	20021413	10,393
NSF Division Astronomical Sciences	Internet2-University Corp. for Adv Internet Dev	47.XXX	35000505	20021469	(517)
Department of Energy	Universities Res Assn. Inc.	81.XXX	55000000	20021485	429,778
Department of Energy	UT-Battelle LLC	81.XXX	55000000	20021486	111,606
National In Diabetes and Digestive and Kidney Diseases	Rhode Island Hosp	93.XXX	64000005	20021502	41,747
Department of Agriculture	OH Vegetable and Potato Growers Assn.	10.XXX	40000000	20021517	(3,320)
National Science Foundation	Am Distance Educ. Constr	47.XXX	35000000	20021544	9,199
National Institutes of Health	Hospital for Special Surgery	93.XXX	64000000	20021549	6,862
Cooperative State Res Educ. and Extension Service	Mid Am Ag and Hort Services Inc.	10.450	40040100	20021550	2,177
Agency for International Development	International Center for Tropical Ag	98.XXX	30300100	20021554	119,635
Nat Inst Disability and Rehabilitation Research	Institute for Rehabilitation and Research	84.224	53050300	20021559	77,947
National Institute Neurological Disorders and Stroke	Summa Health System	93.XXX	64000008	20021593	3,007
Department of Health and Human Services	The Burke Medical Research Institute	12.XXX	60000000	20021601	246,472
Office of Naval Research	Massachusetts Inst. Tech	12.300	50040300	22000001	105,366
National Science Foundation	Massachusetts Inst. Tech	47.070	35000000	22000001	519,123
Army Research Office	Massachusetts Inst. Tech	10.XXX	50020400	22000001	18,546
Cooperative State Res Educ. and Extension Service	Purdue University	10.302	40040100	22000002	57,089
National Institutes of Health	Purdue University	93.173	64000000	22000002	403,869
Agricultural Research Service	Purdue University	10.XXX	40040200	22000002	(52,319)
Cooperative State Res Educ. and Extension Service	Rutgers University	10.XXX	40040100	22000003	(2,488)
Cooperative State Res Educ. and Extension Service	University of Wisconsin	10.303	40040100	22000006	326,027
Office of Postsecondary Education	University of Wisconsin	84.337A	53040000	22000006	28,204
Department of Justice	University of Wisconsin	16.XXX	74000000	22000006	9,764
Army Medical Res and Materiel Command	University of Alabama in Huntsville	12.XXX	50020301	22000007	25,296
National Institute of Occupational Safety and Health	University of Illinois	93.262	66000001	22000009	7,761
National Library of Medicine	University of Illinois	93.879	64000009	22000009	26,931
Social Security Administration	University of Illinois	84.XXX	60030000	22000009	134,537
Army Medical Res and Materiel Command	University of Tennessee	12.420	50020301	22000010	61,941
National Institutes of Health	University of Tennessee	93.395	64000000	22000010	1,828,281

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	Expenditures
National Institutes of Health	University of Tennessee	12.XXX	64000000	22000010	\$ 234,746
Office of Naval Research	University of California	12.800	50040300	22000011	364,050
Department of Energy	University of California	81.XXX	55000000	22000011	75,614
Department of Energy	Indiana University	81.049	55000000	22000012	378,936
National Cancer Institute	Indiana University	93.396	64000002	22000012	40,023
Institute of Education Sciences	University of Chicago	84.305	53020000	22000018	72,441
National Institutes of Health	University of Chicago	93.XXX	64000000	22000018	375,103
Agency for International Development	Virginia Polytechnic Inst.	303.00100	30300100	22000023	223,548
National Heart, Lung, and Blood Institute	George Washington University	10.XXX	64000003	22000025	238
Nat Human Genome Res Inst.	West Virginia State University	93.XXX	64000026	22000030	52,985
Department of Energy	Pennsylvania State University	93.172	55000000	22000032	3,538
National Cancer Institute	Wayne State University	80.XXX	55000000	22000032	113,661
National Institutes of Health	University of Pittsburgh	93.XXX	64000002	22000034	120,441
Health Resources and Services Administration	University of Pittsburgh	93.249	65000000	22000036	107,884
Nat Oceanic and Atmospheric Administration	University of Pittsburgh	93.XXX	64000000	22000036	107,884
National In Child Health and Human Development	University of Alaska	11.432	42020000	22000037	25,828
National In Child Health and Human Development	Northwestern University	93.XXX	64000006	22000041	32,201
Cooperative State Res Educ. and Extension Service	Michigan State University	10.304	40040100	22000044	20,538
Department of Agriculture	Michigan State University	10.771	40000000	22000044	44,184
Department of Agriculture	Iowa State University	10.224	40000000	22000047	18,310
NASA Headquarters	Iowa State University	10.224	40000000	22000047	20,000
Centers for Disease Control and Prevention	Iowa State University	20.XXX	33000105	22000047	60,007
NSF Integrative Organismal Biology	University of Maine at Orono	93.283	66000000	22000048	20,000
Office of Postsecondary Education	Miami University	47.074	35000102	22000049	663,988
Agricultural Research Service	Miami University	84.116B	53040000	22000049	303
Air Force	Miami University	10.XXX	40040200	22000049	3,439
National Aeronautics and Space Administration	Carnegie-Mellon University	12.XXX	50010000	22000051	132,349
National In Alcohol Abuse and Alcoholism	California Inst. of Tech	43.XXX	33000000	22000054	186,066
National In Arthritis and Musculoskeletal and Skin Dis	University of New Mexico	93.279	64000023	22000056	187,488
National Cancer Institute	University of New Mexico	93.486	64000019	22000056	36,173
Cooperative State Res Educ. and Extension Service	University of New Mexico	93.846	64000002	22000056	128,592
Department of Education	University of Minnesota	10.206	40040100	22000067	230,288
Department of Education	University of Minnesota	84.051	53000000	22000067	13,577
National Institutes of Health	University of Minnesota	84.XXX	53000000	22000067	10,048
Office of Special Education and Rehabilitative Servi	University of Cincinnati	83.847	64000000	22000074	204
NSF Division Materials Research	University of Cincinnati	84.323	53050000	22000074	3,690
National Endowment for the Humanities	University of Cincinnati	47.XXX	35000504	22000076	74,654
Cooperative State Res Educ. and Extension Service	Cornell University	45.149	34000100	22000081	1,293
Cooperative State Res Educ. and Extension Service	University of Nebraska	10.200	40040100	22000085	405,954
Department of Agriculture	University of Nebraska	10.500	40040100	22000085	32,102
Department of Agriculture	University of Nebraska	10.XXX	40000000	22000085	40,790

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Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	Expenditures
Department of Education	Wright State University	84.133B	53000000	22000087	\$ 38,446
National Institute of Allergy and Infectious Diseases	Yale University	93.XXXX	64000004	22000088	110,018
Army Corps of Engineers	Louisiana State University	12.XXXX	50020100	22000091	29,889
National Cancer Institute	Duke University	93.935	64000002	22000094	7,845
National In Mental Health	Duke University	93.XXXX	64000021	22000094	80,014
NSF Div Atmospheric Sciences	Washington State University	47.050	35000401	22000096	6,696
Agency for International Development	Oregon State University	10.965	30300100	22000103	12,176
National Institutes of Health	University of Florida	93.XXXX	64000000	22000108	5,663
Cooperative State Res Educ. and Extension Service	Colorado State University	10.XXXX	40040100	22000110	3,809
National Institute Neurological Disorders and Stroke	Loyola University of Chicago	93.854	64000008	22000115	54,369
Department of Defense	University of Maryland	12.XXXX	50000000	22000120	377,949
Office of Special Education Programs	University of South Florida	84.XXXX	53050100	22000123	1,949
National In Child Health and Human Development	Ohio University	93.XXXX	64000006	22000130	17,244
National Aeronautics and Space Administration	Johns Hopkins University	43.XXXX	33000000	22000133	99,995
Army	Stanford University	71.650	50020000	22000142	97,553
Department of Energy	University of Kentucky	81.087	55000000	22000143	99,382
Agency for International Development	University of Georgia	10.XXXX	30300100	22000144	5,597
National Institute Neurological Disorders and Stroke	University of Utah	93.XXXX	64000008	22000145	37,972
National Institute of Allergy and Infectious Diseases	University of North Carolina	93.XXXX	64000004	22000146	124,331
Department of Energy	University of Rochester	81.XXXX	55000000	22000193	100,824
National Eye Institute	University of Pennsylvania	93.867	64000011	22000195	156,842
National Science Foundation	University of Pennsylvania	47.XXXX	35000000	22000195	6,372
Cooperative State Res Educ. and Extension Service	Mississippi State University	10.XXXX	40040100	22000196	2,332,907
Air Force Research Lab	University of Southern California	12.910	50010126	22000206	207,994
NSF Div Computer and Computation Research	University of Alabama at Birmingham	47.XXXX	35000202	22000207	33,792
National Cancer Institute	Washington University	93.XXXX	64000002	22000209	35,459
National Cancer Institute	Medical College of Ohio	93.XXXX	64000002	22000210	500,094
National Science Foundation	University of Washington	47.XXXX	35000000	22000212	57,880
Department of Agriculture	University of Vermont	10.217	40000000	22000224	316
Air Force	Mass Inst. Technology—Lincoln Lab	12.XXXX	50010000	22000228	612,567
Department of Education	Kent State University	84.XXXX	35000000	22000235	15,367
NSF Office Polar Programs	Montana State University	47.078	35000404	22000236	11,739
Environmental Protection Agency	Case Western Reserve University	66.500	32000000	22000238	11,941
Department of Energy	Case Western Reserve University	81.000	55000000	22000238	207,673
Health Resources and Services Administration	Case Western Reserve University	93.211	65000000	22000238	101,497
National Institutes of Health	Case Western Reserve University	93.864	64000000	22000238	2,421
National Heart, Lung, and Blood Institute	Case Western Reserve University	93.XXXX	64000003	22000238	766,457
National Institute of General Medical Science	University of South Carolina	93.821	64000007	22000241	39,958
National In Child Health and Human Development	Eastern Virginia Medical School	93.XXXX	64000006	22000243	27,417

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	Expenditures
John Glenn Research Center-Lewis Field	Georgia Tech Res Inst.	43.000	33000104	22000245	\$ 691,460
National Aeronautics and Space Administration	Georgia Tech Res Inst.	43.XXX	33000000	22000245	37,505
National Heart, Lung, and Blood Institute	NY University	93.XXX	64000003	22000254	18,824
Air Force Office of Scientific Research	North Dakota State University	12.630	50010105	22000263	212,546
Army	Auburn University	12.XXX	50020000	22000266	135
National In Child Health and Human Development	University of California at Los Angeles	93.865	64000006	22000269	(68,989)
Environmental Protection Agency	University of Massachusetts—Amherst	66.XXX	32000000	22000274	40,652
National Heart, Lung, and Blood Institute	Wake Forest University	93.XXX	64000003	22000286	26,873
National Institute Neurological Disorders and Stroke	University of California at San Diego	98.853	64000008	22000288	8,320
National Cancer Institute	University of California at San Diego	93.XXX	64000002	22000288	677,246
National In Child Health and Human Development	Emory University	93.929	64000006	22000295	305,183
National Institute of General Medical Science	University of California San Francisco	93.859	64000007	22000317	162,756
Department of Health and Human Services	University of Texas Medical Branch at Galveston	93.848	60000000	22000327	259,773
National Center for Research Resources	University of Texas Medical Branch at Galveston	93.XXX	64000010	22000327	14,820
National Institutes of Health	University of Texas Health Center—San Antonio	93.XXX	64000000	22000330	156,355
National Institutes of Health	Yeshiva University	93.XXX	64000000	22000331	1,783
National Aeronautics and Space Administration	Rochester Inst. of Tech	43.XXX	33000000	22000335	24,082
Department of Labor	University of Baltimore	17.XXX	76000000	22000347	121,235
Department of Energy	Worcester Polytechnic Institute	81.086	55000000	22000351	114,862
Department of Agriculture	Universidat Del Este	10.XXX	40000000	22010015	66,026
Department of Education	Colts Pub Schools	84.215	53000000	24000022	27,928
Office of Elementary and Secondary Education	Colts Pub Schools	84.XXX	53030000	24000022	15,592
Environmental Protection Agency	Livingston Educational Service Agency	84.XXX	53000000	24000465	154,359
Centers for Disease Control and Prevention	Miami Conservancy District	66.439	32000000	24000476	23,662
Department of Education	Cleveland Department of Public Health	93.XXX	66000000	24000482	1,213
National Aeronautics and Space Administration	Marquette-Alger Regional Educational Serv	84.XXX	53000000	24000483	246,830
Department of Labor	Lorain County Joint Vocational Sch	43.XXX	33000000	24000487	1,447
Fed Highway Administration	OH Gov Cncl On People with Disabilities	17.XXX	76000000	26000002	2,442
Department of Transportation	Ohio Department of Transportation	20.205	82010000	26010000	310,042
Office of Postsecondary Education	Ohio Department of Transportation	20.XXX	82000000	26010000	20,332
Department of Education	Ohio Board of Regents	84.342B	53040000	26060000	43,370
Office of Elementary and Secondary Education	Ohio Board of Regents	84.XXX	53000000	26060000	75,174
Department of Education	Ohio Department of Educ.	84.367	53030000	26080000	472,297
Department of Labor	Ohio Department of Educ.	84.XXX	53000000	26080000	241,432
Office Vocational and Adult Education Programs	OH Div of Career Technical and Adult Ed	17.266	76000000	26080100	(33)
Department of Education	OH Div of Career Technical and Adult Ed	84.002	53060000	26080100	60,883
Office Vocational and Adult Education Programs	OH Div of Career Technical and Adult Ed	84.038	53000000	26080100	6,647
Department of Education	OH Div of Career Technical and Adult Ed	84.048	53060000	26080100	471,531
	OH Div of Career Technical and Adult Ed	84.243	53000000	26080100	652

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	Expenditures
Department of Education	OH Div of Career Technical and Adult Ed	84.XXXX	53000000	26080100	\$ 526,558
Department of Education	OH Office of Exceptional Children	84.XXXX	53000000	26080300	180,385
Administration for Children and Families	OH Div Early Childhood Educ.	93.600	67000000	26080800	2,945
Department of Health and Human Services	OH Div Early Childhood Educ.	93.XXXX	60000000	26080800	9,086
Department of Health and Human Services	Ohio Department of Health	93.994	60000000	26090000	40,828
U.S. Fish and Wildlife Service	Ohio Division of Wildlife	15.605	72030000	26110100	1,046,054
U.S. Fish and Wildlife Service	Ohio Division of Wildlife	15.611	72030000	26110100	4,735
U.S. Fish and Wildlife Service	Ohio Division of Wildlife	15.647	72030000	26110100	9,223
U.S. Fish and Wildlife Service	Ohio Division of Wildlife	15.XXXX	72030000	26110100	10,015
Department of Education	OH Rehabilitation Services Commission	84.126	53000000	26120000	38,501
Department of Justice	Office of Criminal Justice Services	16.579	74000000	26140401	53,285
Environmental Protection Agency	Ohio Environmental Protection Agency	66.460	32000000	26340000	112,872
Environmental Protection Agency	Ohio Environmental Protection Agency	66.XXXX	32000000	26340000	71,340
Department of Transportation	Ohio Department of Public Safety	20.100	82000000	26400000	21,280
Extension Service (USDA)	Ohio Department of Job and Family Services	10.561	40140000	26630000	719,038
Department of Labor	Ohio Department of Job and Family Services	17.267	76000000	26630000	1,144,905
Administration for Children and Families	Ohio Department of Job and Family Services	93.575	67000000	26630000	30,320
NASA Headquarters	Jet Propulsion Lab	20.XXXX	33000105	33000303	39,269
National Science Foundation	National Science Foundation	47.049	35000000	35000000	578,937
National Science Foundation	NSF Division Design, Manufacture, Industrial	47.041	35000000	35000306	81,908
Cooperative State Res Educ. and Extension Service	Animal and Plant Health Inspection Service	10.025	40040100	40070000	14,340
Department of Energy	Department of Energy	81.114	55000000	55000000	115,428
Department of Energy	Los Alamos National Lab	81.XXXX	55000000	55050000	111,345
Department of Energy	Oak Ridge National Lab	81.XXXX	55000000	55110000	132,650
Subtotal Research and Development Cluster pass-through from other sources					<u>40,951,525</u>
Total Research and Development Cluster					<u>271,708,240</u>

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency Sponsor

Other Programs:

Funds Received Directly From the Following Federal Agencies:

USDA—Cooperative Support Agreement
 USDA—Grants For Agric Rsrch, Spec Rsrch Grants
 USDA—Cooperative Forestry Research
 USDA—Payments to Agricultural Experiment Stations Under the Hatch Act
 USDA—Animal Health and Disease Research
 USDA—Education and Human Resources
 USDA—Cooperative Extension Service
 USDA—Forestry Research
 DC—Public Telecommunications Facilities
 USDA—Integrated Programs
 VA—Veteran's Outpatient Care
 VA—Voc. and Educ. Counseling for Veterans
 DOE—Miscellaneous Federal Assistance Actions (The Ohio Supercomputer Center)
 USDE—Jayvis Fellowships
 USDE—Safe and Drug Free Schools and Communities
 USDE—Child Care Means Prmts in School
 DHHS—Head Start
 DHHS—Social Services Block Grant
 USDE—Faculty Research Abroad
 USDE—Trio: Student Support Services
 Environmental Protection Agency
 NASA Headquarters
 NSF Elementary, Secondary, and Informal Education
 Cooperative State Res Educ. and Extension Service
 Cooperative State Res Educ. and Extension Service
 Rural Development
 Econ. Dev. Administration
 Air Force Institute of Technology
 Defense Contracting Command
 U.S. Department of Education
 Office of Elementary and Secondary Education
 Office of Special Education and Rehabilitative Serv.
 Office of Special Education Programs
 Rehabilitation Services Administration
 Office Vocational and Adult Education Programs

CFDA No.	Sponsor ID	Expenditures
10.000		\$ 103,137
10.200		95,529
10.202		385,935
10.203		5,515,684
10.207		61,901
10.303		62,724
10.500		13,120,136
10.652		6,939
11.550		5,907
47.076		1,510
64.011		(28,117)
64.125		9,721
81.502		4,416,901
84.170		18,778
84.186		4,508
84.335		93,947
93.600		93,345
93.667		373,867
84.019A		74,870
84.042A		34,670
66.606	32000000	53
43.001	33000105	6,031
47.076	35000607	10,123
10.200	40040100	718
10.220	40040100	33,548
10.773	40190000	218,438
11.307	42010000	1,920,000
12.XXX	50010201	157,714
12.XXX	50180000	80,586
84.333	53000000	(3,997)
84.149	53030000	296,790
84.325	53050000	17,576
84.326	53050100	410,689
84.129	53050200	119,688
84.051	53060000	1,183,378

(Continued)

THE OHIO STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Agency Sponsor	CFDA No.	Sponsor ID	Expenditures
National Heart, Lung, and Blood Institute	93.837	64000003	\$ 17,511
National In Allergy Infectious Diseases	93.XXX	64000004	19,169
National in Neurological Disorders and Stroke	93.853	64000008	10,386
National in Nursing Research	93.361	64000018	26,814
Health Resources and Services Administration	93.358	65000000	114,874
Bureau of Health Professions	93.964	65000001	12,909
Administration Children, Youth, and Families	93.600	67000100	84,584
Department of Justice	16.525	74000000	29,001
			<u>29,218,475</u>

Subtotal funds received from Federal agencies

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No./Sponsor ID	Pass-Through ID No.	Expenditures
Pass-through from other programs:				
Cooperative State Res Educ and Extension Service	Ecological Design Innovation Ctr.	40040100	20021627	\$ 7,220
Department of Agriculture	Michigan State University	40000000	22000044	9,049
Cooperative State Res Educ and Extension Service	Pennsylvania State University	40040100	22000030	58,016
Extension Service (USDA)	Ohio Department of Job and Family Services	40140000	26630000	1,401,880
NAT Endowment Arts	Hearland Arts Fund	34000200	20012068	8,300
Institute of Museum and Library Services	Bureaupee Museum of Natural Resources History	30510000	20021609	82,460
National Science Foundation	Boston University	35000000	22000182	8,506
Department of Education	OH Division of Career Technical and Adult Education	53000000	26080100	30,062
Department of Education	University of Minnesota	53000000	22000067	1,607
Office Vocational and Adult Education Programs	Virtual Community School of Ohio	53060000	22000067	120,851
Department of Education	Ohio Board of Regents	53000000	20021558	10,811
Health Resources and Services Administration	University of Pittsburgh	53000000	26060000	42,228
Department of Health and Human Services	Childrens Res Inst. (Columbus)	60000000	22000036	199,381
Department of Education	OH Division of Career Technical and Adult Education	53000000	20010182	33,883
National Institute of Standards and Tech	Dayton Area Graduate Studies Inst.	53000000	26080100	10,278
Department of Health and Human Services	Ohio Department of Alcohol and Drug Addiction Services	42040000	20021372	(21,540)
Department of Agriculture	Ohio Department of Education	60000000	26530000	22,640
Department of Agriculture	Ohio Department of Education	10.556		535
Department of Agriculture	Ohio Department of Education	10.558		71,085
Department of Agriculture	Ohio Department of Education	10.559		49,567
Department of Labor	Ohio Department of Education	17.258		5,220
Institute of Museum & Library Services	State Library of Ohio	45.310		18,354
Department of Education	Ohio Rehabilitation Services Commission	84.126		7
Department of Education	Ohio Department of Education	84.186		13,394
Department of Education	Ohio Arts Council	84.215		2,408
Department of Education	Ohio Board of Regents	84.215		43,356
Department of Education	Ohio Department of Education	84.243		125,032
Department of Education	Ohio Board of Regents	84.367		30,527
Department of Education	Ohio Department of Education	84.367		145,000
Department of Health and Human Services	Ohio Department of Job and Family Services	93.645		913
Department of Health and Human Services	Ohio Department of Job and Family Services	93.658		2,648
Department of Health and Human Services	Ohio Department of Health	93.994		61,116
Department of Homeland Security	Ohio Department of Agriculture	97.004		75,378
Department of Homeland Security	Ohio Department of Agriculture	97.036		69,083
Subtotal pass-through from other programs				2,739,255
TOTAL FEDERAL AWARDS				\$ 335,723,900

(Concluded)

THE OHIO STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying financial schedules include the accounts of the following entities:

The Ohio State University (the “University”) and its hospitals and clinics;
The Ohio State University Foundation, a not-for-profit organization operating exclusively for the benefit of the University;

Two separate statutory entities for which the University has special responsibility

- The Ohio Agricultural Research and Development Center
- The Ohio Supercomputer Center

Twelve legally independent corporations engaged in activities related to the University

- The Ohio State University Research Foundation (the “Research Foundation”)
- The Ohio State University Student Loan Foundation, Inc.
- Transportation Research Center of Ohio, Inc.
- Campus Partners for Community Urban Redevelopment, Inc.
- University Affiliates, Inc.
- Reading Recovery and Early Literacy, Inc.
- Ohio State University Retirees Association
- OSU Managed Health Care Systems, Inc.
- The Ohio State University Physicians, Inc.
- UMC Partners
- Prologue Research International, Inc.
- Oval Limited

Such financial schedules have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America for state-assisted colleges and universities.

Subrecipient—Certain funds are passed-through to subgrantee organizations by the University. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the schedule of expenditures of federal awards.

The University is also the subrecipient of federal funds which have been reported as expenditures and listed as federal pass-through funds.

2. NONCASH FEDERAL AWARDS

During the year ended June 30, 2005, the University did not receive nonmonetary assistance.

3. FEDERAL LOAN PROGRAMS ADMINISTERED

Total loan advances and disbursements for federal student financial assistance programs are identified below:

	Year Ended June 30, 2005
Perkins Loan Program	\$ 5,677,986
Health Professions Student Loans (“HPSL”)	4,918,651
Nursing Student Loans (“NSL”)	<u>551,017</u>
Total	<u>\$11,147,654</u>

The above expenditures include disbursements and expenditures such as loans to students and administrative expenditures. During the year ended June 30, 2005, the University disbursed \$245,889,807 in new loans under the William D. Ford Direct Loan Program (which includes Stafford Loans and Parents Loans for Undergraduate Students).

4. REIMBURSEMENT OF FACILITIES AND ADMINISTRATIVE COSTS

U.S. Office of Management and Budget (“OMB”) Circular A-21 (“A-21”), *Costs Principles for Educational Institutions*, requires submission of a Certificate of Facilities and Administrative Costs (the “Certificate”) to an institution’s cognizant agency. The Certificate is prepared by the University and is used in negotiations with its cognizant agency, the Department of Health and Human Services (“DHHS”), in determining a rate at which the University and the Research Foundation will be reimbursed for the facilities and administrative costs associated with the completion of sponsored research.

The Research Foundation receives reimbursement of facilities and administrative costs as part of the granting agreement at either the rate negotiated with DHHS or at special rates negotiated with the granting agency. Facilities and administrative costs recovered by the Research Foundation are remitted to the University.

On July 31, 2003, DHHS approved facilities and administrative cost recovery rates effective from July 1, 2003 through June 30, 2006. The facilities and administrative cost rate structure, including the rates submitted within the Certificate, are as follows:

Rate Type	Submitted Within Certificate	Negotiated Rate
Organized Research:		
On-Campus—	49.4 %	49.5 %
Off-Campus	26.0	26.0
Instruction:		
On-Campus—	52.5	49.5
Off-Campus	26.0	26.0
Other Sponsored Activities:		
On-Campus—	22.5	33.0
Off-Campus—	15.0	24.0
General Clinical Research Center—		
On-Campus	23.4	20.0

Differences between the rates submitted in the Certificate and the rates negotiated with DHHS result from DHHS's review of the underlying support and assumptions used by the University in the preparation of the Certificate. Despite DHHS's approval, negotiated rates could be adjusted retroactively, and reimbursement to granting agencies could be required if costs identified as unallowable per A-21 were improperly included in amounts included in the Certificate.

* * * * *



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

To the Board of Trustees of
The Ohio State University
Columbus, Ohio

We have audited the financial statements of The Ohio State University (the "University") as of and for the year ended June 30, 2005, and have issued our report thereon dated October 19, 2005. 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.

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 an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the University in a separate letter dated October 19, 2005.

This report is intended solely for the information and use of the Board of Trustees and management of the University, federal awarding agencies, state funding agencies, pass-through entities, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

October 19, 2005

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees of
The Ohio State University
Columbus, Ohio

Compliance

We have audited the compliance of The Ohio 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 each of its major federal programs for the year ended June 30, 2005. 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 each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 05-1, 05-2, 05-3, and 05-4.

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 the internal control over compliance in accordance with OMB Circular A-133.

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 caused by error or fraud 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, 2005, and have issued our report thereon dated October 19, 2005. 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 the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. This schedule is the responsibility of the management of the University. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, when considered 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 and management of the University, federal awarding agencies, state funding agencies, pass-through entities, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

October 19, 2005

THE OHIO STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2005

PART I – SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. No reportable conditions in internal control over financial reporting were identified.
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. No reportable conditions in internal control over compliance with requirements applicable to major federal award programs were identified.
5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed findings required to be reported by Office of management and Budget ("OMB") Circular A-133.
7. The major programs were the Research and Development Cluster and DOE—Miscellaneous Federal Assistance Actions (The Ohio Supercomputer Center) CFDA # 81.502, which are included in the schedule of expenditures of federal awards.
8. A threshold of \$3,000,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The Ohio State University (the "University") did not qualify as a low risk auditee as that term is defined in OMB Circular A-133.

PART II – FINANCIAL STATEMENT FINDINGS SECTION

No matters are reportable.

PART III – FEDERAL AWARD FINDING AND QUESTIONED COST SECTION

05-1: Disclosure of CFDA information to Subrecipient

Grantor—Direct funding from National Science Foundation CFDA #47.070 and Department of Health and Human Services CFDA #93.262

Sponsor Identification Number—35000000 and 66000001

Project Number—745942, Master Project Number ("MPN") GRT962114 and 743883, MPN GRT960769

Criteria—OMB Circular A-133, Subpart D § ____.400 (d)(1), requires that "a pass-through entity [Research Foundation] shall identify Federal awards made by informing each subrecipient of CFDA title and number,

award name and number, award year, if the award is R&D, and name of Federal agency . . . to describe the Federal award.”

Finding—During the review of subrecipient subcontracts in the current fiscal year, we noted that The Ohio University Research Foundation (the “Research Foundation”) did not disclose the available CFDA title and number or the correct CFDA title and number to the subrecipients.

Effect—If CFDA title and number are not promptly provided to the subrecipients, the Federal award requirements may not be properly executed.

Recommendation—We recommend the Research Foundation disclose CFDA title and number to the subrecipient by including the accurate information in the subcontract agreement.

Research Foundation Response—The Research Foundation has recently converted the subaward document from a free form text document to a form that requires fields to be completed.

05-2: Duplicate of Expense Reimbursements and Submission of Non-allowable Expenditures

Grantor—Department of Health and Human Services

Sponsor Identification Number—Direct funding from 64000004 under CFDA #93.855; direct funding from 64000002 under CFDA #93.393; and pass-through funding from 64000004 with pass-through ID #22000088

Project Number—741449, MPN GRT869159 and 741435, MPN GRT869148

Criteria—OMB Circular A-110, requires that “for financial audits, including audits of financial statements...auditors should report...(1) deficiencies in internal control considered to be reportable conditions as defined in American Institute of Certified Public Accountants (“AICPA”) standards, (2) all instances of fraud and illegal acts unless clearly inconsequential, and (3) significant violations of provisions of contracts or grant agreements and abuse. In some circumstances, auditors should report fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse directly to parties external to the audited entity.”

Finding—During Internal Audit’s (“IA”) review of the University’s (including the Research Foundation and the Hospital) Procurement Cards (“P-Cards”), several issues were denoted that limited the effectiveness of the controls. The largest issue, based on discussions with the department by IA, was that the person who was the main control checkpoint did not question costs as they were presented. The issues varied including improper documentation and improper charges submitted.

During the investigation it was discovered that a principal investigator (“PI”) was charging travel expense to independent organizations, while also submitting invoices for travel reimbursement to the University. As a result, the PI has been inappropriately reimbursed \$553.54 for travel expenses from the Research Foundation. Upon discovery, the Research Foundation removed the expenses from the research programs and transferred the expenses to the College of Dentistry. The case has been forwarded to the Franklin County Prosecutor and is currently pending action. If a formal charge is filed, the Research Foundation will notify the applicable federal programs in which the individual was involved.

Additionally, upon review by Internal Audit, \$35,767.53 of expenses were deemed not directly related to the PI’s research. These charges were also transferred from the sponsored projects to the College of Dentistry.

Effect—If formal policies, procedures, and controls are not put in place over the usage of the P-Cards, the University will become vulnerable to misuse of the cards and occurrences of fraud. The Federal expenditure could also become misstated.

Questioned Cost—The University’s Internal Audit division identified \$35,767.53 improperly charged to grant funds.

Recommendation—We recommend all departments within the University (including the Research Foundation and the Hospital) institute formal policies and controls over the usage of the P-Cards. Policies should be structured specifically for each department, based on number of cards issued and actual usage of the cards. This will ensure that the University and departments have knowledge of the expenses running through the P-Cards and prevent double-booking expenses, as well as preventing fraud.

In addition, we recommend the entity have mandatory training on awareness of fraud and financial responsibility to PIs/Department Deans/Chairs. This is critical to mitigate specific fraud risks and avoid inappropriate expenditures.

Research Foundation Response—These procedures need to be instituted at the University level. The Research Foundation will explore training development with the appropriate University officials.

05-3: Suspension and Debarment

Grantor— DOE—Miscellaneous Federal Assistance Actions (The Ohio Supercomputer Center) CFDA # 81.502

Project Number—N/A

Criteria—The A-133 Compliance Supplement Part 3, *Compliance Requirements, Procurement and Suspension and Debarment*, states that:

“Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Under rules in effect prior to November 26, 2003, covered transactions included procurement contracts for goods or services equal to or in excess of \$100,000. A change in the nonprocurement suspension and debarment rule took effect on November 26, 2003. As of that date only those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria are considered “covered transactions.” §__.220 of the government-wide nonprocurement debarment and suspension common rule contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients) are considered covered transactions—this was the case before November 26, 2003, and was not changed by the revised rules.

Under rules in effect prior to November 26, 2003, contractors receiving individual awards for \$100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. Effective November 26, 2003, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (§__.300). The information contained in the EPLS is available in

printed and electronic formats. The printed version is published monthly. Copies may be obtained by purchasing a yearly subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or by calling the Government Printing Office Inquiry and Order Desk at (202) 783-3238. The electronic version can be accessed on the Internet (<http://epls.arnet.gov>).

Finding—The Ohio Supercomputer Center (OSC) was not aware of this compliance requirement. There were no procedures in place to make sure that OSC was not working with vendors who have been placed on the Federal Suspension and Debarment list.

Effect—The OSC program could be using Federal money to purchase goods and services from vendors on the Excluded Parties List.

Recommendation—The OSC program should verify that all vendors from whom they purchase goods and services are not on the Excluded Parties List.

University Response—The University will refer to the government web site in each instance before a purchase is made. All those at the Ohio Supercomputer Center, Springfield, who are responsible for making purchases are obligated to reference the electronic version at <http://epls.arnet.gov>. A statement will be required on each “green sheet”, OSC’s internal procurement authorization form, stating that this site has been referenced regarding the proposed purchase and that no purchase will be initiated if the vendor is on the Excluded Parties List.

05-4: Cash Management

Grantor—DOE—Miscellaneous Federal Assistance Actions (The Ohio Supercomputer Center) CFDA # 81.502

Project Number—N/A

Criteria—The OMB Circular A-133 Compliance Supplement requires that interest earned on advances by local government grantees and subgrantees is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to \$100 per year may be kept for administrative expenses.

Finding—The Ohio Supercomputer Center (OSC) received funding in advance of allowable expenditures. This advance was deposited into the University’s main cash account on which the University earns interest. However, the University did not allocate any interest to the Ohio Supercomputer Center. Interest earned is estimated as \$85,680.

Effect—No interest was allocated to the program to either be returned to the Federal government or applied back to the OCS program.

Questioned Cost—There was approximately \$85,680 of unallocated interest to federal programs identified.

Recommendation—The University should allocate the interest earned on balances held by the University back to the programs that receive advances of Federal funds. These programs, in turn, should either remit this amount back to the grantor agency or report this amount as a reduction in Federal funding.

University Response—The Ohio Supercomputer Center has conferred with the University’s Division of Accounting concerning establishing the DOE fund as an interest bearing account. Accounting will also confer with Resource Planning and the University’s Treasurer’s Office concerning the calculation of past interest earnings. They will determine the actual interest earned over the 12 month period in question, based

upon the University's actual interest earnings. Further, we have been in contact with our DOE representative in New Mexico to determine the appropriate mechanism for returning the interest earnings to DOE. Once the Division of Accounting has confirmed the interest amount, we will contact DOE to determine the method to be used to return these funds. The DOE fund will also earn interest on the current \$6 million allocation for fiscal year 2006.

PART IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Number	Finding	Status	Contact
04-1	Four out of five assets tested for internal project number (IP#) did not have tags physically attached. In addition, the equipment's location was not accurately reflected in the fixed asset management system.	Corrected	Jeffrey H. Kemper, Director of Financial Services and Procurement
04-2	During IA's review of the University's P-Cards, several issues were denoted that limited the effectiveness of the controls. IA discovered that the individual responsible for reviewing reimbursements did not question costs as they were presented. The issues varied including improper documentation and charges submitted. During the investigation it was discovered that the principal investigator for the Research Foundation was charging travel expenses to the University's P-card, while also fraudulently submitting invoices for travel reimbursement to the Research Foundation. As a result, the PI had been inappropriately reimbursed \$4,436.34. Upon discovery, the Research Foundation removed the expenses from the programs, despite the fact that they may have been valid expenditures. As required, the Research Foundation notified the applicable Federal programs in which the individual was involved.	Uncorrected, see FY 2005 finding at Part III 05-2	Jeffrey H. Kemper, Director of Financial Services and Procurement

The Ohio State University

*Independent Accountants' Report on the
Application of Agreed-Upon Procedures to
Statements and Records of Booster
Organizations' Expenditures for or on Behalf
of the University's Department of Athletics for
the Year Ended June 30, 2005*

INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES TO STATEMENTS AND RECORDS OF BOOSTER ORGANIZATIONS' EXPENDITURES FOR OR ON BEHALF OF THE UNIVERSITY'S DEPARTMENT OF ATHLETICS

Dr. Karen Holbrook
President
The Ohio State University
Columbus, Ohio

We have performed the procedures below, which were agreed to by the administration of The Ohio State University (the "University"), with respect to the accounting records of the University and the related booster organizations, referred to below, in connection with activities of the Department of Athletics of the University. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in 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. The procedures that we performed and our findings are as follows:

- a. We obtained a list of booster organizations and a schedule of receipts/revenues and disbursements/expenses (the "Schedule") for the year ended June 30, 2005 from the Director of Athletics. The Schedule is included as the Exhibit to this report.
- b. We agreed total revenues and expenditures or total cash receipts and cash disbursements of all booster organizations for the year ended June 30, 2005 listed on the Schedule with amounts obtained from the official responsible for each respective booster organization.
- c. We received a representation letter signed by the Director of Athletics and all of the head coaches that the booster organizations, as listed in the Exhibit, are the only booster organizations that support the Department of Athletics as defined in the National Collegiate Athletic Association ("NCAA") Financial Audit Guidelines dated September 2004.
- d. We obtained a summary of contributions to or in behalf of the Department of Athletics from the booster organizations and compared such summary to the revenues recorded in the University's accounting records. The in-kind contributions and donated goods or services were not recorded in the University's accounting records. We also noted that contributions reported by the booster groups were credited to these groups in The Ohio State University Development Fund's records.

We were not engaged to perform an audit, the objective of which would be the expression of an opinion on the accounts of the booster organizations or items referred to above. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you. Nor, were we engaged to perform an examination, the objectives of which would be the expression of an opinion on management's assertions about the effectiveness of the internal control structure over financial reporting. Accordingly, we do not express such an opinion. Had we been engaged to perform 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 members of the audit committee, administration of the University, or an authorized representative of the NCAA, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

January 25, 2006

**THE OHIO STATE UNIVERSITY
DEPARTMENT OF ATHLETICS**

Exhibit

**OUTSIDE ORGANIZATIONS ACTING IN BEHALF OF THE DEPARTMENT OF
ATHLETICS RECEIPTS/REVENUES AND DISBURSEMENTS/EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005**

Organizations reporting on a cash receipts and disbursements basis for the year ended June 30, 2005 are as follows:

Organization	Beginning Cash Balance	Cash Receipts	Cash Disbursements		Ending Cash Balance
			Contributions To or In Behalf of Program	Other	
Varsity "O" Women	\$ 48,628	\$ 14,987	\$ -	\$ 13,279	\$ 50,336
The Buckeye Diamond Club	489,435	623,186	987,738	100,296	24,587
The Buckeye Sideliners	2,517	26,181	12,500	14,589	1,609
The Rebounders Club	7,949	46,423	6,000	43,540	4,832
The Ohio State Men's Swimming and Diving Booster Club	6,516	7,219		6,406	7,329

Organizations reporting revenues and expenditures for the year ended June 30, 2005 are as follows:

Organization	Revenues	Expenditures		Net Income (Loss)
		Contributions To or In Behalf of Program	Other	
Buckeye Boosters, Inc.	\$ 196,713	\$ 18,600	\$ 83,854	\$ 94,259
The Varsity "O" Alumni Center Ice Club	124,806 16,554	3,660 13,824	102,189 3,398	18,957 (668)
OSU Varsity Rifle Team Booster Club	4,940		557	4,383



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October 19, 2005

Members of the Board of The Ohio State University Hospital,
Members of the Board of the Arthur G. James Cancer Hospital,
Members of the Board of the Richard J. Solove Research Institute
and the Richard M. Ross Heart Hospital
Columbus, Ohio

Dear Members of the Board:

In planning and performing our audit of the trial balances of The Ohio State University Hospital, Richard M. Ross Heart Hospital, University Hospital East, OSU Harding Hospital, the Primary Care Network, and the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute (collectively the "Health System") for the year ended June 30, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements of The Ohio State University (on which we have issued a report dated October 19, 2005) and not to provide assurance on the Health System's internal control. We did note matters related to the Health System's internal control and certain other accounting, administrative, or operating matters. Our principal observations and recommendations are summarized within the following pages.

This report is intended solely for the information and use of the Boards of the Health System and The Ohio State University management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We will be pleased to discuss these comments with you and, if desired, to assist you in implementing any of the suggestions.

Yours truly,

A handwritten signature in dark ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, flowing style.

FINANCIAL OBSERVATIONS

Affiliated Organizations

Observation

The Ohio State University (“OSU” or the “University”) has, over time, entered into numerous affiliated organization relationships with various entities. There is no written formalized centralized policy related to how these affiliated organizations are to be structured, approved, accounted for, or monitored.

We understand that Board of Trustees for the University has historically had an OSU Affiliates, Inc. and Affiliated Entities Committee to review issues associated with affiliated organizations. Additionally, during fiscal year 2005, the University has organized an internal committee, the Affiliated Organization Committee, comprising the President of the University, the Senior Vice President for Business and Finance, the Vice President - General Counsel and the Provost to centrally monitor these organizations.

Recommendation

We recommend an active formal policy be established that outlines how new potential affiliated organizations are to be evaluated by the University. This policy may include specifications related to what levels of authority should approve new Affiliated Organizations within the University and how these organizations should be evaluated from a legal, operational, and accounting perspective. Additionally, we recommend that each affiliated organization be centrally monitored relative to whether it should be consolidated into the University’s financial statements. Once a conclusion is reached that the Affiliated Organizations should not be consolidated, if applicable, a written process should be established outlining the process for periodic (not less than annually) reassessment of this conclusion. This reassessment process would include assessment of any change in relationship between the University and the Affiliated Organization. To facilitate this process a centralized location should be assigned accountability for obtaining and updating all documents between the University and Affiliated Organizations. If an Affiliated Organization is determined that it should be consolidated into the University financial statements, an agreement should be formalized with the applicable organization which outlines the reporting relationship between the Affiliated Organization and the University. This formalized centralized monitoring would also assist in monitoring the overall consolidated operations of the University.

Management Response

The Ohio State University Board of Trustees established a formal policy on review and evaluation of affiliated entities in 1998. This included the establishment of the Affiliated Entities Committee of the Board. Although this committee was not active last fiscal year, it has since been reactivated and will meet quarterly to assure compliance with University policies. The first meeting was held on August 24, 2005.

In addition, financial performance of affiliated entities is monitored by the Office of Business and Finance and has been incorporated into the quarterly financial reports provided to the Fiscal Affairs Committee of the OSU Board of Trustees since autumn 2004.

Finally, on August 3, 2005, the President’s Cabinet approved establishment of an affiliated entities working group consisting of the Executive Vice President and Provost, the Senior Vice President for Business and Finance, and the Vice President for Legal Affairs to review affiliated entities and prepare for the Affiliated

Entities Committee. As part of this effort, the Office of Legal Affairs has assumed responsibility as the centralized location for all documents. The Office of the Controller has assumed responsibility for determining whether or not affiliated entities should be consolidated into the University's financial statements.

We believe these actions provide an effective framework for reviewing and evaluating affiliated entities.

Policy Regarding Documentation of Transfers Between The OSU Health System, Ohio State University Physicians, Inc. and OSU College of Medicine and Public Health and Office of Health Sciences (Prior Year Comment)

Observation

There is no formal policy regarding the transactional processing of financial commitments or cash transfers between the Health System, Ohio State University Physicians, Inc. and the OSU College of Medicine and Public Health and Office of Health Sciences. During our testing we noted instances of underlying documentation that did not have adequate supporting documentation and transactions that were not approved at an appropriate level separate from the individual initiating the transaction.

Recommendation

We recommend that the University develop a formal policy related to transactions between the Health System, The Ohio State University College of Medicine (the "College of Medicine") and Public Health, and Office of Health Sciences, and Ohio State University Physicians, Inc., specifying appropriate transactional support in writing, with appropriate approvals, and timely communication with the respective Finance department of all transactions. This should occur before the actual commitment is made. Adoption of this policy will assist in providing timely and accurate financial statements upon which to make future business decisions based on both historical financial performance and future cash flow commitments.

Management Response

The Health System and the College of Medicine have focused on the management of Medical Center Investments. All Health System transfers are now being reviewed and approved monthly by the Medical Center CFO and the business unit prior to the transfer taking place. The release of funds, accounting, and the control of transactions is performed centrally in Health System Finance. A single tracking mechanism is now being implemented to facilitate tracking of funds flow from multiple business units to multiple college departments. Medical Center Investments are now generally accounted for on a cash basis. This limits the possibility of inconsistent accounting treatment across University departments and increases the ability to manage the timing of cash transfers. Efforts have been made to insure that any accruals remaining on the Health System financial statements at June 30, 2005, relate to fiscal year 2005 activities. These accruals were identified to University personnel and were eliminated as a part of the audit process. Signed agreements, Business Plans, Offers Letters, and other documentation are generally accumulated in the Finance department or in locations accessible by appropriate personnel. It is our intent to complete a full inventory of onsite documentation prior to the end of the current fiscal year.

The OSU Medical Center investment budget for 2006 is explicitly related to the specific Business Plans, Letters of Recruitment, and other strategic initiatives. We believe this more rigorous planning process has provided the structure to manage the scope, timing, and expectations surrounding Medical Center Investments. We have also implemented several mechanisms to manage transactional processing and

control over these investments. We will continue to enhance our documentation and authorization processes over the coming year in the continued effort to safeguard our assets.

Medical Center Business Plans (Prior Year Comment)

Observation

The Ohio State University College of Medicine and Public Health and Office of Health Sciences, The OSU Health System, and Ohio State University, Physicians, Inc. are collectively referred to as the OSU Medical Center. We understand that as part of the Medical Center Executive Committee (“MCEC”) programmatic business plan review process, beginning in fiscal 2004, each proposed plan regarding an investment greater than \$500,000 is reviewed and approved by MCEC.

The business plan includes the projected cost of recruiting and/or retaining medical-related talent to the University as well as the associated cost of the individual’s team member and related space. The business plan also includes estimated related research, clinical, and Health System revenue.

We understand that during fiscal 2005, significant changes were implemented related to the business plan process. This included a policy whereby a business plan is required to demonstrate its added value to OSU Medical Center’s strategic objectives as well as its fiscal soundness. Secondly, a business plan has a series of reviews before being approved, including reviews by the Integrative Planning Committee, the Medical Center Agenda Committee, and the MCEC. Thirdly, each business plan is required to have a set of financial analysis that includes the evaluation of the expenses, investments, and financial returns using the present value approach. In the case when the business plan involves a major recruitment component, the Chief Administrative Officer of the College of Medicine is responsible for ensuring the terms and conditions of the offer letter are in agreement with the business plan stipulations. And lastly, each business plan is required to have a set of clearly defined performance targets with an individualized tracking scorecard that is used to track the business plan performance over the duration of the plan. It is the intent of the Health System to have semi-annual and annual reviews conducted to evaluate the progress of the business plan in terms of its meeting pre-set performance goals now that formalized business plans have been established.

Recommendation

We recommend the Health System ensure that the planned review process be completed for all existing business plans to provide timely assessment of the University’s return on investment.

Management Response

The Health System intends to follow the plan as described in the observation section. We are currently in the final stages of completing the first cycle of business plan scorecard reviews.

SYSTEM OBSERVATIONS

AS/400 – Security Logging/Monitoring and Access Reviews

Observation

As part of our controls testing for information security in the current year, it was noted that there is not a formal review process in place for security violations/incidents/changes in the AS/400 environment. In addition, it was noted that there is not a periodic review of users' access.

An effective security tool provides administrators with the ability to take periodic snapshots of the system, identify security configuration options and changes, and assist in resolving security weaknesses. The system has the ability to log security related events such as unauthorized access attempts and the use of sensitive resources. Reports are routinely generated and timely reviewed by both security management and system owners. Unauthorized users may access and modify data without detection if violations are not researched in a timely manner. Audit reports provide a means of a detective control to data security. However, as a detective control, reports are only useful when they contain reliable information and are reviewed in a timely and proactive manner.

Reviews should ordinarily occur on a continuous basis, to ensure that controls and rules are consistently applied, and to provide a secure environment on a day-to-day basis. Senior personnel should monitor access privileges to software libraries, utilities and sensitive functions, data, and applications, based on access rules agreed upon by application owners, and then report back on their acceptability. Unacceptable access rights should ordinarily be revoked after consultation with the relevant application owner. Without effective reviews, there will be no assurance that user access privileges remain appropriate, or that logical security is effective. Additionally, potential threats and misuse may not be detected on a timely basis.

Recommendation

We recommend that management consider implementing procedures for the periodic review of security violations, incidents and/or changes. In addition, management should consider implementing a process to periodically review security access rights to ensure that users' access remain commensurate with their job responsibilities.

Management Response

We agree with this recommendation. The system's team will begin working with the security team to work on incident and violation reporting mechanisms on the AS/400. Our initial goal is to have a methodology implemented by February, 2006.

Physical Security Weaknesses

Observation

As part of our controls testing for information security in the current year, it was noted that a procedure has not been defined for requesting, granting, or reviewing physical security access to the data center at 650 Ackerman Road.

Physical access control is one form of physical security. It provides the ability for management to grant physical access to sensitive areas to selected individuals at predefined times. The computer hardware represents a substantial financial investment and the information contained on the storage devices is important to the continued operations of the entity. The equipment should be protected against inadvertent or malicious damage. The information should be protected against misuse. Servers, on-site tapes, and communication equipment should be kept in a secured area that is not visible to non-employees. Safeguards should extend beyond the computer facility to include the entire entity. These safeguards may cover remote locations and rented, leased, or shared facilities. Only authorized personnel should be allowed access to the equipment. Typically, access is controlled through a formal request and approval process.

Reviews should ordinarily occur on a continuous basis, to ensure that controls and rules are consistently applied, and to provide a secure environment on a day-to-day basis. Senior personnel should monitor physical access. Unacceptable access rights should ordinarily be revoked timely. Without effective reviews, there will be no assurance that physical security access privileges remain appropriate, or that physical security is effective. Additionally, potential threats and misuse may not be detected on a timely basis.

Recommendation

We recommend that management consider implementing procedures for requesting and approving physical security access to the data center. In addition, management should consider implementing a process to periodically review security access rights to ensure that the users' physical access is appropriate, based on job responsibilities.

Management Response

We agree with this recommendation. In October 2005, we implemented a formal policy for who should have access to the data center. We are also implemented a more formal method for requesting access, reviewing access, and terminating access from the data center.

AS/400 Security Weaknesses (Prior Year Comment)

Observation

In the current year, Sekchek, an automated logical security analysis tool, was utilized to analyze the security architecture for the production environment. The analysis performed was specific to the AS/400.

The analysis covered a broad spectrum of security areas, which included system values/account policies, user groups/classes, special authorities/privileged attributes, password parameters, system IDs, world writeable files/directories, etc. As a result of this analysis, a number of issues were identified. The specific exceptions that remained outstanding at the end of the current period in review are provided in within management's response below. The analysis reports were discussed in detail with our key contacts. Additionally, copies of the reports were provided to these contacts to be used as a baseline to address the issues identified.

These exceptions increase the risk of both unauthorized and inappropriate changes to, or disclosure of, company information.

Recommendation

We recommend that management consider reviewing the security settings in place for the AS/400 processing environment and make appropriate modifications to further strengthen the internal control structure.

Management Response

We agree in part with some of the recommendations.

The individual items listed below have been reviewed and a response was previously created for each.

- Excluding disabled accounts, 10% (69) have not had their password changed in the last 90 days on MATMGMT1. In addition, excluding disabled accounts, 8% (54) have not been used in the past 90 days.
 - Some of these are training accounts and support accounts that do not change. The majority are user accounts that need to be addressed. The systems team will be working with data security to create a procedure for monitoring and cleaning computer accounts on the AS/400. Data security currently has a policy for computer account usage and will implement that on the AS/400.
 - The implementation goal for cleaning up user accounts is February, 2006.
- Excluding disabled accounts, 8% (55) of the profiles have unlimited capability on MATMGMT1.
 - Since the initial run of SekChek, this number has been reduced to 44. In addition, approximately 10 more users will be removed or disabled in six to eight months when the last remnants of the materials management application are taken out of production use. The remainder of those users that have this capability do so for legitimate reasons, such as ability for the help desk to perform password resets, for systems support personnel to perform system support functions, and select power users to run command-line queries outside their applications.
- The listing of programs that unnecessarily adopt the authority of powerful profiles on the MATMGMT1 system appears excessive. AS/400's adopted authority feature allows users to be given temporary (indirect) authority to objects, while under the control of a program with restricted

functionality, rather than having permanent and direct access to the objects concerned.

- We have reviewed many times the programs that utilize the adopted authority function. While we recognize that this creates some potential exposure, we consider it far less than the exposure that would be created by granting the users of these applications permanent and direct access to the objects concerned, e.g. giving all users all object authority. Given that the applications we run are the intellectual property of their respective vendors, i.e. we are unable to make modifications at the level that would be required to fully address issues of when and how adoptive authority is used, we effectively trust that the mechanisms put in place by the application vendors enforce appropriate controls, in lieu of maintaining this control at the operating system level.
- We do not plan to make any changes regarding this item.
- The listing of authorities on the MATMGMT1 system for the listed authorities for STRDFU, especially those for *PUBLIC access, appears excessive. Inappropriately defined authorities give users unnecessary access to programs and data, which can seriously undermine security of your system and information resources. Both public and private authorities should be checked for accuracy and modified as appropriate.
 - Historically, we have relied upon restriction of command-line access, as described previously, to limit access not only to the STRDFU function but to the various other powerful functions that are available via the command line. As also noted above, we have worked to reduce the number of users with unlimited capability. Additionally, we plan to start using authorization lists to have more granular control over what those with command line access can execute.
 - We anticipate putting the first round of these new controls in place by March, 2006.

Contingency Plan Testing

Observation

As noted in prior year reviews, customer contingency plans are tested and reviewed periodically as part of actual system outages and/or operational failures. Contingency plans are written documentation that customers use when computer systems are down. Any issues that arise are addressed and the customers' plans are updated. Each activation, "tests" the contingency plan for completeness, reliability, and effectiveness.

However, the Health System does not formally test these contingency plans, its disaster recovery or business contingency plans (which are documented and in place) on a regular basis. The Health System performed a successful DR test of its NDS tree and e-mail platform in October 2004.

The contingency plan must be periodically reviewed, maintained and tested to ensure its continued viability and ensure that personnel are sufficiently trained to carry out the procedures necessary to restore functions and services, which are critical to business operations.

Recommendation

We continue to recommend that management consider testing the existing contingency plans and disaster recovery and business continuity plans annually, or at least critical functions of these plans on a rotational basis.

Management Response

We agree with the recommendations and are in the process for planning Disaster Recovery Testing for fiscal year 2006. We plan to restore at least two of our business critical systems this fiscal year as well as testing multiple disaster processes (declaring disaster, canceling disaster, requesting tapes, etc.).

The Ohio State University

*Independent Accountants' Report on Agreed-
Upon Procedures Performed on the
Intercollegiate Athletic Department as
Required by NCAA Bylaw 6.2.3.1 for the Year
Ended June 30, 2005*

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES PERFORMED ON THE INTERCOLLEGIATE ATHLETIC DEPARTMENT AS REQUIRED BY NCAA BYLAW 6.2.3.1

Dr. Karen Holbrook, President
The Ohio State University:

We have performed the procedures below, which were agreed to by the administration of The Ohio State University (the "University"), with respect to the accounting records of the University as of June 30, 2005, solely to assist you in evaluating whether the accompanying statement of revenues and expenditures ("statement") is in compliance with the National Collegiate Athletic Association's (the "NCAA") Bylaw 6.2.3.1 for the year ended June 30, 2005. The Ohio State University's management is responsible for the statement and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in 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.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenditures

The procedures that we performed are as follows:

We obtained the statement, as prepared by the administration of the University, which is included as Exhibit A. We agreed the statement to the University's general ledger on a test basis. For all revenue and expense categories, we performed the following:

- We compared and agreed, on a test basis, each operating revenue and expense category reported in the statement during the reporting period to supporting schedules provided by the administration of the University
- We compared and agreed a sample of operating revenue receipts and expenses obtained from the operating revenues and expenses supporting schedules to supporting documentation provided by the administration of the University
- We compared each major revenue and expense account to prior period amounts and budget estimates provided by the administration of the University. We obtained and documented an understanding of any significant variations on a test basis.

Operating Revenues

Ticket Sales—We compared, on a test basis, tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenues reported by the University in the statement and the related attendance figures. We recalculated totals.

Away Game Sales and Guarantees—We selected a sample of settlement reports for away games during the reporting period and agreed each selection to the University’s general ledger and/or the statement. We selected a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each selection to the University’s general ledger and/or the statement. We recalculated totals.

Contributions—On a test basis, we obtained and reviewed supporting documentation for contributions of moneys, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization, agency, or group of individuals not included (e.g., contributions by corporate sponsors) that constituted 10% or more of all contributions received for intercollegiate athletics during the reporting periods.

Third-Party Support—We obtained a summary of cash balances for affiliated and outside organizations, selected a sample of funds, and compared and agreed each selection to supporting documentation, the University’s general ledger, and/or the summary.

Indirect Facilities and Administrative Support—We compared the indirect institutional support recorded by the University during the reporting period with institutional authorizations and/or other corroborative supporting documentation on a test basis. We recalculated totals.

NCAA/Conference Distributions Including All Tournaments—We obtained and inspected agreements related to the University’s NCAA and conference distributions received during the reporting period to gain an understanding of the relevant terms and conditions on a test basis. We compared and agreed the related revenues to the University’s general ledger and/or the statement on a test basis. We recalculated totals.

Broadcast, Television, Radio, and Internet Rights—We obtained and inspected agreements related to the institution’s participation in revenues from broadcast, television, radio, and Internet rights to gain an understanding of the relevant terms and conditions. We compared and agreed related revenues to the institution’s general ledger and/or the statement. We recalculated totals.

Program Sales, Concessions, Novelty Sales, and Parking—We compared and agreed concession revenue reported in the statement during the reporting period to supporting schedules provided by the institution. We compared and agreed related revenues to the institution’s general ledger and/or the statement. We recalculated totals.

Royalties, Advertisements, and Sponsorships—We obtained and inspected on a test basis agreements related to the University’s revenues from royalties, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenues to the University’s general ledger and/or the statement on a test basis. We recalculated totals.

Sports-Camp Revenues—We inspected sports-camp contracts between the institution and persons conducting institutional sports-camps or clinics during the reporting period to obtain an understanding of the institution’s methodology for recording revenues from sports-camps. We obtained schedules of camp participants. We selected a sample of individual camp participant cash receipts from the schedule of

sports-camp participants and agreed each selection to the institution's general ledger and/or the statement. We recalculated totals.

Endowment and Investment Income—We obtained and inspected endowment agreements to gain an understanding of the relevant terms and conditions. We compared and agreed the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement. We recalculated totals.

Operating Expenses

Athletic Student Aid—We selected a sample of students from the listing of institutional student aid recipients during the reporting period. We obtained individual student account detail for each selection and compared total aid allocated from the related aid award letter to the student's account. We recalculated totals.

Guarantees—We obtained and inspected contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period on a test basis. We compared and agreed related amounts expensed by the institution to the institution's general ledger and/or the statement on a test basis. We recalculated totals.

Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities—We obtained and inspected a listing of coaches employed by the institution and related entities during the reporting period. We selected a sample of coaches' contracts that included football, and men's and women's basketball from this listing. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statement during the reporting period on a test basis. We obtained and inspected W-2's or 1099's for each selection. We compared and agreed related W-2's or 1099's to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period on a test basis. We recalculated totals.

Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities—We selected a sample of support staff/administrative personnel employed by the University and related entities during the reporting period. We obtained and inspected W-2's or 1099's for each selection. We compared and agreed related W-2's or 1099's to the related support staff/administrative salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period on a test basis. We recalculated totals.

Recruiting and Team Travel—We obtained and documented an understanding of the University's recruiting and team travel expense policies. We compared and agreed to the existing institutional and NCAA related policies.

Indirect Facilities and Administrative Support—We obtained and documented an understanding of the institution's methodology for allocating indirect facilities support. We compared and agreed Indirect Facilities and Administrative Support reported by the institution in the statement to the corresponding revenue category reported by the institution in the statement. We recalculated totals.

Capitalized Assets

- We obtained a schedule of total intercollegiate athletics capitalized assets, additions, and improvements of facilities, and agreed on a test basis to the University's general ledger.
- We obtained an understanding of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics related assets.
- On a test basis, we obtained and reviewed supporting documentation for significant capitalized additions that constituted 10% or more of all capitalized additions made by intercollegiate athletics during the reporting period.

Booster Organizations

- We obtained from the management of The Ohio State University a list of outside organizations and their related financial activities for the year ended June 30, 2005, as they relate to the Intercollegiate Athletics Programs of the University. We agreed total revenues and expenses, or total cash receipts and disbursements, of all booster organizations, of all booster organizations for the year ended June 30, 2005, with amounts obtained from the official responsible for each respective booster organization.

Agreed-Upon Procedures Related to the Internal Control Over Compliance

We have performed the procedures below, which were agreed to by the University, solely to assist in evaluating management's assertion about the effectiveness of the University's internal control over compliance. 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 the 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.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projections by the specified users of their evaluation of the internal control structure over financial reporting to future periods are subject to risk that the internal control structure may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our procedures and results are as follows:

- Certain inquiries were made of the Controller's Office and Intercollegiate Athletic Department personnel relating to the procedures and internal accounting controls unique to the Intercollegiate Athletic Department, specifically, departmental organization, control consciousness of staff, use of internal auditors in the department, competency of personnel, adequate safeguarding and control of records and assets, and controls over interaction with the information technology department.

We were not engaged to perform an audit, the objective of which would be the expression of an opinion, on the financial statements of the Intercollegiate Athletic Department of the University. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you. Nor, were we engaged to perform an examination, the objective of which would be the expression of an opinion on management's assertion about the effectiveness of the internal control structure over financial reporting. Accordingly, we do not express such an opinion. Had we been engaged to perform 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 members of the audit committee, board of regents, administration of the University, or an authorized representative of the NCAA, and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

January 25, 2006

EXHIBIT A

THE OHIO STATE UNIVERSITY INTERCOLLEGIATE ATHLETIC DEPARTMENT

**STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005 (UNAUDITED)**

	Men's Football	Men's Basketball	Women's Basketball	Other Sports Men	Other Sports Women	Non-Program Specific	Total
OPERATING REVENUES:							
Ticket sales	\$ 25,361,685	\$ 3,450,796	\$ 273,885	\$ 700,251	\$ 63,773	\$ 209,287	\$30,059,677
Postseason event	3,403,165	2,234,459					5,637,624
Program sales	289,942	26,407	12,026		264	47,784	376,423
Novelty sales						2,128,335	2,128,335
Radio and T.V. rights	3,831,281	3,866,109	(7,500)	(4,500)			7,685,390
Concessions	1,472,724	335,122	118,949	269,937	27,826	297,632	2,522,190
Gifts:							
Restricted	95,099	24,331	417	118,441	16,453	1,145,929	1,400,670
Grant-in-aid	1,941,691	337,435	410,097	3,008,764	4,844,533		10,542,520
Parking	1,018,696	79,232	33,957				1,131,885
Investment income—							
Unrestricted						382,199	382,199
Endowment income—							
Restricted							
Postage/Service charges	695,312	83,309	8,102	20,949	135	107,614	915,421
Advertising						3,206,438	3,206,438
Entry fees						2,814,138	2,814,138
Facility rentals						280,548	280,548
Miscellaneous	433	357,896	186,497	150,333	6,884	909,920	1,611,963
Golf course						3,133,753	3,133,753
Ice rink						211,768	211,768
	<u>38,110,028</u>	<u>10,795,096</u>	<u>1,036,430</u>	<u>4,264,175</u>	<u>4,959,868</u>	<u>14,875,345</u>	<u>74,040,942</u>
Total operating revenues							
OPERATING EXPENDITURES:							
Coaches' salaries	2,482,062	1,056,097	713,212	2,150,225	2,364,121		8,765,717
Other salaries	513,421	241,631	194,366	391,417	227,600	17,916,047	19,484,482
Travel—							
Team and other	1,277,681	484,731	271,268	875,500	925,574	566,054	4,400,808
Recruiting	419,160	129,964	50,616	161,437	218,447	7,111	986,735
Guarantees—net	1,309,684	(108,710)	26,803	43,490	16,053	3,782	1,291,102
Financial aid	1,941,691	337,435	410,097	3,008,764	4,844,533		10,542,520
Maintenance/General	1,678,131	288,794	172,323	469,713	398,907	15,498,603	18,506,471
Equipment purchases	131,439	11,742	893	8,886	39,279	402,477	594,716
Advertising						194,393	194,393
Insurance						102,472	102,472
Telephone	46,664	29,715	20,580	45,642	33,301	318,747	494,649
Food	551,193	11,706	22,281	42,936	78,782	728,810	1,435,708
Lodging	314,620	2,941		6,873	15,544	61,849	401,827
Indirect overhead						3,538,718	3,538,718
Physical facilities						347,316	347,316
	<u>10,665,746</u>	<u>2,486,046</u>	<u>1,882,439</u>	<u>7,204,883</u>	<u>9,162,141</u>	<u>39,686,379</u>	<u>71,087,634</u>
Total operating expenditures							
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 27,444,282</u>	<u>\$ 8,309,050</u>	<u>\$ (846,009)</u>	<u>\$ (2,940,708)</u>	<u>\$ (4,202,273)</u>	<u>\$ (24,811,034)</u>	<u>\$ 2,953,308</u>

Note: This schedule was prepared by a representative of the Department of Athletics.

THE OHIO STATE UNIVERSITY INTERCOLLEGIATE ATHLETIC DEPARTMENT

NOTES TO STATEMENT OF REVENUES AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF PRESENTATION POLICIES

The amounts in the accompanying statement of revenues and expenditures were obtained from The Ohio State University's (the "University") trial balance, which is maintained on an accrual basis. All revenues and expenditures directly related to various sports were disclosed. All remaining revenues and expenditures are non-program-specific. The University records depreciation on physical plant and equipment; however, depreciation is not part of the statement of revenues and expenditures.

2. OTHER SPORTS

Other sports include baseball, cross country, fencing, field hockey, pistol, rifle, softball, synchronized swimming, wrestling, men's and women's track and field, men's and women's golf, men's and women's gymnastics, men's and women's ice hockey, men's and women's lacrosse, women's rowing, men's and women's soccer, men's and women's swimming and diving, men's and women's tennis, and men's and women's volleyball.

3. GIFTS

Gift revenue included in the statement of revenues and expenditures represent gifts given to the Intercollegiate Athletic Department that did not contain any donor-imposed restrictions, or gifts for which donor-imposed restrictions were met during the current fiscal year.

Individual contributions in excess of 10% of all contributions received for the Intercollegiate Athletic Department for the year ended June 30, 2005, are as follows:

Net Asset Contributor	Amount	Class
Mr. Albert J. Phipps	\$4,858,873	Restricted

4. OTHER FORMS OF COMPENSATION

The value of volunteer assistant coaching services, according to NCAA financial audit guidelines, should be reported as contributions and as salary expenditures. The University estimates that the value of volunteer assistant coaching services is not material to the statement of revenues and expenditures and, therefore, is not reflected.

5. PROPERTY, PLANT, AND EQUIPMENT

Intercollegiate athletics-related assets are accounted for consistent with the University's policies for property, plant, and equipment. Property, plant, and equipment valued at \$5,000 or more are recorded at cost at date of acquisition or, if acquired by gift, at estimated fair value at date of gift. Additions to plant assets are capitalized, while maintenance and minor renovations are charged to operations. Property, plant, and equipment assets are reflected net of accumulated depreciation calculated on a straight-line basis over the estimated useful lives ranging from 3 to 100 years.

	Balance June 30, 2004	Additions	Transfers In (Out)	Disposals	Balance June 30, 2005
Capital assets not being depreciated—					
Construction in progress	\$ 939,754	\$ 2,023,837	\$(1,744,170)	\$ -	\$ 1,219,421
Total capital assets not being depreciated	<u>939,754</u>	<u>2,023,837</u>	<u>(1,744,170)</u>	<u>-</u>	<u>1,219,421</u>
Capital assets being depreciated:					
Buildings	259,863,794	27,579,472			287,443,266
Capital improvements	17,470,596	547,299			18,017,895
Machinery and equipment	<u>8,176,205</u>	<u>318,274</u>		<u>(78,294)</u>	<u>8,416,185</u>
Total capital assets being depreciated	<u>285,510,595</u>	<u>28,445,045</u>	<u>-</u>	<u>(78,294)</u>	<u>313,877,346</u>
Total capital assets	<u>286,450,349</u>	<u>30,468,882</u>	<u>(1,744,170)</u>	<u>(78,294)</u>	<u>315,096,767</u>
Less accumulated depreciation:					
Buildings	47,433,879	7,916,458			55,350,337
Capital improvements	6,341,104	742,683			7,083,787
Machinery and equipment	<u>4,908,649</u>	<u>676,330</u>		<u>(78,294)</u>	<u>5,506,685</u>
Total accumulated depreciation	<u>58,683,632</u>	<u>9,335,471</u>	<u>-</u>	<u>(78,294)</u>	<u>67,940,809</u>
Total capital assets being depreciated—net	<u>226,826,963</u>	<u>19,109,574</u>	<u>-</u>	<u>-</u>	<u>245,936,537</u>
Capital assets—net	<u>\$ 227,766,717</u>	<u>\$ 21,133,411</u>	<u>\$(1,744,170)</u>	<u>\$ -</u>	<u>\$ 247,155,958</u>

* * * * *

**THE OHIO STATE UNIVERSITY
TRAUMATIC BRAIN INJURY NETWORK**

**Report on Agreed-upon Procedures
As Requested by
The Alcohol, Drug and Mental Health
Board of Franklin County**

For The Year Ended June 30, 2005

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Trustees of
The Ohio State University
Columbus, Ohio

We have performed the procedures enumerated below, which were agreed to by The Ohio State University and the Alcohol, Drug and Mental Health Board of Franklin County (ADAMH) solely to assist in evaluating whether compliance requirements required by the ADAMH were adhered to by the Traumatic Brain Injury Network (TBI Network) of The Ohio State University (Service Provider) during the year ended June 30, 2005. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the those parties specified in 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.

The procedures we performed and our findings are as follows:

1. Agency Revenue Report (FIS-052)
 - a. We documented the procedures used to process revenue and evaluated their adequacy. Service Provider revenue processing procedures performed appear adequate and no recommendations were noted.
 - b. We performed substantive audit procedures to test the accuracy and completeness of the FIS-052 report. We have included the Agency Revenue Report FIS-052 as Exhibit D to this report.
2. Medicaid Contract and Quality Assurance Program
 - a. We obtained from the Service Provider's management the following:
 - Ohio Department of Human Services (ODHS) and the Ohio Department of Alcohol and Drug Addiction Services Medicaid Contracts
 - ODADAS/ADAMH Community Medicaid Contract
 - ADAMH/Facility Community Medicaid Contract and Exhibits

- b. We read the certifications by ODADAS which included accreditation of the Service Provider's quality assurance program, noting that the certifications were current for the time services were rendered during the Service Provider's Fiscal Year ended June 30, 2005.
 - c. We reviewed the Service Provider's ongoing quality assurances program noting that it appears they were following program requirements. No recommendations were noted.
3. Block Grant Budget procedures were not applicable.
4. Medicaid and/or Non-medicaid Billings:
- a. We documented procedures used for Medicaid and Non-Medicaid billings to ADAMH and evaluated the adequacy of the procedures performed. No findings were noted.
 - b. We tested 60 billings to verify that the Service Provider is following ADAMH's procedures for member financial eligibility, sliding fee scale, outpatient co-insurance, and residential co-pay as outlined in the Provider Services Contract.
 - c. We tested 60 billings to verify that revenues from sources other than ADAMH are being billed prior to billing ADAMH for Non-Medicaid eligible services.
 - d. We obtained the Service Provider's billing reports for the months from July 1, 2004 through June 30, 2005.
 - e. We obtained a list from the Service Provider which shows all employees and credentials they hold.
 - f. We obtained the MACSIS reports (i.e., Remittance Advice) that represent the services billed for the months from July 1, 2004 through June 30, 2005.
 - g. We selected 60 Medicaid billings (roster lines) from the Remittance Advice reports for the State fiscal year ended June 30, 2005.
 - h. We traced the 60 roster lines noted in step 4g. to the Service Provider's billing reports.
 - i. For those 60 Medicaid billings, we agreed the date of service, duration, service type, provider's name and provider's discipline from the billing records to corresponding information recorded in the progress notes in the client's individual record and noted that they were in agreement.
 - j. We agreed the service delivered to the service intervention plan described as the individual service plan (ISP) and noted that they were in agreement for the 60 selections we made. We determined that each validated ISP was:
 - . Signed by a person with proper credentials to supervise treatment.
 - . Prepared and updated in a timely manner.
 - . Prepared within the prescribed dates of the certification standards.

- k. For the 60 selections, we examined documentation verifying that third-party payers were billed prior to billing Medicaid, when applicable.
- l. We obtained and reviewed Service Provider's personnel files for selected service episodes.
- m. For the 60 selections, we verified that providers were eligible to provide alcohol and other drug services according to ODADAS standards.
- n. For the 60 selections, we compared the service descriptions used by the Service Provider with the service descriptions as defined in the Ohio Department of Mental Health's Administrative Code Section 5122-29 for Community Mental Health Agencies and/or Ohio Administrative Code Rule 3793:2-1-08 through 3793:2-1-17 for Alcohol and Drug Addiction Treatment Programs, and determined that services were allowable.

We noted the following exceptions as a result of performing procedures a - n as described above:

- . One instance where the incorrect amount was billed, resulting in an billing too low by \$1.57. This was due to the patient's dependency information was entered into the system incorrectly.
- . One instance where an ISP was not updated/reviewed within 90 days.

5. Agency Expense Report (FIS-047)

- a. We obtained the Expense Budget Overview - Actual report on units delivered and costs incurred for the State Fiscal Year ended June 30, 2005. We have included the FIS-047 Actual Expense Budget Overview Report as Exhibit C to this report.
- b. We performed the following procedures:
 - . We agreed total expenses to expenditure summaries.
 - . We reviewed the contract and inquired of service provider personnel whether the service descriptions and definitions of units specified in Ohio Department of Mental Health's Administrative Code Section 5122-29 for Community Mental Health Agencies and/or Ohio Administrative Code Rule 3793:2-1-08 through 3793:2-1-17 for Alcohol and Drug Addiction Treatment Programs were consistently used.
 - . We made inquiries regarding the Service Provider's calculations of allocations of non-personnel and overhead costs to the total service costs.
 - . We inquired of service provider personnel to determine whether allocations were calculated consistent with the calculation method used for budgeting and reflect what actually incurred.
- c. We reviewed the reports to determine if they were filed with ADAMH within 60 days of the service provider's fiscal year end.
- d. We reviewed costs claimed on the FIS-047 for any unallowable costs.

- e. We reviewed the allocation of the administrative overhead and non-personnel expenses to the various services to determine if applied consistently.

No exceptions to items a - e were noted.

- 6. Inventory-Purchased procedures were not applicable.

Per the Memorandum of Understanding, we have provided the following documents as of June 30, 2005, as exhibits to this report (the exhibits follow this report):

- A) Key Performance Indicators as of June 30, 2005 - Exhibit A
- B) Schedule of Functional Expenses for the Year Ended June 30, 2005 - Exhibit B
- C) FIS-047 Report of Expenses - Exhibit C
- D) FIS-052 Agency Revenue - Exhibit D

We were not engaged to and did not conduct an examination, the objectives of which would be the expression of an opinion on whether the TBI Network complied with ADAMH specified requirements or whether the accompanying exhibits are presented fairly in all material respects in relation to the basic financial statements of the TBI Network taken as a whole. 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 information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than those specified parties.

Farms & Company, LLC

December 13, 2005

**THE OHIO STATE UNIVERSITY
TRAUMATIC BRAIN INJURY NETWORK**

EXHIBIT A
KEY PERFORMANCE INDICATORS
(Unaudited)
As of June 30, 2005

Calculation	2005		2004
	Amount	Ratio/%	Ratio/%
1. Current Ratio			
<u>Current Assets</u>	1,365	N/A	N/A
<u>Current Liabilities</u>	0		
2. Debt to Equity Ratio			
<u>Total Liabilities</u>	1,365	N/A	N/A
<u>Total Fund Balance</u>	0		
3. Administrative Costs to Expenses			
<u>Total Administrative Cost</u>	56,443	10.8%	9.5%
<u>Total Expenses</u>	521,668		
4. Revenue to Expenses			
<u>Total Revenues</u>	481,534	0.92	0.95
<u>Total Expenses</u>	521,668		
5. Net Asset Reserve			
<u>Total Net Assets</u>	0	N/A	N/A
<u>Total Expenses/12</u>	43,472		
6. Percentage of Funding - ADAMH			
<u>Total Revenue From ADAMH</u>	256,551	53%	54%
<u>Total Revenue</u>	481,668		

**OHIO STATE UNIVERSITY
TRAUMATIC BRAIN INJURY NETWORK**

EXHIBIT B

Schedule of Funtional Expenses
(Unaudited)
For the Year Ended June 30, 2005

	<u>Group</u> <u>Counseling</u>	<u>Individual</u> <u>Counseling</u>	<u>Case</u> <u>Management</u>	<u>Assessment</u>	<u>Crisis</u> <u>Intervention</u>	<u>Other</u>	<u>Subtotal</u>	<u>Admin</u>	<u>Total</u>
Salary	\$ 53,647	48,339	159,138	27,158	353	-	288,635	42,262	\$ 330,897
Benefits	-	-	-	-	-	27,021	27,021	-	27,021
Facility	19,404	18,753	66,268	11,098	134	9,019	124,676	12,517	137,193
General Operating									
Supplies	182	177	624	105	1	83	1,172	126	1,298
Professional Services	621	601	2,123	356	4	-	3,705	-	3,705
Contract Services	1,658	1,602	5,661	948	12	-	9,881	1,069	10,950
Travel & Auto	-	1,260	4,450	-	9	-	5,719	-	5,719
Printing/Copying	63	61	214	36	1	27	402	40	442
Postage	95	92	324	54	1	41	607	61	668
Equipment & Building Repair	232	225	794	133	2	-	1,386	150	1,536
CARF Fees	162	157	554	93	1	-	967	105	1,072
Conference/Training	120	116	408	68	1	-	713	77	790
Miscellaneous	57	54	195	33	2	-	341	36	377
Subtotal	<u>3,190</u>	<u>4,345</u>	<u>15,347</u>	<u>1,826</u>	<u>34</u>	<u>151</u>	<u>24,893</u>	<u>1,664</u>	<u>26,557</u>
Administration	<u>8,817</u>	<u>8,436</u>	<u>30,031</u>	<u>5,003</u>	<u>61</u>	<u>4,095</u>	<u>56,443</u>	<u>(56,443)</u>	<u>0</u>
Total	<u>\$ 85,058</u>	<u>79,873</u>	<u>270,784</u>	<u>45,085</u>	<u>582</u>	<u>40,286</u>	<u>521,668</u>	<u>0</u>	<u>\$ 521,668</u>

Agency Name : TBI Network
Agency Address: 106 McCampbell Hall
1581 Dodd Drive
Columbus, OH

Budget _____ Actual x _____
Agency Telephone Number: 614-292-4559
Owner Federal Tax I.D. Number: 316025986

Reporting Period - From: 7/1/2004
To: 6/30/2005

1. Service Taxonomy and MACSIS Procedure Codes	2. Number of Units	3. Number of FTE Assigned		4. Personnel Costs		5. Service Non- Personnel Costs	6. Service Total Costs	7. Allocation of Administrative Overhead	8. Total Costs	9. Cost Per Unit	10. Unallowable Costs	11. Total Allowable Costs	12. Allowable Cost Per Unit
		Direct Service (a)	Support Service (b)	Direct Service (a)	Support Service (b)								
TREATMENT SERVICES													
Acute Hospital Detoxification - H0009													
Ambulatory Detoxification - H0014													
Assessment - H0001	277.0	0.266	0.327	\$11,965.89	\$15,290.68	\$12,825.48	\$40,082.05	\$5,002.47	\$45,084.52	\$162.76		\$45,084.52	\$162.76
Case Management - H0006	2,503.0	2.407	1.155	\$107,713.55	\$51,587.47	\$81,452.44	\$240,753.46	\$30,031.04	\$270,784.49	\$108.18		\$270,784.49	\$108.18
Crisis Intervention - H0007	4.0	0.004	0.003	\$145.30	\$210.87	\$164.93	\$521.10	\$60.81	\$581.91	\$145.48		\$581.91	\$145.48
Family Counseling - T1006													
Group Counseling - H0005	7,105	0.488	0.558	\$21,318.62	\$32,316.89	\$22,605.68	\$76,241.19	\$8,817.16	\$85,058.35	\$11.97		\$85,058.35	\$11.97
Individual Counseling - H0004	2,414	0.580	0.420	\$26,386.78	\$22,169.11	\$22,881.01	\$71,436.90	\$8,436.09	\$79,873.00	\$33.09		\$79,873.00	\$33.09
Intensive Outpatient - H0015													
Laboratory Urinalysis - H0003													
Medical Somatic - H0016													
Methadone Administration - H0020													
Sub Acute Detoxification - H0012													
23 Hour Observation Bed - 99236													
Urine Dip Screen - A0780													
COMMUNITY RESIDENTIAL TREATMENT Includes Room & Board costs													
Medical Community Residential Treatment - Hospital Setting - A1210													
Medical Community Residential Treatment - Non-Hospital Setting - A0230													
Non-Medical Community Residential Treatment - A1220													
BH COMMUNITY RESIDENTIAL TREATMENT Excludes Room & Board costs													
BH Medical Community Residential Treatment - Hospital Setting - H0017													
BH Medical Community Residential Treatment - Non-Hospital Setting - H0018													
BH Non-Medical Community Residential Treatment - H0019													
COMMUNITY SERVICES													
Consultation - A0560													
Hotline - H0030													
Intervention - H0022													
Outreach - H0023													
Referral and Information - A0510													
Training - H0021													
PREVENTION SERVICES													
Alternatives - A0660													
Community-Based Process - A0630													
Education - A0620													
Environmental - A0640													
Information Dissemination - A0610													
Problem Identification and Referral - A0650													
ADJUNCTIVE ALCOHOL AND DRUG SERVICES													
Child Care - T1009													
Meals - T1010													
Room and Board - A0740													
Transportation - A0750													
AOD Services Not Otherwise Classified - H0047													
DRIVER INTERVENTION PROGRAMS													
Non-Residential DIP													
Residential DIP - 48 Hour													
Residential DIP - 72 Hour													
OTHER													
Administrative Overhead													
Mental Health Services													
Title IV-E Services													
Non AOD/MH/Title IV-E Services						\$27,020.79	\$9,170.09	\$36,190.88	\$4,095.03	\$40,285.91		\$40,285.91	
TOTALS													
TOTALS FOR AOD SERVICES	12,303.0	3.745	2.463	\$167,530.15	\$121,575.02	\$139,929.54	\$429,034.70	\$52,347.56	\$481,382.27		\$0.00	\$481,382.27	
TOTALS FOR AGENCY		3.745	2.463	\$167,530.15	\$148,595.82	\$149,099.62	\$465,225.58	\$56,442.60	\$521,668.18		\$0.00	\$521,668.18	

I certify that this UCR and all supporting documentation have been completed in accordance with OAC 3793:2-1-09

Name/Title: _____

Date: _____

Agency Name: TBI Network		Executive Director: John D. Corrigan, PhD			Reporting Period OSU FY 2005		
Agency UPI#:06707		Agency Phone #: 614-292-4559			From: 7/1/2005		
					To: 6/30/2005		
1. Revenue Source	H0001 AD Assessment	H0006 AD Case Management	H0007 AD Crisis Intervention	H0005 AD Group Counseling	H0004 AD Individual Counseling	Research fundin g	Total
ADAMH (Non-Medicaid) Claims	\$10,496	\$60,533	\$104	\$32,150	\$20,515		\$123,798
ADAMH Block Grants (Identify by program):							\$0
(1)							\$0
(2)							\$0
(3)							\$0
(4)							\$0
(5)							\$0
(6)							\$0
(7)							\$0
							\$0
Other ADAMH Funds (Identify):							\$0
Incentive Funds							\$0
Other (1) Reconciliation							
Other (2)							\$0
Total Franklin County ADAMH -- Allocation Contract Amount	\$10,496	\$60,533	\$104	\$32,150	\$20,515		\$123,798
Residents							
Medicaid - MH							\$0
Medicaid-AOD	\$7,305	\$69,611	\$185	\$25,900	\$21,292		\$124,292
Total Franklin County Medicaid	\$7,305	\$69,611	\$185	\$25,900	\$21,292		\$124,292
Other Provider Funding							\$0
General Assistance							\$0
1st/3rd Party Fees					\$265		\$265
Other External Revenue (identify):							\$0
out of county		\$55					\$55
							\$0
BVR	\$1,206	\$6,955	\$12	\$3,694	\$2,357		\$14,223
Moore's grant	\$3,090	\$17,823	\$31	\$9,466	\$6,040		\$36,450
WSU grant		\$8,011					\$8,011
Teen grant		\$2,227					\$2,227
Other Provider Funding (OSU)	\$10,829	\$62,450	\$107	\$33,168	\$21,165		\$127,718
						\$36,035	\$36,035
Out of County Medicaid	\$144	\$5,972	\$155	\$1,666	\$524		\$8,461
Total Other Provider Funding	\$15,616	\$103,492	\$304	\$47,993	\$30,350	\$36,035	\$233,444
GRAND TOTAL REVENUES	\$33,416	\$233,636	\$596	\$106,043	\$72,157		\$481,534
TOTAL EXPENSES from UCR-047(s)	\$45,085	\$270,784	\$582	\$85,058	\$79,873		\$521,668
Operating Profit/Loss	\$11,668	(\$35,150)	\$14	\$22,045	(\$7,039)		(\$36,148)



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

THE OHIO STATE UNIVERSITY

FRANKLIN 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
FEBRUARY 21, 2006**